2012 Registration Document

ANNUAL FINANCIAL REPORT

IMERYS
TRANSFORM TO PERFORM

SUMMARY

2012 Registration Document

including the Annual Financial Report

IMERYS

French Limited Liability Company (Société Anonyme)
with a Board of Directors
with a share capital of €150 737 092

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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The original document was filed with the AMF (French Securities Regulator) on March 21, 2013, in accordance with article 212-13 of the general regulations of the AMF. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF. This document was drawn up by the issuer and is binding on its signatories. It includes all information comprising the Annual Financial Report.

This document is a free translation into English of the French Registration Document for convenience purposes only. In case of discrepancies between both versions, the French one shall prevail.

PRESENTATION OF THE GROUP 1

1.1 MAIN KEY FIGURES

(€ millions)	2012	2011	2010 [(1)]	2009	2008 [(2)]
Consolidated results					
Sales	3,884.8	3,674.8	3,346.7	2,773.7	3,449.2
Change at comparable Group structure and exchange rates	*- 2.1%*	*+ 8.1%*	*+ 15.0%*	*- 19.9%*	*+ 0.7%*
Current operating income	490.1	487.0	421.5	248.9	414.6
Change at comparable Group structure and exchange rates	*- 7.4%*	*+ 13.7%*	*+ 69.5%*	*- 41.0%*	*- 13.5%*
Net income from current operations, Group's share	310.2	303.1	242.0	119.3	267.1
Net income, Group's share	300.8	282.0	243.7	41.3	161.3
Average weighted number of outstanding shares during the year *(thousands)*	75,166	75,273	75,400	72,054	67,486 [(7)]
Net income from current operations per share *(€)*	4.13	4.03	3.21	1.66	3.96 [(7)]
Dividend per share *(€)*	1.55 [(6)]	1.50 [(6)]	1.20	1.00	0.93 [(7)]
Consolidated balance sheet					
Shareholders' equity	2,274.5	2,210.9	2,131.8	1,855.8	1,546.3
Gross financial debt	1,173.9	1,449.0	1,226.2	1,222.4	1,781.6
Cash	299.1	417.9	353.4	258.1	215.5
Net financial debt	874.8	1,031.1	872.8	964.3	1,566.1
Financing					
EBITDA	659.8	686.0	621.0	416.6	573.4
Capital expenditure [(3)]	257.1	227.4	154.9	132.1	237.3
Acquisitions [(4)]	49.1	246.9	68.5	11.0	155.8
Financial resources	2,788.4	2,759.2	2,231.7	2,345.3	2,353.6
Average maturity of financial resources as of December 31 *(years)*	2.9	3.8	3.8	4.5	5.5
Net financial debt/EBITDA	1.3	1.5	1.4	2.3	2.7
Net financial debt/shareholders' equity *(%)*	38.5%	46.6%	40.9%	52.0%	101.3%
ROCE [(5)]	13.1%	14.0%	13.1%	7.6%	12.2%
Market capitalization as of December 31	**3,632**	**2,674**	**3,765**	**3,166**	**2,041**
Employees as of December 31	**16,026**	**16,187**	**15,090**	**14,592**	**17,016**

(1) 2010 results were restated following a change in accounting method for personnel benefits applied as of January 1, 2011, details of which are given in note 2.2. to the consolidated financial statements in the 2011 Registration Document.

(2) 2008 results were restated following two changes in presentation applied as of January 1, 2009, details of which are given in note 2 to the consolidated financial statements in the 2010 Registration Document.

(3) Paid capital expenditure, net of divestments and subsidies.

(4) Paid acquisitions excluding divestments.

(5) Current operating income divided by average invested capital. Average invested capital for a given financial year corresponds to the average between capital invested as at the end of the period and the capital invested at the close of the previous period. In 2011, invested capital was calculated on the basis of a quarterly average in order to take into account the acquisition of the Luzenac Group, which was completed on August 1.

(6) Dividend proposed at the Shareholders' General Meeting of April 25, 2013.

(7) Weighted average number of outstanding shares, net income from current operation per share and dividend per share were restated for 2008, following the rights issue of June 2, 2009.

Details and comments on the main financial aggregates (particularly at comparable Group structure and exchange rates) are given in the Board of Directors' Management Report *(see chapter 2, section 2.1 of this Registration Document)*.

1.2 THE GROUP'S BUSINESS AND STRATEGY

1.2.1 IMERYS' BUSINESS

The world leader in mineral-based specialties for industry, Imerys designs high-performance products from minerals that it mines and converts using sophisticated technical processes. These specialties deliver essential features to its customers' products and manufacturing processes. The Group's strengths ensure a level of operating profitability and a competitive advantage over the long term.

IMERYS' PRODUCTS

A benchmark industrial player in mineral-based specialty products, Imerys designs solutions that meet the requirements of four types of use:

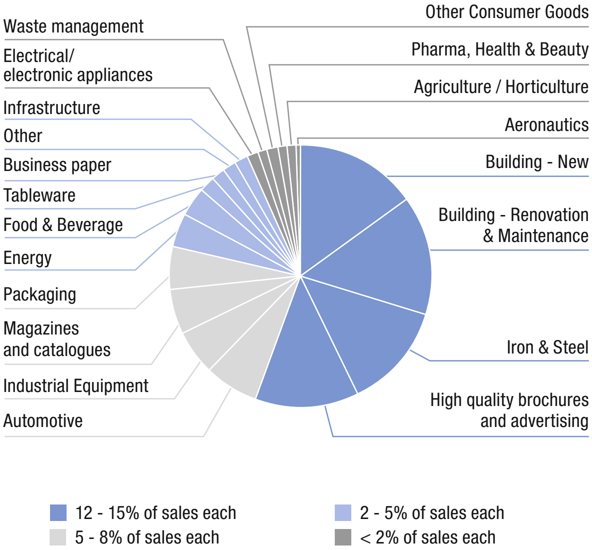
- mineral components: Imerys' products are an essential constituent in the formulation of the customer's product (e.g. clay, kaolin, feldspar are majority components in ceramic sanitaryware);
- functional additives: Imerys' specialties are ingredients added to the mineral formulation of customers' products to improve their properties (e.g. kaolin, mica, talc and feldspar contribute opacity and matting effect to decorative and industrial paint) but constitute a minor part of the finished product);
- process enablers: Imerys' products are used in customers' manufacturing processes but are not present in the end product (e.g. monolithic refractories protect industrial facilities, such as blast furnaces from heat but are not present in the manufactured steel);
- finished products: Imerys' products are used as such, with no subsequent processing by the customer (clay roof tiles).

1.2.2 DIVERSITY OF APPLICATIONS AND MARKETS SERVED

Imerys' mineral specialties are used in a great number of applications, mainly:

- specialty mineral fillers and coatings for paper;
- roof tiles for the construction and renovation of roofing;
- refractory minerals for high-temperature industrial processes;
- edible liquid filtration;
- functional components for plastics and polymers;
- ceramics for sanitaryware, etc.

These applications are themselves intended for a great variety of end markets, none of which represents more than 15% of Group's sales, as illustrated below:



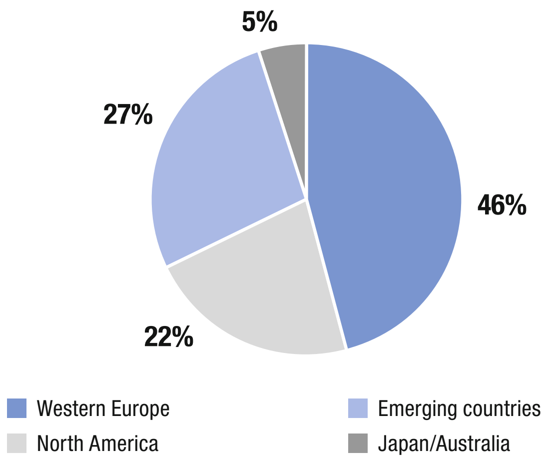
Source: Imerys 2011 estimates.

Imerys' sales are balanced between fast-moving consumer goods (food, agriculture, packaging, magazines, pharma-beauty-health-, advertising, tableware, etc.), consumer durables (housing, automotive, electrical appliances, environment, etc.) and capital expenditure by businesses and authorities (infrastructure, buildings, industrial equipment, etc.).

GLOBAL PRESENCE

Active in 50 countries with 253 industrial sites, Imerys achieves more than one quarter of its sales in emerging countries, with Western Europe now representing less than half its geographic exposure.

2012 Group's consolidated sales by geography



Geographic bases

Imerys has presence in the following 50 countries:

- **North America:** Canada, the United States;
- **South America:** Argentina, Brazil, Chile, Mexico, Peru, Venezuela;
- **Europe:** Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, Russia, Slovenia, Spain, Sweden, Switzerland, Ukraine, the United Kingdom;
- **Africa:** Algeria, Egypt, South Africa, Tunisia, Zimbabwe;
- **Middle East:** Bahrain, Turkey, United Arab Emirates;
- **Asia & Oceania:** Australia, China, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea, Taiwan, Thailand, Vietnam.

The breakdown of industrial sites by geographic zone is as follows:

Geographic zone	Number of sites
Europe and Middle East	121
North and South America	70
Asia-Pacific and Africa	62

1.2.3 STRATEGY

Imerys intends to develop through a policy of organic growth, based on innovation together with the extension of its geographic footprint, and by external growth operations. These developments come under a framework of strict financial discipline that creates long-term value.

THE GROUP'S STRENGTHS

Imerys has sound strengths that enable it to achieve its strategic ambitions:

- high value-added positioning: Imerys' specialties are formulated to meet technical specifications that are defined for each customer and application, unlike commodities. Imerys prices, therefore, are set in two-way negotiations, based on the functions and services provided;
- high-quality, long-term mineral assets: whenever relevant, upstream integration of a mineral resource enables the Group to secure supply quality and to guarantee prices. Imerys has a broad range of minerals, is constantly enhancing its resources and holds on average 20 years' reserves to ensure its long-term future;
- operational excellence and technological know-how: Imerys has industrial assets and manufacturing techniques that are designed in-house in many cases and are optimized with reference to performance indicators;
- broad, diverse presence by both geography and sector: Imerys has bases in 50 countries on five continents. It serves a wide range of geographic and sectorial markets, which reduces its exposure to economic cycles;
- reactive, decentralized organization: this enables the Group to be flexible and to adapt swiftly to changes in market conditions.

DEVELOPMENT ORIENTATIONS

The strategic orientations that the Group has defined for the 2012-2016 period are intended to step up the pace of growth by strengthening internal developments. Furthermore, the Group will continue the selective acquisitions policy that has enabled it to gain world leadership of its sector in a dozen years.

Speeding up internal growth

The focus is on three strategic orientations: stepping up Research & Development (R&D) efforts, the Group's expansion in emerging countries and greater presence in high-potential markets.

Stepping up R&D efforts

Since the creation of the Innovation Department in 2008, which coordinates business groups' research efforts and runs some significant, transversal projects, the resources allocated to R&D have been gradually increased. There are tangible results as several disruptive innovations have now been marketed (e.g. proppants for oilfields, oxygen sensors). This trend intensified in 2012 as the R&D and Innovation budget was increased with the aim of new product launches in the medium term. *For more information on innovations, see chapter 1, section 1.8 of this Registration Document*.

Targeted expansion in emerging countries

Imerys intends to continue developing in emerging countries. The Group has rapidly built up its presence in those regions in the past ten years. From 6% of sales in 2001, emerging countries accounted for 27% of revenue in 2012, i.e. more than €1 billion.

Brazil, China and India which together generate more than €420 million in business, are set to play a driving role in this geographic expansion strategy through a combination of internal growth, acquisitions and partnerships. In all three countries, the Group has reached critical size and in 2011 appointed a country manager whose mission is to coordinate local development efforts for all business groups and accelerate Imerys' growth. In 2012 this organization proved its efficiency, for example in Brazil, where it led to the acquisition of Itatex, a company specializing in kaolin for the paint, polymer and rubber markets, as well as a refractory bauxite deposit. In addition, Imerys began construction of a manufacturing unit for a new range of lime-based products.

The Group also intends to expand its presence in a certain number of targeted countries where it is already operates through mining, industrial and/or commercial assets. Imerys' goal is to reach critical size in these countries, as in Brazil, China and India and to create regional platforms.

Making high growth potential markets the priority

To improve its growth profile, Imerys has identified a certain number of attractive end markets, including the automotive sector, packaging, energy, electronics, semiconductors, the environment, pharma, health & beauty, agriculture and aerospace. Imerys now achieves more than one quarter of its sales in those markets and the Group's exposure has more than doubled in the past five years. The Group will continue to increase the resources allocated to these markets through innovation and possibly acquisitions.

TARGETED CAPITAL EXPENDITURE POLICY

In addition to the capital expenditure needed to keep its production assets in optimal working order and operate its mining assets, the Group improves the industrial efficiency of its processes, supports market growth and broadens its offering of mineral-based specialty solutions.

From 2000 to 2008, Imerys invested significant resources to ensure its industrial facilities meet world-class technological standards, improve their efficiency and extend capacity. Since then, Imerys has committed new capital expenditure with the caution and selectiveness called for in an uncertain economic environment. While maintaining its industrial assets, which now represents approximately 50-60% of annual depreciation expense, the Group has focused its development capital expenditure on a limited number of promising projects. Nevertheless, total annual capital expenditure remains between 80% and 130% of annual depreciation expense.

Following a five-year research program, in 2011 Imerys built a production plant for ceramic proppants in Andersonville (Georgia, USA) to serve the growing shale oil and gas market. The new unit started up in 2012 in a less favorable environment, but medium-term growth prospects for this market are still healthy.

In 2012, the Group kept the cost of operating maintenance at its 2011 level and continued to commit capital expenditure for development:

- construction of the new Celite Cynergy™ production line in Lompoc (California, USA), launched in 2011, has now been completed. The unit supplies its North American and Asian customers with the innovative filtration and stabilization agent for beer;
- in Malaysia, the FilmLink™ production unit came on stream to supply the Asian personal care market.

In addition, Imerys began construction of three new facilities that should come on stream in late 2013:

- doubling of production capacity at the Willebroek plant (Belgium, Graphite & Carbon activity);
- construction of a lime production plant in Brazil;
- start-of construction for a fused alumina production plant in Bahrain.

Thanks to the acquisition of a refractory bauxite deposit in Brazil (Pará State), Imerys will be able to expand its refractory and abrasives specialty offering in the medium term.

For more information *see chapter 2, section 2.1 of this Registration Document*.

SELECTIVE ACQUISITION POLICY

Over the past 12 years, Imerys has implemented a very active acquisition policy, the primary source of expansion for its portfolio of activities:

- in abrasives applications and in fusion with Treibacher (2000-2002);
- in a new market related to fast-moving consumer goods through edible liquid filtration (World Minerals 2005);
- in Monolithic Refractories through the integration of a preexisting activity (Plibrico) with Lafarge Réfractaires (2005) then ACE Refractories (2007);
- by broadening its functional offering (Performance & Filtration Minerals) with the Luzenac Group acquisition, the world leader in talc (2011).

73 external growth operations have been completed since 2000 for a total amount of more than €1.8 billion. In 2012, Imerys made the following acquisitions:

- the Brazilian company Itatex, which designs and markets kaolin and clay-based specialties for paint, polymers and rubber (Performance Minerals);
- Goonvean's specialty kaolin activities (Cornwall, UK), which are mainly intended for the performance minerals and ceramics markets. The operation remains subject to the authorization of the relevant regulatory authorities in the United Kingdom.

Imerys will continue to widen its scope through a selective acquisition policy in phase with its core business. These developments will continue to come under a framework of strict financial discipline, based on return on capital employed above 15%.

In an uncertain economic context, choice criteria were tightened by taking into consideration the time to return on investment and the impact of financing.

STRONGER FINANCIAL STRUCTURE

Imerys intends to deliver a return on capital employed (ROCE)[1] that is higher than the average weighted cost of its capital, in order to create maximum long-term value. In 2012 ROCE was 13.1% while the average cost of capital employed was estimated at 11.5%.

Improvement in ROCE, together with operation margins and cash generation, is one of the financial criteria for variable compensation in the Group. Internal and external development projects are appraised and selected according to this indicator. Imerys targets an internal rate of return in excess of 15%, which ensures high cash generation and a sound financial structure.

As of December 31, 2012, consolidated net financial debt totaled €875 million, a €156 million decrease from December 31, 2011. Thanks to high cash generation, net financial debt returned to its year-end 2010 level, less than two years after the acquisition of the Luzenac Group. The Group's net finance debt/EBITDA ratio is 1.3x and the net financial debt/shareholders' equity ratio is 38.5% as of December 31, 2012 (1.5x and 47% one year earlier, respectively).

As regards financing, since mid-2011 the Group has secured almost €600 million in additional bilateral credit lines for 2015-2016. These total financial resources were thus augmented and diversified, and their average maturity was extended. As of December 31, 2012, Imerys' financial resources totaled €2.8 billion (of which €1.6 billion in non-cash available financial resources), with an average maturity of 2.9 years. These financial resources enable it to cover the repayments due in 2013 (repayment of the $US 140 million debenture loan). Excluding the repayments due in 2013, available financial resources total €0.8 billion with an average maturity of four years.

During the first half of 2012, Moody's confirmed the long-term credit rating[2] it had given Imerys one year earlier, Baa2 with a stable outlook. The short-term rating is P-2, also with a stable outlook (for more details *see note 25.5 to the consolidated financial statements of this Registration Document*).

Imerys therefore has a sound financial structure to carry out its development plan.

At the Shareholders' General Meeting on April 25, 2013 the Board of Directors will propose increasing the dividend 3.3% to €1.55 per share. Distribution would total €116.8 million, which represents 37.6% of net income from current operations, Group's share. This rate is in line with the Group's historical average distribution. Payout would take place from May 13, 2013.

(1) ROCE: Current operating income divided by average invested capital.
(2) Senior unsecured debt

1.2.4 THE GROUP'S GENERAL STRUCTURE

ORGANIZATION

The Group is organized into **operating activities** that are centered on clearly identified markets. Beyond legal structures, this favors a market and business-focused rationale. The customer-oriented approach fosters the implementation of consistent policies within each activity, while maintaining a principle of decentralized management.

Organization is adapted to respond to the specificities of the markets served (by specialty or by geography) as much as possible. Imerys' activities are organized into four business groups, as described below:

Minerals for Ceramics, Refractories, Abrasives & Foundry business group €1,206.4 million, i.e. 30% of 2012 consolidated sales (section 1.3)	Minerals for Ceramics
	Minerals for Refractories & Oilfields
	Fused Minerals
	Graphite & Carbon
Performance & Filtration Minerals business group €900.3 million, i.e. 23% of 2012 consolidated sales (section 1.4)	Performance Minerals North America (of which Talc)
	Filtration Minerals North America
	Performance Minerals & Filtration Europe (of which Talc)
	Performance & Filtration Minerals Asia-Pacific (of which Talc)
	Performance & Filtration Minerals South America (of which Talc)
Pigments for Paper & Packaging business group €859.4 million, i.e. 22% of 2012 consolidated sales (section 1.5)	Pigments for Paper & Packaging North America
	Pigments for Paper & Packaging South America
	Pigments for Paper & Packaging Asia-Pacific
	Pigments for Paper & Packaging Europe
Materials & Monolithics business group €969.3 million, i.e. 25% of 2012 consolidated sales (section 1.6)	Building Materials
	Refractory Solutions

In addition to market-based organizations, in 2011, the Group appointed country managers for Brazil, China and India. Their mission is to coordinate local development efforts for all business groups and accelerate Imerys' growth.

The presentation of the four business groups is consistent with the sector-based information given in the Group's consolidated financial statements *in chapter 6 of this Registration Document*.

MANAGEMENT

Chaired by the Chief Executive Officer of Imerys and comprised of the Group's main line and support managers, the Executive Committee implements the Group's strategy as defined by Imerys' Board of Directors. In particular, the Executive Committee determines major policies, sets the Group's performance improvement goals, decides on the action plans to be set up by operating activities and monitors their implementation.

The role of the business group and operating activity leaders is to act in line with the Group's strategic orientations. These are centered on a multi-year plan that includes internal and external growth objectives.

(For more details on the missions, composition and workings of the Executive Committee, see chapter 3, section 3.2.3 of this Registration Document).

1.3 MINERALS FOR CERAMICS, REFRACTORIES, ABRASIVES & FOUNDRY

The Minerals for Ceramics, Refractories, Abrasives & Foundry business group is a global business structured around the four following activities:

- Minerals for Ceramics;
- Minerals for Refractories & Oilfields;
- Fused Minerals;
- Graphite & Carbon.

The business group manufactures and sells high-performance mineral solutions for various demanding industries: ceramics, refractories, abrasives, semiconductors, mobile energy and oil and gas exploration.

It leverages on high quality mineral reserves and on sophisticated manufacturing processes for high-temperature operations, to offer mineral based specialties with key functionalities: refractoriness, abrasiveness, mechanical resistance, whiteness, purity, conductivity etc.

The business group benefits from leading market positions in each business and a significant presence in emerging countries which accounts for almost one third of its sales.

Its development is based on three levers: geographical expansion, innovation and increase in its exposure to dynamic markets.

More than 40% of the business group's sales already come from mineral based specialties to growth markets such as automotive, energy, electronics and environment.

The business group continues to invest in R&D to increase its exposure to growth markets. The business group relies on its R&D centers, such as the Center for Abrasives and Refractories Research and Development (C.A.R.R.D, Austria), the Graphite & Carbon R&D Center in Bodio (Switzerland) and the Ceramics Center in Limoges (France).

In 2012, the business group completed two operations which will provide further growth potential:

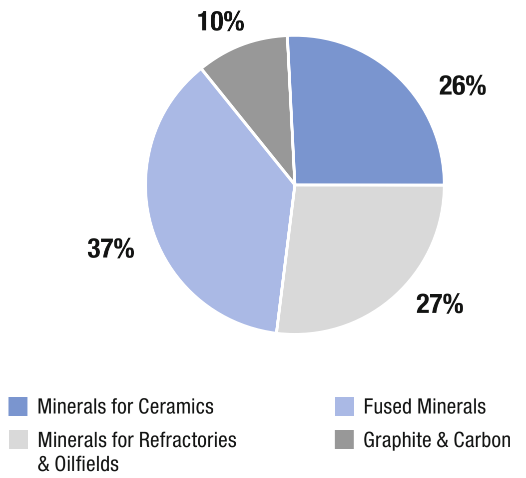
- the Fused Minerals activity initiated the building of a white fused aluminum oxide production plant in Bahrain. This project, established through a joint venture with the group Al Zayani Investments will be the first industrial base of Imerys in this region;
- the Minerals for Refractory activity diversified its mineral range by buying a refractory bauxite deposit from the Vale Group at the beginning of November 2012. This mineral is essential to several refractory and abrasive applications.

After having completed acquisitions since 2007, enlarging its activities in ceramics and foundry (feldspar, zircon) as well as its geographic footprint, especially in emerging countries (China, India, Turkey), the business group reacted quickly to the 2008-2009 downturn which was intensified by a destocking phenomenon in the value chain. It has benefited from improved global economic conditions and reached record sales levels in 2011 despite volumes remaining below 2008 levels, by taking advantage of the continuous strategy of mix improvement, innovation program and development in fast growing markets across all activities. In 2012, markets evolved very differently with a vibrant demand for capital goods and some consumer durables in the United States, a continuous growth in Asia and a slowdown in Europe. Graphite & Carbon businesses were boosted by the boom in mobile electronic devices. The Minerals for Ceramics activity (sanitaryware, floor tiles, tableware) held out well, thanks to its gradual geographic deployment to Asia, the Middle East and South America.

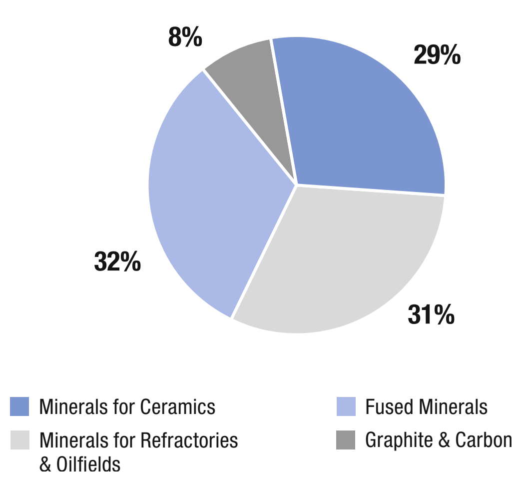
Minerals for Ceramics, Refractories, Abrasives & Foundry revenue for the year ending December 31, 2012 amounted €1,206.4 million, representing 30% of Imerys consolidated revenue.

The business group includes 98 industrial sites in 26 countries.

2012 revenue: €1,206 million



5,500 employees as of December 31, 2012



From January 1, 2012, as part of the integration of Luzenac Group, talc sales to Ceramics' markets, which had been consolidated in the Performance & Filtration Minerals business group in 2011, has been accounted for under the Minerals for Ceramics activity.

(€ millions)	2012	2011	2010[(1)]	2009
Revenue	1,206.4	1,186.1	1,105.0	794.5
Current operating income	150.4	156.8	135.2	44.0
Current operating margin	12.5%	13.2%	12.2%	5.5%
Booked capital expenditure	105.3	95.0	63.0	46.0

(1) 2010 results have been restated following the change in accounting method related to the recognition of employee benefits, applied on January 1, 2011.

For more information, *see chapter 2, section 2.1.3 of this Registration Document*.

1.3.1 BUSINESS GROUP OVERVIEW

Business	Markets	Market Positions[(2)]	Main applications	Products
MINERALS FOR CERAMICS	Construction (new & renovation) Tableware Solar energy Semi-conductors Automotive Electronics & Electrical appliances Electro-metallurgy	**World #1** In raw materials & ceramic bodies for sanitaryware **World #1** In kaolins for fiberglass **European #1** In raw materials and ceramic bodies for porcelain tableware **European #2** In raw materials for floor tiles	**Mineral components for:** Sanitaryware Tableware Floor & wall tiles Technical ceramics Flat & container glasses Aggregates and thermal insulation Fiberglass Cement Automotive catalyst support Crucible for photovoltaïc cells	Chamottes Ball clay Talc Feldspar Ground silica Halloysite Kaolin Pegmatite Prepared bodies & glazes Quartz Mica
MINERALS FOR REFRACTORIES & OILFIELDS	Steel Aluminium Construction Cement Glass Aerospace Automotive Energy	**World #1** In alumino silicate minerals for refractories	**Mineral components for:** Refractory materials Refractory binders **Process enablers for:** Foundry Investment casting Oilfield drilling fluids Oilfield cementing Oilfield well stimulation	Fused aluminas (white & brown) Andalusite Ball clay Bauxite Bentonite Chamottes / Mullite Metakaolin Fused Silica Oilfield Minerals (Bentonite, Calcium carbonate, Diatomite, Graphite, Metakaolin, Mica, Perlite) Ceramic proppants
FUSED MINERALS	Automotive Energy Aerospace Construction Iron & Steel Foundry Electronical & electrical appliances	**World #1** In fused minerals for abrasives **World #1** In fused zirconia	**Mineral components for:** Surface treatment Sand blasting Refractories Advanced ceramics (oxygen sensors) Heating elements & friction Ceramics Foundry	Fused mullites Fused spinels Fused aluminum oxides Fused magnesium oxides Fused zirconia Silicon carbide Zirconia chemicals Zircon flour Zircon opacifier
GRAPHITE & CARBON	Mobile energy Electronical & electrical appliances Automotive and Transport Industrial equipment Metallurgy	**World #1** In graphite for alkaline batteries **World #1** In conductive additives for Li-ion batteries **World #1** In lubricants for seamless tube protection **World** #1 For large flake natural graphite	**Functional additives for:** Alkaline and Li-ion batteries Hot metal forming Friction and thermally and electrically conductive polymers	Carbon black Cokes Natural graphite Silicon carbide Synthetic graphite

(2) Imerys estimates.

1.3.2 MINERALS FOR CERAMICS

The Minerals for Ceramics activity, also named Imerys Ceramics, is a world leading supplier of industrial mineral solutions, from minerals to full prepared bodies for the sanitaryware, tile and tableware industries, together with a competitive offering for technical ceramics applications and the glass industry including fiber glass.

Imerys Ceramics' unique product range is based on:

- high quality reserves of minerals in Europe, the Middle East, Asia and the Americas;
- strong processing skills and application know how, supported by a network of competitive industrial facilities;
- innovation and technical support based on a global network of R&D centers and regional laboratories;
- key brands with worldwide recognition in the industry for their product quality and production processes.

In 2012, the activity has continued to accelerate its geographic expansion through several directions:

- a new feldspar beneficiation plant in Turkey;
- the launch of the construction of a multi-minerals formulation and refining platform in Egypt within a joint venture with its local agent; this platform will become operational in 2013;
- thanks to the unique Brazilian kaolin reserves dedicated to the paper industry, the development of a new range of kaolins for the tiles and specialty ceramics industry, distributed into Brazil but also worldwide;
- acquisition of Ceraminas (Thailand) Co.Ltd, a feldspar producing company supplying the local ceramic, glass and coating industries.

As of January 2012, talc's ceramic applications' sales has been accounted for with Imerys Ceramics. They reinforce its products' offer in the automotive catalyst industry as well as in specialized technical ceramics applications.

PRODUCTS

As a market reference, Imerys Ceramics is a global supplier of mineral specialties proposing the widest range of minerals for the ceramic industries worldwide. The activity processes a large range of minerals (of which ball clay, chamotte, feldspar, kaolin, halloysite, talc, mica, pegmatite and quartz) and sells full mineral solutions in different forms adapted to its customers' needs: granulates, slurries, specialized tableware or sanitaryware bodies, engobe pre-blends, steatite or cordierite bodies, high alumina bodies, micronized alumina, glaze formulations etc.

For a detailed presentation of those minerals and products, *see chapter 1, section 1.7 of this Registration Document.*

APPLICATIONS

The Minerals for Ceramics activity offer premium quality minerals and ceramic bodies for traditional and technical ceramic applications. Sustained by extensive R&D programs and knowledgeable sales forces, Imerys Ceramics' business has grown beyond the traditional ceramics markets. A number of developments are on-going in technical ceramics (automotive industry, electro-porcelain, photovoltaic applications for solar energy), glass and building related industries. For more information about R&D and innovation, *see chapter 1, section 1.8 of this Registration Document.*

Traditional ceramics

Floor and wall tiles

Imerys Ceramics offers a large range of high quality minerals solutions for tiles bodies, frits[(1)] , glazes and engobes - from the conversion of ball clays, talc, feldspars, sands, feldspathic sands and white kaolins used to manufacture floor or wall tile bodies.

Sanitaryware

With the largest product portfolio on the market (ball clay, chamotte, kaolin, feldspar and prepared bodies), Imerys Ceramics is the world leader in minerals for sanitaryware manufacturing. The range includes the traditional vitreous china, but also specific solutions for fire clay products, such as the newly developed Super Fine Fire Clay body for high end sanitaryware applications.

Tableware

Imerys Ceramics offers a comprehensive range of minerals, ceramic bodies and glazes suitable for all types of high-quality white wares. The activity is the European leader for prepared bodies for porcelain tableware and a world leader in high-end tableware minerals.

Technical ceramics

Automotive industry

With high quality kaolin and talc deposits on several continents, Imerys Ceramics offers a unique range of high quality minerals to the global ceramic automotive catalyst support and diesel particle filter industry. At the same time, Imerys Ceramics provides a comprehensive range of full prepared bodies, steatite, cordierite or high alumina designed for the demanding needs of a diversity of application.

Electrical porcelain

Imerys Ceramics manufactures highly consistent mineral solutions, tailored specifically to match the highest expectations of the electro porcelain insulator manufacturers, which are a key advantage for this technically demanding industry.

Photovoltaic applications for solar energy

Within The Quartz Corp joint venture, the Imerys quartz is transformed in a high-purity product. This material is needed for the manufacturing of high purity crucibles essential to the production of silicon used in photovoltaic cells for solar panels and electronic components.

(1) Frits: a ceramic composition that has been fused, quenched to form a glass, and granulated. The heat welds the grains together, making the part cohesive.

Other markets

Electrometallurgy

Imerys Ceramics mines and processes quartz pebbles mainly used in the production of ferroalloys and ferro-silicon, for special steel alloys and silicon production.

Thermal power plant boiler additives

Imerys Ceramics has developed a combustion enhancing solution for increased heat and power boiler efficiency, traded under the Aurora™ brand.

Construction

The product range is composed of granulates for construction and public works and specialties made of feldspar and kaolin for the cement industry.

Glass and related markets

Imerys Ceramics products are made of kaolin for fiber glass, feldspar for flat and container glass, and a variety of minerals for glass and rock wool production.

Processing solutions

Imerys Ceramics also provides a variety of solutions to process hard or soft industrial minerals at European production sites (France and Spain). In 2012, part of its assets in Southern France were converted to alumina micronizing, where Imerys Ceramics now has one of the largest production units in Europe for all kind of alumina processing.

MARKETS

Market trends

The performance of the ceramic, sanitaryware and tiles markets, mostly construction related, has been contrasted since 2011: dynamic in emerging countries, markets improved progressively in North America including Mexico, while it has remained weak in most Western European countries. Imerys Ceramics nonetheless improved its sales thanks to increased efforts in areas such as South America, India, and Southeast Asia. Those regions registered strong growth in 2012, demonstrating the validity of the geographic expansion strategy implemented by the activity over the last couple of years.

In 2012, the tableware industry confirmed the rebound already experienced in 2011, with strong markets in Europe and the Mediterranean, thanks to the sector's creativeness and the slowdown of Chinese imports.

Trends were positive in technical ceramics and other markets, except in solar applications where markets have been extremely slow, notably in China.

Main competitors

Sibelco group (Belgium); Kaolin AD (Bulgaria); Lasselsberger and Sedlecky Kaolin (Czech Republic); Soka (France); AKW, Stephan Schmidt (Germany); Gruppo Minerali Maffei (Italy); Mota (Portugal); Burella and Ecesa (Spain); Unimin and Chemical Lime (United States) and various local feldspar (Turkey) or clay (Ukraine) producers.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

Minerals for Ceramics has 52 industrial facilities:

	Europe	Americas	Asia-Pacific
Kaolin	6	2	2
Clays	9	2	1
Ceramic bodies	8	1	
Feldspar & feldspathic sands	6	1	4
Mica	2		
Quartz	3		
Milling & blending plants	5		

Quality

Imerys Ceramics is firmly committed to improving quality: 27 industrial sites are ISO 9001 certified.

Sales organization

Imerys Ceramics has strategic sales bases worldwide and its products are marketed by its own sales teams and by its networks of independent agents and distributors.

1.3.3 MINERALS FOR REFRACTORIES & OILFIELDS

Through its global footprint, unique and extensive raw materials base and well mastered processing technologies, the Minerals for Refractories & Oilfields activity holds a unique and leading global position in the production of minerals for silico-aluminate based refractory solutions in demanding high-temperature acidic and neutral environments.

With its well established and universally recognized products and brands, the activity continuously supplies to leading refractory companies in Europe and the United States, where its high product consistency and reliable supply are particularly valued, while growing its presence in other parts of the world.

The activity's broad product portfolio enables it to offer several combinations of functional properties which support the industry's thirst for constant performance enhancement in terms of: refractoriness, refractoriness under load, thermal shock resistance, thermal conductivity, resistance to various chemical attacks, creep resistance, corrosion resistance, etc.

Its C.A.R.R.D. center based in Austria, which is shared with the Fused Minerals activity, provides its refractory and investment casting customers with innovative solutions.

The last few years have brought a further expansion of the asset base and commercial presence in the Ukraine, Brazil and China. In this last country, 2011 marked the first full year of production for the Andalusite plant, supported by a dedicated Chinese commercial team. Thanks to the setup of its own sales and technical support teams in the Ukraine, the activity supplies local refractory needs. To diversify its mineral range, Imerys purchased, in the fourth quarter of 2012, a refractory bauxite deposit in Brazil (State of Pará) from the Vale Group. This mineral is essential to several refractory and abrasive applications.

Since 2010, the activity is also responsible for all R&D and sales related to proppants and mineral drilling additives for the Minerals for Oilfield Services. Its scope was further extended in this high growth market through the construction and commissioning in the United States (Andersonville, Georgia) of a production unit for ceramic proppants. In 2012, the plant started in a less favorable market environment, marked by a decrease in the total number of rigs operated. Mid-term prospects remain positive with a switch from gas to oil exploration, notably.

PRODUCTS

The products made by Minerals for Refractories (manufactured from processed alumina silicate minerals) & Oilfield Services are used for their mechanical and chemical resistance and for their thermal properties by refractory and oil and gas industries in high-temperature processes.

The Minerals for Refractories & Oilfields activity's main product lines are:

- **Sintered mullite**, selectively mined and processed in Georgia and Alabama (United States) and marketed globally under the Mulcoa™ brand;
- **Clays and metakaolins** produced in Clérac (France) and Georgia and Alabama (United States);
- **Chamottes** mined and processed in Georgia and Alabama (United States), in Clérac (France), South Africa and Vatutinsky (Ukraine);
- **Molochite**™ mined and processed in Cornwall (United Kingdom);
- **Andalusite** mined and processed in Brittany (France), South Africa and China; Imerys also owns andalusite reserves in Peru;
- **Alpha Star**™, a high-alumina and high density refractory bauxite produced in China;
- **Fused silica** processed and sized in Tennessee (United States);
- **Ceramic proppants**, a ceramic-based spherical pellet manufactured in Georgia (United States) from bauxitic kaolin; these products are used in non-conventional oil and gas production to keep the factures opened.
- **Propynite**™, a high performance rod shape proppant manufactured in Italy.

Minerals for Refractories & Oilfields also supports and supplies (from minerals mined and processed by other Imerys activities or purchased from third parties) several other products used in high-temperature applications and processes, such as foundry, oilfield and investment casting industries. These include calcium carbonate, diatomite, perlite, graphite, mica, bentonite, ball clays, fused alumina, tabular alumina, fused zirconia and refractory bauxite.

For a detailed presentation of these minerals, please *see chapter 1, section 1.7 of this Registration Document*.

APPLICATIONS

The main applications served by Minerals for Refractories & Oilfields activity are:

- **refractory linings and insulations** for equipment protection in high-temperature industries, such as steel, aluminium, cement, glass, incineration and petrochemicals: Imerys manufactures aggregates used in acidic and neutral refractory materials, both as bricks and monolithics, which will in turn be installed in kilns, furnaces, boilers and incinerators to contain extremely hot substances and resist corrosion, abrasion and other forms of attack. Imerys is the world leader due to the variety and consistency of its products and the global reach of its supply chain;

- **investment casting**: the activity offers a unique range of products and innovative solutions for foundry, including investment casting and sand casting. The minerals manufactured by the Group are tailored to the specific needs of its customers in terms of purity, particle size distribution and blends;
- **kiln furniture and sanitaryware**: Imerys refractory materials are not only used in linings but also for the production of refractory shaped products, including kiln furniture for high-temperature processes. In addition, in sanitaryware, the chamottes manufactured by Imerys in Europe allow for the manufacturing of so-called “fine fireclay”, a high-end ceramic material fit for more sophisticated forms than vitreous ceramics. This technique is well established and enjoys growing popularity in Western Europe, particularly in Italy, but is also taking hold in the fast growing MENA (Middle East and North Africa) production centres;
- **well stimulation** and drilling muds for the oil and gas industry. The proppants manufactured by Imerys are high tech ceramic beads essential in the production of non-conventional oil and gas, which requires hydraulic fracturing. Fracturing is the process of pumping water underground to open fractures in the reservoir formation to allow more oil and/or gas to permeate through the open surface area. The proppants keep fractures open, combining great mechanical strength with low density. The proppants used in the industry are naturally occurring (sand) or man-made (ceramic). Ceramic proppants provide superior pressure resistance and a better profitability of deposits;
- the Minerals for Refractories & Oilfields activity also sells all products manufactured by Imerys, which are used in well cementing and drilling muds.

MARKETS

Market trends

In 2012, an overall downturn of the refractory end markets was observed, characterized by a slowdown and decrease in volumes in the second half of the year. Steel production, which drives the majority of the demand for Imerys’s refractory products, varied markedly by region and end market, with an overall positive trend in the US and China, slowing down towards year end, yet declining end markets in Europe. Demand was largely driven by consumption of existing assets, with new projects activity at a low level for the various industries served.

Demand for proppants is driven by shale gas and oil production in North America. This drilling activity was particularly strong in the North American oil rich basins, where the characteristics and performance of light weight ceramic proppants are valued. This market was not material to the activity’s sales in 2012, as the first shipments from the new plant occurred at the end of first half of 2012. The US unconventional gas industry has experienced a noticeable slowdown in 2012 while oil resisted better.

Main competitors

Kaolin AD (Bulgaria); Cluz (Czech Republic); Andalucita (Peru); Andalusite Resources (South Africa); Carboceramics, Minco (United States); various Chinese producers and several local competitors in all geographies.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

Minerals for Refractories & Oilfields business has 21 industrial facilities:

	Europe	Americas	Asia-Pacific & Africa
Fused silica		1	
Refractory materials sizing		1	1
Andalusite	1		6
Bentonite			2
Refractory clays & Chamottes	3		2
Mullite		1	
Fused white alumina		1	
Molochite™	1		
Ceramic proppants		1	

Quality

14 plants are ISO 9001 certified.

Sales organization

The Minerals for Refractories & Oilfields activity is well represented around the globe by its own refractory sales, logistics and technical teams, which are organized by geographic region. In 2012, the in-house Chinese, Brazilian and Ukrainian sales networks were reinforced in order to better serve these growing markets.

In 2011 and 2012, the activity established a sales team dedicated to the oilfield markets, serving the industry globally with presence in the United States and Europe. These teams also market the products manufactured by other Imerys entities used in the oilfield industry.

1.3.4 FUSED MINERALS

The Fused Minerals activity results from the acquisitions of Treibacher Schleifmittel in 2000, UCM in 2007 and Astron China in 2008. With a strong industrial footprint (China, Europe and Americas) producing a wide range of high-performance products (fused alumina, fused zirconia and fused magnesia), Imerys' Fused Minerals business is the worldwide leader in specialty applications such as abrasives, refractories, technical ceramics, heating elements for the iron & steel, automotive, industrial equipment and construction markets.

The Fused Minerals activity benefits from a unique fusion technology and know-how, which are key to control critical functional properties of its minerals, such as abrasive efficiency, durability, heat dissipation, opacity, colour etc.

The know-how and Research & Development capabilities, within C.A.R.R.D., allow for the development of new mineral solutions and innovations such as sintered rods, a new shaped abrasive with increased grinding performance. For more information regarding innovation, please *see chapter 1, section 1.8 of this Registration Document*.

In 2012, the Fused Minerals activity initiated the building of a white fused aluminum oxide production plant in Bahrain. This project was established through a joint venture with the group Al Zayani Investments in which Imerys holds a majority stake. It will be the first industrial base of Imerys in this region.

PRODUCTS

Minerals such as bauxite, alumina, zircon sand and magnesia are sourced outside the Group. They are fused in electric-arc furnaces and then processed into the following main product families:

- **fused aluminium oxide grains**, also known as corundum, are produced by fusing alumina or calcined bauxite and sold either in macro or micro grains (> or < 70 microns) as an abrasive or refractory mineral due to its superior hardness, mechanical strength and thermal stability;
- **fused zirconia**, sold in sized grains or very fine powders (less than 1 micron), has an excellent thermal shock resistance and in its fine form is largely used in pigments;
- **zircon sand**, milled and processed into flour and opacifiers for the ceramic industry;
- **zirconium chemicals**, only produced in China through a complex chemical process;
- **fused magnesia grains** for high-end specialty applications.

For a detailed presentation of these minerals and derived mineral products, please *see chapter 1, section 1.7 of this Registration Document*.

APPLICATIONS

The Fused Minerals activity provides to its customers high-quality products for various applications:

- **abrasives**: thanks to their wear resistance and thermal properties, fused aluminium oxides are widely used as abrasives, mainly coming as bonded (abrasive material contained within a matrix, or binder such as grinding and cutting wheels, honing stones etc.) or coated abrasives (abrasive fixed to a backing materials such as paper, cloth, rubber etc.). Abrasives are widely used in all industries. Fused Minerals activity is the world leader in this application, thanks to a large range of products and their strong functional properties;
- **refractories**: resisting extreme temperatures (>1,800°C) under harsh physical and chemical conditions, the activity provides various types of refractory minerals, alumina-, zirconia- or magnesia-based showing strong thermal resistance and chemical inertia. These specialty minerals are used for the lining of furnaces in steel, glass and aluminium industries, investment casting, etc.;
- **technical ceramics** are industrial applications for the ceramic industry. Sophisticated grades of fused alumina and zirconia are used as ceramics components because of their crystalline structure and mechanical strength. These products typically address high value markets and applications such as oxygen sensors, solid oxide fuel cells, etc.;
- **friction compounds**: micron-sized zirconia and magnesia are used as additives to brake pads in the automotive industry. These products help to modify friction characteristics and reduce brake pad and rotor wear;
- **heating elements**: electrical grade fused magnesia, thanks to its electrical and thermal properties, is widely used in the production of both heating elements for domestic appliances (cookers, dishwashers etc.) and industrial applications (galley products, railway heating, industrial boilers etc.);
- **other industries**: Imerys Fused Minerals has also developed chemicals (zirconium basic carbonate) for a wide range of applications such as antiperspirants, paint driers, coatings and catalysts.

MARKETS

Market trends

In the first half of 2012, volumes have been supported by strong demand in the steel, industrial equipment and automotive sectors worldwide. The global slowdown of the European economy impacted the activity in the second half of the year. The fused zirconia activity has been particularly affected by strong volatility of zircon sand prices, due to variation of demand and excess of available supply.

Main competitors

- **Fused aluminum oxide** (fused alumina and bauxite): Almatis (Europe, United States); ALTEO (France); Motim (Hungary); Boksitogorsk (Russia); 3M, Washington Mills (United States) and various Chinese producers.
- **Fused zirconia and zirconia related products**: Doral (Australia); Asia Zirconium (China); Tosoh (Japan); Foskor (South Africa); Saint-Gobain (China, France and United States); MEL (United Kingdom and United States) and various Chinese producers.
- **Fused magnesia**: Tateho (Japan); Penoles (Mexico) and various Chinese producers.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

Fused Minerals has 18 industrial facilities:

	Europe & Middle East	Americas	Asia-Pacific
Fused Aluminum Oxide	6	3	2
Fused Zirconia	1	1	3
Fused Magnesia	1	1	

Quality

14 industrial sites are ISO 9001 certified, as well as the Centre for Abrasives and Refractories Research and Development (C.A.R.R.D.). The C.A.R.R.D is a high-technology certified centre in Austria.

Sales organization

Products of the activity are marketed through its own network of distribution units (including direct sales, as well as agents and distributors) located and focused on each of its main markets.

1.3.5 GRAPHITE & CARBON

Thanks to the large geographic presence of Timcal (North America, Europe, Asia), Imerys' Graphite & Carbon business is a world leader in technical applications for high-performance graphite powders and carbon black, providing its global customers with a full range of carbon powder-based solutions and related services.

Timcal benefits from high quality reserves of natural graphite in Canada with cutting edge high temperature processes (synthesis, crystallization) for close control of physical properties: purity, crystalline structure, particle size and shape, specific surface, etc. through the development of a range of specialties.

In 2012, Graphite & Carbon activity launched the capacity doubling project at the Willebroek carbon plant (Belgium) to support growing demand for lithium-ion batteries. It will be commissioned by the end of 2013.

In fast moving and high-tech markets, Timcal's Research & Development effort, with the R&D center in Bodio (Switzerland) provides customers with new innovative solutions. Timcal has been particularly active in Li-ion batteries for electric cars and electronics. In 2012, the activity launched on the market a new graphite product well developed for the negative electrode of high performance lithium-ion battery used in mobile phones, tablets, computers or electric cars. More details are given in *chapter 1, section 1.8 of this Registration Document*.

PRODUCTS

Graphite & Carbon main product families are:

- **synthetic graphite**, produced in Switzerland through a complex process of baking petroleum coke at very high temperatures;
- **conductive carbon black**, sold as powder or granules;
- **natural graphite flakes**, produced in Lac-des-Îles (province of Quebec, Canada), the largest graphite mine in North America;
- **processed natural graphite,** graphite dispersions, sold in various forms such as additives, powders, blends or aqueous dispersions;
- **silicon carbide**.

For a detailed presentation of these minerals and derived mineral products, please *see chapter 1, section 1.7 of this Registration Document*.

APPLICATIONS

Graphite & Carbon products are tailored to customers' needs, supplying high-quality products and services in every application field.

- **mobile energy**: in the highly dynamic portable energy market, Timcal is the world leader due to the variety of its functional additives, which range from graphite and carbon black powders to conductor coatings for battery cans. Graphite is used in alkaline batteries (as multifunctional additive), Zn-C batteries, lithium-ion rechargeable batteries (for mobile electronic devices and electric and hybrid electric vehicles), fuel cells (systems for converting chemical energy into electricity through a continuous fuel supply), super-capacitors and can coatings;
- **engineering materials**: by combining synthetic and natural graphite, the activity offers tailor-made solutions that deliver precise physical and chemical characteristics needed by various industries. For instance, in the automotive industry, outlets for Timcal products are mineral components used in friction pads, clutch facings, seals, iron powder metallurgy, carbon brushes. Other applications include foils (heat exchange) sintered ceramics, hard metals, pencil leads, powders for lubricants, catalysts and synthetic diamonds;
- **additives for polymers**: with the highly conductive carbon black and synthetic graphite product families, Timcal addresses the niche market of conductive polymers with applications in conductive coatings, resins and plastics (for electronic packaging, safety, automotive, and energy supply applications);
- **hot metal forming**: in a sector that is heavily dependent on the oil drilling business, Timcal's leadership is based on its extensive knowledge of graphite dispersions for hot metal forming (mandrel bar lubrication), descaling agents, casting and related application systems;
- **refractories and metallurgy**: a significant outlet in volume terms for the Graphite & Carbon activity, in particular for bricks, monolithics, carbon raisers and hot metal topping.

MARKETS

Market trends

During 2012, sales developed particularly well in North America and in emerging countries supported by positive trend in economy. In China, sales maintained its growth momentum thanks to sustained demand in engineering and mobile energy applications. In Europe, despite the weakness of demand, sales slightly improved thanks to a good market environment for polymers applications, while demand decreased in Japan.

Main competitors

Cabot (Belgium); Nacional de Grafite (Brazil); Kropfmühl, Orion (Germany): Nippon Kokuen, Chuetsu, Denka and KBIC (Japan); Asbury, Superior Graphite (United States) and many Chinese producers.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Graphite & Carbon activity has seven industrial facilities:

Europe	North America	Asia-Pacific
2	2	3

Quality

Six industrial sites are ISO 9001 certified.

Sales organization

Timcal is well represented around the globe by its own experienced sales and technical teams, which are organized by geographic region. This global representation provides customers with constant support, ensuring that adequate product solutions can be found quickly to meet their needs.

1.4 PERFORMANCE & FILTRATION MINERALS

The Performance & Filtration Minerals business group comprises two main businesses, which are presented below:

- Performance Minerals;
- Minerals for Filtration.

The global Performance & Filtration Minerals business group provides customers with tailor-made solutions in technical fields where chemical composition, morphology, mechanical properties, thermal and chemical resistance, as well as food and pharmaceutical grade processing are key requirements. Based on the transformation of a large range of extensive, high quality mineral reserves (kaolin, talc, carbonate, mica, diatomite, perlite and vermiculite), as well as expertise in all the techniques needed for processing, this business group offers a wide variety of products. The development of strong relationships with customers is essential for value-added niches.

Thanks to the often complementary properties of minerals from both activities, the business group is well poised to serve its common customers. Collaboration and resource-sharing take place across these activities on a case-by-case basis, leveraging synergies to deliver unique product offerings to the following final markets:

- **consumer goods**: food & beverage, cosmetics, pharmaceutical & nutraceuticals, personal care products such as toothpaste, soap, household appliances, etc.;
- **automotive**: plastic parts such as car bumpers, dashboards, under the hood parts, interior and exterior trims, etc.;
- **industrial products**: high technical plastics, painting for large equipment or spare parts, etc.;
- **construction**: home or commercial buildings use materials such as decorative or insulating paints, fencing, electrical cables made of plastic, rubber carpet backings, adhesives, sealants whereas infrastructure construction need road paints, etc.

Performance & Filtration Minerals business group growth is based on three levers:

- enlargement of product offering by leveraging on innovation to develop new products and applications. The two activities of the business group can rely on their R&D network, which has been strengthened by an additional R&D Center in Toulouse (France) (acquisition of Luzenac Group). In addition, 3 regional laboratories are located in the United States: Lompoc (California), Marietta (Georgia), and San Jose (California). The business group has also another laboratory in Cornwall (United Kingdom) and an application laboratory in Brazil (following the acquisition of Itatex);
- growth in emerging countries, with targeted development in Brazil and India, where the business group opened an office in 2011, as well as in other fast growing countries;
- continuous improvement of operational efficiency.

In 2012, the Performance Minerals activity enlarged its product offering in Brazil through the acquisition of Itatex which supplies kaolin and clay-based specialties to the dynamic paint, polymer and rubber markets. It also increased its mineral reserves in the United Kingdom.

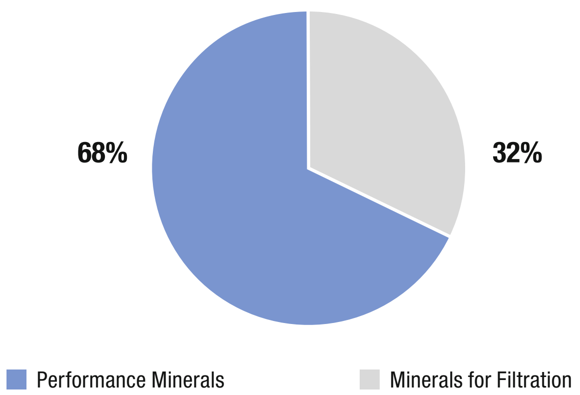
Two new plants came on stream: a production line of Celite Cynergy™, a proprietary filtration and stabilizing agent for edible liquids (Lompoc, California) and the Filmlink™ unit on the Ipoh (Malaysia) site, which will serve the fast-growing personal care market in Asia (Performance Minerals).

Throughout 2012, the demand by geography and sector has been contrasted. In North America, the activity has been overall firm in the construction and consumer durables' sectors. Europe has been resilient despite downturn in industrial production and construction. Across regions, fast-moving consumer goods markets are sound.

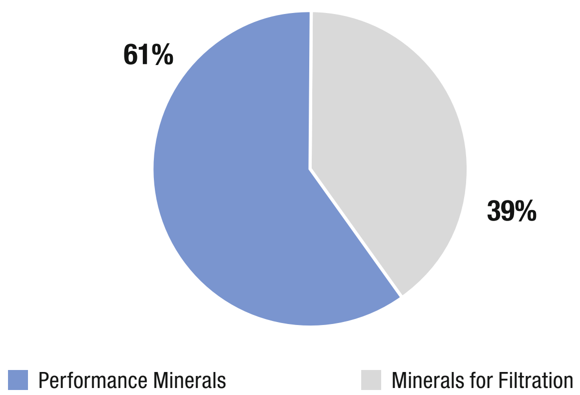
Performance & Filtration Minerals' revenue for the year ending December 31, 2012 totaled €900.3 million, which represents 23% of Imerys' consolidated revenue.

The business group has 65 industrial sites in 20 countries.

2012 revenue: €900 million



3,773 employees as of December 31, 2012



From January 1, 2012, following Luzenac Group integration, talc sales for Ceramics and Paper & Packaging markets have been accounted for in the corresponding business groups.

(€ millions)	**2012**	**2011**	**2010**[(1)]	**2009**
Revenue	900.3	719.7	594.7	500.7
Current operating income	112.5	83.4	65.9	26.9
Current operating margin	12.5%	11.6%	11.1%	5.4%
Booked capital expenditure	50.4	36.7	26.8	10.7

(1) 2010 results have been restated following the change in accounting method related to the recognition of employee benefits, applied on January 1, 2011.

For more information, *see chapter 2, section 2.1.3 of this Registration Document*.

1.4.1 BUSINESS GROUP OVERVIEW

Business	**Markets**	**Market Positions**[(2)]	**Main applications**	**Products**
PERFORMANCE MINERALS	Agriculture Food Pharmacy & Personal care Consumer Goods & Packaging Automotive Construction Industrial equipment Paper	**World #1** in talc for plastics, paints, paper, ceramics, health & beauty **World #1** in minerals for breathable polymer films **World #1** in mica **World #1** in mica for engineered plastics and high performance coatings	**Functional additives for:** Sealants Adhesives Paints Coatings & Construction materials Polymer & Films Catalyst substrates Rubber Paint Ceramics Paper Personal Care	Ground Calcium Carbonate (GCC) Precipitated Calcium Carbonate (PCC) Kaolin Mica Talc
MINERALS FOR FILTRATION	Food & Beverages Pharmaceuticals & Chemicals Agriculture Construction Automotive	**World #1** in diatomite-based products	**Process enablers for filtration of:** Beer, Fruit juice Edible oils Food Industrial chemicals Pharmaceuticals Sweeteners Water, Wine	Diatomite Expanded perlite & Perlite ore Structured alumino-silicate Vermiculite
		World #1 in diatomite-based products and perlite-based products for filtration	**Functional additives for:** Agriculture Polymers Rubber, Polishes Paint, Composites Cosmetics Catalysts Insulation, Cryogenic insulation and Soundproofing Roofing Refractories Brake linings Paper Polymer films	

(2) Imerys estimates.

1.4.2 PERFORMANCE MINERALS

Thanks to a broad portfolio of raw materials providing a comprehensive range of properties, Performance Minerals addresses fast growing niche markets in which additional performance is key. In-depth formulating know-how and Research & Development capabilities allow for the development of new mineral solutions bringing value to customers and a reduced environmental footprint of their own products. For more information on R&D and innovation, please *see chapter 1, section 1.8 of this Registration Document*.

The Performance Minerals business is constantly developing its range of high-quality minerals and industrial footprint around the world through acquisitions and internal development.

In May 2012, the activity completed the acquisition of Itatex, a Brazilian company specialised in the processing and marketing of kaolin and clay-based specialties. Itatex posted a 24 million Brazilian real in revenue for 2011 (€10 million) and employs 115 people in a production site in Campinas (Sao Paulo state). This acquisition will significantly enhance the Imerys product offering for the dynamic paint, polymer and rubber markets, for which local demand is growing sharply.

In November, Imerys has signed an agreement for the acquisition of Goonvean's kaolin activities (Cornwall, United Kingdom). With an expanded access to high-quality reserves, the Group strengthens its ability to grow its sales of specialty products mainly in performance minerals and ceramics markets. This acquisition (which remains subject to obtaining the required administrative authorizations) further enhances the sustainability of Imerys operations in the region. The last annual revenue of this activity is approximately £18 million (€22 million).

The Filmlink™ production unit building which started in 2011 on the Ipoh (Malaysia) site has been commissioned in 2012 to serve the fast-growing personal care market in Asia.

PRODUCTS

Minerals have differentiated chemical composition, particle size distribution, particle shape and impart exceptional properties in the end use such as outstanding whiteness, high mechanical strength and excellent rheology. Based on in-depth knowledge of the industrial minerals' properties, production processes are adapted to the requirements of specific applications in order to satisfy the ever-changing needs of the customers.

The Performance Minerals activity makes its products from kaolin, ground calcium carbonate (GCC), precipitated calcium carbonate (PCC), mica and talc. For a detailed presentation of these minerals and products, please *see chapter 1, section 1.7 of this Registration Document*.

APPLICATIONS

Performance Minerals are processed and marketed worldwide. They are used as functional additives added to intermediary or finished products to deliver higher functionality and processability, and to reduce total raw material costs.

Applications include:

- **paints & coatings:** an extensive range of kaolins, calcium carbonates, mica and talc, are used as extenders to improve paint and film quality, opacity, matting, anti-cracking and anti-corrosive properties;
- **plastics, films and polymer packaging:** the development of more and more sophisticated applications means that increasingly demanding requirements are placed on functional fillers and the specific properties they impart. Imerys has an excellent range of high-quality mineral extenders at its disposal including calcium carbonates, kaolins and micas; talc improves stiffness, impact resistance and dimensional stability of thermoplastic automotive parts and plastics for consumer goods (household appliances etc.). Talc and mica reinforced polymers are increasingly used in automotive parts to help reduce the weight of the vehicles;
- **rubber**: kaolins, calcium carbonates and talc are used in many rubber applications. Imerys' range of white minerals delivers good processability, permeability, chemical resistance and barrier properties, in addition to good whiteness and rubber mechanical properties. In particular, talc is used in seals, hoses, membranes, cables, tires and other mechanical rubber goods to improve processing, permeability, electrical properties, fire resistance and mechanical properties such as tear resistance for automotive parts, tires, pharmaceutical closures, industrial goods etc.;
- **sealants & adhesives**: kaolins impart good barrier effects and rheology control to adhesives and sealants. The low surface hydroxyl content of kaolins leads to low moisture pick-up, resulting in excellent performance in moisture-sensitive sealant applications. Kaolins are effective as structure-building elements. Finely ground calcium carbonates are also used in a wide range of sealants and adhesive applications to improve rheological properties and reduce the water or volatile content of the compound. Some products are made hydrophobic with stearate coating to reduce moisture pick-up, make handling easier and improve dispersion;
- **health & beauty**: talc is used to bring softness to body powders, silkiness to make-up and to enhance softness and lather of soaps and to reduce formulation costs. Thanks to its inertness, talc is an excellent pharmaceutical excipient and carrier for medicated powders. Talc also acts as glidants and lubricants for tableting and many other pharmaceuticals applications. Calcium carbonates are used in a large range of personal care products, such as toothpaste and soap;

- **other niche applications**: a wide range of minerals that enhance the properties of products are used every day in construction, landscaping, drilling muds and personal care products. These include: white marble aggregates used in coatings for swimming pools and limestone products for lawn care. Calcium carbonates are used in water treatment systems, air purification and the energy sector.

Since the integration of the Talc business, the Performance Minerals activity also supplies specialties sold by the Paper & Packaging and Ceramics activities:

- **paper & packaging**: talc is used as filler and as a process enabler for adsorption of organic impurities (pitch control) of papers in order to bring quality and whiteness, notably for recycled paper. It can substitute water chemicals as an alternative environmentally friendly solution in paper processing operations;
- **ceramics**: talc is used in cordierite honeycomb bodies, which is a key piece of ceramic technology that is now standard equipment in the exhaust systems of cars, trucks, buses, as well as off-road mobile mining, farming and construction equipment worldwide.

MARKETS

Market trends

Performance Minerals markets, led by construction industry and to a lesser extent by general consumption and automotive industry, experienced the following trends by geographic zone:

- **Europe**: the Performance Minerals business in Europe is linked mainly to activity in the construction and automotive markets which faced a downturn in 2012. In the automotive market, production volumes are currently 20% below their pre-crisis levels, equivalent to a loss of 3.5 million units; adaptations and restructuring are therefore needed. The trend is still towards weight savings for vehicles and decreasing carbon footprint is driving the increased penetration of talc-filled polypropylene, which supports the resilience of the activity's products. Renovation and the green agenda somewhat mitigated weak construction activity across Europe. Conversely, the personal care segment held steady through the crisis;
- **North America**: the construction market has been moving in a positive direction with a rebound in housing starts. Remodeling spending was however still weak. The automotive market increased sharply in 2012;
- **South America**: activity in Brazil (mostly paints and construction related) continued to be solid in 2012 and should benefit from the development of Itatex as the platform for specialty products;
- **Asia Pacific**: strong positions in polymers and specialty rubber applications have provided growth in Asia.

Main competitors

Sibelco (Belgium); BASF (Germany); IMI Fabi (Italy); Mondo Minerals (Netherlands); Omya (Switzerland); JM Huber, Specialty Minerals (United States).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Performance Minerals activity has 40 industrial facilities:

	Europe	Americas	Asia-Pacific & Africa
Kaolin	4	1	
GCC	6	7	4
PCC		3	
Mica		2	
Talc	5	6	2

Quality

The Performance Minerals activity is firmly committed to quality improvement with 39 plants ISO 9001 certified and one site ISO 9000 certified.

Sales organization

Performance Minerals products are generally marketed by dedicated teams at regional activities' level or by networks of independent agents or distributors; with some exceptions for some new products, applications and services. Sales organization was adapted to a new geographic organization in order to provide customers with the highest level of services. In 2012, Talc sales organization has been split between Performance Minerals, Pigments for Paper & Packaging and Minerals for Ceramics teams, as part of the Luzenac Group integration plan.

1.4.3 MINERALS FOR FILTRATION

The Minerals for Filtration activity, created following the acquisition of the World Minerals group (United States) in July 2005, is the world's leading supplier of diatomite and expanded perlite-based products for filtration. It also integrates the Imerys Vermiculite activity which is a significant supplier of vermiculite ore. Its main deposits are located in Zimbabwe and Australia.

The Minerals for Filtration activity is very involved in R&D and innovation which is detailed in *chapter 1, section 1.8 of this Registration Document*.

Following a pluri-annual in-house R&D program, the US production line for Celite Cynergy™, a proprietary filtration and stabilizing agent for edible liquids, which started to be built in 2011 on Lompoc site (California) has been commissioned in 2012.

PRODUCTS

The main products produced by the Minerals for Filtration activity are diatomite, perlite and vermiculite. It also supplies other products such as calcium silicate-based and magnesium silicate-based products for specialty applications.

Diatomite and perlite are naturally occurring minerals that have exceptional properties such as low density, chemical inertness, high contact surface area and high porosity. Minerals for Filtration's products are sought after in many applications, particularly as filtration aids and functional fillers. Vermiculite's properties are a good fit with Minerals for Filtration products in some construction, agricultural and insulation and fire retardant applications.

For a detailed presentation of these minerals, please *see chapter 1, section 1.7 of this Registration Document*.

APPLICATIONS

- **Food & Beverage filtration**: diatomite and expanded perlite have ideal particle size, shape, structure and density to be used as process enablers for the filtration of beer, sweeteners, water, wine, green tea and edible oils;
- **pharmaceutical and industrial chemicals**: in these two applications, diatomite consists as a functional additive or a process enabler: it is used for its intrinsic qualities in filtration processes and as a functional filler in cosmetics, pharmaceuticals and industrial chemicals. Diatomite is also a key component of blood fractionation processing worldwide. Perlite is used as filler and abrasive in dentistry. Diatomite and expanded perlite are both used as filtration aids in biodiesel refining;
- **building materials**: perlite and expanded perlite products provide several unique properties. Used as functional additives, they are suitable for heat and cryogenic insulation, soundproofing, building materials, coatings and roofing. Vermiculite is sold to the insulation, soundproofing, fire protection and construction industries for its light weight, heat resistance, high absorption and low density properties;
- **other niche products**: diatomite is used as a functional additive in the paint, plastic film, agriculture, polishes and rubber sectors. Perlite and expanded perlite are suitable for horticulture and lightweight refractories. Calcium silicate-based and magnesium silicate-based products are used in rubber processing and pesticide formulations.

MARKETS

Market trends

Minerals for Filtration are sold worldwide to a wide range of global and local customers. In 2012, activity varied depending upon the segments and geographies:

- filter aid as well as personal care products followed general consumption trends. 2012 has been marked by a number of large-scale acquisitions in the beer sector in emerging countries (e.g. AB InBev / Modelo and Heineken / Asia Pacific breweries) where growth prospects are attractive. Growth in western economies has been mainly driven by innovation while market growth was more limited. Activity in the Japanese filtration market has been increasing sharply;
- for construction in North America, growth in housing starts is positive for perlite ore for joint compound and lightweight fillers while decorative coatings is still mainly driven by remodel activity; in Europe the activity is slowly improving.

Main competitors

CECA (France); S&B Minerals (Greece); Showa (Japan); Palabora (South Africa); Eagle Picher Minerals, Grefco (United States).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Minerals for Filtration business has 25 industrial facilities:

	Europe	Americas	Asia-Pacific & Africa
Diatomite	2	5	2
Perlite	4	10	
Vermiculite			2

Quality

The global quality organization focuses on improving product quality and consistency at each plant around the world. 19 facilities are ISO 9001 certified.

Sales organization

Minerals for Filtration products are generally marketed by dedicated teams at regional activities' level or by networks of independent agents or distributors; with some exceptions for some new products, applications and services. Sales organization was adapted to the new geographic organization in order to provide customers with the highest level of services. Global and regional marketing professionals provide further technical and strategic support for the sales organization.

1.5 PIGMENTS FOR PAPER & PACKAGING

The Pigments for Paper & Packaging business group manufactures innovative mineral solutions to enhance the properties of cellulose fiber-based materials. The mineral solutions it produces are used as filler additives, coating pigments and process enablers for the paper and board manufacturing industries. They also enhance paper production and contribute to environmental protection.

The business group supplies the global paper and packaging producing industry. Its products are used to produce graphic paper, used for publishing and commercial printing, business paper, specialty paper and board for packaging.

Pigments for Paper & Packaging business group extracts kaolin and calcium carbonates from its extensive and high quality worldwide reserves and integrated talc to its offer in 2012. Following, most of the time, proprietary transformation processes, pigments and custom-made blends are delivered via an elaborate and lean supply chain to more than 330 paper and board mills across the globe. In order to deliver products adapted to local specificities of its customers, the business group is structured into four regions.

The business group is highly focused on improving its operational excellence and on sustained growth through innovation. Working alongside with its customers for the long-term, the business group allocates crucial resources to research and development in order to penetrate new markets and promote minerals as a natural substitute to wood fiber and chemicals in cellulose fiber-based applications. The board and packaging segment illustrates this strategy and already represents 12% of the business group’s revenue. It constitutes a key driver for future growth and requires substantial development means in terms of marketing, sales force and technology.

Global printing and writing paper demand has been stable overall in the past years, worldwide. Strong growth in emerging markets offset erosion in mature countries. Restructuring and plant shut downs have been implemented by papermakers in mature countries in order to adapt production levels to demand, especially in North America. Within the business group, the consequences of these reorganizations have been offset by expansion in emerging countries (two plants were commissioned in India and one in China in 2010) combined with the development of products and services for the growing board & packaging markets.

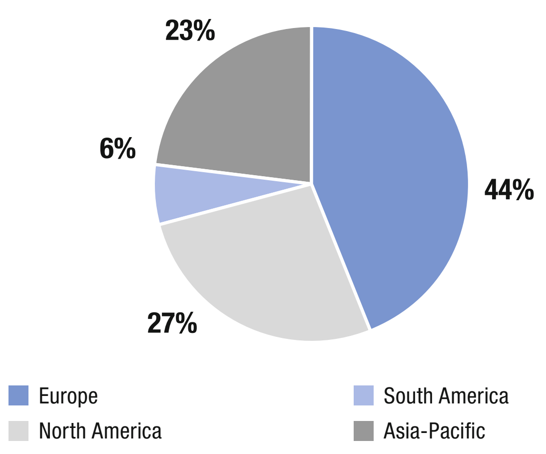
On December 14, 2012, the Group sold one of its two port terminals in Brazil (Barcarena, Pará State) and some adjoining real estate to the American corporation Archers Daniels Midlands, Inc. for approximately €67 million. The restructuring of industrial and logistical facilities in 2011 enabled Imerys to concentrate its Brazilian kaolin shipments on its historical port alone.

In 2012, the business group launched an extension of Imerys‘ product range in Brazil with the construction of a lime production site, with the view to leverage local calcium carbonate reserves (Dorésopolis, Minas Geiras). Lime is a mineral product used in various forms in paper but also in the steel, chemicals, environmental, agriculture and construction sectors. The plant should come on stream at the end of 2013. Capacities have been selectively increased to improve efficiency and meet customer demand, notably in Japan, the United States, Sweden and Malaysia.

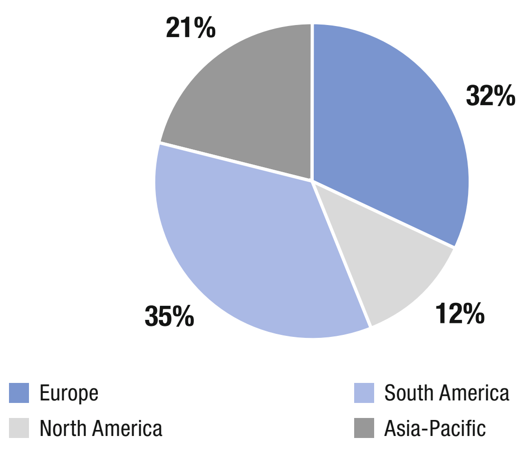
For the year ending December 31, 2012 Pigments for Paper & Packaging revenue totaled €859.4 million, representing 22% of Imerys’ consolidated revenue.

The business group operates 49 industrial sites in 19 countries.

2012 revenue: €859 million



2,465 employees as of December 31, 2012



From January 1, 2012, as part of the integration of Luzenac Group, talc sales to Paper & Packaging markets, which had been consolidated in the Performance & Filtration Minerals business group in 2011, has been accounted for under Pigments for Paper & Packaging.

(€ millions)	2012	2011	2010[(1)]	2009
Revenue	859.4	796.4	767.1	631.9
Current operating income	85.6	83.2	76.9	41.6
Current operating margin	10.0%	10.4%	10.0%	6.6%
Booked capital expenditure	81.6	68.7	60.6	32.5

(1) 2010 results have been restated following the change in accounting method related to the recognition of employee benefits, applied on January 1, 2011.

For more information, *see chapter 2, section 2.1.3 of this Registration Document*.

BUSINESS GROUP OVERVIEW

Activity	Markets	Market positions[(2)]	Applications	Products
PIGMENTS FOR PAPER & PACKAGING	**Printing & Writing** Graphic paper – Commercial printing – Publishing Business paper	**World #1** in kaolin for paper	Fillers, Coatings **(functional additives) and Process enablers**	Kaolin Talc Ground Calcium Carbonate (GCC) Precipitated Calcium Carbonate (PCC)
	Board & Packaging – Container board – Carton board Specialty paper	**World #2** in carbonates for paper		

(2) Imerys estimates.

PRODUCTS

The Pigments for Paper & Packaging business group offers the world's broadest range of specialty white pigments for cellulose fiber-based materials with hydrous and calcined kaolin, ground calcium carbonate and precipitated calcium carbonate to be used as functional additives in filling and coating applications or as process enablers. Pigments or blends are differentiated mostly by their chemical composition, particle size distribution, whiteness or viscosity. The products provide properties that enable paper and board manufacturers to optimize their production processes and deliver consistent savings.

- **Kaolin** is purified, refined and ground to yield the desired product properties, engendering a mineral that imparts different qualities to its end applications in particular whiteness, opacity, gloss, smoothness and printability. Imerys is the world's largest producer of kaolin for paper and packaging, and also the only supplier that sources globally, from its own extensive high quality reserves in Brazil, the United States and the United Kingdom. Each site offers unique geological characteristics permitting for blends to be made to fit customer specific requirements;
- **Ground Calcium Carbonate (GCC)** is produced through mechanical grinding of naturally occurring high brightness marble, limestone or chalk. The mineral imparts high whiteness and good rheology in finished paper and packaging products. Product properties are attained by proper crushing, dispersing, milling and classification. The Group produces GCC with processing plants located within distance to customers' mills to ensure a high quality service and logistical flexibility;
- **Precipitated Calcium Carbonate (PCC)** is generated during a batch process in fully integrated on-customer-site processing units, providing very pure calcium carbonate crystals which can be tailored to a variety of different shapes and sizes, to adapt to the specific functionality required;
- **Talc**: thanks to the acquisition of Groupe Luzenac, the business group enlarged its product offering. Talc is mined selectively from open cast mines and beneficiated by manual, optical or friction sorting at lump or chip size or by froth floatation after milling.

For a detailed presentation of these minerals, please *see chapter 1, section 1.7 of this Registration Document*.

APPLICATIONS

- **Fillers** are added at the beginning of the paper and board making process, just prior to the formation of the paper web. Mineral fillers are designed to impart texture, opacity, whiteness and printability. They raise mill productivity through faster dewatering rates and lower drying requirements, thereby generating machine speed and energy gains. As opposed to traditional cellulose fiber, retention aids or sizing agent chemicals, filler additives constitute a cost-effective alternative to improve base paper quality. Talc is used for adsorption of organic impurities (pitch control) of papers in order to bring quality and whiteness, notably for recycled paper.

  Kaolin provide fillers that are especially suited to supercalendered paper, typically used for magazines, catalogues or directories, whereas GCC and PCC fillers are used more extensively in high brightness applications such as uncoated wood free paper, which is used in office paper, for fine writing and printing, archival copying or offset printing. In some cases, combinations of kaolin and carbonate fillers are generated to achieve the best balance of properties.

- **Coating products** are used in sophisticated formulations containing different pigments, binders and chemical additives to give a smooth paper surface which can deliver superior gloss and print quality compared to uncoated paper grades. Coating formulations are applied to the paper surface at high speed to give a thin even layer. The rheological performance, brightness and physical characteristics of the pigments used in coating address the printability in single coated paper applications used for magazines and higher quality advertising items such as inserts, coupon printing or other low lifetime, high resolution print products. In multilayer coating paper, used for commercial printing applications such as company brochures, annual reports and other higher quality advertising, coverage and performance is built up in layers taking advantage of the numerous pigment functionalities.

- **Process enablers** - Specialty minerals are increasingly popular processing aids in the wood-pulp, paper and board industries where they typically function as retention aids and sizing agents thanks to their positive environmental impact and beneficial performance-cost ratio. These properties are more and more used in recycled paper production. Talc can substitute water chemicals as an alternative environmentally-friendly solution in paper processing operations.

The Pigments for Paper & Packaging business group's dedicated innovation resources continuously strive for the development of new value-adding mineral solutions. For more information regarding Innovation, please *see chapter 1, section 1.8 of this Registration Document*.

MARKETS(1)

After recovering from the global economic downturn in 2010, paper markets stabilized in 2011 and in the first half of 2012, and declined in the second half in mature economies while emerging countries experienced continuous growth. North American and Western European markets were weak and both regions continued to restructure with selected mill closures and further industry consolidation. Printing and writing paper production in emerging countries (Asia Pacific and South America) increased + 4.7% and these markets grew their overall share of global printing and writing paper output in 2012.

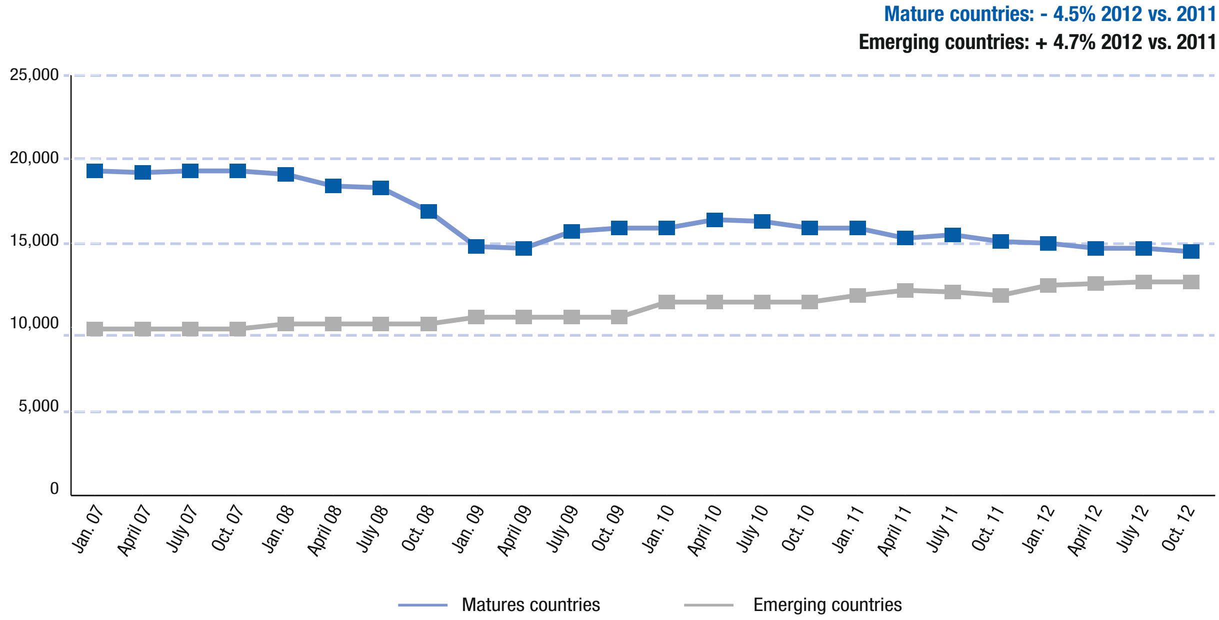
Packaging markets remained robust with global production of coated board estimated to have grown by some + 2%, including in mature economies. Demand was boosted by the increasing need for packaging in relation to shipments driven by the continuous growth of e-commerce and is underpinned by the fundamental increase in demand for packaged food and beverages across the world, in both mature and developing economies, favoured by the positive environmental impact of cellulose based materials.

In line with new consumer trends and packaging specifications coming from retailers and brand owners, producers and converters of board and other packaging grade paper are developing tailor-made solutions that deliver barrier properties, strength, light weighing and recyclability. Some examples of innovative solutions for the fiber-based packaging segments include hyper-platy clays for barrier applications, high opacity mineral solutions for carton board and default pigment particle size for wood fiber extension and replacement in container board. These new and innovative solutions represent an increasing percentage of the sales mix of the business group.

(1) Source: RISI (Resources Information System, Inc) and Imerys estimates.

Global printing & writing paper production[(1)]

(in millions of tons)



Main competitors

- Kaolin: KaMin (Brazil and United States); AKW (Germany); BASF, Thiele (United States);
- GCC: Omya (Switzerland) and various local competitors;
- PCC: Omya (Switzerland); SMI (United States).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The business group has 49 industrial facilities:

	Europe	Americas	Asia-Pacific
Kaolin	1	5	1
GCC	9	2	14
PCC	1	8	3
Slurry make-down	4	1	

Quality

The business group is involved in quality certification with 31 plants ISO 9001 certified.

Sales organization

Pigments for Paper & Packaging products are marketed through the business group's own highly dedicated expert sales force with regional attributions for Europe, Northern America, Asia Pacific and Latin America.

(1) Source: RISI (Resources Information System, Inc) and Imerys estimates.

1.6 MATERIALS & MONOLITHICS

The Materials & Monolithics business group is organized around the following two activities:

- Building Materials;
- Refractory Solutions, comprised of Monolithic Refractories (Calderys) and Kiln Furniture activities.

Both these activities have strong market positions that they continue to develop through an active innovation policy and selective capital expenditure.

With high-quality deposits and an efficient production process, the Building Materials activity is France's largest producer of clay roof tiles, bricks and chimney blocks and of high-quality natural slate. Imerys also contributes to the development of renewable energies in the solar roof tile sector.

After focusing its efforts on improving the productivity of its industrial assets and refocusing its network on the French market (divestments of operations in Spain and Portugal in mid-2007), the Building Materials activity progressively adapted its production to the slowdown of the construction market, which began in 2008. The situation improved in 2010 and 2011 without, however, returning to the housing start levels of 2007. In 2012, the market was again affected by the decrease in construction starts, which was intensified in particular by the end of certain incentives for real estate development.

In December 2012, Imerys received a binding acquisition offer from Bouyer Leroux group for its Imerys Structure activity (wall and partition blocks, chimney blocks). The project is subject in particular to the consultation of personnel representation bodies and to the required administrative authorizations being obtained. Closing could take place in the first half of 2013.

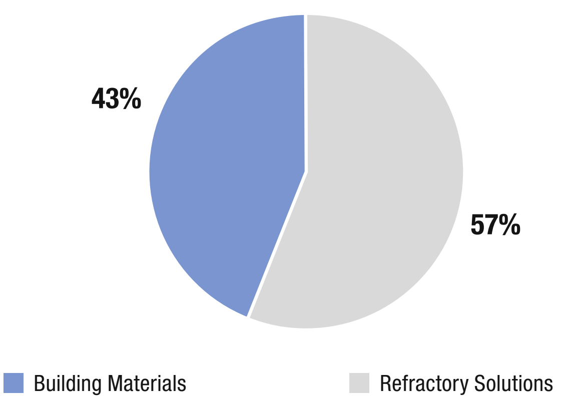
Calderys, the world leader in alumino-silicate monolithic refractories, provides services and products to the "Liquid metal" (steelmaking, foundry, aluminum) and "Thermal" (cement, power generation, petrochemicals and waste-to-energy) industries. The Kiln Furniture activity's products mainly serve markets for ceramics and clay roof tiles.

Calderys consolidated its world leadership with acquisitions in 2007 and 2008 (ACE Refractories in India, B&B Refractories in South Africa and Svenska Silika Verken AB in Sweden). The activity, which was affected by the difficult economic context in 2009, had recovered in 2010 and 2011 in most countries where the Group operates, thanks to a significant upturn in steel production. 2012 was marked by a decrease in European industrial output and by further growth, albeit at a slower pace, in the Asia zone. To adapt to this regionally contrasting environment, Calderys on one hand developed its sales network in China, and, on the other, completed the rationalization of its industrial facilities in Sweden: the Köping plant was closed and its main assets transferred to the Höganäs plant.

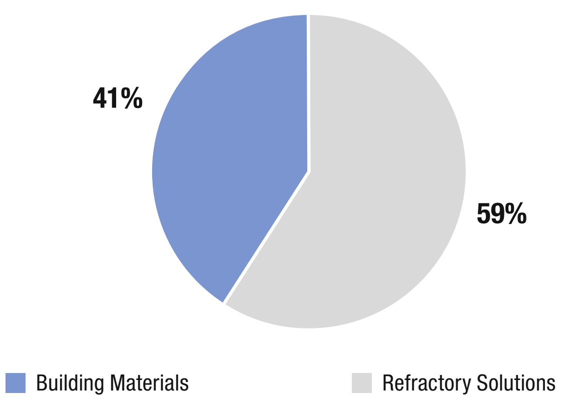
The Materials & Monolithics business group's revenue for 2012 totaled €969.3 million, contributing 25% of the Group's consolidated revenue.

The business group has 41 industrial sites in 17 countries.

2012 revenue: €969 million



3,998 employees as of December 31, 2012



(€ millions)	2012	2011	2010[(1)]	2009
Revenue	969.3	1,025.3	922.6	875.6
Current operating income	192.5	209.5	187.6	168.0
Current operating margin	19.9%	20.4%	20.3%	19.2%
Booked capital expenditure	19.5	24.0	14.0	27.3

(1) 2010 results have been restated following the change in accounting method related to the recognition of employee benefits, applied on January 1, 2011.

For more information, *see Chapter 2, section 2.1.3 of the Registration Document.*

1.6.1 BUSINESS GROUP OVERVIEW

Activities		Markets	Market positions[(2)]	Products/Applications
BUILDING MATERIALS	**CLAY ROOF TILES & BRICKS**	New housing	**French #1** for clay roof tiles, bricks and chimney blocks[(3)]	**Structure materials** (finished products) Structure bricks (walls and partitions) Chimney blocks **Roof tiles and accessories** (finished products)
		Roofing renovation		**Roof tiles and accessories** (finished products)
	SLATES	Construction and renovation of housing, historical monuments and public tertiary buildings	**French #1** for natural slates	**Natural slates** (finished products)
REFRACTORY SOLUTIONS	**MONOLITHIC REFRACTORIES (CALDERYS)**	Iron & steel Foundry Aluminum Cement Waste-to-energy Power generation Petrochemicals Furnace construction & repairs	**World #1** in alumino-silicate monolithic refractories	**Monolithic refractories** (process enablers) Cast/vibrated castables QD™ (quick Dry) castables Gunning materials Ramming mix Dry mix Taphole clays Full project management services for refractory (design and installation) **Prefabricated shapes**
	KILN FURNITURE	Roof tiles Fine ceramics Floor tiles Thermal applications Kiln construction Technical ceramics	**World #1** in kiln furniture for roof tiles	Kiln furniture & components

(2) Imerys estimates.

(3) The Bouyer-Leroux group made a purchase offer for the clay bricks and chimney block activity in December 2012. Completion of the project could take place in the first half of 2013.

1.6.2 BUILDING MATERIALS

The Building Materials activity provides the French construction sector with clay materials (roof tiles and bricks, through a single legal structure, Imerys TC) and slates (Ardoisières d'Angers). These products are mostly intended for the building and renovation of single-family housing. The activity's customers and partners are mainly French building material traders.

The activity's operating excellence is reflected in the extensive automation of its plants, enabling it to produce high value-added products on a large scale. Operations are supplied from dedicated, high-quality and long-term mineral deposits equivalent to up 50 years' reserves.

Finally, the Building Materials activity develops innovative products that enable it to meet users' new expectations in terms of heat and sound insulation and ease and speed of installation.

In 2008, Imerys TC enhanced its range of efficient and innovative integrated photovoltaic roof tiles through the creation of Captelia™. This 50/50 joint venture with EDF ENR (Énergies Renouvelables Réparties, distributed renewable energies) aims to make electricity generation widespread on conventional roofs.

PRODUCTS

Clay reserves are a source of high-quality minerals located in France, near its clay product processing plants. To ensure durable operations, the Building Materials activity strives to develop its reserves, particularly through land purchases and exchanges, and plans future site restoration and remediation. In 2012, new authorizations were obtained near Gironde-sur-Dropt (Gironde, France) and La Boissière du Doré (Loire Atlantique, France) to enlarge stock yards and in Saint-Germer de Fly (Oise, France) and Saint Geours d'Auribat (Landes, France) for the renewal of the quarries.

Ardoisières d'Angers operates an underground slate quarry in Trélazé (Maine et Loire, France). The slate is mined at depths of 450 meters, guaranteeing exceptional quality with the following properties: impermeability, harsh weather resistance, particularly frost, stability and flexibility, which makes it easy to use. Slates are especially suited to steeply sloping roofs.

For more information about clay and slate reserves, *see chapter 1, section 1.7 of this Registration Document*.

APPLICATIONS

Clay Roof Tiles & Bricks

The Clay Roof Tiles & Bricks activity is specialized in the design, production and sale of clay building materials for roofing (tiles and accessories) and structure (bricks and chimney blocks).

The benefits of clay products were confirmed by the findings of the Grenelle de l'Environnement[(1)] on housing: healthy, robust and durable construction with the heat inertia and airtightness required for low consumption buildings (B.B.C. – Bâtiments Basses Consommation). For the same size, the "Optibric PV 4G" clay brick provides five times more heat insulation than concrete blocks.

In 2012, the Building Materials activity continued its innovation effort to add more value for customers and offer practical building solutions for increasingly efficient, cost-effective, comfortable and therefore sustainable housing. The main aims of new products were the following: ease of installation, speed of use, energy efficiency for bricks, and combining technical progress with visual appeal for roof tiles such as NéoPlate™, which has the same external appearance as a flat tile with 35% shorter installation time. For more information on innovations, *see chapter 1, section 1.8 of this Registration Document.*

Roof tiles and accessories

The umbrella brand Imerys Toiture™ covers the entire product range, comprised of flat tiles, Roman tiles and large and small interlocking tiles. The brand now offers 69 models of **clay roof tiles** in 85 colors that meet local traditions and specificities. Eight regional labels with high customer awareness distinguish between tile models: Gélis™, Huguenot™, Jacob™, Phalempin™, Poudenx™, Sans™, Ste Foy™ and Doyet™. Imerys Toiture™ has also developed roofing accessories that help to free the roofer from finishing work as they can be fitted without mortar or sealant. With **thermal and photovoltaic tiles,** Imerys Toiture™ has a comprehensive, integrated roof offering that is sound, visually appealing and energy-efficient.

Structure bricks

Imerys Structure™ clay **bricks** (standard bricks and technical products, i.e. Monomur and Optibric™) are used in the structures of buildings, in exterior walls, interior partitions and linings (terracotta bricks, Carrobric™ system, Intuitys™ system). Their load-bearing or insulating function differentiates them from facing bricks, which serve an essentially decorative purpose.

(1) Grenelle de l'Environnement: National Meeting held on October 24 and 25, 2007 wich brought together members of the French state and non-governmental representatives to develop concrete measures to tackle environmental issues and incite energy savings.

Urbanbric® was created specifically for collective buildings and perfectly meets regulations in this promising market for the development of bricks.

Furthermore, Imerys Structure™ develops, produces and markets clay **chimney blocks** (Ceramys™) for individual heating systems.

Slates

Angers Trélazé® natural slate enjoys almost 90% unassisted awareness with roofing professionals, through the Company's long history and its presence on the finest buildings in France's architectural heritage. Historical monuments are an outstanding showcase for the company and their prestige reflects on all marketed ranges.

In 2012, Ardoisières d'Angers broadened its range of imported products by marketing, in addition to its usual offering, slate from Fonsagrada quarry (Spain) in order to address all market categories.

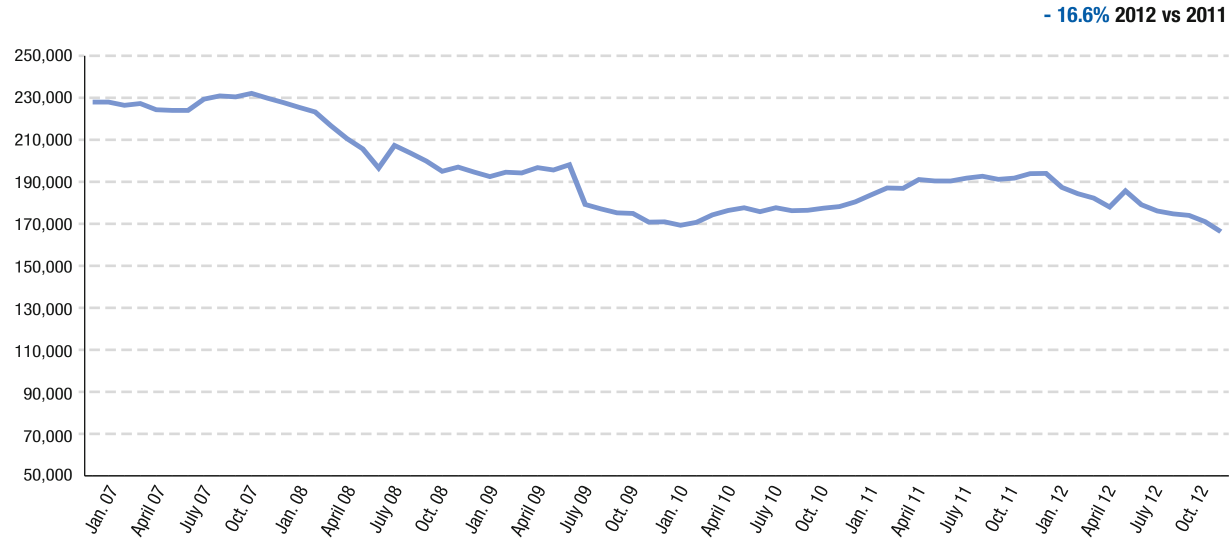
MARKETS

Market trends

A key characteristic of the Building Materials market is a difference in demand according to regional specificities. Activity is linked to the development of the single-family housing construction (clay roof tiles and bricks) and renovation (clay roof tiles) market in France, in equivalent proportions. The renovation segment has traditionally held out better during cycle troughs.

Single family housing starts in France

(12 rolling months)



Source: French Ministry of Ecology, Sustainable Development and Energy, as at end December 2012; Imerys estimates.

Clay roof tiles & bricks

After a two-year slump in new single-family housing starts in 2008 and 2009, an upturn began in 2010 and continued into 2011, but without the market regaining its 2007 levels. In 2012, new single-family housing starts decreased by 17%, a trend that intensified with the end of certain incentives for real estate development.

Roofing renovation held out better, despite the harsh weather conditions of February 2012. The segment's resilience helped to limit the decrease in sales of clay roof tiles (estimated at -9% by Fédération Française des Tuiles et Briques for the trade as a whole in 2012).

In structure materials, mainly used in new single-family housing construction, brick sales fell - 14% in 2012 according to Fédération Française des Tuiles et Briques. Thanks to their ease of laying and intrinsic qualities that are perfectly suited to the low-consumption building issues defined under the Grenelle environmental consultation (particularly RT 2012 thermal regulations), clay bricks gradually increased their market share in relation to other construction methods to over 40% today. Since the recent launch of products that meet the specific needs of collective housing, clay bricks have gradually gained an 18% share of this new segment.

In 2012, Imerys maintained its French market leadership in clay roof tiles and bricks.

Slates

The market has been in a slump since 2009. Uprange segments (public buildings, historical monuments) continue to opt for high quality French slate, particularly in restoration and renovation work.

Main competitors

- **Clay roof tiles and bricks:** Wienerberger (Austria); Bouyer-Leroux, Monier and Terreal (France);
- **Slates:** Glendyne (Canada), CupaPizarras and Rathscheck (Spain).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

Given the essentially local nature of its markets, the Building Materials activity's industrial and commercial network ensures that it has optimum coverage of the French market. The Building Materials activity has 21 manufacturing sites:

Clay roof tiles and bricks	Roof tiles: 13	Structure bricks: 5	Chimney blocks: 2
Slates	1		

Quality

The Quality process has been a core concern of the Building Materials activity for several years.

As of November 2004, all Clay Roof Tiles & Bricks are certified ISO 9001 and all manufactured products comply with the relevant standard (NF) for their category. Certification concerns the product's main characteristics, particularly geometrical, size, physical (compression resistance), thermal and hygrometric (dilation when damp) aspects. Imerys TC was the first manufacturer to certify a range of tiles under the "NF Montagne" (NF Mountain) standard, which is more stringent than NF for frost resistance.

Angers-Trélazé® natural slate was the first slate to be awarded the NF-Ardoises label by AFNOR in March 2005. Angers-Trélazé® brand products, therefore, meet the most stringent French standards.

Sales organization

Clay roof tiles and bricks

The Clay Roof Tiles & Bricks activity is structured into sales regions for each product range – roof tiles, bricks and chimney blocks – for optimum responsiveness.

Every customer has a single sales contact in charge of all processes from order through to delivery. In parallel, Imerys TC offers a set of related services for its customers and end users and implements a relevant communication strategy through Encyclopedias (Roof Tile Encyclopedia, Brick Encyclopedia) and specific websites: ***www.imerys-structure.com*** (structure), ***www.imerys-toiture.com*** (roofing), as well as a website for solar products, ***www.imerys-solaire.com***, a general public website ***www.mamaison-terre-cuite.com*** and a roofing portal ***www.e-toiture.com***.

To develop roofing and bricklaying, professions that specialize in clay products, Imerys TC provides essential training in nine dedicated centers. Building professionals are trained every year in tile fitting techniques, the use of narrow-join bricks and the installation of photovoltaic roofing systems thanks to Quali PV Bat qualification programs.

Furthermore, Imerys TC supports good citizenship initiatives through its partnership with Architectes de l'Urgence (emergency architects).

Slates

Ardoisières d'Angers' sales and marketing organization is based on five regional sectors.

In 2012 it continued its promotion actions with historical monument architects and roofing firms through "Le Club de la Bleue". Sales of imported slate were consolidated by the contribution of a new supply source (Fonsagrada, Spain).

The range of landscaping products was enhanced with two new applications, gabions (boxes pre-filled with small slate slabs) and crushed washed tiles.

1.6.3 REFRACTORY SOLUTIONS

Refractory Solutions consists of two activities: Monolithic Refractories (Calderys) and Kiln Furniture.

Monolithic Refractories

Calderys develops and sells monolithic refractories: these products are used for building and repairing refractory linings and can withstand high temperatures and severe operating conditions. Monolithic refractories are semi-finished formulated products that consist of aggregates, binder and additives. As such, they need to be mixed with water to be installed and take their final shape in the furnace on site.

Monolithics substitute shaped refractory bricks and account for 45% of the total refractory market in developed economies due to their ease and speed of installation, their jointless lining, their capacity to adapt to any furnace shape and even complex ones, and, finally, their short production cycle. To meet the needs of its customers, Calderys has developed a highly technical expertise in the development, production, and installation of refractory solutions and management projects.

Calderys' growth is fuelled by three key elements:

- regional expansion in emerging countries: Calderys continued to develop through the expansion of its tap-hole clay production capacity in India and Ukraine and the building of a new tap-hole clay line in its Chinese plant in 2011. In 2012, Calderys increased its sales network in China. Consequently, sales in emerging economies represented, in 2012, nearly 50% of Calderys' activity;
- projects business with the expansion from the formulation of refractory products to a complete solution provider: not only does Calderys sell refractories, but it is also able to manage a whole project from the design of the refractory lay-out to its installation and maintenance;
- innovation is key to adapting to local practices and new market requirements. Calderys thus constantly upgrades and adapts its solutions.

Calderys' innovation efforts are focused on improving performance, easing the usage and reducing the environmental impacts of its products. In 2012, Calderys continued to develop its successful Quick Dry (QD™) range – launched in 2009 - to meet customer needs for greater equipment availability and cost reduction through faster installation. The Quick Dry materials are now sold to over 246 customers in 20 countries worldwide.

Calderys has also delivered major projects in 2012 with full customer satisfaction both in terms of solution performance and implementation timing: the full revamp of an ilmenite[(1)] kiln of more than 70 meters long was thus achieved in 25 days instead of the usual three months required.

For more information on R&D and innovation, see *chapter 1, section 1.8 of this Registration Document*.

Kiln furniture

The Kiln Furniture activity develops, designs, produces and globally markets:

- firing supports (shaped parts designed to support the end product during firing);
- components for industrial kilns (refractory protections for kiln car walls and structures) for the ceramics industries.

It has recently developed activities in technical ceramic segments.

PRODUCTS AND SERVICES

Monolithic Refractories

Calderys' products are formulated with natural and/or synthetic mineral raw materials, including chamottes, andalusite, mullite, bauxite, tabular or fused alumina (alumino-silicate monolithics or "acid monolithics") and spinel, magnesia, dolomite ("basic monolithics"). Refractory cements, clays and chemicals are incorporated as binders. Monolithics can be installed through various techniques and mainly by casting, gunning or ramming. Calderys also offers a full service for projects, from the design of the solution to installation and maintenance.

Kiln furniture

Kiln furniture is made of refractory materials (cordierite, mullite, silicon carbide) with the following characteristics:

- resistance to mechanical and thermal shocks, in order to protect the end product (roof tiles, ceramic parts) from any distortions or contact reactions and extend the furniture's lifespan;
- light weight, to optimize available firing capacity and reduce energy consumption during the firing process.

APPLICATIONS

Monolithic Refractories

Calderys' monolithic refractories are specialties found in all industries where high temperatures are necessary, such as iron & steel, ferrous and non-ferrous foundries (including aluminum), power plants, incinerators, biomass boilers, as well as cement and petrochemical plants.

Calderys is particularly well positioned on sensitive process steps, as for example on blast furnaces and runners in the iron & steel industry, cyclones and burning zone in cement or sulphur recovery units in petrochemicals, and on fast growing markets like the waste to energy segment. In addition to the monolithic refractories produced by Calderys, solutions may include ready-to-use shapes, insulating products, anchor systems and other accessories. Calderys also offers services such as design, engineering and supervision of product installation as well as training on request for installers and customers and can cover the full refractory project scope, be it greenfield (new installation), brownfield (revamping an existing installation) or maintenance.

(1) Iron titanium oxyde.

Kiln furniture

The very broad product range covers the specificities required by industrial customers in terms of shape and usage conditions, i.e. temperature, firing cycles, loading and handling systems. The design unit has a CAD system that simulates the furniture's thermal and mechanical performance, behaviour and mechanical shock and vibration resistance. This crucial stage in the development process enables the activity to meet the most demanding customers' needs:

- for the roof tile industry: "H" and "U" type firing supports are manufactured and placed on kiln cars to support roof tiles during the long firing period whether carried out in conventional tunnel kilns or intermittent ones. The activity also produces and markets extremely flexible and very lightweight superstructures and construction parts for firing tray systems.

  In 2012, the activity started to market three new innovative, enhanced strength and lightweight materials (ZSAII™, Greenlite™ and Versa Tile™);
- for the fine ceramics markets: pressed, cast or extruded, individual or stackable furniture are designed for tableware and sanitaryware firing; the activity is market leader for advanced solutions combining several materials (cordierite and silicium carbide for example); floor tile firing requires cast or pressed furniture;
- technical ceramics: extruded or pressed parts for various markets such as environment, petro chemical, grinding media or automotive.

MARKETS

Market trends

Monolithic Refractories

Calderys' monolithic refractories products are sold all around the world, mainly in Europe, the Middle East, Africa, and Asia.

Affected by the consequences of the financial crisis of 2008 and 2009, Calderys' activity was well orientated in 2010 and 2011, thanks to a more favorable global economy. In 2012, most Calderys end-markets contracted in Europe, but were positive in India and Asia. In the Iron & Steel industry, crude steel production decreased by - 4.7% in the European Union in 2012 compared to the year before, while it grew by + 3.1% in China and + 4.3% in India. The foundry segment, related to the automotive industry, showed a significant decrease in France, Spain, and the Benelux. Germany resisted better. A limited number of projects of new plants arose in the European Thermal segment (cement, incineration, petrochemicals, etc.), while activity in India and Asia has been growing. In the waste-to-energy sector (including biomass), the activity remained at a good level thanks to the growing number of new investments in renewable energy.

Kiln furniture

The environment for the Kiln Furniture activity, which mainly concerns the European, Asian, Middle Eastern and North African roof tiles and fine ceramics production markets, has been highly competitive in recent years:

- in Western Europe, after a recovery in 2011 in the construction market and a rebound in investments (complete renovation of old production lines or new lines of production), 2012 saw a significant decrease in the renewal as well as new projects of kiln furniture for roof tiles. 2012 was also a weaker year for tableware after a very strong 2011 while sales to sanitaryware improved. Activity in technical ceramics grew significantly in 2012 in particular thanks to the ramp up of water filtration;
- in emerging countries sales increased significantly in the fine ceramics (Middle East) helped by some relocation of production from the Far East closer to mature economies, as well as in Eastern Europe with strong demand in the roof tiles activity (renovation of old production lines or new lines of production).

Main competitors

- **Monolithic Refractories:** RHI (Austria); Vesuvius (Belgium); Krosaki Harima (India, Japan);
- **Kiln furniture:** Beijing Trend (China); Saint-Gobain (France); Burton (Germany and Hungary); HK-Ceram LTD (Hungary), Icra (Italy).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Refractory Solutions activity has 20 industrial sites in 17 countries:

	Europe	Americas	Asia-Pacific & Africa
Monolithic Refractories	9	1	7
Kiln furniture	2		1

In 2011, the Swedish production of precast and alumina monolithics was regrouped in the Höganäs plant that was expanded and modernized, while the Köping site was closed. In 2012, Calderys finalized the transfer of the Köping plant's assets to Höganäs.

Quality

Calderys works to deliver the same manufactured quality everywhere in the world. To do so, Calderys uses a benchmarking system and a scientific database that enables it to select local raw materials that are compliant with the required quality level. 15 Calderys facilities and all Kiln Furniture units are ISO 9001 certified.

Sales organization

In order to guarantee a market-oriented approach and offer its customers complete refractory solutions, the activity has sales offices or subsidiaries in all its major markets, i.e. more than 30 countries.

The Kiln Furniture activity's products are sold using direct sales forces located in its main regions and strengthened, where necessary, by an international network of agents and distributors.

1.7 MINERALS

In order to supply its processing plants with the broad range of raw materials required to meet its customers' requirements, Imerys operates 121 active mines in numerous countries around the world. The Group actively pursues the replacement and growth of its mineral reserves and resources and continuously works to strengthen its technical expertise in geology, mine planning and mining through training, sharing of expertise and "best practices" across a network of 140 geologists and mining engineers. In 2012, Imerys continued to replenish mineral reserves in line with the production requirements of each operation's extraction needs with special emphasis on the long term stability of both quality and quantity requirements. The acquisitions of a refractory bauxite company in Brazil (State of Pará) and of Goonvean's kaolin activities in the United Kingdom (Cornwall) further strengthened the Group's minerals portfolio. For more information, *please see chapter 1 section 1.3.3 and section 1.4 of this Registration Document.*

Since the implementation of **Mineral Reserves and Resources Reporting** in 2002 and the first external audit conducted in 2004 (fair value measurement of minerals reserves and resources as part of the first time adoption of IFRS standards), the policies and procedures in force have been regularly updated. In line with Imerys internal policy, mineral reserves and resources are audited by internal and external auditors on a regular basis. The second multi-annual cycle of geological audits was completed at the end of 2011 and showed continuous improvement in mineral reserve management processes and accuracy of reporting. The mineral reserves and resources published in this Registration Document are prepared in line with internationally accepted standards of reporting. They are prepared and subject to verification, taking into consideration the relevant framework in each reporting entity.

1.7.1 IMERYS MINERALS

MINERALS MINED BY IMERYS

When identified as an important advantage to Imerys, mine development and integration into production is implemented. The geological origins, specific properties, final applications and ore body locations of each mineral mined or processed by Imerys are presented below.

Andalusite is a naturally occurring alumino-silicate mineral containing up to 60% alumina that transforms into mullite when heated to 1,350°C. Imerys' mines high-quality andalusite deposits are located in China, France, Peru and South Africa. This refractory mineral offers properties such as high resistance to degradation in extreme temperatures and harsh operating conditions, as well as resistance to mechanical failure and corrosion. It is used for the processing of high quality acid refractory products with high alumina content.

Ball clays are very fine-grained sedimentary clays with high plasticity properties used in ceramic applications. After extraction, the clay materials are selected, processed and blended to provide the desired performances. The specific properties of these materials include good rheological stability for casting applications for sanitaryware, high plasticity and strength for tableware, tiles and electrical porcelain applications. Ball clays are also used in the rubber industry and in refractory sectors. Imerys' main ball clay mines are found in France at numerous locations (Charentes, Indre, Allier and Provins basins), in the United Kingdom (Devon and Dorset), the United States (Kentucky, Mississippi and Tennessee) and in Thailand (Lampang Province).

Bauxite and **bauxitic kaolin** are minerals found in sedimentary deposits. Imerys products have the unique characteristic of being low in iron content. They are used in a wide range of refractory products. Group deposits are located in Brazil (State of Pará) and the United States (Alabama, Georgia). Those refractory minerals offer specific properties, such as high resistance to degradation in extreme temperatures and harsh operating conditions, as well as resistance to mechanical failure and corrosion.

Bentonite is an alumino-silicate sedimentary clay with high rheological and absorbent properties. After processing, bentonite finds applications in foundry sands, oil well drilling, ore pelletizing as well as in sealants, adhesives, ceramic bodies and cosmetics. The Group's bentonite mines are located in South Africa.

Diatomite is a special sedimentary silica mineral resulting from the accumulation of skeletal remains of microscopic freshwater or marine plants called diatoms. Diatomite is a naturally occurring raw material with exceptional qualities: low density, high surface area and high porosity. The unique properties of these Imerys products are sought after in many applications, particularly as filtration aids and as functional additives in performance minerals applications, such as paint. Imerys' diatomaceous earth mines are located in Chile, China, France, Mexico, Peru, Spain, and the United States (California, Washington, Nevada).

Feldspar is a group of naturally occurring alumino-silicate minerals containing varying amounts of potassium, sodium, calcium and/or lithium. These minerals are known for their fluxing properties and application in ceramic bodies and in the glass industry. Feldspars of different mineralogical and chemical compositions impart specific properties to a wide range of final products. In powder form, feldspar also serves as a hardening agent in plastic applications and is also used in paints, coatings and rubber. The Group's feldspar main operations are in France (Burgundy, Allier, Pyrénées-Orientales), Germany (Bavaria), India (Andrah Pradesh), Portugal, Spain (Caceres – Estremadura, Salamanca and Valencia regions), and in Turkey.

Ground calcium carbonate (GCC) is produced from **chalk, limestone or marble.** GCC is obtained by grinding calcium carbonate materials mined from open cast quarries or underground mines. With further processing applied, certain properties are developed to improve the physical characteristics of end products. GCC is renowned for its whiteness and alkaline properties. GCC is used mainly as a filler or coating pigment in the paper industry. It also has applications in performance mineral applications, such as paints and coatings, plastics, sealants, air purification and the environment. The Group's extensive calcium carbonate reserves are located in Brazil, China, France, Greece, Italy, Malaysia, Mexico, North America (Alabama, Maryland and Arizona), Tunisia, Turkey, United Kingdom and Vietnam.

Graphite is one of the crystalline forms of carbon, with a micaceous aspect. Natural graphite is produced by Imerys from the Lac-des-Iles mine in Canada (Quebec Province) – the largest graphite mine in North America. Customers are supplied worldwide in the mobile energy, engineering materials, additives for polymers, lubricants, refractories and metallurgy sectors.

Kaolin is predominantly composed of kaolinite, a white hydrated alumino-silicate clay mineral, which is derived from the geologic alteration of granite or similar rock types. It is mined from either primary deposits such as in Cornwall (United Kingdom) or in secondary or sedimentary deposits such as in Sandersville area, Georgia (USA) and in Brazil (State of Pará). Also known as china clay, kaolin is mined in open cast mines or quarries.

Specific processes impart kaolin targeted properties for a variety of end uses. These include paper where whiteness and opacity as well as gloss, smoothness and printability are sought after properties. Kaolins are also used in performance minerals applications (paint, rubber, plastics and sealants). Finally, kaolins find applications in a wide range of ceramics: super-white tableware, sanitaryware and floor tiles, fiberglass and automotive catalyst support. For a number of applications, kaolin is calcined and then processed further. Calcination transforms kaolin at high temperature (700-1,200°C) into a whiter and inert mineral (metakaolin) for end use in performance minerals, refractories and ceramics applications. **Halloysite** is a high-quality kaolin type very white clay mineral, especially sought after by tableware producers worldwide for its translucent effect for their fine porcelain range.

Mines are located in various regions around the world and Imerys is the only producer that is active in all three major high quality kaolin for paper producing areas. Each location offers its own unique and specific characteristics: the United Kingdom (Cornwall) for filler kaolins; the United States (Georgia) for paper and board coating applications and opacifying effects; and Brazil (the Amazon Basin) for coating applications due to its fine, steep particle size distribution.

For performance minerals and ceramics, Imerys mines outstanding kaolin reserves located in Australia (Victoria), France (Brittany and Allier), New Zealand (Matauri Bay), Thailand (Ranong Province), Ukraine (Donetsk), the United Kingdom (Cornwall) and the United States (South Carolina and Georgia). The Group exploits a Halloysite deposits in New Zealand.

Mica (Muscovite and Phlogopite mica): the term "mica" covers a group of alumino-silicate platey minerals, each with its own physical and chemical characteristics. They are distinguished from other minerals by their insulation and elasticity properties. Mica imparts thermal stability, resistance to heat, moisture and light transmission in coatings, while offering decorative effects. Micas also increase durability characteristics of plastic composites used in automotive applications. Imerys produces mica from its mines in Canada (Quebec Province) and in the United States (North Carolina) and as a by-product of kaolin and feldspar mining in France (Brittany and Burgundy).

Perlite is a specific type of volcanic rock, containing between 2% and 5% of natural combined water. When processed and subsequently heated, the water converts instantaneously to steam and the perlite explodes like popcorn, expanding up to 20 times its original volume and creating a multi-cellular material with large surface area and corresponding low density. Perlite is a naturally occurring raw material with exceptional qualities: low density, high surface area and high porosity. The unique properties are sought after in many applications, including process aids in filtration applications and functional additives in performance minerals applications, such as paint. Perlite mines are located in Argentina, Chile, Turkey and the United States (New Mexico, Arizona and Utah).

Quartz is the most common mineral on earth and present in almost all mineral environments as an essential component of many rock types. Imerys mines high-purity quartz (> 99.8% silica) in two forms: block (quartz boulders) and gravels; both offer similar properties: strength, refractoriness, wear resistance required in tile making and ornaments. Silicon and ferro silicon, for which quartz is the basic raw material, are used in special steel alloys. Quartz is also the basic raw material for silicone and silane based chemicals. Imerys produces quartz from pure quartz deposits in France (Lot, Dordogne) and Sweden, or as a by-product of kaolin. Quartz is also available in a range of colors to supply a variety of markets as decorative stones and in the building industry.

Red clays are composed of assemblages of clay minerals and oxides of sedimentary origin which develop a red color when fired. They are used to make building materials (roof tiles, blocks and chimney blocks) and meet specific requirements in terms of particle size distribution, plasticity and extrusion properties before firing, as well as good performance during drying and firing. Extensive reserves of clay with sought-after properties are located close to the Building Materials' production facilities in France.

Refractory clay occurs as hard to soft and often carbon-rich fine kaolin that produces upon processing and calcination, a high-density refractory material commonly called "chamotte" which has specialized refractory and ceramic applications. Imerys' refractory clay deposits are located in France, South Africa, the Ukraine and the United States (Georgia). Refractory clay properties include high resistance to degradation in extreme temperatures and harsh operating conditions, as well as resistance to mechanical failure and corrosion.

Slates are extracted by Imerys from an underground mine in France (Angers). This operation is highly specialized in the extraction and processing of natural high quality slate, which is prized for roofing of prestigious buildings.

Talc is a hydrated magnesium silicate. It is mostly produced in open cast mines. The ore is mined selectively and beneficiated by manual, optical or friction sorting at lump or chip size or by froth floatation after milling.
Almost every talc deposit is unique in terms of its crystal and morphological structure, surface chemistry, accessory minerals and brightness; this results in different deposits being more suited for specific application and Imerys has developed special processing techniques and product formats to suit those various end uses.

The major uses are in polymers (mainly polypropylene) for reinforcing automotive parts, in industrial paint for corrosion resistance and rheology and in paper as a coating or filler pigment and in pulp for pitch control. In cosmetics, talc is used as a body powder. Finally, talc is a fluxing and conditioning agent for ceramics.

Imerys mines talc in Australia, Austria, Canada, France, Italy and the United States (Montana).

Vermiculite is a hydrated micaceous mineral, which expands considerably when heated. Applications are essentially in horticulture and heat insulation. Vermiculite is produced from the Group's mine located in Zimbabwe (Shawa).

OTHER MINERALS PROCESSED BY IMERYS AND DERIVED MINERAL PRODUCTS

In addition to minerals that Imerys mines from its own mineral reserves, the Group sources raw materials that it processes to provide the following specialties:

Bauxite and **alumina**, sourced by Imerys are transformed by fusion in electric arc furnaces into various **synthetic corundum** products for the production of powders for abrasive applications. Plants are located in China, Europe, North and South America.

Carbon black, an ultra-fine carbon powder, is produced in Belgium from selected, very high-quality, externally sourced natural carbon raw materials. It is used as a conductive additive in lithium-ion batteries.

Magnesite after calcination in suppliers' transformation plants, produces dead burnt magnesite, which is a high performance refractory material in basic refractory applications. Dead burnt magnesite finds application in basic refractory mixes and mortars specially prepared for incorporation in monolithic refractory products and applications. **Electrical grade magnesia** is produced from externally purchased highest quality dead burned magnesite and has high electrical resistance properties. As a result of the high, temperature of calcination, and its poor heat conductivity it is ideally suited for the preparation of insulation materials in the manufacture of domestic and industrial sheathed heating elements. Plants are located in the United Kingdom and the United States.

Precipitated calcium carbonate (PCC) is produced chemically from natural limestone, which is burnt to form lime, hydrated and then re-precipitated by adding carbon dioxide. This controlled process delivers a pigment with well-defined shape and size parameters and excellent optical properties. PCC is mainly used in the paper industry (filling and coating applications) as well as in performance minerals applications such as paint, coatings and plastics. Imerys produces PCC-based filler and coating pigments from sourced burnt lime in its plants in Argentina, Brazil, China, India, Indonesia, the United States and Sweden.

Silicon carbide is a by-product of graphite production with high wear resistance and refractory properties. Imerys' production facilities are in Switzerland.

Imerys produces a range of high-quality **synthetic graphite** through a complex process of heat treatment of petroleum coke at very high temperatures. The plant is located in Switzerland.

Zircon is one of the minerals found in heavy mineral sand sedimentary deposits derived from the alteration of granitic or alkaline rocks. Zircon's main characteristics are its opacifying properties in ceramics, a very high fusion temperature (above 1,800°C) and its hardness.

Zircon is sourced from various sources and is finely milled in Imerys facilities and sold as various grades of zircon flour. After transformation in electric arc furnaces, followed by grinding and classification, it is sold in various zircon-based product and zirconium silicate, used in high-temperature industries such as casting, refractories, and ceramics. Fused and chemical zirconias are specialty products with applications in the ceramics, refractories, electronics, paper, leather and paint industries, as well as in chemical catalysts, vehicle exhausts, catalytic converters, heat-resistant and abrasive coatings and advanced ceramics. Zircon sand is processed in China, Germany and the United States.

Minerals purchased outside the Group are not part of mineral reporting presented in sections 1.7.2. and 1.7.3. below.

1.7.2 MINERAL REPORTING PRINCIPLES APPLIED BY IMERYS

IMERYS MINING ORGANIZATION AND REGULATORY FRAMEWORK

Imerys' team of geologists ensures long-term access to quality deposits by conducting the necessary exploration work on deposits owned by Imerys or secured under long-term leases in order to establish a long-term vision at each operation.

Imerys' reporting on mineral reserves and resources is conducted by "Competent Persons" who are duly appointed and responsible for reporting in compliance with the PERC[(1)] Code.

Applicable since January 1, 2009 to companies based in mainland Europe, the United Kingdom and Ireland, PERC replaces the 2001 Reporting Code[(2)]. The PERC Code factors in the recent improvements made to Australian, South African, Canadian and other countries' reporting codes and forms the new international benchmark. In particular, reporting rules have been reviewed and adapted to incorporate a section on the reporting specificities of industrial minerals, thereby establishing a reference framework for this sector.

Similar codes, including JORC (Australia), Samrec[(3)] (South Africa), SME Industry Guide 7 (United States), the Canadian Institute of Mining's definitions as required under N143-101, the Certification Code (Chile), NAEN Code (Russia) and specific codes for Peru and the Philippines, all in compliance with CRIRSCO's[(4)] International Reporting Template, form best practices and have been adopted as reporting standards by the mining industry in the Western world.

A central register of "Competent Persons" is kept at the Group level. Each "Competent Persons" has signed a declaration authorizing the compilation of the estimates reported in public reports. A copy of the signed declarations is kept in the "Competent Persons's" register.

DEFINITIONS

Minerals, when discovered, become a Mineral Resource if they have the potential to be eventually exploited economically. Resources can be inferred, indicated or measured, depending on the knowledge level of the deposit. When all conditions are met for that Resource to be economically mined, it becomes a Mineral Reserve (Probable or Proven Mineral Reserve, according to the level of geological confidence).

Mineral Resources

A **Mineral Resource** is a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, grade, continuity and other geological characteristics are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided in order of increasing geological confidence into Inferred, Indicated and Measured.

An **Inferred Mineral Resource** is the part of a Mineral Resource for which quantity and grade can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified to confirm geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which is limited or of uncertain quality and reliability.

An **Indicated Mineral Resource** is the part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A **Measured Mineral Resource** is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

(1) PERC: Pan-European Reserves and Resources Reporting Committee.
(2) 2001 Reporting Code: Code for reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves.
(3) Samrec: South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves.
(4) CRIRSCO: Committee for Mineral Reserves International Reporting Standards.

Mineral Reserves

The **Mineral Reserve** is the economically exploitable part of an ore deposit previously defined as a Measured or Indicated Resource under realistically assumed present and forecast economic, market, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that exploitation is justified. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves.

A **Probable Mineral Reserve** is the economically mineable part of an Indicated and in some circumstances a Measured Mineral Resource, whereas a Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource.

Proven Mineral Reserves represent the highest confidence level of the estimates.

MINE PLANNING / MINING

Once all the factors necessary to establish a mine are taken into consideration in a feasibility study, a mining project is developed to supply ore to processing plants. Those plants beneficiate and transform these materials into final products tailored to the needs of the Group's customers. Imerys products are produced either from mines, where mineral rights are owned directly by the Group, or through long-term leases, notably in countries where the rights to minerals are vested in the states. A 20-year vision of reserves and supporting resources has been established within the Group for all operations to ensure the continuity of supply of materials to processing plants. This forward vision provides sufficient lead time to establish new or alternate sources of supply of processable ore. This mine planning ensures long-term continuity in the products supplied and provides a sound base for new product development.

AUDIT

In order to ensure Group-wide consistency and compliance with reserves and resources reporting requirements, internal and external audits are conducted on a four-year cycle. Internal audits are carried out by an experienced Group geologist having no subordination connection to the audited sites. They are designed to ensure compliance with the PERC Code and Group policy and also to provide best practices for continuous improvement in the management and operation of the Groups' mineral deposits. Lastly, the Audit Committee examines the results of Imerys' reporting on mineral reserves and resources.

A new four year audit cycle commenced in 2012. Mining & geology consulting group Met-Chem Canada was contracted to review the Group's corporate reporting systems and to audit the Mineral Reserves and Resources of four Imerys sites which collectively represent 25% of the Imerys mineral production base. Met-Chem concluded "For all the sites audited, it is obvious that the geologists and mining engineers understand very well the deposits complexities and manage the mining challenges efficiently. This knowledge transpires in the clear methodology used to estimate mineral resources and reserves for each of these sites. Met-Chem also considers that the standardization of the mineral resource and reserve procedures underway at the sites visited, and actively being promoted and supported by Imerys for all its sites, is at the forefront of mineral resource and reserve standards being developed worldwide".

RISKS AND UNCERTAINTIES

Mineral reserves and resources are estimates of the size and quality of ore deposits based on currently available technical, economic, market and other parameters. Due to unforeseen changes in these parameters and the uncertainty inherently associated with resource evaluation, no assurance can be given that the estimates of mineral reserves and resources shown in the table below will be recovered as anticipated by the Group.

With continued geological exploration and evaluation, mineral reserves and resources may change significantly, either positively or negatively.

To date, there are no known environmental, authorization, legal, ownership, political or other relevant issues that could materially adversely affect the estimates in these tables.

Please refer to *chapter 4, section 4.1.1 of this Registration Document*.

1.7.3 MINERAL RESERVES

In line with the special conditions relating to the "Reporting of industrial minerals, dimension stone and aggregates" in the PERC Code, categories of mineral types have been grouped together to protect commercially sensitive information for the purpose of Imerys' public reporting of its mineral reserves and resources.

Due to aggregation, it is not possible to give the lifespan of each mine. However, based on the geological work done and modifying factors applied, the Group foresees that its mineral reserves and resources will be adequate to sustain the long-term operation of its activities at the current annual production rate, using existing technology and under present and forecast market and economic conditions.

Reserves are quoted in addition to resources as on December 31, 2012 and are stated on the basis of thousands of metric tons of dry sellable product. Estimates for 2011 are shown for the sake of comparison.

Ongoing exploration work, geological assessments and mining activities, as well as changes in ownership of certain mineral rights due to acquisitions or sales, are reflected in the movements of the estimates reported for 2012 against those reported for 2011.

According to Group accounting rules, mining assets amounted to €493 million as of December 31, 2012. They are subsequently measured at historical cost decreased by accumulated amortization and any impairment loss.

For more information, please refer to notes 4.11, 17 and 18 of the consolidated financial statements.

MINERAL RESERVES ESTIMATES (AS OF 12/31/2012 VS. 12/31/2011)

Product	Region	Proven	Probable	Total	Proven	Probable	Total
		2012 *(kt)*			2011 *(kt)*		
Ball clays	Asia/Pacific	899	-	899	997	-	997
	Europe incl. Africa	8,304	4,415	12,719	14,078	4,084	18,162
	North America	4,687	1,695	6,382	5,250	1,508	6,758
	Total	**13,890**	**6,110**	**20,000**	**20,325**	**5,592**	**25,917**
Carbonates (calcite, marble, chalk, limestone, dolomite & dimension stone)	Asia/Pacific	1,589	37,426	39,015	1,958	39,114	41,072
	Europe incl. Africa	5,824	24,278	30,102	6,801	24,682	31,483
	North America	116,482	41,686	158,168	118,397	41,897	160,294
	South America	610	6,800	7,410	4,360	-	4,360
	Total	**124,505**	**110,190**	**234,695**	**131,516**	**105,693**	**237,209**
Clays (brick & roof tile raw materials)	Europe	85,343	1,959	87,302	87,436	6,996	94,432
	Total	**85,343**	**1,959**	**87,302**	**87,436**	**6,996**	**94,432**
Feldspar, feldspathic sand & pegmatite	Asia/Pacific	99	59	158	160	86	246
	Europe	17,122	9,469	26,591	18,062	9,538	27,600
	North America	25	-	25	-	-	-
	Total	**17,246**	**9,528**	**26,774**	**18,222**	**9,624**	**27,846**
Kaolin	Asia/Pacific	95	2,400	2,495	380	3,206	3,586
	Europe	6,732	17,447	24,179	7,510	14,278	21,788
	North America	26,695	12,040	38,735	29,260	9,611	38,871
	South America	22,769	14,865	37,634	37,431	2,534	39,965
	Total	**56,291**	**46,752**	**103,043**	**74,581**	**29,629**	**104,210**
Minerals for Filtration (perlite & diatomite)	Asia/Pacific	-	51	51	-	90	90
	Europe	251	486	737	287	229	516
	North America	30,955	9,595	40,550	31,610	11,298	42,908
	South America	801	808	1,609	854	819	1,673
	Total	**32,007**	**10,940**	**42,947**	**32,751**	**12,436**	**45,187**
Minerals for Refractories (andalusite, quartzite, bauxite, bauxitic kaolin, refractory clays & kaolin)	Asia/Pacific	-	691	691	-	722	722
	Europe incl. Africa	4,170	1,964	6,134	3,599	2,588	6,187
	North America	5,301	-	5,301	5,606	-	5,606
	South America	-	1,601	1,601	-	-	-
	Total	**9,471**	**4,256**	**13,727**	**9,205**	**3,310**	**12,515**
Talc	Asia/Pacific	3,092	497	3,589	3,155	499	3,654
	Europe	8,139	2,620	10,759	8,337	2,646	10,983
	North America	14,799	5,671	20,470	10,043	4,847	14,890
	Total	**26,030**	**8,788**	**34,818**	**21,535**	**7,992**	**29,527**
Other minerals (bentonite, vermiculite, quartz, slate, graphite)	**Total**	**2,685**	**682**	**3,367**	**2,822**	**682**	**3 504**

Notes: In addition to the normal activities of production, exploration, transfers from resources and reassessments changes occured due to the closure of an operation in Europe (clays), the acquisition of a refractory bauxite operation in Brazil (Minerals for Refractories), the reassessment of a site in Europe and South Africa (ball clays and minerals for refractories) and a significant transfer from resources at a site in USA (talc).

MINERAL RESOURCES ESTIMATES (AS OF 12/31/2012 VS. 12/31/2011)

Product	Region	Measured	Indicated	Inferred	Total	Measured	Indicated	Inferred	Total
		2012 *(kt)*				2011 *(kt)*			
Ball clays	Asia/Pacific	61	-	-	61	160	-	-	160
	Europe incl. Africa	9,113	2,336	270	11,719	5,022	2,334	2,334	9,690
	North America	8,743	11,775	11,932	32,450	8,573	11,124	12,679	32,376
	Total	**17,917**	**14,111**	**12,202**	**44,230**	**13,755**	**13,458**	**15,013**	**42,226**
Carbonates (calcite, marble, chalk, limestone, dolomite & dimension stone)	Asia/Pacific	-	30,451	11,101	41,552	-	30,145	14,053	44,198
	Europe incl. Africa	2,226	3,518	57,213	62,957	2,226	3,104	75,555	80,885
	North America	57,036	122,409	92,732	272,177	57,045	122,401	91,887	271,333
	South America	-	12,855	4,800	17,655	6,885	7,400	-	14,285
	Total	**59,262**	**169,233**	**165,846**	**394,341**	**66,156**	**163,050**	**181,495**	**410,701**
Clays (brick & roof tile raw materials)	Europe	24,521	25,265	-	49,786	19,620	25,265	-	44,885
	Total	**24,521**	**25,265**	**-**	**49,786**	**19,620**	**25,265**	**-**	**44,885**
Feldspar, feldspathic sand & pegmatite	Asia/Pacific	-	80	-	80	-	80	-	80
	Europe	8,233	21,207	21,451	50,891	8,289	21,209	21,451	50,949
	North America	-	236	105	341	53	236	106	395
	Total	**8,233**	**21,523**	**21,556**	**51,312**	**8,342**	**21,525**	**21,557**	**51,424**
Kaolin	Asia/Pacific	-	5,162	2,960	8,122	-	5,459	2,960	8,419
	Europe	5,904	7,225	29,400	42,529	3,439	6,039	38,041	47,519
	North America	19,953	22,175	28,297	70,425	19,456	20,875	31,864	72,195
	South America	14,128	54,688	151,163	219,979	16,982	55,955	143,803	216,740
	Total	**39,985**	**89,250**	**211,820**	**341,055**	**39,877**	**88,328**	**216,668**	**344,873**
Minerals for Filtration (perlite & diatomite)	Asia/Pacific	90	-	-	90	90	-	-	90
	Europe	29	3,896	3,885	7,810	29	3,731	4,100	7,860
	North America	20,319	31,302	32,754	84,375	22,917	30,826	33,305	87,048
	South America	-	1,021	75,307	76,328	-	999	75,158	76,157
	Total	**20,438**	**36,219**	**111,946**	**168,603**	**23,036**	**35,556**	**112,563**	**171,155**
Minerals for Refractories (andalusite, quartzite, bauxite, bauxitic kaolin, refractory clays & kaolin)	Asia/Pacific	-	52	-	52	-	52	-	52
	Europe incl. Africa	3,233	1,371	2,294	6,898	2,611	1,931	4,570	9,112
	North America	11,174	246	137	11,557	11,250	246	137	11,633
	South America	-	2,097	-	2,097	-	1,539	-	1,539
	Total	**14,407**	**3,766**	**2,431**	**20,604**	**13,861**	**3,768**	**4,707**	**22,336**
Talc	Asia/Pacific	2,662	1,324	4,292	8,278	2,664	1,324	4,228	8,216
	Europe	10,851	9,798	3,962	24,611	10,508	9,544	4,181	24,233
	North America	-	-	5,336	5,336	4,959	900	5,347	11,206
	Total	**13,513**	**11,122**	**13,590**	**38,225**	**18,131**	**11,768**	**13,756**	**43,655**
Other minerals (bentonite, vermiculite, quartz, slate, graphite)	**Total**	**1,256**	**5,761**	**4,104**	**11,121**	**1,402**	**5,896**	**4,143**	**11,441**

Notes: In addition to the normal activities of exploration, transfers to reserves and reassessments changes occured due to the reassessment of at sites in Europe (carbonates and kaolin), closure of an operation in Europe (clays), and a significant transfer to reserves at a site in USA (talc).

1.8 INNOVATION

1.8.1 RESEARCH, TECHNOLOGY & INNOVATION

A MARKET-BASED INNOVATION STRATEGY

Imerys works to increase its sales on growth markets and is aligning its research and innovation portfolio accordingly.

Generating internal growth through innovation is the role assigned to Research & Development (R&D) teams who design new processes, technologies and products, and to the marketing teams who keep constant watch over markets, their growth and the opportunities for the Group's minerals. The starting point for the Imerys Group's innovation approach is to understand our customers' businesses and solve their technical problems, but also to meet their expectations and anticipate their needs.

The minerals used by the Group deliver crucial functions to the products made by Imerys' customers through their mechanical (wear and traction resistance, density, rheology), thermal (refractoriness, resistance at temperature, fireproof qualities and flame retardancy), optical (whiteness, opacity, color, mat or gloss effect), chemical (purity, conductivity) or absorbent/adsorbent and filtration properties. The Group obtains these properties through a series of conversions that call on a number of processes, each of which requires a technological platform: grinding, grading, drying, calcining, sintering, melting, bleaching, surface chemistry, magnetic purification, flotation, as well as shaping processes such as pressing, extrusion, granulation and casting. Constantly improving these properties to help the Group's customers meet new challenges is the goal of Imerys' innovation strategy.

INNOVATIONS TO SUPPORT THE GROUP'S COMPETITIVENESS

Year after year, Imerys markets new products. Beyond "continuity" innovations resulting from improvements to the existing range, "disruptive" innovations are based on the development of new concepts. Together they enable the Group to enhance its product offering and, as a result, its competitiveness. For example, the following innovations, all launched in the past ten years, can mostly be considered disruptive:

2002 Expanded graphite for alkaline batteries and kaolin blends for paper;

2003 New anti-blocking agents for plastic film and a conductive carbon black additive for lithium-ion batteries;

2004 Graphite for fuel cells and filler for silicon seals;

2005 Mineral filler for latex gloves;

2006 Carbonate for wood and resin fiber composites and new Alodur Rod™ abrasives;

2007 Astrafil K™, a new filler for paper and calcium carbonates for unwoven fibers;

2008 Natural diatomite for laminates and Barrisurf™, a platy "barrier effect" kaolin;

2009 A new carbon black for conductive plastics and a new nanometric product for ultraviolet-hardened coatings;

2010 Celite Cynergy™ an additive that combines filtration and stabilizing functionalities for beer;

2011 Extension of the "Quick Dry™" monolithic refractories range for safer linings (no hydrogen given off during drying) and significantly shorter installation times (faster drying);

2012 Agrical Pro, a natural product to protect olives against insect attack.

Imerys intends to increase the share of new products in its revenue.

The Group thus estimates that more than €250 million in revenue was generated with products created in the past five years. This is an increase of + 25% compared to 2011.

INNOVATION TO ACCELERATE INTERNAL GROWTH

In recent years Imerys' scientists have also designed innovations that help to drive the Group's development, particularly in high-potential markets. These include:

- proppants;
- carbons for lithium-ion batteries;
- zirconia for oxygen sensors.

Proppants for non-conventional oil and gas drilling and exploration

Proppants are agents that keep rock fractures open to make non-conventional oil and gas field exploitation possible. They are widely used to drill for shale gas in North America. They are widely used in shale gas exploration in North America.The spread of horizontal drilling and multiple fracturing, in addition to the growth in energy needs, is resulting in high demand for proppants. This market is expected to grow sharply, at approximately + 8% per year according to "US Energy, 2011 Outlook".

Imerys identified the potential of this market several years ago and has allocated substantial research efforts. The Group has filed 14 patents in this area and in 2008, launched a small unit of a highly innovative proppant, Propynite®, the rod shape of which helps to increase the productivity of wells without the need to use polluting additives. In 2011, Imerys launched the construction of a production unit for ceramic proppants, which was commissioned at the end of the year. This production line draws on the Group's bauxitic kaolin reserves in South Georgia (United States) and benefits from an existing refractory specialties plant infrastructure. This proppants unit started in 2012 in a less favorable market environment, marked by a decrease in the total number of rigs operated, but mid-term prospects remain positive with a switch from gas to oil exploration.

Carbon for Li-ion batteries

A Li-ion battery stores energy through the reversible exchange of lithium ions between a negative electrode comprised of specific carbon products such as graphite, and a positive electrode made from various metallic oxides and conductive additives such as carbon black.

Timcal, an Imerys subsidiary (Graphite & Carbon activity), is the world leader in carbon black, which represents a market of approximately 2,500 tons per year. Reversible ion storage in the negative electrode is made possible by a special carbon for which the market is ten times larger in volume terms than that of carbon black in the positive pole. The most common technical solution consists of natural graphite that is made spherical by an energy-intensive mechanical process with a low material yield and is then coated and impregnated with asphalt. As these products are considered harmful, the industry is developing alternatives. In 2005, Timcal offered a solution that, in an improved form, led to the introduction of a new product in 2011.

In 2012, Timcal launched C-NERGY™ ACTILION-1, an active graphite product used for the negative electrode of Li-ion batteries. The market has considerable potential as electronic products are likely to grow + 7% per year, while the Li-ion battery carbon market could grow by 40 - 50% per year in volume terms, according to a 2012 study by Techno System Research.

Zirconia for oxygen sensors

This product, developed several years ago, is a key component of advanced ignition systems for modern cars. Oxygen sensors act as a small fuel cell. In cells of this type, combustible gas is oxidized, generating a current as it passes through a ceramic membrane. In oxygen sensors, a very small fraction of exhaust gas is taken up. This small amount of gas goes through a ceramic membrane made from yttrium oxide-stabilized zirconia before regaining the oxygen in air. The difference in electrical potential generated in this way depends on the oxygen content of the initial gas, the composition of which can therefore be measured. In practice, two cells are used in a row to make the mechanism more accurate. An especially demanding automotive parts supplier chose Imerys zirconia because of its repeatability qualities.

2012: A YEAR OF NEW PRODUCTS

Imerys introduced almost 60 new products in 2012. Several of them offer an environmental benefit, while others improve ease of use. Many high-technology products were also launched.

Healthier and more environmentally-friendly products

- **ImerTix (70, 100, 150)**: a range of ground calcium carbonate products designed to reduce the amount of titanium dioxide (T_iO_2) used in both water-based and powder coating formulations;
- **TIMREX® NeroMix E10** is an aqueous, solvent-free, semi-finished carbon dispersion optimized for electrically-conductive coatings;
- **AGRICAL PRO** is a bio-sensitive ceramic that protects agricultural products from insects and pesticides. This mineral specialty is particularly designed to protect olives from fruit flies and contains no organic pollutants;
- **Talc Olivia** is a process additive specially designed for Italian olive oil production that helps to improve the extraction yield of olive oil, without impairing product quality;
- **LinerMAX CP** is a very coarse kaolin designed as a fiber replacement for the kraftliner board and packaging segment in North America. It has already been launched successfully in Asia. LinerMAX CP improves drying rates and is currently in the qualification trial process at customer facilities.

High-tech products

- **C-NERGY™ ACTILION-1:** this first generation of energy carbons for negative electrodes was developed for the high-performance lithium-ion batteries used in mobile phones, tablets, computers and electric cars. Timcal is already very active in the positive electrode market, with a full range of conductive additives. C-NERGY™ ACTILION-1 is an alternative solution to pitch-impregnated carbons;
- **CALDE™ SPRAYCAST A 52 QD** is a derivative of Calderys (Refractory Solutions activity) Quick Dry™ range. Thanks to a new technology that prevents the product from sticking and shrinking, linings can be applied quickly by shotcreeting CALDE™ SPRAYCAST A 52 QD. Application calls for only one person, whereas three to five workers were previously needed to replace shotcreeted monolithic linings. This product makes installation easier and job sites more flexible by combining the inherent advantages of QD™ and Spraycast technologies, i.e. shorter drying times and increased safety. High technical performance in alkali-rich environments has driven the rapid adoption of this new refractory solution by the cement maker customers that have tested it. These benefits point to extensive development in other thermal industries;
- **DURANDAL RX** is a reactive mineral filler that makes mullite formation possible and improves mechanical strength at lower sintering temperatures;

- **Alodur ZPSK MX** is a pink fused polycrystalline corundum used in precision grinding wheels where no burn out of the steel is allowed during grinding;
- **Opacitex E™** is a calcined kaolin characterized by outstanding opacifying properties and low specific gravity. This product can easily replace the toxic titanium dioxide in décor laminates. Industrial-scale qualification trials are in progress;
- **Highly chemical and thermal resistant catalyst support** for fluid catalytic cracking that strongly improves the performance of traditional catalysts in the Group's customers' applications.

Products that improve customers' efficiency

- The calcium carbonate **Infusion 2 SL** improves the impact resistance at very low temperatures (down to -20°C), whiteness and mattness of PVC profiles;
- **TIMREX® C-SPERSE 234** is an aqueous dispersion of a carbon pigment applied as a micro-porous layer in fuel cells for mobile energy;
- Part of Calderys' magnesium oxide-based products range, **CALDE™ MAG DRY S 90** is designed for tundish linings in continuous steel casting. Causing very little pollution in high-purity steels, it provides for a clean working environment as no volatile organic compounds are given off during application. Its ease of installation helps to make the customer's overall process more efficient: application requires neither special equipment nor specially skilled resources. It is also very quick and easy to dismantle, as the lining can be removed without any machinery by just turning the tundish upside down;
- **Mistron® Bi-M** talc is designed to provide the dual functionality of reducing and capturing the micro and macro stickies that impair plastic manufacturing processes. This mineral-based specialty is injected at a single point to further simplify the customer's production process;
- **Mistron® HAR,** a high-performance talc, was successfully appraised by several tire manufacturers. It improves the tire rubber's air retention. A 40-50% decrease in air penetration is generally observed compared with carbon derivatives. A 10-20% improvement was also observed in relation to other fillers including delaminated clay, crushed coal and conventional talcs.

A DECENTRALIZED ORGANIZATION, CLOSE TO THE GROUP'S CUSTOMERS

Innovation efforts are supported by a team of 300 scientists and technicians. Each of the Group's businesses is tasked with generating new products and processes under a decentralized organization. The Innovation Department coordinates all of the Group's R&D projects. The role of this Department is also to increase Imerys' innovation potential by exploring cross-Group development avenues, i.e. finding applications in other activities' markets and cross-fertilizing know-how to develop new products and processes.

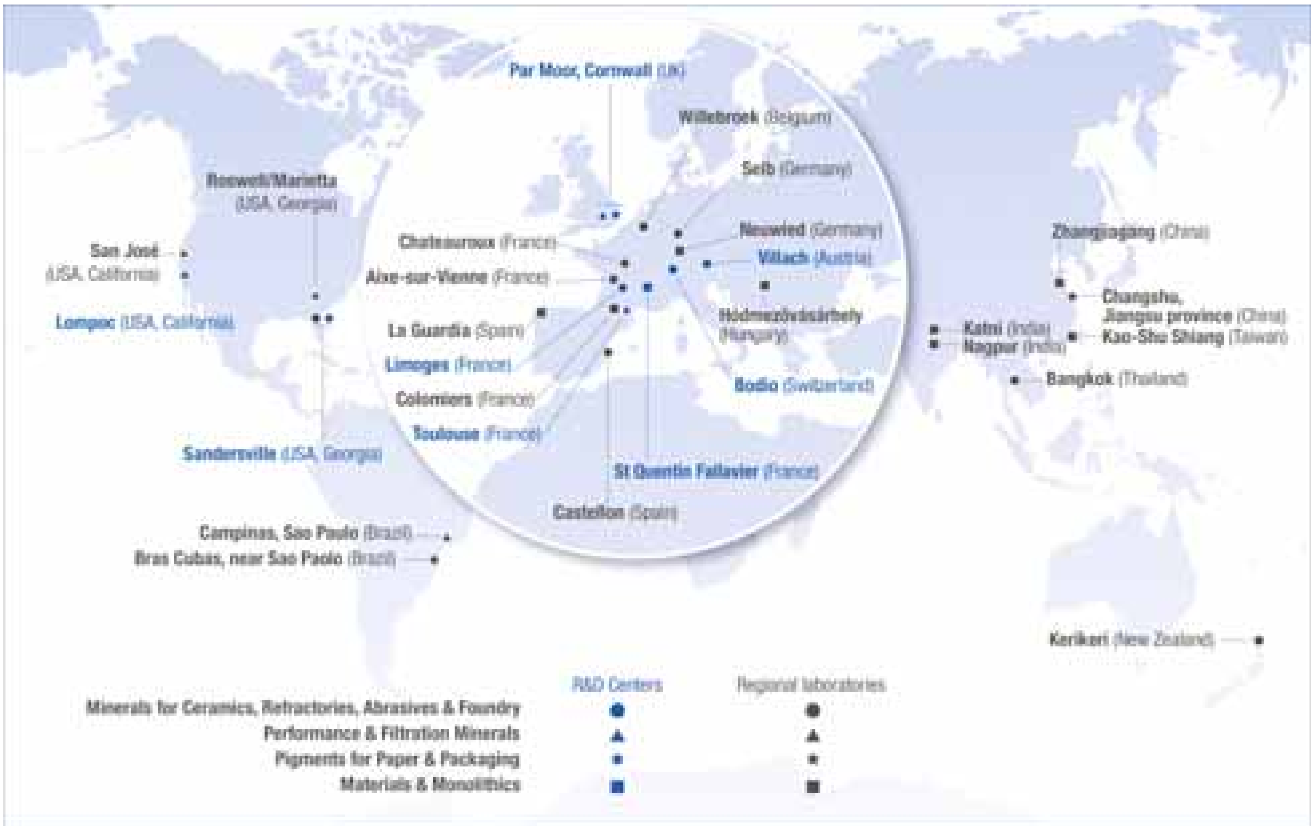
The 28 research centers comprise 8 main centers and 20 regional laboratories. With the acquisition of the Luzenac Group in 2011, Imerys integrated a new research center, strengthening its expertise in high-performance polymers for the automotive industry in particular.

The main research centers are the following:

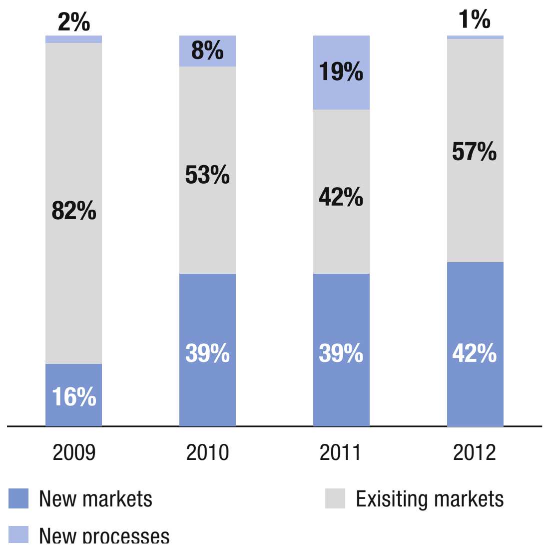
- Villach (Austria), a laboratory focusing on refractories and abrasives, also very active in technical ceramics;
- Lompoc (California, USA), the benchmark laboratory for performance and filtration minerals;
- Sandersville (Georgia, USA), more specifically focused on process development and new kaolins for paper;
- St-Quentin Fallavier (France), a center specializing in monolithic refractory design;
- Limoges (France) where Imerys took advantage of a new European ceramics cluster to set up a research center specialized in minerals for ceramics;
- Par Moor (United Kingdom), specializing in research on kaolins and carbonates for paper and on performance minerals;
- Bodio (Switzerland), dedicated to graphite and carbon;
- Toulouse (France), a center specializing in talc (following the acquisition of the Luzenac Group).

Around 20 regional laboratories liaise with customers and enrich the innovation network with market feedback.

The R&D centers are located as follows:



Higher share of R&D spending given over to new markets



Use of the stage gate method is standard practice and the projects portfolio is balanced between the various stages: idea, development in laboratory, production experimentation on a pilot equipment and then industrialization.

INNOVATION RESOURCES INCREASED, MANAGEMENT EFFORT STEPPED UP FURTHER

The rise in the number of ideas and opportunities led the Group to allocate significantly more resources to R&D and Innovation, increasing 2012 expenses by almost + 30% to €56 million. Moreover, a growing share of research expenditure is for work on innovations in new markets for Imerys.

Based on an analysis of the project portfolio of new products to be launched from 2012 to 2016, combined with the growth outlook for carbon for lithium-ion batteries, oxygen sensors and proppants, the Group can confirm a potential for additional revenue estimated at almost €700 million by 2016. The project portfolio and the likelihood of each project's success are now reexamined quarterly.

An annual innovation review conducted with the Executive Committee is intended to check that programs are consistent with the Group's strategic objectives and that resources match ambitions.

Imerys organized its first TechDay with a customer in 2012. All the activities involved can talk to their opposite numbers about ideas for cooperation and produce a list of joint projects that is monitored regularly. Similar sessions will be organized in 2013.

The Group also set up an internal support fund to top up activities' efforts in the most strategic fields. Eight projects received subsidies in this way in 2012.

Finally, greater innovation efforts are reflected in intellectual property activity, with 37 new patent applications in 2012.

1.8.2 INTELLECTUAL PROPERTY

The Legal Department's in-house experts actively campaign to raise employee awareness of the need to keep the developments and information resulting from research and technical assistance teams strictly confidential. The Group's intellectual property policy consists of continually enhancing and extending the protection of its essential assets. The most relevant and economically suitable means of protection with respect to the technology in question are selected to draw maximum competitive advantage from innovations (patent filing, publication, secrecy, etc.).

Imerys has a broad portfolio of trademarks and current and pending patents. Imerys holds around 3,500 registered or pending trademarks, more than 1,000 granted and pending patents and more than 200 industrial and utility models. The Group has filed the "Imerys" trademark in 105 countries.

The Group continues to assess and optimize the cost/benefit ratio of its intellectual property rights portfolio. It regularly rationalizes its portfolio of patents, industrial designs or models and trademarks in order to ensure that value-generating technologies, designs and trademarks are efficiently protected.

Imerys also intends to defend its intellectual property rights actively to maintain the competitive advantages they give. The Group strives to protect industrial property in all areas and on all continents whenever relevant.

To Imerys' knowledge, there are no rights held by Imerys at the date of this Registration Document on any patent, license, trademark, design or model whose potential losses would be likely to have a material adverse effect on the Group's overall activity and profitability. Likewise and as of today's date, Imerys is not aware of any outstanding litigation, opposition or claim related to the Group's intellectual property rights likely to have a material negative impact on its activity or financial situation.

REPORTS ON THE FISCAL YEAR 2012

2

2.1 BOARD OF DIRECTORS' MANAGEMENT REPORT

2.1.1 FINANCIAL YEAR 2012

In 2012, the economic environment has become even more contrasted from one geographic zone to another, since mid-2011. While a certain dynamism returned in the United States, and more particularly so in the second half of 2012, several European countries slowed down significantly. Emerging markets continued to progress, albeit at a more moderate pace.

Trends on the Group's markets varied considerably across sectors and regions. Demand for investment goods (notably machine tools, etc.), consumer durables (automotive, etc.) and housing stagnated or even declined in Europe, as shown in lower steel production and in housing starts. Demand from those markets remained however dynamic in North America. Fast-moving consumer goods held out well once again, including in Europe. Growth remained firm for several of the Group's specialty applications (mobile energy, technical ceramics, etc.).

After falling against the dollar for several quarters, the euro picked up in late 2012. Overall trends in external costs (rising prices of raw materials and some energies, etc.) were unchanged from 2011.

In this more difficult context, revenue at €3,885 million increased + 6% on current basis (- 2% at comparable Group structure and exchange rates). Imerys was reactive to adapt to market conditions in order to preserve its profitability. Operating margin amounted 12.6%, allowing Imerys to achieve its growth target in net income from current operations. Financial structure has been strengthened while, in parallel, the first stages of the 2012-2016 plan were launched.

In 2012, Imerys therefore continued to develop its portfolio of activities through the following operations:

- external growth:
  - in 2012, the Group acquired the Brazilian company Itatex, broadening its offering for the paint, polymer and rubber markets (Performance Minerals),
  - Imerys diversified its mineral range by buying a refractory bauxite deposit from the Vale Group at the beginning of November. This mineral is essential to several refractory and abrasive applications,
  - in the United Kingdom, consolidation of Goonvean's kaolin activities will enhance the Group's high-purity reserves for performance and ceramic applications;
- development capital expenditure:
  - in the Middle East, the Group launched the construction of a fused alumina production plant (Abrasives) in Bahrein,
  - the capital projects in Belgium (Graphite & Carbon) and Brazil (Lime) also continued;
- divestments: on December 14, 2012, the Group sold one of its two port terminals in Brazil (Barcarena, Pará State) and some adjacent real estate to the American corporation Archers Daniels Midlands, Inc. for approximately €67 million. The restructuring of industrial and logistical facilities completed in 2011 enabled Imerys to concentrate its Brazilian kaolin shipments on its historical port alone.

The Group also received, on December 12, 2012, a binding acquisition offer from the Bouyer Leroux group for its Imerys Structure activity.

Showing its confidence in the Group's prospects, the Board of Directors will propose at the Shareholders' General Meeting of April 25, 2013, an increase in dividend to €1.55 per share. The total dividend would amount to €116.8 million, which represents 37.6% of the Group's share of net income from current operations. This proposal is in line with Imerys' historical payout ratio. The dividend would be paid from May 13, 2013.

(€ millions)	2012	2011	% current change
Consolidated Results			
Revenue	3,884.8	3,674.8	+ 5.7%
Current operating income(1)	490.1	487.0	+ 0.6%
Operating margin	12.6%	13.3%	- 0.7 point
Net current income, Group's share(2)	310.2	303.1	+ 2.3%
Net income, Group's share	300.8	282.0	n.a.
Financing			
Booked capital expenditure	257.1	227.4	+ 13.1%
Current free operating cash flow(3)	286.7	264.9	+ 8.2%
Shareholders' equity	2,274.5	2,210.9	+ 2.9%
Net financial debt	874.8	1,031.1	- 15.2%
Data per share (in euro)			
Net income from current operations, Group's share(2)(4)	€4.13	€4.03	+ 2.5%
Proposed dividend	€1.55(5)	€1.50	+ 3.3%
Headcount as of December, 31	16,026	16,187	

(1) Throughout the present chapter, "Current operating income" means operating income before other operating revenue and expenses.

(2) Group's share of net income, before other operating revenue and expenses, net.

(3) Current free operating cash flow: EBITDA deducted from notional tax, changes in working capital requirement and paid capital expenditure.

(4) The weighed average number of outstanding shares was 75,165,743 in 2012 compared with 75,272,854 in 2011.

(5) Dividend proposed at the Shareholders' General Meeting of April 25, 2013.

2.1.2 DETAILED COMMENTARY ON THE GROUP'S RESULTS

SALES

- **+ 6% rise in revenue, driven by change in Group structure and currencies effects**
- **- 5% decrease in volumes**
- **Continued positive price/mix effect**

	Revenue *(€ millions)*	Change in revenue *(% previous year)*	Comparable change in revenue(1) *(% previous year)*	of which Volume effect	of which Price/Mix effect
2010	3,346.7	+ 20.7%	+ 15.0%	+ 13.1%	+ 1.9%
2011	3,674.8	+ 9.8%	+ 8.1%	+ 3.7%	+ 4.4%
2012	**3,884.8**	**+ 5.7%**	**- 2.1%**	**- 5.4%**	**+ 3.3%**

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

At €3,884.8 million, **revenue** increased + 5.7% in 2012 compared with 2011. This change takes into account:

- a positive Group structure effect of + €191.9 million (+ €156.8 million in the 1st half, + €35.1 million in the 2nd), mainly reflecting:
  - consolidation of the Luzenac Group, representing a Group structure effect of €185.6 million for the period of January 1, 2012 to July 31, 2012. In 2012, sales were allocated to the Minerals for Ceramics, Performance Minerals and Pigments for Paper activities,
  - acquisition of Itatex (May 1, 2012);
- a positive foreign exchange impact of + €96.3 million (+ €48.6 million in the 1st half and + €47.7 million in the 2nd).

At comparable Group structure and exchange rates, revenue decreased - 2.1% compared with 2011.

Product price/mix, which was positive effect in every business group, improved further this year (+ €119.6 million). Sales of new products contribute to this trend, with more than €250 million in revenue achieved with products launched in the past five years (+ 25% vs. 2011).

From the second quarter of 2012, the Group's European activities relating to the construction and industrial equipment sectors were affected by the recession in this region. Some activities, such as Monolithic Refractories were not impacted until the middle of the third quarter. On the other hand, the divisions exposed to the US construction sector posted better performances. For the full year, the slump in sales volumes represents a - €197.8 million decrease in revenue.

In the fourth quarter of 2012, the change in volumes for the entire Group (- 5.0% vs. 4th quarter 2011) was comparable to the change observed in previous quarters. This trend takes into account the production stoppages that are usual towards the end of the year in downstream industries. Some of the stoppages continued into January.

Revenue by geographic zone of destination (current change)

(€ millions)	2012 Revenue	2011 Revenue	Change % 2012 vs. 2011	% of consolidated 2012 revenue
Western Europe	1,805.2	1,754.3	+ 2.9%	46%
of which France	*614.5*	*624.3*	*-1.6%*	*16%*
United States/Canada	836.6	724.1	+ 15.5%	22%
Emerging countries	1,034.3	998.3	+ 3.6%	27%
Others (Japan/Australia)	208.7	198.1	+ 5.4%	5%
Total	**3,884.8**	**3,674.8**	**+ 5.7%**	**100%**

Imerys now achieves 54% of its consolidated revenue outside Western Europe, compared with 47% in 2008. In the European region, Northern Europe is the principal destination for sales, with exposure to Southern European countries (Portugal, Italy, Greece, Spain) remaining below 7%.

The change in sales by destination takes two important events into account:

- a significant Group structure effect resulting from the acquisition of the Luzenac Group (mainly active in Europe and North America);
- the depreciation of the euro, which however eased up towards the end of the year.

Excluding change in Group structure and exchange rate effects, geographic trends illustrate the marked contrast between Europe, entering in a recession cycle, and robust sales in North America and emerging regions, with however lower growth in Brazil, India and China, the main emerging countries where the Group is operating.

CURRENT OPERATING INCOME(1)

- **Rise in variable costs offset by improvement in product price/mix;**
- **Further savings on fixed production costs and general expenses.**

Current operating income totaled €490.1 million for 2012, a + 0.6% increase that includes the following factors:

- a + €26.8 million(2) Group structure effect (+ €21.0 million in 1st half, + €5.8 in 2nd),
- a + €12.1 million foreign exchange effect (+ €8.4 million in 1st half, + €3.7 million in 2nd), particularly as a result of the euro's depreciation against several currencies, of which the US dollar.

At comparable structure and exchange rates, the decrease in current operating income is due to lower sales volumes (- €102.5 million). The measures taken to adjust activity to lower demand enabled the Group to reduce fixed production costs and general expenses, without undermining either Research & Development or the launch of new projects (proppants for the oilfield industry). In total, fixed costs and general expenses decreased by - €11.3 million over the full year 2012.

The increase in variable costs (- €71.3 million), reflecting inflation in some raw materials, energy costs and freight was more than offset by a + €108.5 million price/mix effect.

The Group succeeded in maintaining a 12.6% **operating margin**, despite a steep decline in volumes, which affected the highest-contributing divisions, including Building Materials, Minerals for Refractories, Fused Minerals and Monolithic Refractories.

In the 4th quarter, operating margin amounted to 11.1% (11.4% in 2011), due to a seasonal effect linked to traditional capacity closures at the end of the year in Western manufacturing chains.

NET INCOME FROM CURRENT OPERATIONS(3)

Up + 2.3% from 2011, **net income from current** operations totaled €310.2 million, reflecting:

- the slight rise in current operating income;
- limited change in current financial expense, which totaled - €58.7 million (compared with - €57.2 million the previous year) and included the following items:
  - interest expense of - €57.2 million in 2012 (- €56.1 million in 2011),
  - movements on provisions and pensions (- €2.7 million in 2012, - €3.5 million in 2011),
  - overall impact of exchange rates, other financial income and expense, and financial instruments, constituting a net income of + €1.2 million (+ €2.4 million income in 2011);

(1) Operating income, before operating income and expenses.
(2) Mainly the Talc activity.
(3) Net income (loss), group share, before other operating income and expenses, net.

- a - €119.5 million tax charge (- €123.3 million in 2011), i.e. an effective tax rate of 27.7% (28.7% in 2011), with a change notably due to the geographical origin of the results.

Growth in net income from current operations, therefore, is in line with the target announced by the Group on July 27, 2012, providing for a level at least comparable to the previous year.

NET INCOME

The **Group's share of net income,** at €300.8 million, takes into account **other revenue and expenses** for an amount - €9.4 million net of tax of, essentially corresponding to:

- revenue from the sale of port and logistics assets in Barcarena (Brazil): as part of the reorganization of the kaolin production in Brazil implemented in 2011 after the acquisition of PPSA, the Group concentrated its maritime shipments on Imerys Rio Capim Caulim's (Imerys RCC) historical port. The Pigments for Paper & Packaging business group stopped using the PPSA port and accepted the purchase offer made by Archers Daniels Midlands, Inc., to acquire this port terminal and adjacent real estate assets. The transaction was completed on December 14, 2012 for a total amount of €67 million (net of costs of disposal). Capital gain (€49.4 million net of tax) on the port's sale, was recorded under other revenue and expenses (capital gain, on the disposal of a RCC land, was recorded as net income from current operations, for €3.4 million, net of tax);
- partial impairment of goodwill on the Fused Zirconia activity for a total amount of - €29.5 million, net of tax, taking into account the evolution of this activity in China;
- changes in provisions and in restructuring expenses for a total of - €29.2 million, mainly in Europe, in Minerals for Ceramics, Monolithic Refractories and Building Materials, in South Africa (Minerals for Refractories), as well as in the Talc activity.

CASH FLOW

(€ millions)	2012	2011
EBITDA	**659.8**	**686.0**
Change in operating working capital	15.3	(59.4)
Paid capital expenditure	(257.1)	(227.4)
Free current operating cash flow*	**286.7**	**264.9**
Paid financial expense (net of tax)	(42.4)	(37.3)
Other working capital items	58.1	(1.0)
Current free cash flow	**302.3**	**226.6**
* *Including subsidies, value of divested assets and miscellaneous.*	*4.4*	*5.3*

- **High cash generation, improvement in working capital requirement**
- **Continued development capital expenditure**

As of December 31, 2012, **operating working capital requirement** represented 22.8% of annualized sales for the last quarter (vs. 23.7% as of December 31, 2011). This ratio benefits from the implementation of targeted inventory reduction measures and the significant improvement in the Talc activity's working capital requirement. It takes into account the factoring program[(1)] implemented in 2009, which represented €62 million as of December 31, 2012.

In 2012, the Group continued its development program, as announced, leading to an increase in **booked capital expenditure** (€266.6 million compared with €229.2 million in 2011, which was up + 35% from 2010).

They represent 124% of depreciation expense (compared with 109% in 2011). Development capital projects totaled €115.6 million (+ €20 million vs. previous year) and were selected to support increasing demand in growing markets and regions. Most of these new production lines should come on stream in late 2013 and contribute to the Group's performances in 2014.

As previously stated, the other working capital items mainly reflect tax and social payables for which disbursement lags behind the accounting year. After taking into account paid interest expense and those other working capital items, current free cash flow totals €302.3 million, a + 33% increase.

(1) 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. €74 million in receivables was factored as on December 31, 2011.

FINANCIAL STRUCTURE

(€ millions)	December 31, 2012	June 30, 2012	December 31, 2011
Paid dividends	(114.1)	(113.3)	(91.4)
Net debt, end of period	874.8	1,039.8	1,031.1
Average net debt of the period	1,009.0	n.a.	966.0
Shareholders' equity	2,274.5	2,236.5	2,210.9
EBITDA	659.8	353.2	686.0
Net debt/shareholders' equity	38.5%	46.5%	46.6%
Net debt/EBITDA	1.3x	1.5x	1.5x

- **Significant reduction in net financial debt at € 875 million**
- **Increase in financial resources**

High current free cash flow generation and revenue from the sale of logistical and real estate assets enabled the Group to reduce its debt by more than €156 million, after payment of a €112.8 million dividend to its shareholders on May 9, 2012 (plus €1.3 million in dividends to minority shareholders of the Group's subsidiaries). As of December 31, 2012, the Group's consolidated **net financial debt** and its indebtedness ratios decreased significantly. At €874.8 million, net financial debt returned to its year-end 2010 level, less than two years after acquiring the Luzenac Group.

As regards financing, in the past 18 months, the Group has secured almost €600 million in additional bilateral credit facilities through to 2015-2016. **Total financial resources** have therefore been increased and diversified and their average maturity extended. As of December 31, 2012, Imerys' financial resources totaled €2.8 billion (of which €1.6 billion in available financial resources, excluding cash), with an average maturity of 2.9 years. Available financial resources are sufficient to cover 2013 repayments (US$140 million dollar bond) and the end of the €750 million syndicated credit. Excluding repayments due in 2013, available financial resources total €0.8 billion with an average maturity of four years.

In the first half of 2012, Moody's confirmed the long-term credit rating[(1)] assigned to Imerys a year earlier, "Baa2" with a stable outlook. The short-term rating is "P-2", also with a stable outlook.

Imerys therefore has a very sound financial situation and flexibility to implement its development plan.

2.1.3 COMMENTARY BY BUSINESS GROUP

MINERALS FOR CERAMICS, REFRACTORIES, ABRASIVES & FOUNDRY

(30% of the Group's consolidated sales)

(€ millions)	2012	2011	Current change	Comparable change
Revenue	1,206.4	1,186.1	+ 1.7%	- 3.7%
Current operating income	150.4	156.8	- 4.1%	- 9.0%
Operating margin	*12.5%*	*13.2%*		
Booked capital expenditure	105.3	95.0	+ 10.8%	
As% of depreciation expense	*184%*	*152%*		

- **Slump in European demand on the business group's main markets**
- **Step up of projects in growing segments and regions**

Markets

Markets for Minerals for Refractories and Fused Minerals (steel[(2)], foundry, aluminum, cement, glass, etc.) evolved very differently. Driven by robust demand for capital goods and some consumer durables (machines tools, aerospace, automotive, electronics, etc.) in the United States, activity was conversely affected by the European economy's continued slowdown; in Asia, growth continued at a slow pace. After very high inflation in 2010 and 2011, zircon prices shrank mid 2012.

Graphite & Carbon businesses were boosted by the boom in mobile electronic devices.

The Minerals for Ceramics activity (sanitaryware, floor tiles, tableware) held out well, thanks to its gradual geographic deployment to Asia, the Middle East and South America.

(1) "Senior unsecured debt rating".
(2) World steel production in 2012: + 1.2% vs. 2011 (Europe (27): - 4.7%; North America: + 2.5% - source World Steel Association).

Industrial highlights

The new proppant plant for shale gas and oil built in Andersonville (Georgia, United States) started in 2012, in a less favorable market environment, marked by a decrease in the total number of rigs operated after several years of increase.

After the rebound in development **capital expenditure** in 2011 (in particular with the proppant plant in Andersonville), new projects were initiated in 2012:

- capacity doubled at the Willebroek, Belgium carbon black plant in response to the sharp rise in the demand from mobile energy segments; capital expenditure, totals €20 million, spread over 2012 and 2013;
- in the Middle East, as announced, Imerys began the construction of its fused alumina plant. This specialty adds value for the abrasive and refractory industries through its hardness, mechanical strength and thermal stability. This industrial investment, launched through a joint venture with the Al Zayani Investments group, in which Imerys holds a majority stake, represents a commitment of close to US$30 million; operations are expected to start in late 2013;
- increase in production capacity of the Ceramics activity in Thailand.

Performance

Analysis of the + 1.7% rise in **revenue** to €1,206.4 million shows:

- a + €50.2 million foreign exchange effect;
- a + €13.7 million impact reflecting change in Group structure. This mainly relates to the Luzenac Group's sales on ceramic markets for full-year 2012 (in 2011, the Luzenac Group's sales were fully consolidated in the Performance & Filtration Minerals business group).

At comparable Group structure and exchange rates, revenue decreased - 3.7% compared with 2011, where demand had substantially increased (+ 12.2% growth at comparable structure and exchange rates). The contribution of proppants increased throughout the year, limiting the significant erosion in volumes, while the price/mix component remained positive.

At €150.4 million, **current operating income** takes into account the positive impact of foreign exchange (+ €7.0 million) and structure (+ €1.5 million), including the profit generated by Talc activities.

At comparable structure and exchange rates, the decrease in income due to the loss of contributing volumes was partly offset by the cost reduction plans carried out in each of the relevant activities. The US fused magnesia production unit was closed at the end of the year and production allocated among the business group's other operations in the country. At the same time, the business group continued to implement its development plan and financed the launch of its new proppant activity. The increase in the product price/mix component compensated for higher variable costs (rise in zirconium prices, which continued into the 1st half).

Finally, the joint venture The Quartz Corp SAS, consolidated by the equity method since 2011, did not generate income in 2012 (Imerys' share of income in 2011 was €4.3 million). Because of excess inventory throughout the photovoltaic industry, demand was very low in 2012 and production capacities were temporarily restructured.

Taking those items into account, the business group's **operating margin** held out well, at 12.5%.

PERFORMANCE & FILTRATION MINERALS

(23% of the Group's consolidated sales)

(€ millions)	2012	2011	Current change	Comparable change
Revenue	900.3	719.7	+ 25.1%	+ 3.9%
Current operating income	112.5	83.4	+ 34.8%	+ 0.4%
Operating margin	*12.5%*	*11.6%*		
Booked capital expenditure	50.4	36.7	+ 37.2%	
As% of depreciation expense	*89%*	*77%*		

- **Business group growth thanks to dynamic US markets**
- **Integration of Luzenac a year ahead of schedule**

Markets

The business group's end markets, particularly fast-moving consumer goods (food, health, etc.) and intermediate industries (plastic, rubber, filtration, catalysis, etc.) were driven by gradual rebound in the United States and by dynamic emerging countries. In Europe, the business group's greater exposure to fast-moving consumer goods since the integration of Talc limited the impact of a downturn in industrial equipment and construction. Furthermore, demand in Performance Minerals (talc, mica, etc.) benefitted from the growing use of lightweight, impact-resistant plastic parts, which is helping to reduce vehicle weight as required in mature markets.

Industrial highlights

In 2012, the development **capital projects** launched in 2011 were completed and two new plants came on stream: the US production line for Celite Cynergy™, a proprietary filtration and stabilizing agent for edible liquids (Lompoc, California) and the Filmlink™ production unit on the Ipoh (Malaysia) site, which will serve the fast-growing personal care market in Asia.

In the United Kingdom, consolidation of Goonvean's kaolin activities, which remains subject to the required administrative authorizations, will enhance the Group's high-purity reserves for performance and ceramic applications.

Performance

The business group's **revenue** totaled €900.3 million in 2012. This + 25.1% increase takes into account:

- a + €113.0 million Group structure effect comprised of:
  - the integration of the Luzenac Group as of August 1, 2011 (+ €107.9 million),
  - the acquisition of Itatex, a Brazilian company specializing in kaolin for the paint, polymer and rubber markets, consolidated since May 1, 2012 (+ €5.1 million);
- a foreign exchange effect of + €39.4 million.

At comparable structure and exchange rates, the rise in sales (+ 3.9%) results from a positive trend in the price/mix component and from resilient volumes. The Talc activity's growth and innovation potential on diversified markets (plastics & polymers, paint, paper, technical ceramics, beauty & health products) has been confirmed since its consolidation.

Current operating income, at €112.5 million, increased by + €29.1 million, of which + €19.7 million corresponding to Group structure effect and + €5.6 million to foreign exchange effect. At comparable structure and exchange rates, the increase was + 0.4%. The Talc activity is contributive, one year ahead of schedule. The product price/mix effect is firm. In that context, **operating margin** rose + 0.9 point to 12.5%.

PIGMENTS FOR PAPER & PACKAGING

(22% of the Group's consolidated sales)

(€ millions)	2012	2011	Current change	Comparable change
Revenue	859.4	796.4	+ 7.9%	- 2.0%
Current operating income	85.6	83.2	+ 2.9%	- 4.2%
Operating margin	*10.0%*	*10.4%*		
Booked capital expenditure	81.6	68.7	+ 18.8%	
As % of depreciation expense	*118%*	*102%*		

- **Stable production of printing and writing paper driven by growth in emerging countries**
- **Continued restructuring of paper manufacturers in mature regions**

Markets

In 2012, global production of printing and writing paper was close to 2011 volumes. Overall, strong emerging markets (+ 4.7%) offset the erosion in mature countries that has gathered pace since the end of 2011 (- 4.5%). The packaging segment continues to grow.

Industrial highlights

In addition to extensive overburden and maintenance operations in 2012, **capital expenditure** was primarily dedicated to the diversification of the business group's product range. Construction of a lime production facility began in 2012, with the view to leverage some of Imerys' calcium carbonate reserves in Brazil (Doresopolis, Minas Geiras). Lime is a mineral product used in various forms in the steel, paper, chemicals, environment, agriculture and construction sectors. In Malaysia, the extension of the Ipoh calcium carbonate plant was launched. In Japan, capacity was increased at the Miyagi plant, which was rebuilt after the tsunami, to meet higher demand from its main customer.

Performance

The + 7.9% increase in **revenue** to €859.4 million for 2012, takes into account:

- a Group structure effect of + €62.7 million, mainly linked to the consolidation of Talc sales to papermaker customers for the full calendar year;
- a favorable foreign exchange effect of + €16.1 million, resulting from the euro's depreciation against the US dollar.

At comparable structure and exchange rates, 2012 revenue decreased slightly (- 2.0%) year-on-year. The product price/mix trend was positive, but volumes shrank because of the exposure to mature regions that were affected by some North American and European customers' rationalization programs in 2011 and 2012.

Current operating income totaled €85.6 million in 2012 (+ €2.4 million) and results from:

- a Group structure effect of + €5.9 million;
- a positive foreign exchange effect of + €2.9 million.

At comparable structure and exchange rates, the decrease in current operating income is due to lower volumes. However, actions to reduce production and general expenses limited their impact. The price/mix effect offsets the increasing trend in variable costs (energy, freight). Current operating income also includes revenue from the disposal of real estate assets in Brazil (€4 million).

Taking this item into account, the business group's **operating margin** was 10% in 2012.

MATERIALS & MONOLITHICS

(25% of the Group's consolidated sales)

(€ millions)	2012	2011	Current change	Comparable change
Revenue	969.3	1,025.3	- 5.5%	- 5.9%
Current operating income	192.5	209.5	- 8.1%	- 6.4%
Operating margin	*19.9%*	*20.4%*		
Booked capital expenditure	19.5	24.0	- 18.9%	
As % of depreciation expense	*67%*	*77%*		

- **Tough year for French new housing and for European steelmaking**
- **Operating margin maintained at 20% thanks to substantial adaptation efforts**

Markets

The Refractory Solutions activity (57% of Materials & Monolithics business group's total sales) was affected by lower industrial and steel production in Europe (- 4.7% vs. 2011, source World Steel Association), leading to further blast furnace closures. Other process industries (foundry, power generation, etc.) held out better overall. Trends remained positive on all segments in emerging zones. The project activity (plant modernization, capacity extension or new facility construction) was resilient in the first half.

In the construction sector in France, new single-family housing starts have been decreasing for over a year (- 17% in 2012 vs. 2011[(1)]), in line with the trend in house sales. Greater resilience form the roofing renovation segment limited the fall in sales of clay roof tiles (estimated at - 9% for the entire industry in 2012 by the French roof tiles & bricks federation). In structure materials, brick sales lost -14% over that period according to the same source.

Industrial highlights

In 2012, **capital expenditure** were mainly targeted at the maintenance of industrial assets, as well as the implementation of projects to reduce the Building Materials' energy footprint, including adjusting equipment to use biomass, recovering temperature, switching to gas and modernization of production lines.

Performance

In this more difficult context, the decrease in the business group's **revenue** (€969.3 million) is limited to - 5.5%, including a positive foreign exchange impact of + €4.8 million. At comparable Group structure and exchange rates, revenue shrank by - 5.9%. The price/mix product effect remained positive.

The Materials & Monolithics business group's **current operating income** is €192.5 million (including a - €3.2 million foreign exchange effect). At comparable Group structure and exchange rates, current operating income decreased by - 6.4%. The price/mix effect covers inflation in some refractory raw materials and, to a lesser extent, energy. The business group's **operating margin** was maintained, at 19.9%, thanks to the efforts achieved in both activities to adjust production levels and reduce fixed costs and general expenses. The Monolithic Refractories plant in Köping (Sweden) was closed under that program and its production transferred to the Höganäs site.

On December 12, 2012, the Group also announced that it had received a binding acquisition offer from the Bouyer Leroux group for its activity Imerys Structure (wall and partition blocks, chimney blocks) at an enterprise value close to one year's revenue. Completion of the transaction remains subject in particular to consultation with personnel representation bodies and to the required administrative authorizations being obtained. Closing could take place in the first half of 2013.

(1) Source: Ministry of ecology, Sustainable Development and Energy.

2.1.4 2013 OUTLOOK

The Group's 2012 results reflected its ability to adapt to changing economic conditions, with the uncertainties of recent months continuing into early 2013. Consequently, Imerys will continue to implement targeted measures to adapt to market conditions.

Thanks to its robust fundamentals and financial structure, Imerys will cautiously and selectively continue to implement its growth strategy based on innovation, geographical expansion and long term value-creating acquisitions.

2.1.5 THE COMPANY'S BUSINESS AND RESULTS IN 2012

Imerys made a net profit of €60.4 million in 2012, a + €50.8 million increase compared to the previous period.

An operating loss of - €50.6 million was recorded, a - €1.6 million change compared to the previous year. This trend is due to an increase in operating expenses of €5.5 million to reach €77.8 million. This increase can mainly be explained by the increase of +€2.0 million in staff expenses recognized in the free shares plans. Purchases and external services increase by + €4.0 million due to acquisition projects. At the same time, operating revenue increase by + €3.8 million, at €27.2 million.

A financial income of €72.5 million was posted in 2012, compared with €9.7 million in 2011. In 2012, the Company collected €118.3 million in dividends, a + €14.9 million increase compared with 2011. The Company also recognized a net exchange rate loss of - €36.9 million in 2012, against a net loss of - €16.1 million in 2011; at the same time net provisions for foreign exchange rate risks had been increased in 2011 by - €23.9 million and were decreased in 2012 by + €40.4 million. The foreign exchange impacts net of provisions thus increase from - €40.0 million in 2011 to + €3.5 million in 2012. The net increase in provisions for financial instruments drops by €25.2 million. Finally, net financial expenses increase by - €21.0 million due to an increase in expenses of non-utilization commissions of - €2.8 million, a - €3.7 million increase in interest expenses on rate hedge instruments as a result of the anticipated settlement in 2011 of two rate swaps for a total amount of + €14.6 million.

Pursuant to the risk management procedure in force in the Group, the Company uses forward or optional financial instruments to hedge the risks inherent in fluctuations in exchange and interest rates and in energy prices.

The current income amounts to + €21.9 million in 2012, against a current loss of - €39.3 million in 2011.

The exceptional loss reaches + €2.7 million, against €0.5 million in 2011.

With respect to 2012, Imerys recorded a tax credit of + €35.8 million, as a result of the tax consolidation of the Group of French companies headed by it.

The financial debts decrease by €104.3 million in 2012.

The investments have not changed in the 2012 period.

The Board of Directors will propose the payment of a dividend of €1.55 per share at the Shareholders' General Meeting of April 25, 2013, increasing compared to 2011. This dividend should be paid out from May 13, 2013 for a total of approximately €116.8 million, i.e. 37.6% of the Group's share of consolidated net current income (for information related to allocation of earnings, *see note 34 of the statutory financial statements and paragraph 8.1.1, chapter 8 of the Registration Document*).

As of December 31, 2012, the Company's financial debt was made up of the following items:

(€ thousands)	**Amount**	**Maturity less than one year**	**Maturity from one to five years**	**Maturity beyond five years**
Financial debts	2,188,548	1,301,215	802,981	84,352
Other debts	29,504	29,504	-	-
Deferred revenue	-	-	-	-
Unrealized exchange rate gains	24,127	24,127	-	-
Total	**2,242,179**	**1,354,846**	**802,981**	**84,352**

INVENTORY OF SUBSIDIARIES AND EQUITY INTERESTS AND MARKETABLE SECURITIES

Information concerning subsidiaries and equity interests as of December 31, 2012 can be found in *note 35 of the statutory financial statements.*

Information concerning marketable securities as of December 31, 2012 can be found in *note 18 of the statutory financial statements.*

INFORMATION ON CAPITAL AND DISTRIBUTIONS OF DIVIDENDS OVER THE PAST THREE FINANCIAL YEARS

Information concerning the share capital as of December 31, 2012 is available in *notes 19 and 29 of the statutory financial statements*, as well as in *chapter 7, paragraph 3 of the Registration Document*.

As of December 31, 2012, the Company's share capital was made up as follows:

	Number of shares	% of interest	% of voting rights(1)
Belgian Securities BV(2)	42,851,473	56.86%	66.21%
M&G Investment Management Ltd(3)	5,146,041	6.83%	5.16%
Group employees	181,577	0.24%	0.36%
Owned by the Group	159,563	0.21%	0.16%
Public	27,029,892	35.86%	28.11%
Total as of December 31, 2012	**75,368,546**	**100.00%**	**100.00%**

(1) Total theoretical voting rights: 98,768,873

(2) A 100% subsidiary of Groupe Bruxelles Lambert.

(3) M&G Investment Management Limited is a company belonging to the Prudential Plc group (United Kingdom).

On January 7, 2013, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 12, 2012, noted that, on December 31, 2012, the share capital had been increased by a nominal amount of €452,060 as a result of the exercise during the 2012 period of 226,030 share options and of the creation of the same number of new Imerys shares.

In addition as of December 31, 2012, the Company holds 121,939 treasury shares assigned to the grant of conditional free shares plans at the average unit price of €42.87 and 37,624 treasury shares in the process of cancellation at the average unit price of €47.21.

The amount of dividends paid during the past three financial years was as follows:

	2012 For the 2011 period	2011 For the 2010 period	2010 For the 2009 period
Gross dividend per share	€1.50	€1.20	€1.00
Net dividend per share	€1.50	€1.20	€1.00
Total net distribution	**€112.8 million**	**€90.6 million**	**€75.5 million**

For further information on Imerys' policy with regard to distribution of dividends, *see chapter 7, section 7.7 of the Registration Document.*

CAPITAL, OTHER SECURITIES, INCOME AND OTHER KEY INDICATORS OF THE COMPANY FOR THE PAST FIVE FINANCIAL YEARS

Type of indicators *(in euros)*	**2012**	**2011**	**2010**	**2009**	**2008**
I - Capital and other shares at the end of the period					
Share capital	150,737,092	150,285,032	150,948,310	150,778,992	125,573,180
Number of ordinary shares at the end of the period	75,368,546	75,142,516	75,474,155	75,389,496	62,786,590
Nominal per share	€2	€2	€2	€2	€2
Number of preferred shares (without voting rights)	-	-	-	-	-
Maximum number of potential ordinary shares by exercise of options	4,102,831	4,202,766	4,170,563	3,953,269	3,448,082
II - Transactions and income for the period					
Pre-tax sales	26,555,498	23,102,369	18,874,414	19,196,891	23,164,643
Income before income taxes, legal profit-sharing and amortization, depreciation and provisions	- 27,397,535	1,016,776	19,302,242	83,085,219	43,655,864
Income taxes	35,839,607	49,412,228	22,793,593	30,755,302	56,232,494
Legal employee profit-sharing payable for the period	-	-	-	-	-
Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	60,415,360	9,643,394	83,645,325	71,934,964	87,063,223
Distributed income (excluding withholding tax)	112,763,769	90,597,541	75,505,458	62,787,810	118,974,880
III - Earnings per share(1)					
Income after income taxes, legal profit-sharing and before amortization, depreciation and provisions	0.11	0.67	0.56	1.51	1.59
Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	0.80	0.13	1.11	0.95	1.39
Net dividend per share	1.55(2)	1.50	1.20	1.00	1.00
IV - Employees					
Average number of employees for the period	152.83	140.75	124.25	125.58	130.33
Payroll for the period	15,320,203	15,625,401	13,459,710	11,839,442	11,619,474
Amount paid as social contribution for the period	14,454,558	12,131,203	12,339,268	7,335,249	5,782,541
of which profit-sharing	1,063,000	1,315,100	918,072	356,971	900,000

(1) Based on the number of shares at the end of each period.
(2) Proposed for the approval of the Shareholders' General Meeting of April 25, 2013.

OTHER INFORMATION

In 2012, no changes in accounting methods occurred.

2013 OUTLOOK

In 2013, the Company will pursue its activity of holding and, more particularly, of providing services to its subsidiaries and will continue to manage financial risks for the entire Group.

SUPPLIER PAYMENT TERMS ACCORDING TO THE "LOI DE MODERNISATION DE L'ECONOMIE" DATED AUGUST 4, 2008 ("LME LAW")

Pursuant to article L. 441-6-1 of the French Code of Commerce, the amount of trade payables by maturity is given below:

Payables as of December 31, 2012

(€ thousands)	Total	< 30 days	from 31 to 60 days	> 61 days
Group suppliers	3,210	3,158	48	4
Non Group suppliers	3,140	2,792	293	55
Trade payables	**6,350**	**5,950**	**341**	**59**

Payables as of December 31, 2011

(€ thousands)	Total	< 30 days	from 31 to 60 days	> 61 days
Group suppliers	3,327	3,073	215	39
Non Group suppliers	1,115	985	6	124
Trade payables	**4,442**	**4,058**	**221**	**163**

The present Management Report by the Board of Directors draws on detailed information from the following chapters of the present Registration Document, in particular:

- Sustainable Development, Environment, Human Resources data, Risks (chapter 5 - Sustainable Development);
- Innovation, Research & Technology (chapter 1 - Presentation of the Group);
- Interest acquisition and takeover (chapter 1 - Presentation of the Group and chapter 6 - Financial statements);
- Risk factors (chapter 4 - Risks and internal control);
- Composition and functioning of the Board of Directors, list of offices and functions held by corporate officers and amount of compensation; benefits of corporate officers, stock options and free shares; corporate officers' transactions in Imerys securities (chapter 3 - Corporate Governance);
- Main subsidiaries and affiliates (chapter 6 - Financial statements);
- Changes in accounting methods (chapter 6 - Financial statements);
- Use of financial instruments (chapter 6 - Financial statements);
- Events after the end of the period (chapter 6 - Financial statements);
- Information on share capital (including Group employees' interest in the capital of the Company and table summarizing existing financial authorizations and share buyback programs) and items likely to have an impact in the event of a public offer (chapter 7 - Additional information).

2.2 STATUTORY AUDITORS' REPORTS

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie
Paris-La Défense 1

S.A.S. with variable share capital
Statutory Auditor
Member of the Compagnie régionale de Versailles

Deloitte & Associés
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex

S.A. with share capital of € 1,723,040
Statutory Auditor
Member of the Compagnie régionale de Versailles

2.2.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Fiscal year ended December 31, 2012

(This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France).

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2012 on:

- the audit of the accompanying consolidated financial statements of Imerys;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- your company performs annual goodwill impairment tests and also assesses whether there is any indication of impairment in long-term assets, under the terms and conditions described in the Notes 4.9, 4.13 and 19 to the consolidated financial statements. Our procedures consisted in analyzing the procedures performed to implement those impairment tests and assumptions used and in verifying that the Notes 4.9, 4.13 and 19 to the consolidated financial statements provide appropriate disclosures;

- your company has to confront litigation and a range of management, environmental, legal and social security risks. As stated in Note 24.2 to the consolidated financial statements, with support from its outside advisors, your Company is evaluating the amounts and probabilities of settlement of all of the litigation and risks identified. We have taken note of the various bases for the estimates and the documentation available. We assessed the reasonableness of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and therefore contributed to the opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to the fair presentation and its consistency of this information with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, March 19, 2013

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres	Deloitte & Associés
Jean-Roch VARON	Arnaud de PLANTA

2.2.2 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Fiscal year ended December 31, 2012

(This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. The report also includes information relating to the specific verification of information in the management report. This report should be read in conjunction with French law and professional auditing standards applicable in France.)

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2012 on:

- the audit of the accompanying financial statements of Imerys;
- the justification of our assessments;
- the specific verifications and information required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Investments in subsidiaries are valued by taking into account both percentage of shareholders' equity they represent and future profitability forecasts as stated in the accounting policies and methods note to the financial statements concerning long-term investments. Our work consisted in assessing the data and the assumptions on which these estimates are based and reviewing the calculations performed by the Company. We assessed the reasonableness of such estimates.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we have the following observation to make regarding to the accuracy and fair presentation of this information:

As specified in the management report, this information was prepared in accordance with the AMF recommendation of December 22, 2008. It therefore does not include the remuneration and benefits granted by the companies controlling your Company to the relevant company officers with respect to other directorships, roles or engagements other than those performed in or on behalf of the Imerys group.

In accordance with French law, we have ensured that the required information concerning the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Paris-La Défense and Neuilly-sur-Seine, March 19, 2013

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres	Deloitte & Associés
Jean-Roch VARON	Arnaud de PLANTA

2.2.3 STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2012

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Company Law (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments with third parties.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Company Law *(Code de Commerce)*, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-31 of the French Company Law in respect of the performance of the agreements and commitments, already approved by the Shareholders' Meeting and having continuing effect during the year, if any.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These guidelines require that we agree the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to the provisions of Article L.225-38 of the French Company Law.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved during previous years and having continuing effect in 2012

Pursuant to Article R.225-30 of the French Company Law, we have been advised that the following agreements and commitments, approved in previous years by the Shareholders' Meeting, have had continuing effect during the year.

Defined contribution retirement plan:

This plan, the management of which was entrusted to an external insurance company, provides for a contribution of 8% of the eligible beneficiaries' compensation, capped at 8 PASS (8 times the amount of the Social Security Annual Ceiling), paid into jointly by beneficiary for 3%, and 5% by the Company; the benefits, if necessary, will be deducted from the guaranteed retirement caps under the Group defined benefit plan. Beneficiaries may make optional voluntary contributions to this plan in addition to the mandatory ones.

Mr. Gilles Michel, Chairman-CEO and Director, is covered by this plan.

Your Company paid contributions to this plan amounting to €14,548.80 in 2012.

Social security benefits plan for corporate executives:

In his capacity as a corporate officer, Mr. Gilles Michel benefits from the social security benefits plan for corporate executives subscribed to by your Company.

Your Company paid contributions to this plan amounting to €12,587.62 in 2012.

Agreements and commitments approved during the year

Furthermore, we have been advised of the performance, during the year, of the following agreements and commitments, already approved by the Shareholders' Meeting of April 26, 2012, pursuant to the Statutory Auditors' Special Report of March 21, 2012.

Group defined benefit retirement plan set up by the Company in 1985 and modifications made to this plan:

This plan provides for the payment of a life annuity:

- total annual gross amount (after having taken into account pension benefits from mandatory and complementary retirement plans including the defined benefit plan described above) of 60% of the beneficiary's reference salary, which is limited to 30 times the amount of the Social Security Annual Ceiling;
- subject to a payment capped at a maximum of 25% of the capped reference salary;
- optional reversion annuity paid to the surviving spouse pro-rated to the duration of the marriage.

The reference salary to be used is the average of the beneficiary's last two years of compensation (fixed and variable).

Retirement plan of Mr. Gilles Michel, Chairman-CEO and Director:

The total estimated amount of the commitment for Mr. Gilles Michel amounts to €1,350 thousand as of December 31, 2012.

Severance pay in favor of Mr. Gilles Michel, Chairman-CEO and Director

Severance pay will be paid should Mr. Gilles Michel be discharged from his duties as a corporate officer either at the Company's initiative or in the event of a forced departure related to a change in control or strategy.

The amount of this severance pay would be calculated based on a maximum of two years of compensation (fixed and variable) and subject to a performance condition based on the achievement of economic and financial objectives over the last three years.

No severance pay would be paid in the event of a voluntary departure by Mr. Gilles Michel or should he have the possibility of triggering his retirement benefits in the short term.

Paris-La Défense et Neuilly-sur-Seine, March 19, 2013

The Statutory Auditors

ERNST & YOUNG et Autres	Deloitte & Associés
Jean-Roch VARON	Arnaud dePLANTA

CORPORATE GOVERNANCE

3

Since May 3, 2005, the Company has been organized as a French Limited Liability Company (*Société Anonyme*) with a Board of Directors. On April 28, 2011, the Board decided to merge the duties of Chairman of the Board and Chief Executive Officer and to appoint Mr. Gilles Michel to perform them. The Board of Directors also appointed a Vice-Chairman, Mr. Aimery Langlois-Meurinne, as Lead Director. This governance structure, adopted by a great majority of listed French companies with a Board of Directors, simplifies the Company's operational management in order to further improve its efficiency while taking into account the presence of controlling shareholders in the Company's capital and the application of best Corporate Governance practices.

The Company complies with the French regulations to which it is subject with respect to Corporate Governance. The AFEP-MEDEF Corporate Governance Code, updated in April 2010, is used by the Company as a reference in drawing up the report provided for in article L. 225-37 of the French Code of Commerce, pursuant to the law of July 3, 2008 transposing the European directive 2006/46/EC of June 14, 2006 (this Code is available on the Company's website: *www.imerys.com*, in the "The Group/Corporate Governance" section).

3.1 BOARD OF DIRECTORS

3.1.1 POWERS

Pursuant to legal and statutory provisions, the Board of Directors:

- appoints and, as the case may be, dismisses the Chairman and/or the Chief Executive Officer and, as the case may be, on the Chief Executive Officer's proposal, one or more Delegate Chief Executive Officers; it determines their compensation; and
- constantly controls the management of the Company by the Chief Executive Officer.

For the purposes of that control and in accordance with article 16 of the by-laws:

- the Board of Directors makes the checks and controls that it judges appropriate at any time of the year. It may obtain any documents that it judges useful for carrying out its mission;
- the Executive Management periodically presents a report to the Board of Directors on the status and running of Company affairs, which is drawn up under conditions requested by the Board of Directors. The report includes the presentation of the Group's quarterly and half-yearly financial statements;
- within three months of closing the financial year, the Executive Management presents the Company's annual financial statements, the Group's consolidated financial statements and its report on the financial year just ended to the Board of Directors for review and control. The Board of Directors settles these financial statements and the terms of its Management Report to be presented to the annual Shareholders' General Meeting;
- the Executive Management submits to the Board of Directors its annual operating objectives for the year ahead and, periodically, its long-term strategic projects.

Furthermore, pursuant to the provisions of the Board of Directors' Internal Charter, the Board examines and approves the following prior to their implementation, with respect to the general powers granted to it by law:

- the strategic orientations of the Company and Group and any operations likely to significantly influence such orientations; it also periodically examines the long-term strategic plan (multiyear plan) drawn up or revised by Executive Management;
- the operations likely to significantly modify the purpose or scope of business of the Company and the Group, including:
  - the acquisition, investment, takeover or disposal of securities or any other fixed asset (and any operation economically comparable, including by way of contribution or exchange) for an amount greater than €75 million per operation, or its equivalent amount in any other currency,
  - the significant commercial or industrial agreements that would bind the long-term future of the Company or the Group,
  - any financing operations for an amount likely to significantly modify the financial structure of the Group;
- as the case may be, the allocation of management tasks between the various Delegate Chief Executive Officers, as proposed by the Chief Executive Officer;
- more generally, any commitment by the Company or the Group that may constitute a regulated agreement, in accordance with the law.

Finally, the Board of Directors grants any specific delegations of its powers to Executive Management, within the limits and conditions set down by law, for the purposes of:

- the granting by the Company of any personal security (such as third-party guarantees and endorsements) or of any security on its assets, within the limit of a total amount determined in principle every year;
- making, pursuant to the authorizations granted to the Board of Directors by the Shareholders' General Meeting, purchases by the Company of its own shares or certain capital increase operations;
- carrying out issues of ordinary bonds in one or more times.

3.1.2 COMPOSITION

The Board of Directors is currently composed of seventeen members. Their term of office is three years and, in principle, one third of members is renewed each year.

The composition of the Board of Directors is designed to allow the Group to benefit from the diverse and international professional experience of its members and to involve the representatives of Imerys' controlling shareholders in the definition and implementation of the Group's strategy.

The Board does not include a director elected by employees or a director representing employee shareholders. Nevertheless, Works Council representatives attend all board meetings on an advisory basis.

CHANGES IN 2012

The Board of Directors co-opted Mrs. Marion Guillou as new Director replacing Mr. Maximilien de Limburg Stirum who did not solicit the renewal of his term of office that expired; this appointment took effect on September 1, 2012.

The Company's shareholders, at their Ordinary and Extraordinary General Meeting of April 26, 2012, decided to:

- renew the terms of office as Directors of Mr. Gilles Michel, Mr. Jacques Drijard and Mr. Jocelyn Lefebvre for a further period of three years, i.e. until the end of the Shareholders' General Meeting called in 2015 to rule on the 2014 financial statements (it is specified that given his age and pursuant to article 12 of the by-laws, the term of office of Mr. Jacques Drijard will end ipso jure at the end of the Shareholders' General Meeting that will be called in 2013 to rule on the 2012 financial statements);
- appoint, for the same three-year period, Mr. Xavier Le Clef as a new Director, in succession to Mr. Eric Le Moyne de Sérigny who did not seek the renewal of his term of office that expired.

Finally, the Board of Directors at its meeting of April 26, 2012 decided to maintain the merger of the duties of Chairman of the Board and Chief Executive Officer and to reappoint Mr. Gilles Michel to perform them.

COMPOSITION

On the date of the present Registration Document, the composition of the Board of Directors is as follows:

Name	Age	Nationality	Position	Date of 1st appointment	Year of renewal of term of office(1)	Number of shares owned	Independent member
Gilles MICHEL	57	French	Chairman and Chief Executive Officer	11/03/2010	2015	600	No(2)
Aimery LANGLOIS-MEURINNE	69	French	Vice-Chairman	09/22/1987	2014	60,000	No(3)
Gérard BUFFIÈRE	67	French	Director	05/03/2005	2014	95,000	No(4)
Aldo CARDOSO	57	French	Director	05/03/2005	2014	1,680	Yes
Jacques DRIJARD	69	French	Director	09/25/1996	2015	720	No(3)(4)
Ian GALLIENNE	42	French	Director	04/29/2010	2013	600	No(3)
Marion GUILLOU	58	French	Director	09/01/2012	2014	600	Yes
Fatine LAYT	45	French	Director	04/29/2010	2013	600	Yes
Xavier LE CLEF	36	Belgian	Director	04/26/2012	2015	720	No(3)
Jocelyn LEFEBVRE	55	Franco-Canadian	Director	06/16/1994	2015	1,080	No(3)
Arielle MALARD de ROTHSCHILD	49	French	Director	04/28/2011	2014	600	Yes
Jean MONVILLE	68	French	Director	05/02/2007	2013	720	Yes
Robert PEUGEOT	62	French	Director	11/04/2002	2013	704	Yes
Olivier PIROTTE	46	Belgian	Director	04/29/2010	2013	600	No(3)
Amaury de SEZE	66	French	Director	07/30/2008	2013	8,016	No(3)
Pierre-Jean SIVIGNON	56	French	Director	04/29/2010	2013	600	Yes
Jacques VEYRAT	50	French	Director	05/03/2005	2014	600	Yes
Total members: 17						173,440(5)	8

(1) The exact date of the renewal will be the date of the General Meeting called to rule on the Company's financial statements for the previous year.
(2) Chairman and Chief Executive Officer of the Company.
(3) Director representing a majority shareholder in the Company.
(4) Former executive of the Company.
(5) I.e. 0.23% of capital and 0.25% of voting rights as of December 31, 2012.

The minimum number of shares required to be a member of the Board of Directors is set at 100 by the by-laws. The Board's Internal Charter increased that number to 600 Imerys shares to be acquired by each Director within a year of his or her appointment. In that respect, the Company's controlling shareholder groups, which are represented on the Board of Directors by seven members, together hold 42,851,473 shares as of December 31, 2012 *(see chapter 7, paragraph 7.3.1 of the Registration Document)*.

Pursuant to statutory provisions, the terms of office of Directors end ipso jure on the date of the General Meeting following the date on which the incumbent reaches the age of 70; those of Chairman and Vice-Chairman(s) end ipso jure following the next Board Meeting after their 70th birthday.

Furthermore, as of the date of the present Registration Document: the proportion of women on the Board (3 out of 17) reaches 17.65%; three members of the Board of Directors are not solely French nationals and eight are considered "independent". This proportion of independent members in the composition of the Board of Directors (8 out of 17) is greater than the one-third recommended by the AFEP-MEDEF Corporate Governance Code for companies with controlling shareholders.

The definition of independence retained by the Board of Directors at its meeting of May 3, 2005 on the proposal of its Appointments and Compensation Committee and confirmed since then each year is "the lack of any relationship between a member of the Board of Directors and Imerys, its Group or its management that could affect the exercise of his or her freedom of judgment."

In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, the Board stated in its Internal Charter that the independence criteria used[1] were neither exclusive of independent status if none of them was met, nor necessarily sufficient for that status to be granted. A member's independence must be appraised according to his or her particular personal situation or that of the Company, with respect to his or her shareholding or for any other reason.

CHANGES PLANNED FOR 2013

After the examination and opinion given by the Appointments and Compensation Committee, the Board will put to the shareholders at the General Meeting of April 25, 2013 to:

- renew the terms of office as Directors of Mrs. Fatine Layt and Mr. Ian Gallienne, Mr. Robert Peugeot, Mr. Olivier Pirotte and Mr. Amaury de Seze for a further period of three years, i.e. until the end of the Shareholders' General Meeting called in 2016 to rule on the 2015 financial statements;
- appoint for a two-year period Mrs. Marie-Françoise Walbaum as a new Director i.e. until the end of the Shareholders' General Meeting called in 2015 to rule on the 2014 financial statements.

The terms of office of Mr. Jean Monville and Mr. Pierre-Jean Sivignon expire at the next Shareholders' General Meeting. Given that they did not solicit their renewal, the Board of Directors decided, at its meeting of February 13, 2013, not to propose new candidates to succeed them.

Finally, it is reminded that the term of office of Mr. Jacques Drijard will end ipso jure at the end of the Shareholders' General Meeting of April 25, 2013, given his age and pursuant to article 12 of the by-laws.

In accordance with the principles used by the Company with respect to the qualification of its Directors as independent, and after examination of their personal situation, the Appointments and Compensation Committee did recognize that status to Mrs. Fatine Layt and Mrs. Marie-Françoise Walbaum as well as to Mr. Robert Peugeot and did not recognize it to Mr. Ian Gallienne, Mr. Olivier Pirotte and Mr. Amaury de Seze as representatives of controlling shareholders.

Information on Directors whose terms of office's renewal will be put to the Shareholders' General Meeting appears in *paragraph 3.1.3 of this chapter;* the information on Mrs. Marie-Françoise Walbaum as a new applicant appears in *chapter 8, section 8.1 of the Registration Document*.

(1) For its application, the Board decided that their being in one or more of the following situations was likely to affect that freedom of judgment.
- *an employee, corporate officer or Director (or similar) of a subsidiary of Imerys, of its controlling shareholders (within the meaning of article L. 233-16 of the French Code of Commerce) or major shareholders (i.e. with a share of over 10% of its capital) or having been one in the past five years;*
- *a corporate officer or Director (or similar) of a company in which Imerys, one of its employees or another corporate officer of Imerys (now or in the past five years) is a Director (or similar);*
- *a Director (or similar) of Imerys for more than 12 years;*
- *a significant customer, supplier or banker of Imerys or its Group;*
- *a close relation of a corporate officer of Imerys;*
- *an auditor of Imerys in the past five years.*

3.1.3 INFORMATION ON THE DIRECTORS

The information below was provided individually to the Company by each of the Directors concerned in function as of December 31, 2012.

MAIN ACTIVITY AND OTHER RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

Gilles MICHEL

Chairman and Chief Executive Officer

Born on January 10, 1956
Work address: Imerys - 154, rue de l'Université - 75007 Paris (France)

A graduate of École Polytechnique (1974), École Nationale de la Statistique et de l'Administration Economique (ENSAE) and Institut d'Études Politiques (IEP) of Paris, Gilles Michel began his career in 1982 within the World Bank (Washington, D.C.) before joining the Saint-Gobain group in 1986 where during sixteen years he held various managerial positions, notably in the United States, before being appointed in 2000 General Manager of the Ceramics & Plastics business group and member of Saint-Gobain's Management Committee. In 2001, he joined PSA Peugeot-Citroën group, as Manager of the Platforms, Techniques & Purchasing activity and member of Peugeot's Executive Committee. In 2007, he was appointed General Manager of Citroën, and member of the managing Board of Peugeot SA. On December 1, 2008, Gilles Michel held the position of Chief Executive Officer of the Strategic Investment Fund, whose activity involves taking equity stakes in companies expected to contribute to the growth and competitiveness of the French economy. Gilles Michel joined Imerys in September 2010 and was appointed Director and Deputy Chief Executive Officer on November 3, 2010. Since April 28, 2011, he has been Chairman and Chief Executive Officer of Imerys.

List of activities and other responsibilities in 2012:

MAIN ACTIVITY:
- Chairman and Chief Executive Officer of Imerys.

OTHER RESPONSIBILITIES:
- Director of GML Investissements Ltée (Mauritius), since June 20, 2012.

List of activities and other responsibilities that have expired during the past five years:

- Chief Executive Officer: Fonds Stratégique d'Investissement (France).
- Chairman: Citer (France).
- Member of the Managing Board: Peugeot SA* (France).
- Chairman of the Board of Directors: Citroën Belux (Belgium); Citroën Danemark A/S (Denmark); Citroën Italia (Italy); Citroën (Switzerland) SA; Citroën UK Ltd (United Kingdom).
- Chairman of the Supervisory Board: Citroën Nederland BV (Netherlands).
- Vice-Chairman and member of the Supervisory Board: Citroën Deutschland AG (Germany).
- Managing Director: PCMA Holding BV (Netherlands).
- Director: Automoviles Citroën España, Autotransporte Turistico Español SA (Spain); France Telecom* (France); Automoveis Citroën, Comercial Citroën SA (Portugal); Citroën Sverige AB (Sweden).
- Permanent representative of Automobiles Citroën: Director of Banque PSA Finance (France); Chairman of the Board of Directors of Automoveis Citroën (Portugal).

* *Listed company.*

Aimery LANGLOIS-MEURINNE

Vice-Chairman of the Board of Directors

Born on May 27, 1943
Work address: Pargesa Holding S.A. – 11, Grand-Rue – 1204 Geneva (Switzerland)

A doctor of law and graduate of Institut d'Études Politiques, Paris and École Nationale d'Administration (Robespierre class), Paris, Aimery Langlois-Meurinne began his career in 1971 with Paribas where, for 11 years, he was successively Consultant Engineer, Industrial Delegate in Japan, Assistant Vice-President then Deputy Vice-President in charge of the Asia-Pacific Department and, finally, Deputy Vice-President in charge of the International Financial Operations Department. He then joined AG Becker Paribas in New York as Managing Director and member of the Executive Committee, then Merrill Lynch Capital Markets (New York), where he held the position of Managing Director. In 1987, he joined Parfinance as Chief Executive Officer before becoming its Vice-Chairman and Chief Executive Officer in 1990, when he was also appointed Chief Executive Officer of Pargesa Holding S.A. (Switzerland) until January 2010.

List of activities and other responsibilities in 2012:

RESPONSIBILITIES:

- Director-Chairman: Pargesa Netherlands BV (Netherlands).
- Director: IDI*, Société Française Percier Gestion "SFPG", Société de la Tour Eiffel (France).
- Member of the Supervisory Board: PAI Partners (France); Louis Dreyfus Commodities Holdings BV (Netherlands).
- Manager: Audiris (France).

List of activities and other responsibilities that have expired during the past five years:

- Director-Chairman: Pargesa Luxembourg S.A. (Luxembourg).
- Director-Chief Executive Officer: Pargesa Holding S.A.* (Switzerland).
- Chairman of the Board of Directors: Imerys, until April 28, 2011.
- Director: Groupe Bruxelles Lambert* (Belgium); Club Méditerranée* (France).

Gérard BUFFIÈRE

Director

Born on March 28, 1945
Address: 41, boulevard de la Tour Maubourg – 75007 Paris (France)

A graduate of École Polytechnique, Paris with a Master of Sciences from Stanford University (United States), Gérard Buffière began his career in 1969 in the French group Banexi. After holding various positions with the American group Otis Elevator, in 1979 he joined the international group Schlumberger, where he held various management positions before becoming Chairman of the Electronic Transactions divisions in 1989. His career continued as Chief Executive Officer of the Industrial Equipment division of the French group Cegelec in 1996. He joined the Imerys group in March 1998 where he was appointed Vice-President of Building Materials. In 1999, he became Vice-President of Building Materials and Ceramics & Specialties. In 2000, he took charge of the Pigments & Additives business group, then the Pigments for Paper business group until 2003. Chairman of the Managing Board from January 1, 2003 to May 3, 2005, Gérard Buffière was appointed Director and Chief Executive Officer of Imerys as from that date, a position he held until April 28, 2011.

List of activities and other responsibilities in 2012:

RESPONSIBILITIES:

- Member of the Supervisory Board: Wendel* (France).

List of activities and other responsibilities that have expired during the past five years:

- Chief Executive Officer of Imerys until April 28, 2011.

* *Listed company.*

Aldo CARDOSO

Director

Born on March 7, 1956
Address: 45, boulevard de Beauséjour – 75016 Paris (France)

A graduate of École Supérieure de Commerce, Paris and a Master of Law, Aldo Cardoso began his career in 1979 at Arthur Andersen, where he became a partner in 1989. Vice-President of Auditing and Consulting Europe in 1996, then Chairman of Andersen France from 1998 to 2002, he was appointed Chairman of the Supervisory Board of Andersen Worldwide from 2000 to 2002, before becoming Chairman of the Managing Board from 2002 to 2003. In that capacity, Aldo Cardoso managed the shutdown of Andersen's activities worldwide.

List of activities and other responsibilities in 2012:

RESPONSIBILITIES:
- Director: Mobistar (Belgium); Bureau Veritas*, GDF Suez* (France).
- Censor: Axa Investment Managers (France).

List of activities and other responsibilities that have expired during the past five years:

- Director: Accor*, Gecina*, PlaNet Finance, Rhodia* (France).

Jacques DRIJARD

Director

Born on March 29, 1943
Work address: PGB S.A. – 1, Rond-Point des Champs-Elysées – 75008 Paris (France)

A Civil Engineering graduate of École Nationale Supérieure des Mines, Paris, Jacques Drijard began his career in 1966 at DBA Group Bendix Corp, before joining Le Nickel Penarroya Mokta group in 1970. He joined Imetal (later renamed Imerys) in 1974 and in 1988 became Chief Financial Officer and Member of the Executive Committee until 1996. Since January 2010, Jacques Drijard is Chief Executive Officer of Pargesa Holding S.A.; he was previously the Deputy Chief Executive Officer since 1997.

List of activities and other responsibilities in 2012:

MAIN ACTIVITY:
- Chief Executive Officer: Pargesa Holding S.A.* (Holding company - Switzerland).

OTHER RESPONSIBILITIES:
- Chairman & Chief Executive Officer: PGB S.A. (France).
- Chief Executive Officer: Cheval Blanc Finance SAS (France).
- Chairman of the Board of Directors: Société Française Percier Gestion «SFPG» (France).
- Director: Pargesa Netherlands B.V. (Netherlands).

List of activities and other responsibilities that have expired during the past five years:

- Deputy Chief Executive: Pargesa Holding S.A.* (Switzerland).
- Delegate Director: Pargesa Compagnie S.A. (Switzerland).

* *Listed company.*

Ian GALLIENNE

Director

Born on January 23, 1971
Work address: Groupe Bruxelles Lambert - 24, Avenue Marnix - 1000 Bruxelles (Belgium)

A Management and Administration graduate with a specialization in Finance at E.S.D.E. Paris and holder of an MBA from INSEAD, Fontainebleau, Ian Gallienne began his career in Spain in 1992 as co-founder of a commercial company. From 1995 to 1997, he was a member of the management of a consulting firm specialized in the reorganization of ailing companies in France. From 1998 to 2005, he was Manager of the private equity fund, Rhône Capital LLC, in New York and London. Since 2005, he has been co-founder and Managing Director of the private equity funds Ergon Capital Partners, Ergon Capital Partners II and Ergon Capital Partners III (Belgium). Since January 1, 2012, he has been Managing Director of Groupe Bruxelles Lambert.

List of activities and other responsibilities in 2012:

Main activities:
- Managing Director: Groupe Bruxelles Lambert* (Holding Company – Belgium)
- Managing Director: Ergon Capital Partners, Ergon Capital Partners II, Ergon Capital Partners III (Private equity funds – Belgium).
- Director: Ergon Capital SA (Belgium).
- Manager: Ergon Capital II Sàrl (Luxembourg).

Other responsibilities:
- Director: Steel Partners NV (Belgium); Lafarge*, Pernod Ricard* (France); Gruppo Banca Leonardo SpA (Italy).
- Manager: Egerton Sàrl (Luxembourg).

List of activities and other responsibilities that have expired during the past five years:

- Director: Fapakt SA, Publihold SA (Belgium); Central Parc Villepinte SA, Elitech Group SAS, Fonds de Dotation du Palais, PLU Holding SAS (France); Nicotra Gebhardt SpA, Seves SpA (Italy); Arno Glass SA (Luxembourg).

Marion GUILLOU

Director

Born on September 17, 1954
Address: 19, Villa d'Arcueil - 92170 Vanves (France)

A graduate of Ecole Polytechnique Paris (1973) and ENGREF (rural, water & forestry engineering school) and a doctor of physical chemistry specializing in biotransformation, Marion Guillou began her career in 1978 and held various positions in the ministries of Agriculture & Food (Saint-Lo, Paris, Nantes) and Research (Loire region research & technology delegation). In 1986 she joined a joint Nantes university/CNRS laboratory as a research scientist. From 1993 to 1996, she was agricultural attaché to the French Embassy in London. Marion Guillou was Director General for Food at the Ministry of Agriculture from 1996 to 2000. She became Director General of the National Institute for Agricultural Research (INRA) in 2000, then its Chairman & CEO from July 2004 to August 2012.

List of activities and other responsibilities in 2012:

Responsibilities:
- Chairman of the Board of Directors: Agreenium, Ecole Polytechnique (France).
- Member of the Supervisory Board: Areva* representing the State (France).
- Member of the Board of Directors: APAVE, National Political Science Foundation (FNSP), University of Lyon Foundation (France).
- Member of the Board: the Legion of Honor (France).
- Chairman: Joint European Programming Initiative "Agriculture, Food Security and Climate Change".
- Member: French Society of Agriculture, National Academy of Technologies (France).

List of activities and other responsibilities that have expired during the past five years:

- Chairman & CEO of INRA until August 2012 (France).

* *Listed company.*

Fatine LAYT

Director

Born on July 10, 1967
Work address: Oddo & Cie – 12, boulevard de la Madeleine - 75009 Paris (France)

A graduate of Institut d'Études Politiques Paris and Société Française des Analystes Financiers (SFAF), Fatine Layt joined the Euris group on its creation in 1989; she held various positions there until 1992, when she was appointed Chief Executive Officer of EPA and Director of Glénat and Actes Sud; she also managed two audiovisual companies created in partnership with Canal+. In 1993, she became Chief Financial Officer of the investment fund Oros then Chief Executive Officer of Sygma Presse in 1995. From 1996 to 1998, Fatine Layt was Chairman & CEO of the specialized press group CEPP and Director of the trade press federation. In 2000, she created Intermezzo, a company specialized in the media sector before becoming a partner in Messier Partners, a merchant bank based in Paris and New York, in 2003. In 2007, she founded Partanéa, a merchant bank transferred in late 2008 to the Oddo et Cie group, of which she became an Executive Committee member; she is also managing partner and Chairman of Oddo Corporate Finance.

List of activities and other responsibilities in 2012:

Main activity:
- Managing partner and Chairman: Oddo Corporate Finance (Merchant bank - France).

Other responsibilities:
- Manager: Intermezzo (France).
- Director: Fondation Renault, Fromagerie Bel* from May 10, 2012 (France).
- Member of the Supervisory Board: Institut Aspen France (France).
- Member of the Executive Committee: Oddo & Cie (France).
- Chairman: Le Cercle des Partenaires des Bouffes du Nord (France).

List of activities and other responsibilities that have expired during the past five years:

- Chairman: Partanea SAS (France).

Xavier LE CLEF

Director

Born on August 4, 1976
Work address: Compagnie Nationale à Portefeuille - 12, rue de la Blanche Borne - 6280 Loverval (Belgium)

A graduate of the Brussels School of Economics and Management (Belgium) and holder of a MBA from the Business School Vlerick Leuven in Gent (Belgium), Xavier Le Clef began his career in 2000 as an Associate of the international consulting firm in Strategy, Technology and Innovation, Arthur D. Little, where he held various positions in Belgium, France and Germany until 2006. At that date, he joined Compagnie Nationale à Portefeuille (CNP) where he is currently the Chief Financial Officer.

List of activities and other responsibilities in 2012:

Main activities:
- Financial Director: Compagnie Nationale à Portefeuille (Holding company – Belgium).

Other responsibilities:
- Director: Andes Invest, Belgian Icecream Group "BIG", BSS Investments, Carsport, Compagnie Immobilière de Roumont, Distripar, Distriplus, Europar, Fidentia Real Estate Investments, GB-INNO-BM, GIB Corporate Services, Groupe Jean Dupuis, Investor, Nanocyl, Starco Tielen, Soneco, Transcor Astra Group, Trasys Group (Belgium); Financière Flo, Groupe Flo*, Tikehau Capital Advisors, Unifem (France); Finer, Kermadec, Swilux (Luxembourg).
- Commissaris: Agesca Nederland (Netherlands).
- Director: Pargesa Asset Management, Parjointco (Netherlands).
- Permanent representative of Investor (Belgium) on the Board of Directors of: Carpar, Fibelpar, Newcor (Belgium).
- Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: Belgian Sky Shops, Transcor Astra Group (Belgium).
- Member of the Investment Committee: Tikehau Capital Partners (France).

List of activities and other responsibilities that expired during the last five years:

- Director: Carpar, Fibelpar, Goinvest, Iris Group, Newcor, Newtrans Trading (Belgium); Lyparis (France).

* *Listed company.*

Jocelyn LEFEBVRE

Director

Born on December 22, 1957
Work address: Power Corporation du Canada - 751, Square Victoria - Montréal (Québec) - Canada H2Y 2J3

A business administration graduate of Hautes Études Commerciales (HEC) Montréal (Canada) and a member of the Quebec order of chartered accountants, Jocelyn Lefebvre began his career in 1980 at Arthur Andersen & Co. in Montreal and then in Brussels. In 1986, he joined Société Générale de Financement du Québec and the Canadian industrial group M.I.L. Inc., where he was successively Assistant Chairman, Vice-Chairman for administration and special projects then for corporate affairs while holding the position of Chairman of one of its main subsidiaries (Vickers Inc.) until 1991. In 1992, Jocelyn Lefebvre joined the Power Corporation du Canada group, where he has held various positions in Europe.

List of activities and other responsibilities in 2012:

MAIN ACTIVITIES:
- Director: Power Corporation du Canada* (Holding company – Canada).
- Chairman: Sagard S.A.S. (Private equity company - France).

OTHER RESPONSIBILITIES:
- Member of the Managing Board: Parjointco N.V., Power Financial Europe B.V. (Netherlands).

List of activities and other responsibilities that have expired during the past five years:

- Director: Suez-Tractebel S.A. (Belgium).

Arielle MALARD de ROTHSCHILD

Director

Born of April 20, 1963
Work address: Rothschild & Cie – 23, bis avenue de Messine – 75008 Paris (France)

A doctor of Economics from the Institut d'Études Politiques of Paris, with a postgraduate degree in Currency, Banking & Finance from the Assas University (Paris), Arielle Malard de Rothschild began her career in 1989 at Lazard bank where she spent 10 years, first in the Advice to Foreign Governments Department. Arielle Malard de Rothschild joined Rothschild & Cie banque in 1999 where she set up and developed the Emerging Markets Department in Paris. She is currently, since March 2006, Managing Director and Vice-President for Eastern Europe at Rothschild & Cie Banque. Personal interests have also led her to take part in humanitarian work: in 1997, she was appointed Director of the Care France NGO and Chairwoman in 2007; she is also a Director of CARE International (USA), the Rothschild Foundation and the Traditions for Tomorrow association.

List of activities and other responsibilities in 2012:

MAIN ACTIVITY:
- Managing Director: Rothschild & Cie (Merchant bank – France).

OTHER RESPONSIBILITIES:
- Director: Groupe Lucien Barrière (France).
- Vice-Chairman: CARE International (Switzerland).
- Chairwoman: Care France.

List of activities and other responsibilities that have expired during the past five years:

- None.

* *Listed company.*

Jean MONVILLE

Director

Born on November 7, 1944
Work address: SPIE SA - Parc Saint Christophe - 95863 Cergy-Pontoise Cedex (France)

A graduate of École Polytechnique, Paris and holder of an Economic Science degree, Jean Monville began his career in 1969 at the Financial Department of Société Générale, in charge of the building and public works sector and concession projects. In 1974, he joined Isochem, a company specializing in chemistry and chemical engineering. In 1978, he joined the Spie Batignolles group as Vice-President of export finance. From 1984 to 1992, he was deputy CEO then CEO of Spie Capag, a subsidiary specializing in oil projects. In 1992, he became Vice-President of marketing for the Spie Batignolles group, before being appointed Director and CEO in 1995. From 1997 to the end of 2009, Jean Monville was Chairman of the Spie Batignolles group, which became AMEC Spie then, in 2006, Spie SA. Since that time, he has been Honorary Chairman of Spie.

List of activities and other responsibilities in 2012:

RESPONSIBILITIES:
- Honorary Chairman: Spie SA* (Electric engineering group – France).
- Director: Fondation Royaumont, Spie International (France); Spie UK (United Kingdom).
- Chairman: ANVIE, MEDEF Committee “Déontologie internationale et principes directeurs” (France).

List of activities and other responsibilities that have expired during the past five years:

- Chairman of the Board of Directors: Financière Spie, Spie 4, Spie SA (France).
- Manager: Spie Management (France).
- Permanent representative of Spie Management: Chairman of Euro Spie, Spie 12, Spie CDF, Spie OPS (France).
- Director: SBTB, Spie Rail (France).
- Member of the Supervisory Board: La Financière Atalian (France).
- Vice-Chairman: Fédération Nationale des Travaux Publics (FNTP), Groupement des Industries de l’équipement électrique, du contrôle commande et des services associés (GIMELEC) (France).

Robert PEUGEOT

Director

Born on April 25, 1950
Work address: FFP - 75, avenue de la Grande Armée - 75116 Paris (France)

A graduate of École Centrale de Paris engineering school and holder of an MBA from INSEAD, Fontainebleau (France), Robert Peugeot began his career in 1975 with Peugeot, where he held several positions both in France and abroad. In 1985 he joined Citroën becoming Vice-President of Quality and Organization from 1993 to 1998, when he was appointed Vice-President of Innovation & Quality of PSA Peugeot Citroën and Member of the Executive Committee. In February 2007, he was appointed Member of the Supervisory Board of Peugeot S.A. and of the Audit Committee as well as Member of the Strategic Committee of PSA Peugeot Citroën group that he has chaired since 2009. He has also been Chairman & Chief Executive Officer of FFP since 1992.

List of activities and other responsibilities in 2012:

MAIN ACTIVITY:
- Chairman and Chief Executive Officer: FFP* (Portfolio management company – France).

OTHER RESPONSIBILITIES:
- Member of the Supervisory Board: Hermès International*, Peugeot S.A.* (France); IDI Emerging Markets SA (Luxembourg).
- Director: Sofina SA* (Belgium); E.P.F. (Établissements Peugeot Frères), Faurecia*, Holding Reinier, Sanef (France); DKSH Holding AG (Switzerland).
- Manager: CHP Gestion, SC Rodom (France).
- Permanent representative of FFP: Chairman of FFP Invest, Member of the Supervisory Board of Zodiac Aérospace* (France).
- Permanent representative of FFP Invest: Chairman of Financière Guiraud SAS (France).
- Chairman of the Strategic Committee and Member of the Audit Committee: PSA Peugeot Citroën group.

List of activities and other responsibilities that have expired during the past five years:

- Chairman and Chief Executive Officer: Simante, SL (Spain).
- Director: Alpine Holding (Austria); Immeubles et Participations de l’Est, L.F.P.F. (La Française de Participations Financières) (France); B-1998, SL, FCC Construccion, S.A., Fomento de Construcciones y Contratas, S.A. (Spain); Waste Recycling Group Limited (United Kingdom).

* *Listed company.*

Olivier PIROTTE

Director

Born on September 18, 1966
Work address: Groupe Bruxelles Lambert – 24, Avenue Marnix - 1000 Bruxelles (Belgium)

An engineering graduate of École de Commerce Solvay of the Université Libre de Bruxelles, Olivier Pirotte began his career in 1989 at Arthur Andersen, where he held management positions for both the Business Consulting and Audit divisions. In 1995, he joined Groupe Bruxelles Lambert where he was, until the end of 2011, Manager of Equity Interests and Investments. Since January 1, 2012, he has been Chief Financial Officer of Groupe Bruxelles Lambert.

List of activities and other responsibilities in 2012:

Main activity:
- Chief Financial Officer: Groupe Bruxelles Lambert* (Holding company – Belgium).

Other responsibilities:
- Director and Member of the Strategic Committee and Audit Committee: Suez Environnement Company* (France).
- Director: Brussels Securities S.A., Ergon Capital Partners III S.A., GBL Treasury Center S.A., Pension funds of Groupe Bruxelles Lambert (OFP), Sagerpar S.A. (Belgium); PGB (France); GBL Investments Limited (Ireland); GBL Verwaltung S.A. (Luxembourg); Belgian Securities B.V., GBL Overseas Finance N.V. (Netherlands).
- Manager: GBL Energy S.à.r.l., GBL R S.à.r.l., Immobilère de Namur S.à.r.L. (Luxembourg).
- Member of the Investments Committee: Sagard Equity Partners (France).

List of activities and other responsibilities that have expired during the past five years:

- Director: Ergon Capital Partners, SN Airholding (Belgium).

Amaury de SEZE

Director

Born on May 7, 1946
Work address: Groupe Bruxelles Lambert – 24, Avenue Marnix - 1000 Bruxelles (Belgium)

A graduate of Stanford Graduate School of Business (USA), Amaury de Seze began his career in 1968 at Bull General Electric. In 1978, he joined the Volvo group where he held various positions before becoming the Chairman & CEO of Volvo France in 1986, then Chairman of Volvo Europe and a member of the Group's Executive Committee in 1990. In 1993, he joined the Paribas group as a member of the Managing Board of Compagnie Financière de Paribas and Banque Paribas in charge of holdings and industrial affairs. From 2002 to October 2007, he was Chairman of PAI Partners. In March 2008, he was appointed Vice-Chairman of Power Corporation du Canada, in charge of European investments, until May 2010, when he became Vice-President of the Board of Directors of Corporation Financière Power and then Vice-Chairman.

List of activities and other responsibilities in 2012:

Main activity:
- Vice-Chairman: Corporation Financière Power* (Holding company - Canada).

Other responsibilities:
- Lead Director: Carrefour S.A.* (France).
- Chairman of the Supervisory Board: PAI Partners (France).
- Member of the Supervisory Board: Publicis Groupe SA* (France).
- Director: BW Group, Erbe SA, Groupe Bruxelles Lambert* (Belgium); Suez Environnement Company*, Thales* (France); Pargesa Holding SA* (Switzerland).

List of activities and other responsibilities that have expired during the past five years:

- Chairman of the Board of Directors: Carrefour S.A.* (France).
- Vice-Chairman: Power Corporation du Canada* (Canada).
- Director: Corporation Financière Power*, Power Corporation du Canada* (Canada); Groupe Industriel Marcel Dassault S.A.S. (France).
- Member of the Supervisory Board: Gras Savoye SCA (France).

* *Listed company.*

Pierre-Jean SIVIGNON

Director

Born on December 21, 1956
Work address: Carrefour – 33, avenue Emile Zola – 92100 Boulogne Billancourt (France)

A graduate of the École Supérieure des Sciences Economiques (ESSEC) Paris, Pierre-Jean Sivignon began his career in 1979 with the firm Peat Marwick Mitchell. In 1982, he joined the Schlumberger group, where he held various positions in the Financial Department of the Dowell Schlumberger Oilfield Services division (in Europe and Africa), then became General Manager of the Bank and Industry division (in Paris) and, finally, Group Treasurer in Paris and New York. From 2001 to 2005, he was Chief Financial Officer of Faurecia. Pierre-Jean Sivignon joined the Philips group on May 1, 2005, where he held the positions of Chief Financial Officer and member of the Executive Committee until March 2011. Since September 1, 2011, he has been Chief Financial Officer of the group Carrefour and member of the Executive Committee.

List of activities and other responsibilities in 2012:

Main activity:
- Chief Financial Officer: Carrefour SA* (Food retailing group – France).

Other responsibilities:
- Chairman: Carrefour Property France SAS (France).

List of activities and other responsibilities that have expired during the past five years:

- Chief Financial Officer and member of the Executive Committee: Royal Philips Electronics* (Netherlands).

Jacques VEYRAT

Director

Born on November 4, 1962
Work address: Impala SAS - 7, rue Képler - 75116 Paris (France)

A graduate of École Polytechnique and École des Ponts et Chaussées, Paris engineering schools, Jacques Veyrat began his career at the French Treasury Department and then in ministerial office. In 1995, he joined the Louis Dreyfus group, where he held several management positions, particularly with Louis Dreyfus Armateurs. From 1998 to 2008, Jacques Veyrat was Chairman & Chief Executive Officer of Louis Dreyfus Communications which became Neuf Cegetel. In April 2008, he took over the management of Louis Dreyfus group, until July 2011, when he created Impala SAS, operating in particular on the energy market.

List of activities and other responsibilities in 2012:

Main activity:
- Chairman: Impala SAS (Energy production and trading group – France).

Other responsibilities:
- Chairman: Impala Holding SAS (France).
- Director: Direct Energie, HSBC France, ID Logistics Group, Neoen, Poweo (France).
- Member of the Supervisory Board: Eurazeo* (France).

List of activities and other responsibilities that have expired during the past five years:

- Chairman and Chief Executive Officer: Neuf Cegetel* (France).
- Chairman: Louis Dreyfus SAS (France); Kurosawa BV (Netherlands).

OTHER INFORMATION

Management expertise and experience of the members of the Board of Directors

The criteria used to select Directors include their management expertise and experience. The members of the Audit Committee are also chosen for their special expertise in financial matters. The Appointments and Compensation Committee pays particular attention, together with the Board of Directors, to assessing these criteria.

The activities and responsibilities of the Directors *(see their respective biographies above)* attest to their individual expertise and experience in different areas such as finance, industry or services, which contributes to the quality of the Board's work and to its correctly balanced composition.

Family ties between the members of the Board of Directors

To the best of the Company's knowledge, there are no family ties between the members of the Board of Directors.

Potential conflicts of interest between members of the Board of Directors

To the best of the Company's knowledge, no potential conflicts of interest exist between the duties of the Directors with respect to the Company and their private interests and/or other duties.

* *Listed company.*

It is specified that some Directors of the Company also have executive responsibilities with the Company's controlling shareholders; this is the case for Messrs. Jacques Drijard, Ian Gallienne, Xavier Le Clef, Jocelyn Lefebvre, Olivier Pirotte and Amaury de Seze *(see their respective biographies above)*.

No Director has been selected pursuant to any arrangement or agreement entered into with the main shareholders, customers, suppliers or other parties.

Service contracts between the Company and its Directors

To the best of the Company's knowledge, there is no service contract entered into by the Directors and the Company or any of its subsidiaries providing for the granting of advantages upon expiry of such a contract.

No sentence for fraud

To the best of the Company's knowledge, no sentence for fraud has been pronounced against any member of the Board of Directors during the past five years.

Bankruptcy, sequestration or liquidation of companies in which a Director has been involved as executive during the past five years

To the best of the Company's knowledge, no Directors have been involved as executives in the bankruptcy, receivership or liquidation of any company in the past five years.

Incrimination of and/or public sanction of the law against a Director by statutory or regulatory authorities during the past five years

To the best of the Company's knowledge, no official incrimination and/or public sanction of the law has been pronounced against any member of the Board of Directors in the past five years.

3.1.4 FUNCTIONING

Meetings

The Board of Directors meets as often as the interests of the Group require and at least three times a year. It is convened by its Chairman, or its Secretary, by any written means.

2012	
Number of meetings	5
Average actual attendance rate of members	92%
2013	
Expected number of meetings	5

The provisional schedule of Board of Directors' Meetings for the year to come is set, at the latest, in the last meeting of each year. Since 2011, a first indication is given at this occasion to the Board of the topics to be discussed during the coming year by the Board and its Committees. The Chairman of the Board of Directors usually sets the agenda of each Board Meeting after gathering the suggestions of the Chief Executive Officer and the Vice-President(s), if any, as well as the opinion of the Secretary of the Board. He runs meetings, facilitates debates and reports on meetings in accordance with the law, the by-laws of the Company and the Corporate Governance principles and practices that the Board has itself adopted, as set out in the following paragraph.

Notices of meetings are sent to every Director with the draft minutes of the previous meeting, drawn up by the Secretary and approved by the Chairman of the Board, and all information and documents concerning the points on the agenda that are necessary for members' effective participation in debates. Such information and documents may also include, as the case may be, the Group's quarterly, semi-annual or annual (provisional or definitive) financial statements and the presentation of the various business groups' markets or any other specific items to be raised.

The work carried out by each of the specialized Committees since the previous meetings is regularly presented in a report to the Board by its Chairman or, in his or her absence, another member of the Committee in question.

Certain additional documents may also be handed to the Directors in meetings: for example, draft press releases on the Group's regular financial statements or information on the Company's share price trends.

In order to allow them to carry out their duties in appropriate conditions, the Chairman and, on his request, the members of the Executive Committee also send the Directors the following between Board meetings: any important information published, including critical items, concerning the Group (particularly in the form of press articles and financial analysis reports) and, if sufficiently important or urgent, any other relevant information on the Group's situation, projects, and economic or market environment.

The Lead Director

Since 2011, the Chairman and Chief Executive Officer is assisted in organizing the work of the Board and its Committees by a Vice-Chairman acting as a Lead Director. The latter is also responsible for ensuring the proper functioning of the Company's Governance bodies; chairing the Board meetings in the absence of the Chairman; coordinating the Company's relations with its controlling shareholders and their representatives, handling situations that may present a potential conflict of interest for a Director and, more generally, making sure that the Corporate Governance best practices are applied. The Vice-Chairman, acting as Lead Director, chairs the Strategic Committee and the Appointments and Compensation Committee.

The Secretary

The Secretary of the Board is the Group General Counsel. His appointment and dismissal, as the case may be, are within the sole competence of the Board. All the members of the Board may consult the General Counsel and benefit from his services. He assists the Chairman and the Board and makes any useful recommendations on the procedures and rules that apply to the functioning of the Board, and on their implementation and compliance. The Secretary is empowered to certify copies or extracts of minutes of Board meetings.

As of 2011, the Secretary also acts as Ethics Representative, tasked with giving a prior opinion on any transactions in the Company's securities considered by senior executives, at their request.

3.1.5 IMPLEMENTATION OF BEST CORPORATE GOVERNANCE PRACTICES

Internal Charter of the Board of Directors

In the context of compliance with best Corporate Governance practices, the Board has adopted an Internal Charter that contains all the principles for its members' conduct and the functioning of the Board and its specialized Committees. The Charter, of which the first version was adopted in 2002, is regularly updated in order to incorporate: legal and regulatory developments that apply to the Company; recommendations on Corporate Governance by the AMF as well as by trade and associations bodies that represent French listed companies (AFEP, MEDEF, ANSA, etc.); and, finally, the amendments made by the Board following the annual assessments of its own functioning, carried out to comply with best practices.

Each Director of the Company is given a copy of the "Directors' Vade-Mecum", a collection of the main texts and provisions governing their duties and obligations, including the Company's by-laws, the Internal Charter of the Board of Directors, the Procedure for the prevention of use or disclosure of insider information within the Group and other useful documents and forms enabling the Directors to comply with their obligations.

The latest version of the Internal Charter was adopted by the Board of Directors at its meeting of July 28, 2011; it is available on the Company's website *www.imerys.com*, in the section "Our Group/ Corporate Governance".

Preventing conflicts of interest

Pursuant to the recommendations of the AFEP-MEDEF Code, the Board's Internal Charter provides in particular that:

- "the Director shall inform the Chairman of the Board of any situation likely to create a conflict of interest, even a potential one, for him or her. For that purpose, he or she shall inform the Chairman, of any Group operations that directly or directly concern him or her and of which he or she has knowledge, before they are completed. He or she shall abstain from voting in any Board deliberation where that situation arises, or even in the discussion prior to the vote; the minutes of the meeting mention this abstention. The Shareholders' General Meeting is informed of any such operations in accordance with the law;
- a Director may not use his or her position or functions to obtain for him or herself or for a third party any benefit, whether or not monetary;
- a Director may not take on any responsibilities on a personal basis in any business or concern in direct or indirect competition with the businesses or concerns of the Imerys group without informing the Chairman beforehand."

Self-assessment by the Board of Directors

In accordance with the Internal Charter, "every year the Board of Directors reviews and appraises its working methods and activity during the previous financial year. The findings of that examination are intended to appear in the Board's report in the Group's Registration Document. In addition, at intervals determined by its Chairman, the Board of Directors conducts a formal self-assessment using a questionnaire sent to the Directors beforehand".

In order to comply with best practices, at the beginning of 2013, the Board of Directors formally assessed its functioning and that of its Committees with respect to 2012. Accordingly, each of its members was given an individual questionnaire on the role and performance of the Board and its Committees, their composition and functioning, the organization and holding of their meetings and, finally, the information provided to Directors. This questionnaire was revised on that occasion, with new questions added to take into account developments in best practices, particularly those recommended by AFEP. As needed, individual meetings with the Secretary of the Board were proposed to the Directors who so wished, particularly independent Directors, in order to discuss the points raised in the questionnaire more freely and so enhance their answers. The conclusions of the assessment were presented and discussed at the Board of Directors' Meeting on February 13, 2013.

Generally speaking, the workings of the Board and its Committees were judged quite satisfactory by their members. The Directors particularly appreciated the quality of the information provided at each of their meetings and the quality and efficiency of debates among the members. The Directors were satisfied to note that the main recommendations arising from the Board's self-assessment in February 2012, intended to improve its workings and performance and those of its Committees, had been applied, in particular:

- the appointment of a third female Director, Marion Guillou, increasing the proportion of women on the Board to more than 17%;
- the organization of tours of industrial sites, allowing interested Directors to increase their knowledge of the Group and its businesses and people; in 2012, the main tour was of Treibacher's facilities in Austria;
- progress made by the Group in presenting Safety data, which is now examined by the Board at each meeting.

In order to further improve its efficiency and that of its Committees, the Board also saw fit to retain and implement in the future the following suggestions made by its members at the time of that assessment:

- gradually make the Board's composition more diverse with a higher percentage of members of foreign culture or nationality;
- reduce the number of Directors to improve further the quality of the Board's debates;
- continue to propose industrial site tours.

Finally, the Board judged that the terms of its Charter, including in particular the recommendations of the AFEP-MEDEF Corporate Governance Code, still complied with the best Corporate Governance practices of French listed companies. However, given certain adjustments needed to reflect the decisions that the Board had just taken and the changes to by-laws approved at the last General meeting, it was decided that an updated version would be drawn up and given to each of the Company's Directors.

SPECIALIZED COMMITTEES

On May 3, 2005, the date on which the Company's management structure was changed to a Board of Directors, the Board confirmed the usefulness of the three specialized Committees previously formed by the Supervisory Board. These Committees carry out their activities under the responsibility of the Board which defines their missions, composition and compensation.

The members of the specialized Committees are chosen from among the members of the Board. The Chairman and Chief Executive Officer and, as the case may be, any Delegate Chief Executive Officers, that are also Directors of the Company, may not be members of any of the Committees. The term of the duties of Committee members is the same as their term of office as Director.

The specialized Committees only have an advisory role and do not have any power of decision.

Each Committee determines the internal rules that apply to the performance of its work.

The Committees' meetings give rise to minutes. These are provided to the members of the Committee concerned and, on request to the Chairman of the Committee, to the other members of the Board of Directors. The Chairman of the Committee concerned, or a member of the Committee appointed for that purpose, reports to the Board of Directors on the work of the Committee.

Furthermore, each of the Committees reviews its activity and assesses its composition and its functioning during the previous year; the results of such reviews and assessments are intended to appear in the Group's Registration Document.

STRATEGIC COMMITTEE

(created on June 17, 1993 with the name Standing Committee)

Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The mission of the Strategic Committee is, in particular, to examine and provide the Board of Directors with its opinions and recommendations in the following areas:

1. Strategy

- Drafting and setting orientations for the Group's industrial, commercial and financial strategy;
- ensuring that the strategy implemented by the Executive Management complies with the orientations set by the Board of Directors.

For that purpose, it examines in depth and, as the case may be, makes recommendations to the Board on:

- the Group budget drawn up by Executive Management;
- the operations likely to significantly modify the purpose or scope of business of the Company or the Group, including:
  - the acquisition, investment, takeover or disposal of securities or any other fixed assets (and any economically comparable operation, in particular by way of contribution or exchange) for an amount greater than €20 million per operation, or its equivalent in any other currency,
  - the significant commercial or industrial agreements that would bind the long-term future of the Company or the Group,
  - any financing operations the amount of which are likely to significantly modify the financial structure of the Group.

Every year, the Committee presents to the Board its expected schedule for the examination of major strategic issues for the future of the Group for the current year.

2. Risks

- Questions relating to the identification, measurement and monitoring by the Executive Management of the main possible risks for the Group in the following areas:
  - external environment: investor relations, the Group's market positions,
  - internal processes: management of financial resources, human resources potential, new product development, potential of mineral reserves and resources, dependence and continuity of key industrial or commercial activities, pricing policy,
  - management information: financial control and reporting, control of the completion of the investment projects that had been previously examined by the Strategic Committee."

Composition

The Strategic Committee is made up of the following nine members appointed by the Board, including the Vice-Chairman of the Board of Directors who chairs the Committee:

Name	Date of 1st appointment to the Committee	Independent member status
Aimery LANGLOIS-MEURINNE, Chairman	June 17, 1993	No
Jacques DRIJARD, Vice-Chairman	March 26, 1998	No
Gérard BUFFIERE	April 28, 2011	No
Aldo CARDOSO	May 2, 2007	Yes
Ian GALLIENNE	April 29, 2010	No
Jocelyn LEFEBVRE	March 27, 1996	No
Jean MONVILLE	February 12, 2009	Yes
Olivier PIROTTE	April 29, 2010	No
Amaury de SEZE	July 30, 2008	No
Number of members: 9		**2**

Functioning

The Committee debates with the majority of its members present and meets as often as its Chairman sees fit or at the request of the Chairman and Chief Executive Officer. In principle, it dedicates one meeting per year to the Group's strategy and market environment, to which it may invite all the Directors.

2012	
Number of meetings	9
Average actual attendance rate of members	88%
2013	
Expected number of meetings	7

To carry out its mission, the Committee hears the Chairman and Chief Executive Officer, the Delegate Chief Executive Officers if any, the Chief Financial Officer, the Strategy & Development Manager and, on the initiative of the Chairman and Chief Executive Officer or at the Committee's request to the Chief Executive Officer, depending on the items on the agenda for the Committee Meeting, the relevant Corporate Department or line managers. The Committee may also make visits or hear any of the Group's line managers, as it judges useful for the performance of its mission.

The Secretary of the Committee is the Group's Strategy & Development Manager, who drafts the minutes of its meetings.

Activity in 2012

Throughout the year, the Strategic Committee monitored the management and development actions carried out by the Group's Executive Management, while making sure they came under Imerys' strategy as set out by the Board of Directors.

In that respect, the Committee regularly examined the evolution of Imerys' business and the main markets on which it operates and studied in detail Imerys' monthly and quarterly consolidated financial statements and how they reflected the actions taken by Executive Management. At its last meeting of the year, the Strategic Committee also reviewed the Group's estimated 2012 results and the 2013 budget.

Furthermore, the Strategic Committee examined human resources policy and the situation of the Group's mining resources and reserves.

In addition, the Committee continued the analysis it had begun in the previous financial year of the individual strategic development plans for each of the Group's divisions.

The Strategic Committee also periodically examined and approved the key stages and main aspects of the most significant external growth or divestment projects. In 2012 the examination concerned:

- the acquisition in Brazil of Itatex, a company that designs and markets kaolin and clay-based specialties for paint, polymer and rubber; this operation was completed on May 24, 2012;
- the acquisition in Brazil from the Vale group of a company operating a refractory bauxite deposit in Pará State. This mineral is essential for certain refractory and abrasive applications; the operation was completed on October 30, 2012;
- the acquisition of Goonvean's kaolin activities in Cornwall, UK, which bolsters the Group's growth potential in specialty products, mainly for the performance minerals and ceramics markets; this operation was completed on October 31, 2012;
- the project to divest the Structure activity of the Group's Building Materials division, for which a binding acquisition offer was made by Bouyer Leroux group.

Furthermore, as usual the Strategic Committee worked to analyze the Group's financial structure and ensure that it is sound.

APPOINTMENTS AND COMPENSATION COMMITTEE

(created on November 3, 1987 with the name Special Options Committee)

Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The Appointments and Compensation Committee's mission is to examine and provide the Board of Directors with its opinions and any recommendations in the following areas:

1. Appointments

- the selection of candidates for Director positions;
- the appointment proposals of the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chairman and the Chief Executive Officer and, as the case may be, Delegate Chief Executive Officers, Committee Chairmen and members. For that purpose, the Appointments and Compensation Committee must take all the following items into account: desirable balance of the Board's composition with regard to the make-up and evolution of the Company's shareholding, continuation of the feminization of the Board, finding and appraising possible candidates, and the suitability of renewing terms of office;
- the presentation of a succession plan for Executive Management in the event of unforeseeable vacancies;
- the independent status of each of its members according to the definition of "independence" adopted by the Board of Directors, and any changes (or explanation of criteria) to be made to that definition.

2. Compensation

- the amount and allotment of attendance fees (fixed and variable parts) for the Directors;
- the general compensation policy for the Group's executives;
- the individual compensation of the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chief Executive Officer and, as the case may be, Delegate Chief Executive Officers and their ancillary income (such as pension and healthcare plans or fringe benefits), as well as on any other provisions relating to their status and/or employment contract;
- the general policy for granting stock options or free shares of the Company and fixing the beneficiaries of the options or free share plans proposed by the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chief Executive Officer;
- the fixing of individual stock options or free share allotments for the Executive Corporate Officers as well as the specific terms and restrictions applicable thereto (achievement of economic performance goals, limitation of numbers of rights allotted, holding and keeping rules of Imerys shares, etc.) in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code;
- the Group's employee shareholder policy and the terms of its implementation as proposed by the by the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chief Executive Officer."

Composition

The Appointments and Compensation Committee is composed of the following five members appointed by the Board, including the Vice-Chairman of the Board of Directors who chairs the Committee:

Name	Date of 1st appointment to the Committee	Independent member status
Aimery LANGLOIS-MEURINNE, Chairman	November 3, 1987	No
Ian GALLIENNE	April 26, 2012	No
Arielle MALARD DE ROTHSCHILD	April 26, 2012	Yes
Robert PEUGEOT	May 3, 2005	Yes
Jacques VEYRAT	February 14, 2007	Yes
Number of Members: 5		**3**

This Committee is predominantly comprised of independent members and therefore complies with the proportion recommended by the AFEP-MEDEF Corporate Governance Code.

Functioning

The Committee debates with at least two of its members present and meets as often as its Chairman sees fit or on the request of the Chairman and Chief Executive Officer or, in case of separation of functions, the Chief Executive Officer.

2012	
Number of meetings	3
Average actual attendance rate of members	100%
2013	
Expected number of meetings	3

To carry out its mission, the Committee hears the Chairman and Chief Executive Officer or, in case of a separation of functions, the Chief Executive Officer, and the Group Vice-President of Human Resources; it also has recourse to independent experts.

The Secretary of the Committee is the Group Vice-President of Human Resources, who draws up the minutes of its meetings.

Activity in 2012

The Appointments and Compensation Committee was first consulted in its first two meetings on the composition of the Board of Directors and its Committees, particularly with respect to the Directors' terms of office that expire following the next Shareholders' General Meeting and proposed applications. The Committee also examined the situation of each of the members of the Board in relation to the definition of "independence" adopted by the Board at its May 3, 2005 meeting. It checked that two thirds of the members of the Audit Committee and the majority of the members of the Appointments and Compensation Committee were independent, in accordance with the AFEP-MEDEF Corporate Governance Code.

On the same occasion, the Committee confirmed to the Board that it recommended maintaining the merger of the duties of Chairman of the Board and Chief Executive Officer and to reappoint Gilles Michel to perform them.

The Appointments and Compensation Committee also assessed at the beginning of the year the 2011 performance of Gilles Michel. In that respect, it reviewed the amount of the variable part of his compensation owed with respect to 2011 and payable in 2012, according to the goals, particularly financial ones, that he had been given. It also made recommendations on the setting of the Chairman & Chief Executive Officer's financial and specific objectives for the determination of the variable part of his compensation for 2012 *(see paragraph 3.3.2 of this chapter)*.

The Committee also recommended adjustments to Imerys' supplementary pension schemes (particularly the defined benefits scheme), in order to complete their alignment on market practices.

Furthermore, the Appointments and Compensation Committee examined the details of the individual long-term retention program for the Chairman and Chief Executive Officer and the main characteristics of the 2012 general program that is applicable to the Group's other key top managers *(see sections 3.4 and 3.5 of this chapter)*. On that occasion it also measured the achievement of the performance conditions for the grant of free shares or, as the case may be, share subscription options with respect to previous plans; it was therefore able to submit its recommendations to the Board on all of these points.

The Committee thoroughly examined the recommendations of the AFEP-MEDEF Corporate Governance Code as regards compensation of corporate officers, to which the Company declared its intention to refer on December 18, 2008. It was thus able to observe that Imerys complied with those recommendations almost in full. Moreover, it gave its opinion to the Board as to the restrictive holding and keeping rules of Imerys shares by the Executive Corporate Officers with respect to the grant of stock options and performance shares *(see section 3.6 of this chapter)*.

Finally, the Appointments and Compensation Committee reviewed the Group's major human resources issues, particularly as regards organizational development and changes in compensation practices.

AUDIT COMMITTEE

(created on March 27, 1996)

Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The Audit Committee's mission is to examine and give the Board of Directors its opinion and any recommendations on the following:

1. Financial Statements

- the Company and consolidated annual financial statements to be drawn up by the Board of Directors, together with a note from the Group's Chief Financial Officer, and the estimated and definitive half-yearly consolidated financial statements;
- the scope of consolidation;
- the relevance and consistency of accounting methods, by verifying, in particular, the reliability of internal information-gathering and information-control procedures, with the aim of ensuring that financial statements are fairly presented and that they give an accurate image of the financial situation of the Company and the Group;
- the method and estimates used for the impairment tests carried out by the Group;
- the Group's debt position, including the structure as well as interest and currency rate hedging policy and its outcome;
- significant off-balance sheet disputes and commitments, and their impact on the Group's accounts;
- the production and dissemination process for accounting and financial information, ensuring that it complies with legal requirements, regulatory authorities' recommendations and internal procedures.

2. Financial information

- the policy and applicable procedures for financial information intended to ensure the Group's compliance with its regulatory obligations;
- the main financial communication items relating to the Group and Company financial statements, in particular:
  - concordance between the financial statements and reports on them in financial communications,
  - relevance of items used in this communication.

3. External control

- the proposals to appoint or renew the Statutory Auditors. The Committee examines and approves the contents of the requirements, the schedule and the organization for the invitation to bid, with a view to the appointment and, as the case may be, renewal of the Statutory Auditors, and checks that the invitation to bid proceeds correctly;
- the Statutory Auditors' work program and any additional assignments that they or other members of their network may be given, as well as the amount of the corresponding compensation;
- the supervision of the rules regarding the use of Statutory Auditors for work other than auditing the financial statements and, more generally, compliance with the principles guaranteeing the independence of the Statutory Auditors;
- the conclusions of diligence work by Statutory Auditors as well as their recommendations and follow-up actions.

4. Audit & Internal control

- the annual internal audit and internal control assessment programs and the resources for their implementation;
- the results of the work of the internal and external Auditors and internal control function, the monitoring of any recommendations they make, particularly in regard to the analysis and the development of the mapping of the Group's main risks, their control and that of significant off-balance sheet commitments, as well as the organization of the internal audit teams;
- the drafting and content of the Annual Report of the Chairman of the Board of Directors on the Group's internal control.

5. Risks

- the identification, measurement and monitoring by the Executive Management of the possible major risks for the Group in the following areas:
  - external environment: legal or regulatory developments, crisis management or occurrence of disasters,
  - internal processes: legal monitoring of major litigation and compliance with existing regulations (particularly Environment, Health & Safety and Sustainable Development), codes of conduct and ethics;
- the orientations and implementation by the Executive Management of the Group's general policy for Sustainable Development, Internal Control and risk prevention (organization, policies and procedures, systems, etc.) and insurance;
- the work programs and results of internal experts (e.g. auditors, lawyers) and any external experts that may be called upon to analyze, audit or measure the risks and the Group's performance in the above-mentioned areas;
- any other subject likely to have a significant financial and accounting impact for the Company or the Group."

Composition

The Audit Committee is comprised of the following three members, non-executive Directors, who are chosen by the Board for their financial competence as described in their respective biographies *(see paragraph 3.1.3 of this chapter)*. Its Chairman must be an independent Director.

Name	Date of 1st appointment to the Committee	Independent member status
Aldo CARDOSO, Chairman	May 3, 2005	Yes
Jocelyn LEFEBVRE	March 27, 1996	No
Jean MONVILLE	May 2, 2007	Yes
Number of members: 3		**2**

Two thirds of the Audit Committee are independent members, as recommended by the AFEP-MEDEF Corporate Governance Code and by the AMF working group on the audit committee.

Functioning

The Committee debates with the majority of its members present and meets as often as its Chairman sees fit and, as far as possible, at least two days before the Board of Directors draws up the definitive annual and half-yearly consolidated financial statements. It may also meet at the request of two of its members or of the Chairman of the Board of Directors.

2012	
Number of meetings	5
Average actual attendance rate of members	87%
2013	
Expected number of meetings	5

To carry out its mission, the Audit Committee hears the Statutory Auditors, the Chairman and Chief Executive Officer and the Chief Financial Officer of the Group and, on their initiative or at the Committee's request to them according to the items on the agenda for the Committee's Meeting, the relevant line and support managers including in particular those who take part in drawing up and controlling the financial statements and in risk prevention or management (Finance & Strategy Department, Internal Audit & Control Department, Sustainable Development and Environment, Health & Safety Department, Legal Department).

The Committee has unrestricted access to all available information on the Group. It may also make visits and hear any of the Group's line or support managers as it may deem advisable or necessary for the performance of its duties. The Committee may also request that any internal or external audit be carried out on any subject that it judges within the scope of its mission. The Chairman of the Committee informs the Board of Directors of any such audit.

The Secretary of the Committee is the Group's Chief Financial Officer. He draws up the minutes of Committee meetings, which are kept available to the Statutory Auditors.

Activity in 2012

The Audit Committee conducted a review of the corporate and consolidated financial statements for 2011 and for first-half of 2012. It examined the changes in the accounting rules applied by the Group and their relevance to the changes in IFRS and the following of recommendations by the market regulator. It also approved the changes in the information given in the notes to the financial statements to address the uncertainties arising from the current economic environment.

The Committee also examined, at its last meeting of the year, the main check points of the 2012 financial statements closure. On that occasion, it also made sure, after hearing the Statutory Auditors, of the relevance and consistency of the accounting methods used by the Group. The Committee expressed its satisfaction with the quality and efficiency of the work carried out by the financial teams to close the financial statements and recommended that the Board approve the statements presented to it unreservedly.

The Audit Committee examined, at the end of each half-year, the Audit & Internal Control Department's report, comprised of reports on the audit assignments conducted and the results of the corrective action plans carried out in previous years; it also reviewed the work schedule for 2013. The Committee also studied the updated mapping of the main risks to which the Group is exposed. It was satisfied to note that all of the Group's main risks as shown by the mapping are regularly examined in depth by the Strategic Committee or the Audit Committee.

More specifically, during the year the Committee examined the accounting of the acquisition of the Talc activity and the divestments of assets, including PPSA's port in Brazil. Early in the year, for the purposes of closing the 2011 financial statements, it also reviewed the results of impairment tests for CGUs.

In 2012 the Committee also looked into the organization of the Information Systems Department and its achievements in 2011 and 2012, particularly in terms of the security and integration of new subsidiaries. On that occasion it also examined the objectives for 2013.

In addition, the Audit Committee reviewed to its satisfaction the organization and functioning of the Group's Management Control Department.

At the beginning of 2012 and as traditionally, the Committee reviewed the main lawsuits or risks of lawsuits facing the Group with respect to 2011 and any related provisions; it also reviewed the Group's insurance policy and the main coverage programs taken out or renewed for 2012. Finally, the Committee examined, before its adoption by the Board of Directors, the draft report of the Chairman of the Board on internal control for the 2011 financial year and, for that purpose, heard the Statutory Auditors.

The examinations and reviews carried out by the Committee in 2011 enabled it to inform the Board of its observations and recommendations; they did not reveal any major cause for concern.

3.2 EXECUTIVE MANAGEMENT

3.2.1 COMPOSITION

As of April 28, 2011, the Group's executive management is carried out exclusively by Gilles Michel, who was renewed in his office as Chairman & Chief Executive Officer by the Board of Directors at its meeting of April 26, 2012, after confirming the combination of the offices of Chairman of the Board of Directors and Chief Executive Officer.

Gilles Michel's term of office as Chief Executive Officer coincides with that of his Directorship, which will end following the Shareholders' General Meeting called in 2015 to rule on the 2014 financial statements.

The information relating to Gilles Michel as well as the offices he holds or has held in the past five years appear in *paragraph 3.1.3 of this chapter*.

3.2.2 POWERS

Pursuant to legal and statutory provisions, the Chief Executive Officer is vested with the most extensive powers to act on behalf of the Company under any circumstances. He exercises his powers within the limits of the corporate purpose and subject to the powers expressly vested in the Shareholders' General Meeting and the Board of Directors; he represents the Company with respect to third parties.

Pursuant to article 18 of the by-laws, the Board of Directors may limit his powers. However, this limitation is void against third parties.

Paragraph 3.1.1 of this chapter describes the internal functioning arrangements for the Board of Directors and, in particular, lists the operations that require the authorization of the Board of Directors prior to their implementation by Executive Management.

3.2.3 EXECUTIVE COMMITTEE

Gilles Michel decided, with the support of the Board of Directors, to continue to be assisted in carrying out his mission as Chief Executive Officer by an Executive Committee that comprises the Group's main line and support managers.

MISSION

The Executive Committee, under the responsibility of the Chairman and Chief Executive Officer, is mainly in charge of:

- implementing the Group's strategy and all the measures determined by the Board of Directors;
- drawing up and closing the Group's budget and, at the request of the Chairman and Chief Executive Officer, attending its presentation and, as needed, for each of its members, reporting on the performance of the measures taken under their scope of responsibility to the Board of Directors or its Specialized Committees;
- monitoring the operating activities of each business group and ensuring, by defining any necessary corrective measures, that they comply with their budgets and carry out the action plans approved by the Chairman and Chief Executive Officer;
- defining and monitoring the Group's performance improvement goals for the protection and safety of individuals in the workplace, and defining any corrective measures;
- defining Group-wide policies and measures (Sustainable Development, including Environment, Health & Safety; Human Resources; Corporate & Internal Communication; Internal Control and Risk Management; Innovation, Research & Technology; Purchasing) and overseeing their rollout;
- fostering the sharing and dissemination of best practices in all areas between the business groups; and
- more generally, giving opinions and recommendations on all projects, operations or measures that may be submitted to it by the Chairman and Chief Executive Officer, particularly with a view to their subsequent presentation to the Board of Directors or its specialized Committees.

COMPOSITION

As of December 31, 2012, the Executive Committee was comprised, in addition to Gilles Michel, Chairman and Chief Executive Officer, of the following seven members:

Line managers	Support managers
Christian Schenck, Executive Vice-President *(Materials & Monolithics)* *He joined Imetal in 1977 and has spent his whole career within the Group. Initially Uranium and Manganese Mining Operations Manager, he joined the Group's roof tiles & bricks activity in 1986. In 2002 he was appointed Vice-President for the Building Materials business group, which became Materials & Monolithics in 2005 with the consolidation of Calderys.*	**Michel Delville** *(Finance)* *He joined Imerys in 1999 after holding various international positions in the Schlumberger group. He was successively Financial Controller of the Building Materials & Ceramics business group in France, then of the Pigments & Additives business group in the United States. Promoted Group Control & Tax Director in January 2003, he took the position of Pigments for Paper Europe General Manager in January 2007. He was appointed Chief Financial Officer in October 2009.*
Olivier Hautin *(Minerals for Ceramics, Refractories, Abrasives & Foundry)* *He joined Imerys in 1995, after beginning his career in strategy consulting at Mars & Co. He was successively in charge of Strategy & Development for the Group, then in the United States (Atlanta) in the Pigments & Additives business group. After having held the position of Vice-President and General Manager in several Imerys profit centers in Europe and Asia, and Vice-President and General Manager of Minerals for Ceramics, he was in charge of Pigments for Paper & Packaging until June 2012.*	**Denis Musson** *(Legal & Corporate Support)* *He joined Imerys in 1999 as General Counsel and Secretary of the Board. His career was previously with Pechiney, where he started in the group's Legal Department before taking over its Corporate Department.*
Daniel Moncino *(Performance & Filtration Minerals, Pigments for Paper & Packaging)* *He began his career in the semiconductor industry with Siemens in Europe and North America; he also held various positions in Engineering Polymers and Specialty Chemicals with BASF and wireless telemetry and semiconductor equipment and services with Schlumberger. He joined Imerys in 2002 as Vice-President and General Manager of the North American Performance Minerals Division and then appointed Vice-President and General Manager of the Global Minerals for Filtration Division until February 2008 when he became the head of the PFM Business Group. Since July 2012, the results of Pigments for Paper & Packaging Business Group are now his responsibility.*	**Thierry Salmona** *(Innovation, Research & Technology and Business Support)* *He joined Imerys in 2000 after holding several positions in the French Ministry of Industry then at Thomson, Sanofi and SKW Trostberg. He managed the Building Materials & Ceramics then Specialty Minerals business groups. Currrently he also supervises Sustainable Development, Geology, Environment, Health & Safety and coordinates Purchasing and Energy.*
	Bernard Vilain *(Human Resources)* *He joined Imerys in 2004 as HR Manager for Continental Europe & Asia and was appointed Group Vice-President of Human Resources in July 2005. Previously he held several HR positions with the Schlumberger, DMC and LVMH groups.*

FUNCTIONING

The Executive Committee meets once a month on average, as often as the interests of the Group require or at the request of the Chairman and Chief Executive Officer. It met 12 times in 2012.

The Executive Committee also held two meetings during the year with all the managers of the main Group Divisions.

3.3 COMPENSATION

3.3.1 BOARD OF DIRECTORS

AMOUNT

The maximum amount of attendance fees that may be allotted with respect to one year to the members of the Board of Directors, as determined by the Shareholders' General Meeting of May 3, 2005, is €800,000. In accordance with the law and the provisions of article 17 of the by-laws, the allocation of attendance fees among the Directors is determined by the Board. Accordingly, and on the proposal of the Appointments and Compensation Committee, the Board of Directors decided at its meeting of April 28, 2011 to revise the allotment scale for attendance fees (see below).

Payments are made semi-annually in arrears. Consequently, the gross amount of attendance fees effectively paid during a given financial year include (i) the amount of fees with respect to the second half of the previous year and (ii) the amount of fees with respect to the first half of said year.

The table below sets out the individual gross amount of attendance fees owed to each member of the Board with respect to the last two financial years and, pursuant to the provisions of article L. 225-102-1 of the Code of Commerce, the individual gross amount paid to them during those years.

	2012		2011	
(€)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
G. MICHEL, Chairman and Chief Executive Officer(1)	-	-	-	-
A. LANGLOIS-MEURINNE, Vice-Chairman(2)	184,072	198,000	195,000	202,500
G. BUFFIERE(3)	40,759	42,000	27,333	5,333
A. CARDOSO	85,208	93,000	80,500	68,000
J. DRIJARD	44,759	48,000	42,500	36,500
I. GALLIENNE	45,259	50,000	39,500	31,500
M. GUILLOU(4)	9,840	-	-	-
F. LAYT	28,759	30,000	28,000	27,000
X. LE CLEF(5)	18,092	3,333	-	-
E. Le MOYNE de SÉRIGNY (6)	10,666	26,666	29,500	29,000
J. LEFEBVRE	51,759	55,000	43,000	32,500
M. de LIMBURG STIRUM(7)	-	16,000	28,000	25,000
A. MALARD DE ROTHSCHILD(8)	27,259	28,000	19,333	3,333
G. MILAN(9)	-	-	-	8,700
J. MONVILLE	61,759	68,000	55,500	41,500
R. PEUGEOT	36,759	38,000	30,500	27,500
O. PIROTTE	44,759	46,000	37,500	33,000
A. de SEZE	44,759	48,000	34,500	28,500
PJ. SIVIGNON	26,759	30,000	28,000	24,000
J. VEYRAT	38,759	38,000	29,500	27,500
Total	**799,985**	**857,999**	**748,166**	**651,366**

(1) Chairman and Chief Executive Officer – does not receive attendance fees.
(2) Vice-Chairman since April 28, 2011, previously Chairman of the Board.
(3) Chief Executive Officer until April 28, 2011 – did not receive attendance fees until that date.
(4) Director since September 1, 2012.
(5) Director since April 26, 2012.
(6) Director until April 26, 2012.
(7) Director until December 15, 2011.
(8) Director since April 28, 2011.
(9) Director until November 3, 2010.

At its meeting of December 13, 2012 the Board of Directors noted that, pursuant to the allotment scale it previously defined, the total amount of distributable attendance fees with respect to 2012 was in excess of the €800,000 ceiling set by the Shareholders' General Meeting. Consequently, pursuant to the provisions of article 17 of the by-laws, the Board decided to reduce, by the same rate for every director, the amount of the fixed part of the simple and special attendance fees that could be allocated to them with respect to the second half of 2012.

It is specified that pursuant to the AMF Recommendation of December 22, 2008, confirmed on December 10, 2009 and February 9, 2012:

- these amounts represent the entirety of the compensation paid in 2012 by the Imerys group or by its controlling shareholders to each of the members of the Board of Directors with respect to the offices, responsibilities or other duties performed personally by those members within or on behalf of the Imerys group (except for the variable part of the compensation of Gérard Buffière with respect to 2011 that was paid to him in 2012 as Chief Executive Officer until April 28, 2011);
- details of the compensation paid to Gilles Michel, the sole Executive Corporate Officer who was in office in 2012, are given below *(see paragraph 3.3.2 of this chapter)*.

In accordance with applicable tax regulations, the amounts paid to the non-French resident members of the Board of Directors give rise to withholding tax in France.

ALLOTMENT SCALE

The allotment scale for attendance fees, applicable as from May 1, 2011, is as follows:

Gross amounts *(€)*		
Board of Directors	Vice-Chairman	120,000 fixed per year – 2,000 per attended meeting
	Other members	20,000 fixed per year – 2,000 per attended meeting
Strategic Committee	Chairman	25,000 fixed per year
	All Committee members	2,000 per attended meeting
Audit Committee	Chairman	25,000 fixed per year
	All Committee members	3,000 per attended meeting
Appointments and Compensation Committee	Chairman	15,000 fixed per year
	All Committee members	2,500 per attended meeting

3.3.2 EXECUTIVE MANAGEMENT

Pursuant to the provisions of article L. 225-102-1 of the French Code of Commerce and the recommendations of the AFEP-MEDEF Corporate Governance Code, the information given hereafter concerns the compensation paid to Gilles Michel, the sole Executive Corporate Officer who was in office in 2012.

TABLE SUMMARIZING THE COMPENSATION ITEMS

(€)	**2012**	**2011**
Executive Corporate Officer's name and position		
Gilles Michel, Chairman and Chief Executive Officer(1)		
Compensation due in respect of the financial year	1,472,151	1,777,801
Valuation of the stock options awarded during the financial year	319,880	420,800
Valuation of the performance shares awarded during the financial year	762,390	918,200
Total	**2,554,421**	**3,116,801**

(1) Chairman and Chief Executive Officer since April 28, 2011, previously Deputy Chief Executive Officer.

CRITERIA

The compensation of the Chief Executive Officer is set by the Board of Directors based on the proposal of the Appointments and Compensation Committee. This proposal is intended to ensure competitiveness with respect to the external market; in drafting its recommendations, the Committee draws on assessments and comparisons made periodically by specialized consultants.

This compensation includes a fixed part and a variable part; it takes into account the benefit that the advantage of the supplementary pension plan represents.

The calculation of the variable part is based on economic performance criteria and specific goals set by the Board of Directors on the recommendation of the Appointments and

Compensation Committee. The achievement of these goals is measured and acknowledged annually by the Board of Directors on the recommendation of the Appointments and Compensation Committee. The variable part of compensation owed with respect to a financial year is paid the following year, when all the items for its calculation are known, in particular after the closing by the Board of Directors of the Group's definitive financial statements for the financial year in question.

The economic performance criteria set for 2012 were related to the achievement of a goal of net income from current operations, operating cash flow generated by the Group during the year and return on capital employed.

For Gilles Michel a multiplier of 0.8 to 1.2 could be applied to the resulting amount according to the achievement of other specific goals, the confidential nature of which prevents their publication. A ceiling of 120% of the fixed amount of Gilles Michel's compensation is set for the variable part of his compensation.

Following the recommendations of the Appointments and Compensation Committee and after measuring the achievement by Gilles Michel of the economic performance and specific criteria set for 2012, the Board of Directors at its meeting of February 13, 2013 set the amount of his variable compensation for that year to be paid in 2013.

At that meeting, the Board also reviewed and set the criteria and goals applicable for determining the variable part of Gilles Michel's compensation for 2013; it decided to maintain the ceiling of 120% of his fixed compensation. The criteria for 2013 are related to the achievement of financial targets, similar to those set for 2012 (net income from current operations/net income, operating cash flow and return on capital employed), as well as specific goals the confidential nature of which prevents their publication. The Board of Directors also decided to maintain unchanged his fixed compensation for 2013.

In accordance with the AFEP-MEDEF Corporate Governance Code, these decisions were published on the Company's website.

As previously stated, Gilles Michel does not receive any attendance fees with respect to his office as Director of the Company (*see paragraph 3.3.1 of this chapter*).

3

■ AMOUNTS

Amounts paid in 2011 and 2012

The amounts and breakdown of compensation and benefits in kind owed (fixed and variable parts for the year in question) and paid (fixed part for the year in question and variable part for the previous year, paid during the year in question) by the Group to Gilles Michel with respect to financial years 2011 and 2012 are as follows:

(€)	2012		2011	
Executive Corporate Officer' name and position	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Gilles Michel, Chairman and Chief Executive Officer[(1)]				
Fixed part	800,000	800,000	800,000	800,000
Variable part	656,000	960,000	960,000	212,121[(2)]
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits[(3)]	16,151	16,151	17,801	17,801
Total	**1,472,151**	**1,776,151**	**1,777,801**	**1,029,922**

(1) Chairman and Chief Executive Officer since April 28, 2011, previously Deputy Chief Executive Officer.

(2) Amount calculated pro rata to the presence of Gilles Michel in the Group in 2010.

(3) These benefits include the supply of a company car and the contributions to the social guarantee for company managers and executives (GSC).

The above amounts include all the compensation due or paid by the Group to Gilles Michel with respect to the related financial years and the value of all the benefits in kind due or received with respect to the financial years in question.

All the compensation and assimilated benefits granted to the Group's top managers (Executive Committee, including Gilles Michel) and recorded as expenses during the years in question are stated in *note 29 to the consolidated financial statements*.

Moreover, the amount of the five highest compensations paid by the Company with respect to 2012 was certified by the Statutory Auditors.

EMPLOYMENT CONTRACT, INDEMNITIES, PENSIONS AND OTHER BENEFITS

	Employment contract	Supplementary pension plan	Indemnities or benefits due to end or change of duties	Indemnities under a non-competition clause
Gilles Michel, Chairman and Chief Executive Officer	No	Yes	Yes	No

Employment contract

At the time of the appointment of Gilles Michel as Deputy Chief Executive Officer on November 3, 2010, the employment contract between him and the Company was terminated, given the duties of Chairman and Chief Executive Officer that he was led to perform, in order to comply in advance with the AFEP-MEDEF recommendations published in October 2008.

End of contract indemnity

Gilles Michel's employment contract as Executive Corporate Officer provides for an indemnity in the event that his corporate office is terminated at the Company's initiative or in the event of forced departure linked to a change of control or strategy. No indemnity would be due in the event of Gilles Michel's voluntary departure or if he was entitled to retire within a short period of time. In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code and according to the calculation terms provided below, the amount of Gilles Michel's severance indemnity would be calculated on the basis of a maximum of two years' compensation (fixed + variable). Pursuant to the provisions of article L. 225-42-1 of the French Code of Commerce, the payment of this severance indemnity would be subject and proportional to performance conditions appraised on the basis of the arithmetic average of the percentages of achievement of the sole economic and financial goals of the last three financial years, as set down for the determination of the variable compensation with respect to each of those financial years. In addition, Gilles Michel benefits from the social guarantee for company managers and executives (GSC). All these commitments taken by the Company in favor of Gilles Michel, in accordance with legal provisions, have been published on the Company's website and notified to the Statutory Auditors for the drafting of their special report on regulated agreements and commitments; they were first approved by the Shareholders' General Meeting on April 28, 2011 and again, in accordance with the law, on April 26, 2012 when Gilles Michel was reappointed Chairman and Chief Executive Office *(see chapter 2, paragraph 2.2.3 of the Registration Document)*.

Apart from these provisions, the Company has no other commitments for the benefit of Gilles Michel with respect to the taking-up, end or change of his current position of Chairman and Chief Executive Office.

Pension commitments

In 1985, Imerys set up a collective supplementary pension plan with defined benefits for the principal managers of Imerys who met the restrictive and objective eligibility criteria. The plan is managed by an external insurance company.

Gilles Michel, Chairman and Chief Executive Officer since April 28, 2011 (previously Deputy Chief Executive Officer), and one Director (Jacques Drijard), in his capacity as a former executive of the Group, are among the potential beneficiaries of the plan.

The maximum amount of the life annuity that may be paid to the beneficiaries of the plan as from the liquidation of their pension rights is calculated in order to guarantee them:

- a total annual gross amount (after allowing for pensions from obligatory and other supplementary plans, including the defined contribution supplementary pension plan described below) of 60% of their reference salary (average of the last two years of the beneficiary's fixed plus variable compensation); said salary is limited to 30 times the annual French social security ceiling (PASS);
- subject to a pay-in ceiling equal to 25% of said reference salary.

This plan also provides for the possibility of reversion of the life annuity amount to the surviving partner(s) in proportion to the time of union.

According to actuarial calculations made on December 31, 2012, the current value of the estimated share of the two above-mentioned corporate officers who have not yet liquidated their pension rights in the total amount of the Group's commitment with respect to the past services of all the beneficiaries of this supplementary pension plan amounts to €3,316,000 (compared with €2,502,000 as at the end of 2011 – for two corporate officers).

Furthermore, in order to reduce the booked expense caused by the defined benefit supplementary plan of Imerys and move closer to market practices, it was decided to set up, as from October 1, 2009, a defined contribution supplementary pension plan for the benefit of some of Imerys' top managers, including the Chief Executive Officer.

Contributions to this scheme, set at 8% of the compensation of eligible employees with a ceiling of 8 PASS, are made jointly by the employee (for 3%) and the Company (for 5%). This scheme also allows, pursuant to the pension reform law of November 9, 2010, beneficiaries to make free and voluntary contributions. An external insurance company has been appointed to manage the scheme.

In 2011, the Appointments and Compensation Committee carried out a new study on the positioning of Imerys executives' pensions compared with market practices, with the support of external consultants; it presented the Board with the findings of the study which was intended to improve the competitiveness of Imerys' current collective supplementary pension scheme.

On the recommendations of the Appointments and Compensation Committee, the Board of Directors decided at its meeting of February 15, 2012 to increase the maximum of the reference salary applicable to the calculation of the life annuity with respect to the collective defined-benefits supplementary pension scheme from 22 to 30 PASS. The Board also decided to amend the eligibility terms for the scheme in order to reduce the condition of seniority within the Group from ten to eight years and raise membership in the Executive Committee from 2 to 4 years.

All these commitments taken by the Company in favor, among others, of Gilles Michel, Chairman and Chief Executive Officer, in accordance with legal provisions, have been published on the Company's website and notified to the Statutory Auditors for the drafting of their special report on regulated agreements and commitments and were approved by the Shareholders' General Meeting on April 26, 2012 *(see chapter 2, paragraph 2.2.3 of the Registration Document)*.

3.4 STOCK OPTIONS(1)

3.4.1 STOCK OPTION PLANS IN FORCE

GRANT POLICY

The general policy for the granting of Imerys stock options is set by the Board of Directors upon the Appointments and Compensation Committee's recommendations.

The main characteristics of the policy, excluding grants made under the Group's employee shareholding operations, are as follows:

- grants take the form of stock subscription options. This form was judged preferable to stock purchase options as it prevents the Company from having to tie up its capital before the option exercise period even opens, in order to acquire on the market the number of shares needed to fulfill possible option exercises;
- as from 1999, stock options are granted once a year and the total number of options each year is adjusted according to the Group's overall performance or to specific events; the grant usually takes place on the same day as the Annual General Meeting;
- the actual or likely beneficiaries of stock subscription options are the Group's executives (members of the Executive Management, members of the Executive Committee, business group and division management committees, main managers of the Group's Corporate Departments) as well as high-potential managers and employees that make an outstanding contribution to the Company's performance;
- as from 2008, the grant of stock subscription options is combined, in a single annual program, with the grant of performance shares *(see paragraph 3.5.1 of this chapter)*.

CHARACTERISTICS OF GRANTED OPTIONS

As from 1999, the general grant policy was to exclude any discount of the option exercise price; consequently, it was equal to the average Imerys share price for the last 20 sessions trading days prior to the grant date i.e. usually on the day of the Annual General Meeting. The Shareholders' General Meeting of April 28, 2011, renewed the authorization previously given to the Board to grant options for subscription or purchase of the Company's shares to employees or officers of the Company and its subsidiaries, or to certain categories of them and decided to expressly exclude any discount of the option exercise price.

The duration of the options granted under the plans set up since 2001 is 10 years.

The options granted since 1996 are in principle definitively vested (except in the event of the beneficiary's dismissal, resignation or departure from the Group) after the end of the third year following their allotment or, if earlier, on the date of the beneficiary's retirement after the age of 63 (reference age set at 60 years in plans prior to 2009), his/her cessation of activity for incapacity or his/her death. The only exception concerns grants made within employee shareholding operations, for which the options are dependent on the employee's investment in Imerys shares with immediate vesting.

Conditional stock options granted to certain Group executives (the Chairman and Chief Executive Officer as well as, since 2011, the other members of the Executive Committee) are vested subject to the achievement of economic performance goals. The number of vested options is conditioned on and proportionate to the achievement of these goals *(see section 3.4.2 of this chapter)*.

Option exercise conditions

Definitively vested options may be exercised at any time, except in the event of the beneficiary's death or, as from the 2004 option plan, departure from the Group.

However, the beneficiary must bear any additional costs and taxes borne by the Company in the event that applicable local regulations provide for a longer immobilization period than three years (this period is four years in France for plans adopted as from April 2001).

Exercise by the beneficiary must comply with certain minimum amounts (currently set for all plans adopted as from 2008 at 500 options, any whole multiple of 500 or the balance of outstanding options if less than 500).

Loss or maintaining of options

Options not exercised on expiry of their exercise period are automatically cancelled.

The beneficiary's departure from the Group for any reason (including in principle if the company employing him or her leaves the Group perimeter and except in the event of his or her death, incapacity or retirement), brings about:

- if the departure takes place before the vesting date of the options, their immediate cancellation;
- if the departure takes place after the vesting date of the options and only for plans adopted from 2004 onward, the cancellation of said options failing their exercise by the beneficiary by the end of the third month following his or her departure from the Group.

(1) For the sake of consistency, all the figures given in the present section are based on the split into 4 of the nominal value of Imerys shares on June 1, 2004.

Date of record of shares resulting from the exercise of options

All Imerys shares resulting from the exercise of subscription options enjoy, from their creation, all the rights attached to existing shares, with which they are immediately assimilated.

Consequently, new and old shares are listed on the same line on NYSE Euronext, regardless of their date of issue. The new shares enjoy the same dividend rights as old shares, including with respect to the dividends approved and paid during the year of creation of the shares with respect to results for the previous financial year.

OPTION PLAN ADOPTED IN 2012

362,720 stock subscription options at the exercise price of €43.62 per share were granted on April 26, 2012 to 183 managers and executives of the Group (vs. 161 in 2011), residing in France or in other countries, including the Chairman and Chief Executive Officer as well as the members of the Executive Committee who were granted options conditional on the achievement of economic performance goals *(see paragraph 3.4.2 of this chapter)*.

Apart from the options granted to the Chairman and Chief Executive Officer, 98,669 were granted to the 10 beneficiaries receiving the most options.

CHANGES IN THE NUMBER OF OPTIONS IN 2012[(1)]

The total number of stock subscription options in existence on December 31, 2012 is 4,102,831, representing 5.12% of Imerys' share capital on that date after dilution; their weighted average exercise price is €50.93.

In 2012, 236,625 stock subscription options were cancelled; 226,030 were exercised by 445 beneficiaries at a weighted average price of €31.03.

3.4.2 CONDITIONAL STOCK OPTIONS GRANTED BY THE COMPANY TO ITS CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2012

	Date of Plan	Kind of options	Valuation of options[(1)] (€)	Number of options granted in 2012	Exercise price (€)	Exercise period
Gilles Michel, Chairman and Chief Executive Officer[(2)]	April 26, 2012	Stock subscription options	319,880	44,000	43.62	April 26, 2015 April 25, 2022

(1) Valued at the time of their grant in line with IFRS 2, before the spread of the expense over the acquisition period.
(2) Sole Executive Corporate Officer.

The Board of Directors, at its meeting of April 26, 2012, decided to grant conditional stock options to the Chairman and Chief Executive Officer. These options are conditioned by and proportionate to the achievement of economic performance goals related to the growth of the Group's net current operating income per share and the Group's ROCE (return on capital employed) during the 2012-2014 period. The same terms apply to the stock options granted to the members of the Executive Committee in 2012.

At the same time, the Board of Directors confirmed as needed the restrictive rules in terms of holding and keeping shares set by it at its meeting of February 15, 2010 pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code *(see section 3.6 of this chapter)*.

HOLDINGS AND CHANGES

As of December 31, 2012, the total number of stock options held by the Chairman and Chief Executive Officer is 166,000, compared with 122,000 as on December 31, 2011, i.e. 0.21% of Imerys' share capital on that date after dilution; their weighted average exercise price is €47.17.

No options held by the Chairman and Chief Executive Officer were exercisable in 2012.

SPECIFIC TERMS AND RESTRICTIONS

In addition to the economic performance goals mentioned above, the other specific terms and restrictions which are applicable to the grant of stock subscription options to the Chairman and Chief Executive Officer are common to the grant of free shares; they are set out in *section 3.6 of this chapter*.

(1) Including options granted under employee shareholder plans.

3

3.4.3 DETAILS OF STOCK OPTION PLANS IN FORCE[1]

The following table summarizes the history, status and main characteristics of the stock option plans in force as on December 31, 2012.

	April 2012	April 2011	Nov. 2010	April 2010	August 2009	April 2008
Initial grant						
Authorization: date of Shareholders' General Meeting	04/28/11	04/28/11	04/30/08	04/30/08	04/30/08	04/30/08
Date of Board of Directors/Supervisory Board or Managing Board Meeting	04/26/12	04/28/11	11/03/10	04/29/10	07/29/09	04/30/08
Opening date of option exercise period(2)	04/26/15	04/28/14	03/01/14	04/29/13	08/14/12	04/30/11
Option expiration date	04/25/22	04/27/21	11/02/20	04/28/20	08/13/19	04/29/18
Share subscription price	€43.62	€53.05	€44.19	€46.06	€34.54	€54.19
Total number of initial beneficiaries	183	161	1	155	166	183
Total number of options initially granted, of which to the Executive Corporate Officers:	362,720	331,875	82,000	482,800	464,000	497,925
– to G. Michel, Chairman and Chief Executive Officer	44,000	40,000	82,000	n.a.	n.a.	n.a.
– to G. Buffière, Director	-	-	-	40,000	-	-
– to the ten Group employees who received the most options	98,669	83,669	-	120,900	206,750	198,150
Change during financial 2012						
Number of options remaining to be exercised on 01/01/2012	n.a.	327,207	82,000	454,700	450,000	479,723
Number of shares subscribed in 2012, of which:	n.a.	n.a.	n.a.	n.a.	86,250	-
– by G. Michel, Chairman and Chief Executive Officer	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
– by G. Buffière, Director	n.a.	n.a.	n.a.	n.a.	n.a.	-
– by the ten Group employees who received the most options	n.a.	n.a.	n.a.	n.a.	31,000	-
Number of options cancelled(5) in 2012	(6,334)	(18,503)	-	(27,500)	(10,250)	(27,839)
Number of options remaining to be exercised on 12/31/2012(6) of which:	356,386	308,704	82,000	427,200	353,500	451,884
– by G. Michel, Chairman and Chief Executive Officer	44,000	40,000	82,000	n.a.	n.a.	n.a.
– by G. Buffière, Director	n.a.	n.a.	n.a.	40,000	n.a.	n.a.

(1) Employee shareholder plans.
(2) Not including longer tax immobilization periods that may be applicable locally.
(3) Except for different subscription prices applicable locally.
(4) Of which 200,000 pursuant to the Group's achievement of economic and financial results in the 2004 to 2006 financial years.
(5) Following the beneficiaries' departure from the Group.
(6) Following cancellation and exercise of the options since the date of approval of the plan in question and reintegrations, if any.

(1) The figures presented in this table take into account, where necessary, the adjustments made on June 2, 2009 following the Company's share capital increase.

May 2007	Nov. 2006[1]	May 2006	May 2005	May 2004	Oct. 2003[1]	May 2003	Oct. 2002[1]	May 2002	Total
05/03/05	05/03/05	05/03/05	05/03/05	05/06/02	05/06/02	05/06/02	05/06/02	05/06/02	
05/02/07	11/07/06	05/02/06	05/03/05	05/03/04	10/21/03	05/05/03	10/21/02	05/06/02	
05/03/10	02/01/07	05/03/09	05/04/08	05/03/07	10/22/06	05/05/06	10/22/05	05/06/05	
05/01/17	11/06/16	05/01/16	05/02/15	05/02/14	10/21/13	05/05/13	10/21/12	05/05/12	
€65.61	€62.31[3]	€63.53	€53.58	€45.49	€37.80	€26.34	€27.39	€30.47	
160	2,932	171	171	166	925	201	1,474	181	
560,000	38,770	640,000	635,000	840,000	37,424	747,720	68,328	652,000	6,440,562
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	166,000
60,000	15	90,000	80,000	260,000[4]	60	80,000	60	30,000	640,135
154,000	150	157,500	140,000	109,600	360	145,580	720	90,000	1,506,048
472,880	43,746	527,154	510,542	617,535	30,843	111,840	32,176	62,420	4,202,766
-	-	-	-	3,225	1,710	53,552	21,023	60,270	226,030
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	130	32,064	130	29,095	92,419
(48,850)	-	(49,865)	(26,442)	(7,739)	-	-	(11,153)	(2,150)	(236,625)
424,030	43,746	477,289	484,100	606,571	29,133	58,288	-	-	4,102,831
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	166,000
64,482	17	96,714	85,976	279,422	-	-	-	-	566,611

3.5 FREE SHARES

3.5.1 CONDITIONAL FREE SHARE PLANS IN FORCE

GRANT POLICY

Following the favorable recommendation made by the Appointments and Compensation Committee, in 2006 the Board of Directors for the first time decided to grant free conditional shares in the Company. At the time, the Board intended to reserve this grant for exceptional cases in favor of a limited number of Group executives (which could not include the Chief Executive Officer) in charge of carrying out specific medium-term action plans that were judged priorities for the Group.

In 2008, the Appointments and Compensation Committee examined, with the support of a specialized external consultant, the suitability of a possible extension of that grant policy to a greater number of beneficiaries by combining it with the existing policy of stock option subscription grants in a single long-term Group policy for retaining their beneficiaries. In accordance with the Appointments and Compensation Committee's recommendations, the new general policy set down by the Board provides in principle for the grant to each beneficiary of a total number of rights giving access to share capital comprised of a combined ratio of stock subscription options and free shares subject to the achievement of economic performance goals.

MAIN CHARACTERISTICS OF CONDITIONAL FREE SHARES

Vesting of shares

The free shares granted are vested upon the expiry of a period that, in accordance with the legal provisions in force, may not be less than two years from their grant date, subject in principle to the achievement of certain economic and financial goals that cannot be appraised over a single year. The number of vested shares is conditioned on and proportionate to the achievement of these goals.

Loss of shares

The departure of the beneficiary from the Group before the expiry of the vesting period for any reason (including in principle if the company employing him or her leaves the Group perimeter) entails the loss of all rights to the vesting of his or her conditional free shares, except in the event of death, incapacity or retirement of the beneficiary whose rights will be retained according to the specific terms set forth by each related plan.

Keeping vested shares

The minimum time for which beneficiaries must keep shares may not in principle be less than two years from the date of vesting; that keeping period can however be removed in cases where the vesting period has a duration equal to four years. After the keeping period, if any, the beneficiaries may dispose freely of such shares.

CONDITIONAL FREE SHARE PLAN ADOPTED IN 2012

In 2012, 180,902 shares conditional on the achievement of economic performance goals ("performance shares") were granted to 183 Group managers residing in France or abroad including the Chairman and Chief Executive Officer (vs. 193 in 2011).

The vesting and number of the performance shares granted with respect to this plan adopted by the Board in 2012 are conditioned by and proportionate to the achievement of a goal of growth of the Group's net current operating income per share and the Group's ROCE (return on capital employed) during the 2012-2014 period.

Apart from those granted to the Chairman and Chief Executive Officer, 49,335 performance shares were granted to the 10 beneficiaries receiving the highest number of these shares.

CHANGES IN THE NUMBER OF CONDITIONAL FREE SHARES IN 2012

In 2012, 28,560 free shares were cancelled and 58,879 were vested, as the economic performance goal and the presence in the Group to which they were conditioned were achieved. These 58,879 shares were accordingly transferred to their respective beneficiaries.

The total number of conditional free shares in existence on December 31, 2012 was 591,680, which represents 0.74% of Imerys' share capital on that date after dilution.

DETAILS OF CONDITIONAL FREE SHARE PLANS IN FORCE

The following table summarizes the history, status and main characteristics of the conditional free shares in force as on December 31, 2012.

	Grant date	Number of initial benefi-ciaries	Number of shares initially granted	Number of remaining shares as on 01/01/2012	Number of shares cancelled in 2012	Number of shares vested in 2012	Number of shares as on 12/31/2012	Vesting date of shares	Date of end of share holding period
August 2009 conditional free share plan	August 14, 2009	169	247,006	112,506	3,563	58,879	50,064	August 14, 2013(1)	August 14, 2013(2)
April 2010 conditional free share plan	April 29, 2010	155	144,700	137,675	6,875	0	130,800	April 29, 2014(3)	April 29, 2014(4)
November 2010 conditional free share plan(5)	November 3, 2010	1	42,000	42,000	0	0	42,000	March 1, 2014	March 1, 2016
April 2011 conditional free share plan	April 28, 2011	173	170,971	168,636	9,254	0	159,382	April 28, 2015(6)	April 28, 2015(7)
August 2011 conditional free share plan	August 11, 2011	20	37,400	37,400	5,700	0	31,700	August 11, 2015(8)	August 11, 2015(9)
April 2012 conditional free share plan	April 26, 2012	183	180,902	-	3,168	0	177,734	April 26, 2016(10)	April 26, 2016(11)

(1) For the beneficiaries resident outside France; August 14, 2012 for the beneficiaries resident in France.
(2) For the beneficiaries resident outside France; August 14, 2014 for the beneficiaries resident in France.
(3) For the beneficiaries resident outside France; April 29, 2013 for the beneficiaries resident in France.
(4) For the beneficiaries resident outside France; April 29, 2015 for the beneficiaries resident in France.
(5) Plan granted exclusively for the benefit of Gilles Michel on November 3, 2010, date on which he was appointed Director and Deputy Chief Executive Officer.
(6) For the beneficiaries resident outside France; April 28, 2014 for the beneficiaries resident in France.
(7) For the beneficiaries resident outside France; April 28, 2016 for the beneficiaries resident in France.
(8) For the beneficiaries resident outside France; August 11, 2014 for the beneficiaries resident in France.
(9) For the beneficiaries resident outside France; August 11, 2016 for the beneficiaries resident in France.
(10) For the beneficiaries resident outside France; April 26, 2015 for the beneficiaries resident in France.
(11) For the beneficiaries resident outside France; April 26, 2017 for the beneficiaries resident in France.

3.5.2 CONDITIONAL FREE SHARES GRANTED BY THE COMPANY TO ITS CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2012

	Date of Plan	Number of shares granted in 2012	Valuation of shares(1) (€)	Vesting date	Availability date	Performance conditions
Gilles Michel, Chairman and Chief Executive Officer(2)	April 26, 2012	21,500	762,390	April 26, 2015	April 26, 2017	Yes

(1) Valued at the time of their grant in line with IFRS 2, after taking into account notably any discount related to performance criteria and the probability of presence in the Company following the vesting period, but before the spread of the expense over the acquisition period.
(2) Sole executive corporate officer.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors, at its meeting of April 26, 2012, decided to grant performance shares to the Chairman and Chief Executive Officer. These performance shares are conditioned by and proportionate to the achievement of the same economic performance goals as those provided with respect to the 2012 general performance shares plan intended for the Group's other top managers; these goals are related to the growth of the Group's net current operating income per share and the Group's ROCE during the 2012-2014 period.

These performance shares will be vested, according to the achievement of their economic goals to which they are subject, upon the expiry of a period of three years following their grant date; shares must be kept for a period of two years as from their vesting. These conditions are also identical to those provided under the 2012 general performance share plan intended for the Group's other top managers.

HOLDING AND CHANGES

The total number of conditional free shares granted, but not yet vested, to Gilles Michel, Chairman and Chief Executive Officer, is 83,500 as on December 31, 2012, i.e. 0.10% of Imerys' share capital on that date after dilution.

No conditional free shares granted to the Chairman and Chief Executive Officer became vested or available in 2012.

SPECIFIC TERMS AND RESTRICTIONS

In addition to the economic performance goals mentioned above, the other specific terms and restrictions which are applicable to the grant of conditional free shares made to the Chairman and Chief Executive Officer are common to the grant of stock subscription options; they are set out in *section 3.6 below*.

3.6 SPECIFIC TERMS AND RESTRICTIONS APPLICABLE TO GRANTS TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board of Directors, pursuant to the recommendations of the Appointments and Compensation Committee, and in accordance with the provisions of articles L. 225-185 and L. 225-197-2 of the French Code of Commerce, confirmed, as need be, at its meeting of April 26, 2012 during which it granted conditional stock subscription options and performance shares to its Chairman and Chief Executive Officer, the restrictive rules on holding and keeping shares it set down for the first time at its meeting of February 15, 2010. Thus, the Chairman and Chief Executive Officer shall hold on a registered basis, until the date of termination of his duties:

- as regards the grants of conditional stock subscription options: a number of shares resulting from each option exercise corresponding to at least 25% of the net gain realized upon each exercise (net of the amount needed to fund that exercise, and of any related taxes and obligatory contributions);
- as regards the grants of performance shares: a number of shares at least equal to 25% of the total number of vested shares following the applicable vesting period,

until the total amount[(1)] of the shares he holds[(2)] reaches, upon the exercise of stock subscription options and the availability of performance shares, a coefficient equal to 300% of his last annual fixed compensation on the date in question.

On these occasions, the Board also confirmed that:

- this keeping rule applies to the grants made to Gilles Michel with respect to the conditional stock subscription option and performance share plans implemented by the Company as from November 3, 2010 (date of his first appointment as Corporate Officer of the Company);
- the total amount of investment in shares of the Company shall take into account all the shares held by the Chairman and Chief Executive Officer on the date in question, regardless of their origin (purchase on the market, exercise of stock subscription options or shares acquired under performance share grant plans).

Given all these holding and keeping rules imposed on its Chairman and Chief Executive Officer, the Board of Directors judged that it was not necessary to also make the purchase of additional shares on the market a condition for the grant of performance shares, as required by the recommendations of the AFEP-MEDEF Corporate Governance Code.

The Board noted, at its meeting of April 26, 2012, that the grant of conditional stock subscription options and performance shares awarded on that date to Gilles Michel was within the limits it had set at its meeting of July 29, 2009 pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code: ceiling of the value (under IFRS) of the granted conditional stock options and performance shares at one year of his gross annual compensation (fixed part + maximum variable part).

Finally, pursuant to the recommendations of the Appointments and Compensation Committee and to those of the AFEP-MEDEF Corporate Governance Code, the Board of Directors at its meeting of April 28, 2011, on the occasion of the renewal of the authorization given to the Board by the Shareholders' General Meeting held on the same date to grant stock subscription options and performance shares, fixed the maximum percentage of options and shares that may be granted to the Executive Corporate Officers at 20% of the total envelope voted by shareholders.

Pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code, all these conditions were published on the Company's website.

(1) Estimated on the basis of the share price on the date of each option exercise or the date of availability of the free shares in question.
(2) After the sale of those needed, as the case may be, to fund the option exercise or the settlement of any taxes, contributions or expenses with respect to the transaction.

3.7 CORPORATE OFFICERS' TRANSACTIONS IN SECURITIES IN THE COMPANY

The Board of Directors has adopted a Procedure for the prevention of use or disclosure of insider information within the Imerys group. This policy, which was adopted in its initial version in July 2002 and last amended in July 2011, is appended to the Internal Charter of the Board of Directors.

The policy defines permanent and occasional Insiders; sets out the Company's obligation to draw up a list of Insiders for the Group and determines the related arrangements. It also reiterates the rules with respect to transactions by corporate officers in Imerys shares or, as the case may be, any other securities issued by the Group or any financial instruments ("Imerys Actions" mutual fund, MONEP, warrants, convertible bonds, etc.) that are related to Imerys shares ("Imerys securities").

In accordance with the general principle that applies to Insiders, whether permanent or occasional, any corporate officer and related persons must, in the event that they directly or indirectly hold privileged information, before the public has knowledge of such information, refrain from carrying out any transaction, including forward transactions, in Imerys securities.

To make its implementation easier, the Board of Directors, at its meeting of February 15, 2011, appointed the Group's General Counsel and Secretary of the Board as ethics officer, tasked with providing, on request from any concerned party, an opinion prior to the transactions on the Company's securities under consideration by corporate officers. This decision is in line with AMF guidelines for preventing insider misconduct by executives of listed companies. The opinion given by the ethics officer is purely advisory.

Furthermore, the obligation to abstain also applies to any transaction on Imerys securities (including as hedging) during the periods prior to the public announcement of the Group's periodical results, known as "blackout periods". This obligation concerns corporate officers, but also other permanent or occasional Insiders, such as the Group's principal support or operations managers, or employees who directly take part in the production of the consolidated financial statements, who are considered as exposed on a regular or periodical basis to the holding of insider information due to their positions and responsibilities. Blackout periods are understood as the number of days leading up to the publication of the Group's results and the day of that announcement. At its meeting of February 13, 2013, the Board of Directors decided to maintain the duration of the blackout periods, in accordance with AMF's recommendation of November 3, 2010, at 15 calendar days leading up to the publication of the quarterly results, and to increase them to 21 calendar days for the publication of the Group's annual and semi-annual consolidated financial statements.

The annual schedule of announcements of the Group's consolidated results as well as the resulting schedule of blackout periods are supplied to the Directors at the end of the previous year; it may be consulted at any time on the Group's website, is included regularly in the Chief Executive Officer's quarterly letter to shareholders and is available on request from the Group's Financial Communication Department.

The Board of Directors examined in 2009 the recommendation of the AFEP-MEDEF Corporate Governance Code imposing that the corporate officers of a listed company refrain from trading on its shares as long as they have access, in consideration of their functions, to information which has not been made public yet. The Board confirmed and kept the obligation to refrain from trading it had previously adopted, stating however that this obligation will continue not to apply to the subscription or purchase of shares through the exercise of options. It indeed considered that the mere exercise of options was not speculative in nature, since the exercise price was established beforehand and only the prohibition from transferring the shares resulting from the exercise of options during the blackout period was necessary. Moreover, the transparency of these operations was fully guaranteed by the obligation to declare to the AMF the transactions made in securities in the Company, including through the exercise of options, pursuant to legal and regulatory provisions.

Furthermore, the Group's policy prohibits Insiders from making any leveraged transactions or speculative transactions (short sales or bull purchases of shares, extension of orders on deferred settlement and delivery services, very short turnaround purchase/sale transactions, etc.) in Imerys securities. To comply with the recommendation of the AFEP-MEDEF Corporate Governance Code, that prohibits risk hedging transactions by Executive Corporate Officers who are beneficiaries of stock options and/or performance shares, Gilles Michel reiterated his commitment in front of the Board on April 26, 2012 not to resort to the use of any risk hedging transactions in respect of his conditional stock options and performance shares granted or to be granted to him during his term of office.

Finally, in accordance with applicable legal requirements, the corporate officers and, under their personal responsibility, all related individuals, must:

- hold the Imerys shares they own in registered form, either directly in their names with the Company or its securities manager or through management by the intermediary (bank, financial institution or broker) of their choice;
- declare individually to the AMF any transactions carried out on Imerys securities within five trading days of such transactions and inform the Company thereof.

Pursuant to the provisions of article 223-26 of the AMF's General Regulations, the table below summarizes the transactions made in securities in the Company by corporate officers in 2012 and, as the case may be, any related persons, as declared to the AMF and published on its website (www.amf-france.org).

Declaring or related person	Capacity	Financial instrument	Number	Nature of operation	Number of operations	Gross amount[(1)] of operations
Gérard Buffière and related parties	Director	Shares	115,538	Sale	38	€5,208,735
Marion Guillou	Director	Shares	600	Acquisition	1	€25,397
Xavier Le Clef	Director	Shares	720	Acquisition	1	€32,486

(1) Before taxes, charges and costs.

RISK FACTORS AND INTERNAL CONTROL

4

4.1 RISK FACTORS

An analysis of major risks is regularly conducted within the Group. It results in the mapping of the estimated potential impact of each identified risk and the extent to which it is controlled. This risk analysis and management process is described in detail in the Report of the Chairman of the Board of Directors *in section 4.2 of the present chapter.*

The main risks and risk factors the Group is facing and their management as well as associated control methods are presented hereafter in order of importance in each category.

4.1.1 RISKS RELATED TO IMERYS' BUSINESS

MINERAL RESERVES AND RESOURCES

Mineral reserves and resources form one of the Group's primary assets and the foundation of the main part of its activities. Their accurate assessment is critical to the management and development of Imerys' operations.

The mineral reserves and resources appraisal results from the study of geological, technical, economic or market parameters available at a given time. Because of unforeseeable changes in these parameters and the uncertainty naturally inherent in evaluating resources, no absolute guarantee can be given for those estimates.

Imerys has set up an internal network of experts who are responsible for evaluating the Group's mineral resources and reserves for each of its operating activities. Under the responsibility of Imerys Geology & Mining Director, these experts carry out an annual consolidated review of the Group's mineral reserves and resources according to the principles *presented in chapter 1, section 1.7 of the Registration Document.*

This appraisal is presented annually to the Executive Committee. The process and resources used to ensure its reliability are examined by the Strategic Committee.

Appraisal methods, calculations and the mining plans drawn up by each site are audited over a three-year cycle by independent experts associated with internal specialists. In 2012, an audit carried out by an internationally recognized firm has confirmed the compliance of the Group's practices with the international mining code.

Imerys Geology & Mining Director has the power to take action on the mining plans proposed by the activities in order to ensure the plans are consistent with the Group's long-term policy and/or its employee workplace safety policy and with its environmental policy.

MARKET ENVIRONMENT

The diversity of its minerals, end markets, customers and locations gives strong strategic positions to Imerys while dispersing its global risk profile. However, the Group's business remains sensitive to changes in macroeconomic conditions. Whereas the effect of those changes varies according to the end markets and geographic zones where the Group operates, the simultaneous deterioration of conditions on several markets and geographic zones could nevertheless have an adverse combined impact on its activity, results and financial position.

The goal of Imerys' people is to constantly optimize management of existing activities by working to develop innovative, high value-added new products, penetrate new markets, and control production costs and overheads or even reduce them while adapting to temporary and structural evolutions. Each activity seeks to establish and strengthen its leadership on major markets and, more generally, enhance all the Group's competitive advantages in areas such as mining reserves, marketing, technology, logistics and human resources. Details of the Group's activities are given in *chapter 1 of the Registration Document.*

Information on the performance of activities, market trends, the measures taken to adapt to them and the strategies under consideration are periodically reviewed by the Executive Committee, the Strategic Committee and the Board of Directors through processes for the 5-year strategic plans, annual budgets and quarterly results reviews *(see section 4.2 of the present chapter)*.

HUMAN RESOURCES

The management and development of the Group's activities require the employment and recruitment of a large number of highly qualified technicians and managers. The success of the Group's internal and external development plans depends partly on its ability to recruit and integrate new skills, especially in the most remote geographic zones, and to train and promote new talents.

That is why Imerys has drawn up a Human Resources policy with the aim of attracting, retaining and renewing the expertise, talents and skills needed to carry out its activities worldwide and to support its internal and external growth. This policy is presented *in chapter 5, section 5.6 of the Registration Document.*

COUNTRY

Because of their mining activity and the variety of their end markets, the Group's activities are now present in many countries, several of which represent a strategic interest for the Group. Future changes in the environmental, social, legal or regulatory policy of some countries, particularly fast-growing countries, could affect the Group's assets, cash flows, profitability and ability to continue operating and developing in such countries.

To identify at risk countries, Imerys uses the "Business Environment" assessment by Coface, the primary French insurance firm specializing in export credit insurance. This rating is used to measure the degree to which an entity's economic and financial commitments are exposed in the countries in question (for more information on these ratings, *see Part "Information by segments" of the consolidated financial statements*). The Group also brings in external consultants as needed to be informed in more details about the local environment (in economic, political or other terms) in some countries and anticipate possible developments. Finally, other international indicators are regularly analyzed to measure the exposure of its personnel and assets to natural, criminal and political risks.

In parallel, Imerys has set up a procedure for regular monitoring of the Group's performance in some countries (particularly Brazil, China and India) and strengthened cross functional organization by country or region according to the size and nature of existing activities and their development potential. The Executive Committee regularly reviews these items and the Group's exposure to such country risks. An overview of those analyses and the actions taken is presented to the Audit Committee upon request.

Finally, Imerys develops its relations with local authorities and communities in those countries in order to create and maintain mutual trust based on a periodical and transparent dialog on Group's activities and methods. Moreover, these relations must help the Group to anticipate major local changes that could have an impact on its activities.

ENERGY PRICES

(See note 25.5 to the consolidated financial statements)

EXTERNAL GROWTH OPERATIONS

In all its activities worldwide, Imerys implements a growth strategy that combines organic growth and acquisitions *(see chapter 1, section 1.2 of the Registration Document)*. In that context, the Group frequently makes acquisitions of activities or companies and creates joint ventures. These operations inherently entail risks relating to the appraisal of the corresponding assets and liabilities and the integration of the acquired personnel, activities, technologies and products or changes in relations with the relevant partners.

Imerys has set up internal control procedures that cover the analysis of potential targets (with the application of strict investment profitability criteria and the performance of in-depth due diligence), the review and acceptance of contractual terms and conditions for the completion of the operations (including commitments by sellers to indemnify against hidden liabilities) and the preparation work, implementation and follow-up of the acquired activities or companies integration. Depending on the amounts at stake, these procedures require prior approval by the Chairman and Chief Executive Officer, the Strategic Committee and/or the Board of Directors *(see chapter 3, section 3.1 of the Registration Document)*.

PENSION SCHEMES

(See notes 4.19, 8, 12 and 24.1 to the consolidated financial statements)

RAW MATERIALS

Raw materials account for 18.4% of the Group's current income and expenses in 2012. Trends in the cost of those materials and their supply conditions may, therefore, affect its operating margin.

In that context, the Group's strategy is to integrate, whenever economically and technically possible, the ownership or exploitation of the mineral resources needed to carry out its activities *(see the Group's portfolio of Minerals presented in chapter 1, section 1.7 of the Registration Document)*. For other critical raw materials, supplies are secured through contracts which are more often multi-annual and/or supplier diversity. Thus, in 2012, purchases from Imerys' ten largest suppliers (including transport and energy) represent only 10.96% of the Group's total purchases, with no supplier accounting individually for more than 3% of total purchases.

A purchasing risk analysis policy was developed to control those supplies. In that respect, the Group's activities can draw on the Supplier Qualification System (SQS) to keep their supply risks to a minimum and qualify their suppliers. Furthermore, Imerys appoints Purchasing managers per purchase category whenever possible in order to benefit from specialization in negotiating better terms of purchase.

The risk of the Group's dependency on its critical suppliers and the related management procedure were presented to the Audit Committee in 2011.

CUSTOMER CREDIT RISKS

(See note 22.4 to the consolidated financial statements)

The level of customer credit risk is relatively limited thanks to the diversity of the Group's activities and geographic bases and to the high number and dispersal of its customers. In 2012, sales to Imerys' ten biggest customers represent 13.85% of the Group's sales, with none of them individually totaling 3%. The Group does not estimate at present that it has any significant risk of dependence with respect to its customers.

Furthermore, trade receivables are closely monitored internally in every activity and credit insurance is set up in Europe according to the activity's specific circumstances.

The recent economic crisis, which increased the credit risk of some Group customers, did not reveal any situations where the default of several significant customers, even simultaneously, could have a major combined effect on the Group's results and financial situation. The total amount of provisions booked for the depreciation of trade receivables is €25.8 million (i.e. 4.8% of the amount of trade receivables) as on December 31, 2012, compared with €30.5 million (i.e. 5.5% of the amount of trade receivables) as on December 31, 2011.

4.1.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

ENVIRONMENT, HEALTH & SAFETY

Most industrial mining and mineral processing activities, which form Imerys' core business, may have an impact on their environment, albeit a limited one. Imerys therefore writes down provisions to cover the environmental risks resulting from the Group's industrial activity, and for the restoration of mining sites at the end of their operating lifespans. These provisions totaled €151.7 million as on December 31, 2012 (€157.5 million as on December 31, 2011).

Furthermore, the Group's activities require the daily performance of tasks that entail risks and which, therefore, require relevant employee training, in particular in the use of explosives, heavy mobile equipment and working at heights.

To manage those risks, Imerys has an Environment, Health & Safety (EHS) Function with the role of guiding and assisting operating activities and the Group in their efforts to develop and maintain a suitable standard of protection for people (Imerys or external personnel), property and the environment.

The EHS Function audits the programs implemented by operating activities in order to check their compliance with local regulations and with Imerys' internal safety, health and environmental standards if they are more stringent. Under EHS policy 30 - 35 audits are planned per year in order to check the Group's biggest sites every three years.

Furthermore, the EHS Function delivers an internal training program. The "Imerys Safety Universities" train participants in assessing work risks and foster improvement in safety culture. These Universities contribute to the sharing of experience in the Group and the creation of robust, dynamic in-house safety networks. This training is enhanced by webinars that are organized monthly to go into more detail on specific topics relating to safety or the environment.

In 2012, the various components of the security program implemented progressively since 2005 were put together in an integrated approach, entitled "Imerys Safety System" which makes them more readable and impactful. At the same time, preventive measures against serious accidents introduced in 2011 have continued. A self-assessment criteria based on safety attitude was added to the self-diagnostics carried out every month by each site to monitor the implementation of the Six Critical Protocols (which cover the activities that generate the most serious accident risks within mining operations).

The Executive Committee periodically examines EHS performance indicators and the results of audits in the various activities. The Audit Committee reviews the processes and resources implemented to achieve goals. The Board of Directors is given an overall presentation of these points at least once per year.

This information is given in detail *in chapter 5, section 5.1 of the Registration Document*.

INDUSTRIAL OPERATIONS AND BUSINESS CONTINUITY

As for any industrial group, Imerys' production sites are exposed to the occurrence of unforeseen incidents (of various nature or origin, e.g. accidents, natural disasters, machine breakage) that may lead to temporary operating stoppages, some of which may significantly affect the activity of the operating sites concerned.

The risk of occurrence of such events and their possible impact on the Group's overall business are limited by the following set of factors and measures: the number and geographic dispersal of industrial sites, many of which are of moderate size, in each operating activity; regular capital expenditure committed by each activity to modernize and maintain its industrial assets; an active industrial risk prevention policy set up by the Group, including the definition of business continuity plans and/or crisis management plans for the most strategic sites and a dam soundness review program for the relevant sites.

Furthermore, the potential financial impact that may arise from property damages or sites' temporary operating stoppages is covered through an insurer that is internationally recognized for its reputation and financial solidity under an insurance coverage program combined with a sound risk prevention program *(see paragraph 4.1.5 of the present chapter)*.

Finally, performance indicators are being developed within each operational activity in order to compare and analyze the operating performances of each industrial site and implement, if necessary, corrective actions which should enable to improve these performances.

These indicators are also monitored in the context of industrial projects management for which new procedures are being put in place within the Group.

The General Counsel presents the Group's policy on insurance, risk coverage and the related prevention programs periodically to the Executive Committee and once a year to the Audit Committee as part of its review of the main risks facing the Group.

4.1.3 LEGAL RISKS

COMPLIANCE WITH AND/OR CHANGES IN LAWS AND REGULATIONS

The Group's companies have to deal with a great number of national and regional laws and regulations, given the nature of their operations (particularly mining of natural resources) and their diverse locations (252 industrial sites in 48 countries as at year-end 2012). Consequently, the Group must verify that it is able to comply with those regulations as well as possible in order to continue running all its operations and enable them to maintain an acceptable level of profitability.

Chiefly in fast-growing countries, foreign companies, especially those that exploit local natural resources, may be affected by the adoption of discriminatory legislative or regulatory texts or by their interpretation by the authorities in charge of their application. Furthermore, the legislative and regulatory framework is generally becoming tighter with respect to the protection of the environment, health and safety. The costs entailed in bringing the Group's activities into compliance with those laws, regulations or interpretations, the penalties that may be imposed in the event of non-compliance and the resulting possible damage to the Group's reputation may have a negative impact on the economic conditions of the Group's operations and the competitiveness of its activities.

To ensure its operations' optimal compliance with all applicable legislation and regulations, Imerys has set up a network of internal lawyers assigned to the Legal Department, some of whom are based at operations or in the Group's main geographic zones. Furthermore, as stated in *paragraphs 4.1.1 and 4.1.2 of the present chapter*, audits of geology and EHS practices allow to regularly check the compliance of local activities with applicable laws and regulations.

In many countries, Imerys develops close relations with regulatory bodies, trade associations, local authorities and communities in order to better anticipate or orientate, whenever possible, the planned legislative and regulatory changes that may have an impact on the Group's activities. Imerys tries to anticipate those changes and factor them into its research and development programs in order to be able to meet the requirements of new regulations in a timely manner, while limiting its costs, and/or to use those changes as commercial opportunities for the Group.

To the best of Imerys' knowledge, no risk with a significant financial impact exists on this issue as of the date of the present Registration Document.

LEGAL PROCEDURES

(See note 24.2 to the consolidated financial statements)

The Group is exposed to the risk of actions and claims arising from the ordinary course of its business. The most common claims or actions concern allegations of personal injury or financial loss calling on the liability of Group companies with respect to: the pursuit of their commercial or industrial activities (particularly claims by customers concerning the delivery of defective products – in most cases covered by Group insurance programs – or by third parties concerning neighborhood disturbances); the possible breach of certain contractual obligations; the failure to comply with certain legal or statutory provisions that apply in social, property or environmental matters.

Furthermore, Imerys is also bound by certain contractual obligations of compensation – or enjoys certain rights to compensation – with respect to guarantees of liabilities made for past divestments – or acquisitions – of assets.

Imerys Legal Function manages all claims involving the Group, with the assistance of local lawyers whom it appoints. An overview of the most significant claims is reviewed with the Group Finance Function and Group Auditors after every half-year. The General Counsel makes a summary presentation of claims to the Audit Committee as part of its annual examination of the risks facing the Group.

Although the outcome of all outstanding actions and claims cannot be foreseen with certainty, taken individually or as a whole, their settlement, even if adverse for the Group companies involved, is not likely to have any material impact on the Group's consolidated financial statements. The amount of provisions booked for products warranties is €27.2 million as of December 31, 2012 (€30.8 million as of December 31, 2011) and the amount of provisions booked for legal, social and regulatory risks is €83.2 million as of December 31, 2012 (€96.1 million as of December 31, 2011). The likely term of these provisions is from 2013 to 2017.

More generally, as of the date of the present Registration Document, no governmental, legal or arbitration proceedings, whether in abeyance or by which the Company is threatened, is likely to have, to the best of Imerys' knowledge, or has had in the past 12 months any significant effect on the financial position or the profitability of the Company and/or the Group.

MAJOR CONTRACTS

To the best of Imerys' knowledge, apart from the contracts entered into in the ordinary course of business, including contracts with respect to operating rights for mineral reserves and resources, and in relation to the business acquisition or divestment operations or the financing operations mentioned in the present Registration Document, no other major contracts have been signed by any Group company in the two years prior to the date of the present Registration Document that are still in force on that date and which contain provisions entailing an obligation or commitment likely to have significant impact on the Group's business, financial position or cash flow.

However, with respect to some contracts, significant commitments and guarantees have been granted by Imerys or its subsidiaries. The amount of off-balance sheet commitments made is €446.1 million as on December 31, 2012, compared with €507.8 million as on December 31, 2011 *(see note 30 to the consolidated financial statements)*.

4.1.4 RISKS RELATING TO FINANCIAL MARKETS

(See notes 22 and 25 to the consolidated financial statements)

4.1.5 RISK INSURANCE AND COVERAGE

The Group's policy with regard to the protection of its earnings and assets against identifiable risks is to seek the most suitable solutions on the insurance market that offer the best balance between their cost and the extent of the coverage provided.

The coverage of major risks that are common to all operating activities is almost exclusively integrated into "All Risks Except"-type international Group insurance programs taken out on the market with insurers that are internationally recognized for their reputation and financial solidity. This integration enables the Group to benefit from the most extensive coverage with the highest limits while optimizing its cost. As part of the active external growth policy implemented by the Group, steps are taken to ensure that acquired businesses are immediately integrated into existing Group insurance programs or benefit from coverage terms that are at least equivalent. In the latter case, integration is restricted to the additional coverage offered by Group programs compared with the local insurance policies that apply to the acquired activities.

The Group's companies also use the local market to cover the specific risks of some of their non-recurring activities or operations through the services of the brokers in charge of managing the Group's insurance programs, or when such insurance is made compulsory by applicable local regulations.

The Group judges that it currently benefits from sufficient insurance coverage, in terms of both scope and insured amounts or limits of guarantees, for the most important risks related to the pursuit of its businesses worldwide.

The two main Group insurance programs cover civil liability as well as property damage and business interruption.

CIVIL LIABILITY

The purpose of this program is to cover the Group's liability in the event of bodily injury, property damage or consequential damage occurring during operations or after the delivery of products, and any damage resulting from accidental pollution.

The Group's activities are first covered by local policies issued in each country ("1st layer"), then by a Master policy issued in France and an additional policy in excess of the limit of cover of the Master policy ("Excess"). Group's insurers are XL Insurance Company Ltd UK (rated A – Strong – by Standard & Poors) and AXA Corporate Solutions (rated A+ stable by Standard & Poors).

Those "Master" and "Excess" policies are also used in addition to the limits and coverage of several specific sub-programs, particularly in North America, to cover Automobile Civil Liabilities and Workers' Compensation, and in addition to the mandatory Employer's Liability policy issued in the United Kingdom.

The coverage provided by the Group Civil Liability program, subject to the exclusions that are common practice on the insurance market for this type of risk and to sub-limits applied to certain defined events, amounts to €100 million per claim and per year.

The current Group Civil Liability program is renewable on December 31, 2014. Apart from exceptions, applicable standard deductible is €50,000 euros per claim and may amount to 10% of the claim (with a ceiling of €200,000 per claim) for claims over €500,000, outside Canada and the United States where they amount to US$100,000 and US$250,000 respectively.

PROPERTY DAMAGE AND BUSINESS INTERRUPTION

This program is particularly intended to cover property damage caused suddenly and directly, affecting the insured property as well as any resulting operating losses.

The Group's activities are covered for property damage and business interruption under a Master policy that is issued in France and applies directly in most European countries and in addition to local policies in other countries, when regulations allow.

Since 2002 Imerys has opted to retain "frequency" risks within a captive reinsurance company consolidated in the Group's accounts for a claims ceiling that was increased as of January 1, 2013 to €900,000 per claim and €4 million annual aggregate (vs. €900,000 and €2.5 million previously).

The Master policy provides the Group, subject to the exclusions that are common practice on the insurance market for this type of risk and the sub-limits applied to certain defined events, with coverage for property damage and business interruption of €200 million per claim.

The current Group property damage and business interruption program, taken out with FM Insurance Company Limited (rated A+ – Superior – by AM Best and AA – Very strong – stable by Fitch) is renewable on December 31, 2013.

In assigning its property damage and business interruption program to an insurance firm that is renowned for its expertise in prevention engineering, Imerys intends to continue its extensive efforts on risk awareness and protection in its activities in line with its overall Sustainable Development program. Almost all the Group's industrial sites are regularly inspected by prevention engineers, giving rise to recommendations that enable Imerys to improve its industrial risk management. More than 100 sites were inspected in 2012. Since 2007, awareness seminars on industrial risks (fire, electrical risks, hot works…), facilitated by FM Global's prevention engineers, have been organized in the Group.

OTHER GROUP-WIDE INSURED RISKS

The Group's other main insurance programs are intended to cover the following risks, which are common to all its legal entities or several of its activities: company officers' liability; motor fleet insurance (Europe and United States); marine cargo and charterer's liability; workers' compensation and employers' liability (particularly in the United States and the United Kingdom).

4.2 INTERNAL CONTROL

4.2.1 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

INTRODUCTION

Context

Pursuant to article L. 225-37 of the French Code of Commerce, as amended by the law on financial security of August 1, 2003 (the "LSF law"), then by the laws of December 30, 2006 and July 3, 2008, the Chairman of the Board of Directors drew up his report on the composition of the Board, the conditions for preparing and organizing its work and on the risk management and internal control procedures set up by Imerys, on February 13, 2013.

Detailed information on the conditions under which the work of the Board of Directors is prepared and organized and, more generally, on its composition, the application of the principle of gender balance among its members, its workings and the limitations placed by the Board on the powers of Executive Management, is given *in chapter 3, section 3.1 of the Registration Document*. The principles and rules set down by the Board of Directors to determine the compensation and benefits of any kind granted to corporate officers are given *in chapter 3, section 3.3 of the Registration Document*. As the case may be, this information comes with a note explaining why the Group does not implement certain provisions of the AFEP-MEDEF Corporate Governance Code, which the Board of Directors states that it uses as a reference. Moreover, the particular arrangements for the participation of shareholders in the Annual General Meeting and the information described in article L. 225-100-3 of the French Code of Commerce likely to have an impact in the event of a public offering are presented respectively *in chapter 7, section 7.1 and section 7.4 of the Registration Document*. All this information should be considered as an integral part of the above-mentioned Report of the Chairman of the Board of Directors.

The part of the report presented below describes in more detail the main internal control and risk management procedures implemented by the Group. This part was drawn up under the responsibility of the Imerys Risk and Internal Control Department and reviewed by the Chairman and Chief Executive Officer who confirmed that its content was valid. The report was then provided in full to the Statutory Auditors for discussion and to the Audit Committee for review prior to its definitive approval by the Board of Directors.

Internal control objectives

To define its internal control reference matrix and structure its approach, the Group draws on the framework and the application guide published in January 2007 by the AMF (the French Securities Regulator) and updated in July 2010. That matrix includes the objectives and the components of the AMF framework.

The Imerys Group's internal control system covers all controlled companies in the Group's scope of consolidation, including newly acquired companies.

By implementing this system in all its activities, Imerys intends to ensure that it has the resources needed to manage the risks that its activities face, guarantee the accuracy and thoroughness of its financial information and organize the proper management of its operations in accordance with the laws and regulations in force and the Group's management principles and strategy. In this way, the internal control system helps to protect the Company's value for its shareholders and employees and to achieve the goals it sets itself.

However, by its nature, such a system cannot provide an absolute guarantee as to the total control of the risks that the Group faces and the achievement of its goals.

Internal control principles

In line with the goals set, Imerys' internal control system is founded on the following principles:

- a chosen, controlled organization comprised of skilled, responsible men and women;
- targeted internal communications;
- a regular analysis of the Group's main risks;
- relevant control activities;
- a regular review of internal control practices in the Group.

A CHOSEN, CONTROLLED ORGANIZATION

Organizational model

Imerys' internal control is based on the Group's operating and management organization and on support Functions that are directly or indirectly dedicated to the control of the risks that the Group faces.

The control system set up in the Group is founded on a tight Governance structure that guarantees the transparency and traceability of decisions, while conserving the principles of subsidiarity and decentralization that are considered as essential to the optimal running of the Group's industrial and commercial activities. It requires great commitment from every line or support manager who must take ownership of the policies and procedures defined at Group level, contribute to their implementation and observance, and enrich them through measures that are relevant to the specificities of the activities or fields under their charge.

The framework for managing operations consists, on the one hand, of Group policies and the resulting delegations of authority to line managers and, on the other hand, of specific controls and audits implemented by the central support Functions in their scope of responsibility, regular audits conducted by the Internal Audit Department and self-assessments conducted at least once every three years by the managers of the main entities under the control of the Risk and Internal Control Department. Furthermore, operating management is constantly controlled and monitored by line managers and periodically by the Chairman and Chief Executive Officer and the Chief Financial Officer through budget processes, quarterly income reviews and monthly management reporting, of which the main items and findings are commented on at the Executive Committee's monthly meetings. The consolidated financial statements are also reviewed by the Board of Directors and, for semi-annual and annual statements, approved by the Board of Directors after examination by the Audit Committee.

The longer-term orientations of each activity and the resulting financial forecasts are formalized and monitored under a multiyear strategic plan for the Group and periodic strategic reviews for each activity. These are drawn up under the control and supervision of the Chairman and Chief Executive Officer. Their conclusions are reviewed by the Executive Committee before being presented to the Strategic Committee then, for approval, to the Board of Directors.

Participants in internal control

The Board of Directors and its specialized Committees

The Board of Directors constantly controls the management of the Group conducted by the Chairman and Chief Executive Officer. In that framework, it particularly makes sure that internal control mechanisms are set up correctly in the Group.

To assist the Board in its mission, three specialized Committees were formed from its members: the Strategic Committee, the Appointment and Compensation Committee and the Audit Committee. The Strategic Committee and the Audit Committee have responsibilities with respect to identifying and managing risks and monitoring certain internal control mechanisms as presented *in chapter 3, section 3.1 of the Registration Document*. In particular, the Audit Committee reviews at least once a year the processes set up and results obtained in terms of risks analysis and appraisal of internal control mechanisms.

These specialized Committees perform their duties under the responsibility of the Board of Directors.

Executive Management and the Executive Committee

The Chairman and Chief Executive Officer has operating and functional responsibility covering all the Group's activities to implement the strategy defined by the Board of Directors. In particular, he is in charge of the effective implementation of internal control mechanisms within the Group.

The Chairman and Chief Executive Officer is assisted in his mission by an Executive Committee of which he appoints the members. The latter represent each of Imerys' activities and main support Functions. By delegation, Executive Committee members are in charge of setting up and monitoring internal control systems in their scope of responsibility.

Operating management

In accordance with the Group's decentralized operating principles, the managers of each activity have the responsibility and necessary powers to organize, run and manage the operations in their charge, and to delegate in similar conditions to the managers reporting to them.

Each activity favors the most appropriate organization to its markets, taking into account their commercial, industrial or geographical specificities. It is, therefore, responsible for adopting internal control mechanisms that are consistent, on the one hand, with its organization and, on the other hand, with the Group's principles and rules.

Support Functions

The corporate Finance, Strategy, Legal & Corporate Support, Human Resources, Innovation, Research & Technology and Business Support, Mining & Geology and Environment, Health & Safety Functions have a twofold mission: organize and control the Group's operations in their respective spheres of expertise and provide technical assistance to operating activities in those fields when necessary. This central support core, together with the specific Departments (Purchasing, Industrial Management and Information Systems), enables the Group not only to benefit from the scale effects related to its size and from better sharing of skills, but also to ensure that all the operations in those fields are carried out in a framework of secure and consistent management and control.

Through their presence, support Functions make a significant contribution to the Group's internal control mechanisms. Most of the managers of these functions have functional authority over the managers whose missions come under their scope of expertise in operating activities.

Operating Risk Committee

An Operating Risk Committee was created in early 2011 to improve the coordination of risk and control analysis and management within the Group. It is made up of the main managers of central support Functions. In 2012 it met three times in order to analyze and make decisions over a number of risks identified for the Group, the main actions planned to tighten existing internal controls and the causes of any deficiencies observed.

Internal Audit Function

The Internal Audit Function's mission is to check the Group's internal control mechanisms and make sure that they comply with the principles and rules governing them. It must alert management of any internal control failings and issues recommendations to correct such failings.

The Internal Audit Function is a management support Function and is independent of the operating and functional activities that it audits. For that purpose, the Internal Audit Manager reports hierarchically to the Chairman and Chief Executive Officer and functionally to the Audit Committee.

Risk and Internal Control Department

Since November 2011, the Risk and Internal Control Department reports to the Internal Audit Function and works closely with the Legal & Corporate Support Function, the Group's other support Functions and the main line managers for each activity.

In carrying out his or her missions, the Department Manager is supported by the network of local financial controllers. The goal of those missions is to coordinate the continuous improvement of internal control mechanisms in the Group. They are organized around three activities: risk analysis; administration of Group's policies and procedures (including their Group-wide dissemination); overall review of internal control practices in the Group.

Framework

The Group's rules

Imerys' internal control policy is set down in a number of charters (Board of Directors Charter, Sustainable Development Charter, Environment, Health & Safety Charter, and Internal Audit Charter) and codes (Code of Business Conduct and Ethics and Corporate Governance policy) that apply Group-wide. These sets of rules are intended to create a favorable control environment, based on robust principles and the experienced practice of Corporate Governance, as well as on upright and ethical behavior in compliance with laws, regulations and the Group's strategic objectives.

Furthermore, Group's policies have been defined by central support Functions and Departments and define the specific organization, responsibilities, working principles and reporting for the respective areas of expertise for which they are responsible.

Finally, the Group's internal control manual defines the main internal control principles and the principal control activities to be carried out with respect to the Group's operating and financial processes.

The Group's charts, policies and manuals are grouped together in the "Blue Book", which all employees can consult online via intranet. This initial set of rules forms the reference framework by which the Group's operating activities must abide. It applies to all the Imerys companies and activities.

In operating activities, a second set of rules, if needed, defines specific working and reporting principles. These arrangements are, in compliance with Group policies, adapted to their own internal organization, the management of their specific mining, industrial and commercial activities and to the particular related risks. They take into account specificities in terms of local laws and regulations.

Since 2011, the Group has put in place a process of electronic certification in order to issue specific internal control communications. By this way, managers and any other employees who may be concerned by the communication certify that they have read the communication and commit to challenge the internal controls implemented in their responsibility area against the information provided. In 2011, this certification process was used to communicate the Group's management authority rules which define the allocation of internal responsibilities and the approval workflow for a number of its major operations. In 2012, this process was used to issue a detailed communication on the risks of fraud.

Code of Business Conduct and Ethics

Beyond compliance with applicable laws and regulations, Imerys expects its activities to be carried out ethically and transparently worldwide, while protecting the best interests of all stakeholders.

The Imerys Code of Business Conduct and Ethics summarizes the ethical principles the Group expects all its employees, especially its senior managers, as well as its contractors, suppliers and other partners with whom they have close relations, to follow. It is designed so that everyone, in his or her daily work, not only complies with local legislation, but also adopts an attitude in line with the Group's values, principles and rules with respect to responsibility, integrity, fairness and openness.

For more information, *see chapter 5, section 5.2 of the Registration Document.*

Information systems

The effectiveness of information systems and tools contributes to the reliability and improvement of support and operating processes.

The Group's policy consists of integrating as much as possible its value chain (particularly sales, distribution, purchasing, inventory, fixed assets, production, the logistics chain and finance) via its computerized enterprise resource planning (ERP) tools. Imerys strives to use integrated ERP control systems in order to ensure the optimum level of control while meeting the specific requirements of better management of its operating activities. This use is regularly checked by the Internal Audit Function through specialized information system assignments.

Imerys is organized around a small number of ERP systems which are selected in order to achieve support and maintenance synergies as well as satisfactory consistency, but also to allow for the size of operations and geographic zones where they are to be rolled out.

For the consolidation and reporting of its accounting and financial information, the Group uses a single software package in all its entities.

Furthermore, tools for consolidating and monitoring the most important non-financial data have been set up Group-wide. Depending on the case, they are used to achieve the following goals:

- obtaining better vision of the performance of the Group's different activities, preventing or solving any difficulties and fostering or measuring improvement (e.g. consolidation and reporting of representative indicators for managing human resources and environment, health or safety);
- ensuring accurate management of some data and contributing to the monitoring of the data's compliance with Group's rules and with the legal or regulatory obligations that apply to Imerys activities (e.g. consolidation and reporting of legal and administrative information on the Group's subsidiaries and interests and their company officers; management of intra-group bank accounts and cash flows).

Human Resources management principles

Human Resources management contributes to Imerys' internal control system by enabling the Group to ensure that its employees have a relevant skill level with respect to their responsibilities, that they are aware of those responsibilities and that they are informed about and observe the Group's rules.

In that respect, a set of rules has been drawn up to ensure that the decisions taken comply with applicable international laws and agreements, control the integrity of salary determination and payment processes, supervise the setup of benefits, gather and process information. Other Human Resources policies have been drawn up covering areas such as employee relations, advice for business travelers, international mobility and crisis management.

Recruitment and development

To support its growth, the Group recruits in every country and every function. To make sure that recruitments are consistent and relevant, the Human Resources Function defines standards and periodically verifies the quality of practices. In addition, senior managers may not be recruited without the involvement of the Human Resources Function and, as the case may be, the relevant support Functions.

There are two parts to the career development procedure: Performance Appraisal and Career Development (P.A.D.), through which individual goals are set and annual assessments carried out, and Organization and People Review (O.P.R.), a framework that allows the activities to examine annually individual situations (e.g. identifying high-potentials or outstanding performance), succession plans and key organizational questions which are then reviewed by the Executive Committee.

The results and main analyses resulting from the management of human resources and skills are presented periodically to the Strategic Committee.

Compensation

Compensations are reviewed annually. The review particularly focuses on base salary and individual bonuses. Compensation is revised in accordance with a global policy which aims to improve its competitiveness, its consistency and its appropriateness to the individual and collective performance. Revision is based on an international classification of the main line and support manager positions at Imerys. Furthermore, the bonus practices in force in the Group are consistent and are based, in particular, on comparable criteria in terms of percentage and kind. The Appointment and Compensation Committee is informed of the global compensation policy and the measures taken for major Group executives.

TARGETED INTERNAL COMMUNICATIONS

Internal communication is organized around a central department that is part of the Group Human Resources Function and a network of local correspondents in operating activities. Its mission is to supervise the integration of each Group's activity and build a corporate identity founded on its diversity.

The objective is threefold:

- inform all the Group's employees;
- share experience and foster the dissemination of best practices;
- listen to personnel, especially in operating activities, through the local correspondents network.

To achieve these goals, the Group has several communication tools. The in-house newsletter "Imerys News" or the intranet "Imerysnet" set out Imerys' general orientations, strategy, organization, activities and projects. Other tools, for example the intranet "Blue Book" or intranets on specific topics managed by support Functions, are used to disseminate Group policies and procedures. Moreover, Imerys strives to give all newly recruited managers an overview of the Group, including its organization, core businesses and strategy. The welcome sessions organized every year for around 100 new arrivals in each of the Group's main geographic zones (Europe, Asia, and USA) contribute to this effort.

Finally, in addition to the training programs organized by the activities, Group training sessions are organized by the Imerys Learning Center *(see chapter 5, section 5.6 of the Registration Document)*. These sessions enable employees to enhance their professional expertise (e.g. finance, geology, marketing, project management…) and foster the sharing of best practices.

PERIODICAL ANALYSIS OF THE GROUP'S MAIN RISKS

Objectives

Analyzing risks enables Imerys to identify the events that, if they occurred, could represent a major threat with respect to the achievement of its strategic and financial goals and its compliance with local laws and regulations.

Through a structured process designed to enable the Group to appraise and analyze its main risks, Imerys can assess the suitability of its existing internal control mechanisms, set up relevant action plans to improve their efficiency and, more generally, increase the protection of the Group's value in compliance with applicable laws and regulations.

Organization

A three-level risk analysis process is organized:

- with respect to his or her duties, every support and line manager must constantly seek to identify, analyze and manage risks in his or her areas of responsibility. The identification and management of these risks are periodically reviewed and discussed by the Chairman and Chief Executive Officer and the Chief Financial Officer as part of the budget process, quarterly income statement reviews and monthly management reporting;
- furthermore, the Group has undertaken a formal, recurrent process to analyze its main risks by drawing up a map which shows the potential impact of identified risks and the extent to which they are managed. The Executive Committee members, the main persons responsible for central support departments and functions as well as the main persons responsible for each of these operational activities participate in this process. Results are reviewed and approved by the Group's Executive Committee and presented to the Audit Committee. In view of the results, new actions are defined to tighten the Group's control of certain identified risks. This risks analysis is now regularly updated on the basis of a review by the Group's support Function managers, Comex members and/or main line managers;
- finally, in early 2011 an Operating Risk Committee was created to improve the coordination of risk and control analysis and management within the Group *(see "Organization" section above)*.

Imerys' Board of Directors supervises the Group's risk analysis process. The Board has appointed two of its specialized Committees, the Strategic Committee and the Audit Committee, to examine questions relating to the Executive Management's analysis and monitoring of the major risks that come under their respective areas of competence. The Committees regularly report to the Board on the work done on that subject and on the obtained results.

Major risks

The nature of the Group's main risks and their management and control methods are detailed *in section 4.1 of the present chapter.*

RELEVANT CONTROL ACTIVITIES

Operating and support control activities

Control activities are carried out to ensure that the risks related to a given operating or support process are correctly covered. They are adapted to the goals set by the Group.

Group policies *(see "Organization" section above)* are rules that structure the Group's control environment. The resulting procedures, particularly those relating to the accuracy of accounting and financial information, describe the required control activities in detail.

Control activities concerning the accuracy of accounting and financial information

The control mechanism and the procedures for the production of the accounting and financial information are uniform throughout the Group. This mechanism is made up of a cross-Group accounting organization, consistent accounting standards, a single consolidated reporting system and a quality control of the internal and external financial and accounting information that is produced.

Organization of the accounting and financial department

Accounting and financial operations are managed by the Group Finance Function. Its central organization includes:

- an Accounting and Consolidation Department, which is responsible for the preparation and presentation of Imerys' statutory financial statements and the Group's consolidated financial statements;
- a Financial Control and Budget Control Department, which prepares and consolidates budget and monthly management reporting data and analyzes operations' performance in relation to budget targets and to comparable periods during the previous year;
- a Treasury and Financing Department, which is particularly in charge of preparing and consolidating data on financial debt and on the Group's financial income/expense. Its main missions concern the centralized management and optimization of the Group's debt and financial resources, the management of interest rate, liquidity and currency risk, as well as the management of hedging instruments;

- a Tax Department, which is particularly responsible for monitoring the tax consolidations made in the Group, estimating the resulting amount of taxes and controlling their overall consistency.

Because of the decentralized organization of accounting and financial functions, the financial controller of each activity has a key role. In particular, he or she is in charge of making sure that accounting and financial internal control procedures are correctly applied in the activities for his or her scope of responsibility. Each controller is assigned to the manager of the operating entity in question, but also reports on a functional basis to the Group Finance Function.

Accounting framework

The general rules described in the "Blue Book" apply to all the Group's operating and legal entities. In compliance with the IFRS standards adopted within the European Union, they include:

- a reminder of the general accounting principles and recommendations to comply with;
- a detailed chart of accounts;
- a definition of the Group's accounting methods that apply for the most important items and/or operations.

These documents are regularly updated with every amendment or application of new accounting standards, under the responsibility of the Reporting and Consolidation Department and under the control of the Statutory Auditors.

Annual budget and management reporting

Every year, Imerys implements a monthly reporting and budget process for all the Group's entities in order to have a running tool and accurate and consistent information. The match between accounting data and the management information derived from reporting is the key control principle intended to ensure the accuracy of accounting and financial information.

Imerys' budget preparation procedure is based on the involvement of crossfunctional teams in every activity and on the control of the overall consistency of assumptions and methods by the Reporting and Consolidation Department.

The reporting system enables the Group to accurately monitor monthly results (income statement and cash flow) and financial data for operating activities and to compare them with the budget and results for the corresponding period in the previous financial year. Local line managers comment on management indicators and the main variations are analyzed by the Reporting and Consolidation Department.

Consolidation process

A single accounting consolidation system handles all information from every Group operating and legal entity.

To guarantee the quality and accuracy of its financial information, Imerys has set up an unified reporting and consolidation system ("SAP Business Object Financial Consolidation ") for both the collection of management information and the production of the consolidated financial statements. The system is deployed in all the Group's entities. It is sourced from local accounting data by interface, by retrieving the necessary data from the financial modules of entities' ERP systems or by manual input. The system provides for the automatic control of certain reported and/or consolidated data.

A detailed schedule is drawn up for annual and interim (quarterly and semi-annual) account closings by the Reporting and Consolidation Department.

Review of results

Every month, the Executive Committee examines the most recent overviews resulting from management reporting, analyzes significant variations on the previous year or the budget. It defines any corrective actions that it judges necessary and monitors their implementation.

Furthermore, results are reviewed at the quarterly meetings in which operating activity managers present their results to the Chairman and Chief Executive Officer and the Chief Financial Officer. A summary of each of those reviews is also presented to the Strategic Committee.

Finally, the consolidated financial statements, accounting procedures and complex financial transactions are systematically reviewed by the Executive Committee. All of these items are also reviewed by the Board of Directors which approves them after examination by its Audit Committee.

REVIEW OF INTERNAL CONTROL MECHANISMS

The review processes set up at Imerys enable the Group to regularly check the quality and efficiency of its internal controls and to take improvement actions if needed.

Beyond the constant controls made by line and support management, internal controls are reviewed under two interrelated Group processes.

For the newly acquired companies, these reviews are usually performed from 6 to 18 months following their integration.

Audit of entities' internal control practices

The Internal Audit Function has a twofold mission: check internal control mechanisms in operating entities and make sure they comply with the principles and rules defined by the Group; cover operating and strategic risks and issues for the Group.

Internal Audit teams inspect all operating entities in an auditing cycle that ranges from two to five years on average, depending on how critical and significant the entities are. The audit plan is validated annually by the Audit Committee and may be modified according to circumstances.

Audit reports are passed on to the Chairman and Chief Executive Officer and the main support and line managers concerned. A complete report about the Internal Audit Function's activities is presented and discussed every six months in an Executive Committee meeting then in an Audit Committee meeting, attended by the Statutory Auditors.

Overall review of the internal control systems

Imerys has undertaken a continuous process to improve the efficiency of its internal control systems. Implementation of this process is supervised by the Risk and Internal Control Department and work is done in coordination with managers of the Group's relevant line and support organizations. This structured and formal process is based on detailed self-assessment questionnaires. The aim is to analyze existing internal control mechanisms, particularly with respect to the material nature of the related risks.

This process is structured in five main stages:

- prior identification of the key operating and support processes where the major risks are located;
- identification of critical control activities related to the risks in those processes;
- assessment of those controls by the main process owners;
- identification of any deficiencies in internal controls;
- consolidation of the obtained results, definition and implementation of any necessary improvement or corrective actions.

A computer tool is used to consolidate, process and provide overviews of the information resulting from the different stages.

Twenty-eight of the Group's main entities, which together account for almost 60% of consolidated sales, take part in the detailed self-assessment program of their 12 main operating and support processes that can generate material risks for the Group (Sales, Inventories, Purchases, Capital Expenditure, Fixed Asset Management, Mining, Payroll, Human Resources Management, Treasury, Tax, Closing & Consolidation and IT Security). These assessments are now updated every three or four years according to the selected entities and processes.

Furthermore, as of 2010, the Group's smaller legal entities are also covered in rotation by a self-assessment of their internal control mechanisms, on a simplified basis better suited to their size.

Self-assessment questionnaires are completed by the concerned responsible people and validated by the financial controllers and general managers of the assessed activities. They are reviewed and discussed with the Risk and Internal Control Department to ensure that answers are consistent and assessments are relevant. Furthermore, the results of the self-assessments are compared with the information given in the internal audit reports in order to identify any divergence of appreciation whenever the activities have been audited in the 24 months prior to the self-assessment of their internal controls.

The approach and the final results of the overall review of the Group's internal control systems are presented annually to the members of the Executive Committee and to the Audit Committee.

4.2.2 STATUTORY AUDITORS' REPORT

Prepared in accordance with article L. 225-235 of the French Company Law *(Code de commerce)* on the report prepared by the Chairman of the Board of Directors of Imerys.

Fiscal year ended December 31, 2012

ERNST & YOUNG et Autres	Deloitte & Associés
1/2, place des Saisons - 92400 Courbevoie Paris-La Défense 1	185, avenue Charles de Gaulle - 92524 Neuilly-sur-Seine Cedex
S.A.S. with variable share capital Statutory Auditor Member of the Compagnie régionale de Versailles	S.A. with share of capital € 1,723,040 Statutory Auditor Member of the Compagnie régionale de Versailles

(This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L.225-235 of French Company Law (Code de commerce) on the report prepared by the Chairman of the Board of Directors on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France).

To the Shareholders,

In our capacity as statutory auditors of Imerys and in accordance with article L.225-235 of the French Commercial Code (Code de commerce), we hereby report on the report prepared by the Chairman of your company in accordance with article L.225-37 of the French Commercial Code (Code de commerce) for the year ended 31 December 2012.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures implemented by the company and to provide the other information required by article L.225-37 of the French Commercial Code (Code de commerce) relating to matters such as corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and,
- to attest that this report contains the other disclosures required by Article L.225-37 of French Commercial Code (Code de commerce), it being specified that we are notresponsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L.225-37 of French Commercial Code (Code de commerce).

OTHER DISCLOSURES

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French Commercial Code (Code de commerce).

Paris-La Défense et Neuilly-sur-Seine, le 19 mars 2013

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres	Deloitte & Associés
Jean-Roch VARON	Arnaud de PLANTA

SUSTAINABLE DEVELOPMENT

5

5.1 IMERYS' SUSTAINABLE DEVELOPMENT APPROACH

ISSUES AND STRATEGY

The Group's international scale gives it special responsibilities with respect to its employees, its neighboring communities and its shareholders. The analysis of the principal issues for the future, as well as the potential impact of its industrial and mining activities on its various stakeholders, led Imerys to focus its efforts on six main areas. It has made the following specific commitments on these areas:

- **Governance & Ethics:** constantly improve corporate governance; going further than compliance with applicable local laws and regulations; make sure all activities are carried out ethically and transparently worldwide, while protecting the best interests of all stakeholders and creating the conditions for strict internal control;
- **Environment:** take action to reduce the Group's environmental footprint and use natural resources efficiently; control the environmental impact of its activities and set up management systems that provide for continuous performance improvement;
- **Innovation:** constantly innovate to improve manufacturing processes and increase the environmental benefits of the Group's products;
- **Human Resources:** increase diversity in the Group; give employees the resources they need to develop professionally and ensure that they have satisfactory benefits. Imerys also encourages open dialog with personnel representatives and trade union organizations;
- **Safety & Health:** meet ambitious health and safety standards; improvement in this area depends on the combined action of every participant in the company: management, employees, contractors, visitors and neighboring communities;
- **Communities:** build constructive, transparent and harmonious relations with the communities where Imerys is based and contribute to their economic development.

Imerys is aware of the importance of these commitments in safeguarding its long-term development. The Group's performance on its Sustainable Development policy is considered a core component of its results, and a necessity for its future operating performance.

The Group's Sustainable Development (SD) actions are guided by a three-year plan that sets goals for each of the six areas of action. The three-year plan also provides for gradual, continuous performance improvement. The plan is set by the Executive Committee, based upon the recommendations of a Steering Committee that meets quarterly and brings together various support service managers. Three members of the Executive Committee are also on the Steering Committee. The strategy is initially drafted by the SD Working Group, which is made up of Environmental, Health & Safety, Sustainable Development and Human Resource professionals and is representative of the operating entities and geographic zones in which they operate. The Group's Vice President Environment Health & Safety (EHS) coordinates the process for setting SD objectives as well as their implementation. The Board of Directors places increasing importance on Sustainable Development risks and issues, which are the subject of a formal presentation at one of its sessions every year. The Board also tasks the Audit Committee with an annual review of organization, policies, goals and results in this area.

Imerys' three-year Sustainable Development plan was defined after broad internal consultation. It sets the objectives for the period of 2012-2014 in every major area of action.

The two tables below show the achievements of the past year and the objectives for the future.

	2012 Objectives	2012 Performances
Governance & Ethics	Update the general compliance program for the Group, incorporating the latest recommendations, particularly with respect to preventing fraud and corruption.	Achieved
	Establish an annual audit to check compliance of one activity's trade and competition practices.	Partly achieved
Purchasing	Launch self-appraisal of suppliers on child labor prevention on a scope representing 15% of spend.	Achieved
	Audit five suppliers in zones identified as sensitive.	Achieved
Environment	Define an Environmental Management System (EMS) audit process and audit 5% of Group operations.	Achieved
	Define a biodiversity action plan for 10% of operations located in sensitive zones in terms of biodiversity.	Achieved
	Draw up an energy action plan for five of the 15 highest energy-consuming mining operations.	Partly achieved
	Define an overall thermal efficiency indicator as a key process monitoring indicator.	Achieved
Innovation	Estimate the carbon footprint of three new products.	Achieved
	Assess the recyclability of some minerals.	Achieved
Safety	Reduce the LTA Rate(1) for employees and contractors to below 1.6.	Achieved
	Define and collect an occupational disease monitoring indicator.	Achieved
	Add a new tracking criterion to the self-appraisal program on the Group's Serious Six Critical Protocols(2).	Achieved
	Site managers to take part in a Safety University within 12 months following their appointment.	Achieved
Human Resources	Gradually roll out recommendations on the prevention of unsuitable working hours (management information and regular audits).	Achieved
	Create an indicator on the number of employees benefiting from death coverage for any cause.	Achieved
	Carry out at least one training initiative on basic skills for the least qualified personnel in five additional activities.	Partly achieved
	Draw up a semi-annual report on diversity in order to measure the progress made and to be achieved.	Achieved
	Set up a significant initiative to raise employee awareness of disability issues.	Achieved
Communities	Deploy the Community Relations protocol in the most sensitive 20% of operations on the subject in each activity.	Achieved

(1) LTA Rate: (number of lost-time accidents x 1,000,000) / number of hours worked.

(2) These protocols cover the activities with most significant risks in mining operations.

	2013 Objectives	Future Objectives
Governance & Ethics	▮ Update the Group's compliance program on anti-competitive trade practices. ▮ Broaden communication and awareness-raising on the Group's Code of Business Ethics and Conduct among its personnel. ▮ Increase the number of women on Imerys' Board of Directors to at least 20%. ▮ Implement the Group's new anti-corruption program.	**Continue to comply with best Corporate Governance practices by:** ▮ Continue to improve compliance with ethics and fair competition rules set by the Group for its business conduct; ▮ Take action to increase representation of women on the Board of Directors beyond 20%.
Purchasing	▮ Confirmation by suppliers accounting for more than 10% of a given activity's purchases and operating plants in sensitive countries[(1)] that they comply with the ILO[(2)] convention on child labor.	**Ensure that the practices of the Group's suppliers meet international standards on child labor.**
Environment	▮ Efficient water resource utilization plan set up at Group operations in water stress zones[(3)]. ▮ Auditing of the Environmental Management System (EMS) at 15 operations. ▮ Energy and CO_2 emissions efficiency: significant improvement plan and related monitoring indicators. ▮ Biodiversity action plan set up at 12% of operations located in areas of high biodiversity value. ▮ Implementation of action plans defined for selected mining operations among the Group's highest energy consumers and monitoring of progress.	**Continue reducing the Group's environmental impacts:** ▮ Ensure that operations' environmental management systems are robust; ▮ Continue actions in favor of biodiversity; ▮ Begin a water consumption optimization program on sensitive operations; ▮ Improve the Group's energy efficiency by 10% over five years (base 2009).
Innovation	▮ Introduce at least 1 product or process with a recycling benefit. ▮ Environmentally friendly products & processes: 5 per year.	**Continue to factor Sustainable Development into R&D projects:** ▮ Regularly launch products that offer an environmental benefit; ▮ Work on the carbon footprint of new products.
Safety	▮ LTA Rate Goal of 1.3 for contractors & employees. ▮ Monthly Self-Auditing on Serious Six Protocols: 1 additional criterion.	**Continue to improve safety culture to reach the zero-accident target;** ▮ Continue reducing the workplace accident rate; ▮ Continue efforts on behavior-based safety.
Human Resources	▮ Diversity Country plans in at least 5 countries. ▮ Lead at least one new training initiative linked to safety for least-skilled workforce in 10 activities. ▮ Continue to analyze the existence and adequacy of life coverage and improve the benefits proposed in at least 2 new countries.	**Give our employees the means to develop professionally and provide satisfactory benefits:** ▮ Encourage the recruitment and promotion of diverse profiles and disabilities within the Group; ▮ Improve training programs for the least qualified categories of personnel in particular; ▮ Set up relevant benefits, particularly in terms of death & disability coverage; ▮ Promote constructive dialogue with personnel representatives and trade union organizations.
Communities	▮ Community Relations protocol set up and formalized in 30% of the sites in each activity.	**Maintain good community relations to enable our activities and communities to develop together.**

(1) As per FTSE4Good definition.

(2) International Labor Organization.

(3) The Water Stress Index is the standard indicator for the Global Water Tool, defined by the University of New Hampshire (2000). The index counts the population located in a defined geographic zone for which the ratio between water demand by the industrial, agricultural and household sectors and water availability is above a certain threshold, above which the zone is under "water stress".

INVOLVEMENT IN REPRESENTATION BODIES

Imerys is an active member of the Industrial Minerals Associations for Europe and North America (IMA-Europe and IMA-North America). Through these associations, Imerys works with the European Union and the US federal government to encourage sustainable development initiatives in the industrial minerals sector. Through its French clay roof tiles & bricks activities, the Group also has presence in the building materials sector. Imerys works actively with public authorities on the application and modification of regulations concerning this sector of its business.

In 2012, the Group's main positions in terms of European public policies concerned, in particular, effective resource management and innovation. The industry emphasizes the progress made on mining methods, leading to better use of mineral resources. The industry also puts substantial innovation efforts into improving the environmental benefits delivered by minerals including recyclability. The work coordinated by IMA-Europe indicates that 40-50% of industrial minerals are recycled.

Imerys encourages relevant partnerships with Non Governmental Organizations (NGOs) on local projects, particularly in the areas of biodiversity, public health and economic development.

Finally, the Group maintains dialog with rating agencies and socially responsible investors in order to present its SD activities and improve its performance on environmental management, safety, community relations and ethics. Imerys is also listed on specialized stock market indexes such as FTSE4Good and ASPI Eurozone.

INDICATORS AND SCOPE OF REPORTING(1)

The Group's Sustainable Development reporting covers all of the activities over which it exerts operating control. Every published indicator has been selected in relation to the Group's key action areas and the indicator's relevance to the Group's activities. The indicators are defined after broad internal consultation, and are consistent with the GRI(2) guidelines and the Greenhouse Gas Protocol for reporting energy and CO_2 emissions (the methodology adopted for defining each indicator is given on the website *www.imerys.com / Sustainable Development* section).

Imerys also works to continuously improve the quality and accuracy of its reporting. A new reporting platform was rolled out in 2012. Under the new regulatory obligations stemming from the French environmental law "Grenelle II", the Group assigned the firm Deloitte to verify its data collection processes and selected indicators for 2012. This assignment resulted in a report that is shown on pages 141-142 of the present chapter of the Registration Document.

The indicators verified by Deloitte are marked with an asterisk*.

Imerys publishes a Sustainable Development report every two years. The report is available from the Sustainable Development section of the Group's website. This section is regularly updated and also provides information on the Group's strategy, action plans and achievements in this area.

(1) 2011 data presented in this section differ – as regards the Environment – from the data published in the 2011 Annual Report: allowance for perimeter changes and the correction of reporting efforts are the main sources of difference.

(2) The Global Report Initiative (GRI) is intended to encourage an environment in which "reporting on economic, environmental, and social performance by all organizations becomes as routine and comparable as financial reporting".

5.2 ETHICS & HUMAN RIGHTS

CODE OF BUSINESS CONDUCT AND ETHICS

Going further than compliance with applicable laws and regulations, Imerys carries on its activities ethically and transparently worldwide, while preserving the best interests of its stakeholders.

The Imerys Code of Business Conduct and Ethics summarizes the principles of ethical behavior the Group expects from all of its employees - especially its senior managers - contractors, suppliers and other partners. It is designed to encourage everyone, in his or her daily work to adopt an attitude that complies with local legislation and abides by the principles of responsibility, integrity, fairness and openness.

More specifically, the Imerys Code of Business Conduct and Ethics defines the rules that apply in terms of protection of the environment and human rights; relations with local communities and diversity; employee safety; confidentiality rules; prevention of insider trading, conflicts of interest, fraud or corruption; protection of the Group's assets and fair competition. The Code was reviewed and updated in 2011, and again in 2012, in order to take into account changes and developments in applicable international regulations, as well as best practices implemented by groups that are comparable to Imerys.

Some of these subjects are also discussed in other Group policies as well as in the Code of Business Conduct and Ethics, i.e. anti-fraud policy, the child labor and forced labor protocols, anti-trust policy and employee relations policy.

Major efforts are made in internal communications. The Code of Business Conduct and Ethics is presented at in-house seminars and regularly featured in articles in the internal magazine. In addition, online training is implemented for employees in the United States and at least once per year for all Imerys' main managers and employees. As of the end of 2012, approximately 2,600 employees have been trained in the Group's Code of Business Conduct and Ethics.

Furthermore, in 2010 Imerys set up a simplified annual reporting process that enables Group division managers to report any breaches of the Code of Business Conduct and Ethics, particularly fraud, corruption or violation of human rights. Finally, the Group's general compliance program (including, in particular, the prevention of fraud and corruption risks and compliance with competition law) was reviewed in 2011 and tightened in 2012. The program was presented to the Audit Committee as part of its review of the Group's main risks. For 2013, the program will include an update of anti-fraud, anti-corruption and competition policies, specific training sessions (including one specifically for members of the Group's Executive Committee) and a self-appraisal campaign on these practices.

HUMAN RIGHTS

Imerys complies with the Universal Declaration of Human Rights and monitors the risk associated with the Group's swift growth in emerging countries. The Group has placed special importance awareness and prevention of child labor since 2009: Operations managers on all Imerys operations in zones where vigilance is particularly recommended by indices such as FTSE4Good are trained in the relevant regulations. Application of the Child Labor protocol is systematically checked in the internal audits performed in those countries. In 2012, eight Imerys operations were audited (i.e. 32 operations since this work began in 2010). More generally, the Group intends to involve its suppliers in its Sustainable Development process. In 2012, five suppliers operating in zones judged as sensitive in terms of child labor underwent an audit on their compliance with international standards. A self-appraisal process for suppliers' child labor prevention practices was set up over a scope representing 15% of Imerys' purchases. Furthermore, a new Group-wide protocol designed to increase the control of supply chain management risks is to be rolled out in 2013. It formally lists ethics and human rights among the key topics.

5.3 ENVIRONMENT

ENVIRONMENTAL MANAGEMENT SYSTEMS

Imerys aims for all activities to have an Environmental Management System (EMS) enabling them to control significant environmental risks and issues. The Group encourages ISO 14001 or EMAS certification, which is considered an outstanding achievement at Imerys but is not mandatory. EMSs are covered by a specific environmental protocol and are part of the EHS audit. If any nonconformity with one of the eight aspects of the protocol is identified, then the site's management is required to take corrective actions.

Imerys rolled out the protocol in all of its operations through a self-appraisal procedure based on the eight pillars of an effective EMS[(1)]. The results of this self-appraisal were presented quarterly to Executive Management until the end of 2011.

Since early 2012, the emphasis has been on assessing the robustness of existing management systems. Regular self-appraisal, presented quarterly to Executive Management, measures performance against the objectives and priority targets defined for each site. Furthermore, an EMS audit process was set up, with 5% of the Group's operations audited in 2012. In 2013, the audit process should be extended to 10% of operations, i.e. 15 additional operations.

The table below gives the number of Imerys operations with an EMS.

Number of operations	2012	2011	2010	2009
ISO 14001 or EMAS[(1)] certified operations	88*	81	68	59
Operations with the 8 pillars of a good EMS	142	139	92	48
Total	**230**	**220**	**160**	**107**

(1) EMAS: Eco Management and Audit Scheme (European Standard).

5

ENERGY CONSUMPTION AND AIR EMISSIONS

The Group considers the improvement of its energy efficiency as the main lever for reducing its greenhouse gas emissions. The use of thermal energy in mineral transformation operations (heating, drying, firing, sintering and calcining) is the main source of greenhouse gas emissions in the Group (54% of total). Indirect emissions relating to the consumption of electricity for production are the second largest source (38% of total). Finally, some of the processes used cause CO_2 emissions themselves (8% of total), particularly through the decarbonation of raw materials.

Imerys set itself the goal of improving energy efficiency by 10% over five years using 2009 as a baseline. The related reduction in CO_2 emissions is reinforced by initiatives to use renewable energy sources in some of the Group's units.

The Energy team's work is along the following main lines:

- **improving knowledge of energy consumption and carbon emissions**. As of 2011, Imerys tracks energy and CO_2 data monthly rather than quarterly; a detailed analysis of the related trends is drawn up and provided regularly to the Executive Committee. The energy efficiency assessment method was also overhauled to improve quality and accuracy by measuring energy consumed per ton. In parallel, the estimation of energy consumption by mining operations begun in 2010 was taken further in 2012, with the selection of five pilot operations (chosen from the 15 highest energy-consuming operations). These five operations will be closely monitored, and in early 2013 action plans will be developed for each to reduce their consumption;
- **setting up and monitoring action plans to improve the energy efficiency of operations' processes**. The Group's Industrial Department provides support as needed to operating engineers in the Group's different activities to optimize the efficiency of their machines. In thermal energy, for example, an overall indicator for heat efficiency was defined as part of a more general project to improve the Group's industrial efficiency. In line with European standards, the indicator will be rolled out gradually to all Imerys operations in 2013, and it will be used to identify areas for improvement, monitor energy efficiency and define action plans.

21 Imerys industrial sites take part in the European Union Emission Trading Scheme. For the final year of application of Phase II of the Scheme (2008-2012), these operations' emissions remained below their allotted quotas.

(1) The eight pillars of a good Environmental Management System are: existence of a policy; identification of aspects & impacts; identification of legal requirements; goals and targets set; specific representative designated; training provided; emergency procedures; and internal audit.

ENERGY CONSUMPTION

Total energy consumption and energy productivity over four years:

	2012	2011	2010	2009
Total energy consumption(1) *(thousands of Gj)*	35,502*	35,597	35,180	28,322
Energy productivity(2) *(base 100 in 2009)*	96.5	96.9	97.7	100

(1) Net of resold electricity.

(2) Ratio analyzing the change (from year Y-1 to year Y) in total energy consumption per ton, excluding changes in Group structure. Production sites only.

Breakdown by energy source

(%)	2012
Electricity (net) and steam	30.3%*
Natural gas	43.5%*
Other fossil fuels	22.2%*
Biomass	4.0%*
Total	**100%**

CO_2 EMISSIONS

Change in total CO_2 emissions related to energy consumption (including biomass) and production processes(1), and carbon efficiency.

(Thousands of tons)	2012	2011	2010	2009
Total CO_2 emissions (thousands of tons)	2,860*	3031	2,904	2328
Carbon efficiency(1) (base 100 in 2009)	94.3	95.5	97.5	100

(1) Ratio analyzing the change (from year Y-1 to year Y) in total CO_2 emissions per ton (scopes 1 and 2 of the GHG protocol) excluding variations in Group structure. Production sites only.

Breakdown by emission source (actual data)

(%)	2012
Energy(2)	87.5%*
Processes	8.0%*
Biomass	4.5%*
Total	**100%**

(2) Excluding biomass.

(1) With respect to energy consumption and CO_2 emission reporting:

- *only the Group's production sites come under the perimeter. Commercial activities, sales and administrative offices, to which most of the selected indicators would not be relevant, were excluded from the scope of application. This exclusion constitutes a minor impact on energy consumption and CO_2 emissions;*
- *on a few sites, Imerys subcontracts some activities, chiefly transportation and mining. When fuel data is available, particularly when Imerys buy the fuel, this has been taken into account. On the other hand, in the event that fuel is bought by contractors, the corresponding data has not been taken into account, as it could not have been recorded with the required accuracy. Only data concerning companies over which Imerys has operating control has been taken into account.*
- *GHG Protocol methodology was applied retroactively to 2009, 2010 and 2011 data to make them comparable to the 2012 perimeter. For the United States, electricity emission factors are those of the e-grid.*

More formal methods have led to an improvement in energy efficiency (0.4% in 2012 vs. 2011, i.e. 3.5% aggregate improvement over three years). The result for 2012 was undermined by lower production volumes. Action plans are in progress to resume the improvement trend in our energy efficiency. In parallel, specific CO_2 emissions for fossil energy, processes and electricity consumption decreased further (1.2% in 2012; - 5.7% on aggregate since 2009) due to improvements in energy efficiency and an energy mix generating lower emissions. The relative share of biomass was stable at 4.0% of total energy consumption.

The greater number and intensity of extreme weather events such as hurricanes, tornados or floods related to climate change could affect the Group's units (production stoppages, damage, etc.). However, Imerys considers that the potential impact of that risk is marginal, because the group has a large number of sites located in every geographic zone. Furthermore; the Group does not have major production units in the zones that are particularly exposed to these extreme events. Conversely, the increase in demand for products offering an environmental benefit is a development opportunity for the Group, and the Group aims to market five new products or processes per year that meet this criterion (for more details on Innovation policy, *see Section 1.8 of this Registration Document*). Imerys has taken part in the Carbon Disclosure Project for five years and its rating has improved steadily.

NO_x AND SO_x EMISSIONS

The Group's mineral conversion processes require calcination. These calcination processes generate emissions of oxides of nitrogen (NOx) and sulfur dioxide (SO_x). Imerys publishes below an estimate of its SO_x and NO_x emissions, applying specific conversion factors to each source of consumed fuel. As of 2012, Imerys' reporting also includes "process" SO_x. These are emissions occurring when SO_2 is liberated during thermal processing of mineral raw materials containing sulfur. These emissions concern a limited number of the Group's operations.

(tons)	2012	2011	2010	2009
Sulfur dioxide (SO_x)	4,591[(1)]	3,530	3,788	3,214
Nitrogen oxide (NO_x)	6,395	6,665	6,322	4,942

(1) Including process $S0_x$ emissions in 2012.

WATER WITHDRAWALS

Imerys withdraws groundwater to keep its quarries in good condition and to transform its minerals. Water is often stored in impound basins for reuse, and after settling and treatment, it is ultimately released to the environment. In some cases, products are delivered in Imerys products as slurries.

Imerys tracks its operations' water withdrawals and breaks them down by the different withdrawal sources (see table below). The Group has opted not to include water moved from one zone to another without being used by the operation (e.g. water pumped to keep quarries on good working order), as the quality of this water is not affected by the Group's activities. Imerys also reports on the water recycled by its operations in order to promote a better water recycling rate and, consequently, a reduction in operations' withdrawals.

The table below presents trends in water withdrawals for the past four years:

	2012	2011	2010	2009
Total water withdrawals *(millions of liters)* **of which:**	48,538	52,893	53,491	48,916
Water obtained from water suppliers	11.9%	12.0%	14.4%	12.7%
Water withdrawn from ground water	47.5%	52.0%	42.6%	58.8%
Water withdrawn from surface water	25.7%	22.3%	27.5%	21.2%
Water obtained from other sources	14.9%	13.6%	15.6%	7.3%

An inventory of operations located in water stress zones, completed in 2012 using the WBSCD's Global Water Tool[(1)], identified 17 operations in such areas according to the Water Stress Index. The great majority of these operations are low water consumers that combined account for less than 3.5% of the Group's total withdrawals. In 2013 these operations must set up a plan to optimize their water consumption. Imerys is considering tracking volumes of water discharges into the environment by quality and destination in the future.

(1) The World Business Council for Sustainable Development provides companies with an assessment tool for their risks relating to the quality and quantity of their water supply.

WASTE

The Group's activities produce only small quantities of industrial waste, as it mainly transforms its minerals by mechanical (e.g. grinding) and physical (e.g. density separation) processes. The aim of our processes is to separate minerals with value for customers from those with no current market value. The latter are usually stored on or near production sites as they may be useful in the future as a result of technological progress or new market opportunities. In many cases, unused minerals are used as fill in post-mining restoration work. For these reasons, the unused minerals are not recorded as "waste". As of 2011, the Group's European sites have new plans for managing their inert waste under the European directive on mining waste management.

Imerys collects data on waste generation and recycling. The table below shows the trends for the past four years:

	2012	2011	2010	2009
Total waste *(tons)*[(1)] **of which:**	287,827*	297,228	312,583	282,879
Hazardous industrial waste	2,217	900	1,705	1,036
Recycled hazardous industrial waste	1,112	671	598	336
Non-hazardous industrial waste	120,187	116,209	119,047	95,408
Recycled non-hazardous industrial waste	164,312	179,449	191,238	186,176

(1) 2008 and 2009 data has been reprocessed to exclude tonnages of unused minerals that were previously recorded incorrectly by one site as waste.

In 2012, the Group's activities generated 288 kt of industrial waste, 1.2% of which was hazardous waste. 57.5% of that tonnage is recycled, and several Imerys operations are taking innovative actions to implement further recycling activities.

SITE RESTORATION AND BIODIVERSITY

Mining entails temporary occupation of the surface for extraction activity. To manage the environmental impact of its extraction activity, Imerys has defined a "Post Mining Restoration" protocol that requires every entity to describe the remediation methods that will be applied during the site's operation and at the time of its closure.

In its efforts to reduce the impacts of its activities on biodiversity, Imerys acts along three main lines: keeping the affected surface to a minimum, continuously restoring the surface whenever possible, and finally, taking offset measures. Both active quarries and closed quarries offer many opportunities to enrich biodiversity by revitalizing natural habitats and helping to protect endangered species. Many examples of positive contributions to the conservation of existing ecosystems on the Group's sites demonstrate this phenomenon. Most of these examples result from partnerships with local environmental associations or NGOs.

Under this policy and for the particular case of its mining activities in Cornwall (United Kingdom), in May 2010 Imerys and the international property development group Orascom formed the joint venture Eco-Bos Development Ltd, (25% Imerys, 75% Orascom) in order to carry out an ambitious project: building an eco-village on 700 hectares of industrial land belonging to Imerys that was no longer needed to meet its operating needs. Under the project, Eco-Bos will bear restoration costs, in accordance with applicable local environmental regulations, for all development expenses on the land in question. The project is under way, and the plans, together with the corresponding development models, have been the subject of preliminary public consultation. Meanwhile, British law has changed significantly with respect to the granting of construction permits, and the local property market has deteriorated substantially. This has pushed back the forecasted completion schedule for Eco-Bos. Central authorities have asked for an update to the general development plan for the central Cornwall region, which was previously adopted by local authorities and which sets the framework for the project.

More generally, Imerys' strategy is to build its knowledge and understanding of the environment, and in sensitive zones, foster the development of biodiversity management plans. Approximately 15% of the Group's operations are located on or near zones recognized for their interest in terms of biodiversity. In 2012, with the aim of preparing a guidance document for biodiversity management plans, in-depth analyses were conducted on five pilot sites, i.e. 10% of Imerys' biodiversity-sensitive operations. The sites were selected for the quality of their approach, and this enabled the Group to identify best practices and key stages in an effective biodiversity management plan. Work will continue in 2013, and the approach will be extended to 12% of Imerys' sensitive operations.

Additional work in 2012 focused on the definition of two new indicators for land use, with the aim of quantifying the surfaces disturbed by the Group's mining activities, as well as restored surfaces. These indicators were set up on a pilot activity in France (clay roof tile production) representing 24 quarries in France. As of December 31, 2012, 216 hectares were disturbed by the division's mining activities. Restored surfaces covered 95 hectares.

These new indicators will be gradually extended across the Group and will enable Imerys to report on its efforts to minimize environmental impact of its activities.

5.4 HEALTH AND SAFETY

SAFETY

Mining and mineral processing require a strong safety culture in order to prevent accidents. The Group's approach is structured along the following lines: clearly defined audit protocols, regular audits, a global training plan, safety training based on a behavior-based model, an accident analysis program and a serious accident prevention plan, as well as events designed to strengthen safety culture on key sites.

Since 2005, Imerys had implemented various programs in stages to provide the Imerys operations with tools and training for continuous, long-term improvement of workplace safety. In early 2012, the various components of the safety program were integrated into the "Imerys Safety System".

The Imerys Safety System sets out the minimum safety rules and standards of the Group and sets the expectation that all of its operating activities worldwide to follow comply with these rules and standards. The Imerys Safety System also describes the main levers used for continuous improvement of safety. Finally, the Imerys Safety System contains training and communication tools that are designed to support the compliance and continuous improvement of the system.

Initiated in 2005, the Imerys Safety University (ISU) was designed to strengthen the site managers' understand of the concepts of a safety culture. The curriculum includes training modules on risk appraisal, employee coaching, root cause analysis and behavior-based safety. Today, the ISU is offered not only to site managers but to supervisors and other managers, as well. In 2012, nine ISUs were organized on four continents. In eight years, more than 1,700 Group employees have taken part in a Safety University and every operations manager must now take part in a session within 12 months of his or her assignment. Since the first quarter of 2012, many of the ISU modules have been available online in six languages, and the Group is developing additional remote training solutions and practical training tools to continuously improve the competencies of its employees in the area of safety and health.

The Group continued its program focusing on the "Serious Six," the six areas that can cause the most serious injuries. A monthly self-assessment requirement was imposed in 2011, and in 2012, a new criterion focusing on behavior-based safety was added to the monthly self-diagnoses. Efforts on behavior-based safety will continue in 2013 with the organization of a training program and implementation requirement for all supervisors in the Group's operations.

Reducing workplace accidents in the Group also involves analyzing their causes and acting on everyday behavior. In November 2012, for example, a specific action was also taken on hand and arm safety in response to the rise in related lost-time accidents.

- "Safety Alerts" are given out whenever a serious accident occurs. Video reconstructions of the most serious past accidents are also circulated to operations to increase understanding and analysis. Also as part of the Group's information-sharing efforts, the Group began circulating in May 2012 a concise analysis of the causes of all the lost-time accidents occurring in the previous month.
- The "Safety Culture Improvement Team" takes action on priority sites. Corrective measures are closely monitored. In 2012, 12 assignments were completed across every region where the Group operates.
- The "Safety Culture Improvement Team" also organizes orientation events on newly consolidated operations within 90 days of their acquisition or start-up.
- Finally, Imerys considers that behavior-based safety is necessary to develop an effective safety culture. As of year-end 2012, all of the Group's operations have undertaken a behavior-based safety program.

Monitoring and analyzing safety indicators are essential to the continuous improvement of performance. To make its contractors an integral part of its safety process, Imerys monitors its performance on the basis of a combined employee/contractor indicator. As of year-end 2012, the combined lost-time accident rate was 1.51, which represents a 10.7% decrease compared with the previous year. By reducing its lost-time accident rate to 1.51, Imerys surpassed its goal of achieving a lost-time accident rate less than 1.6.

The table below gives the accident frequency and severity rates in the Group for the past four years:

	2012	2011	2010	2009
Frequency rate[(1)]				
▮ Imerys employees	1.36*	1.73	2.19	2.87
▮ Other employees[(2)]	1.89*	1.59	3.34	3.96
▮ Combined rate (employees / other employees)	1.51*	1.69	2.46	3.09
Severity rate[(3)]				
▮ Imerys employees	0.06*	0.12	0.10	0.19
▮ Other employees[(2)]	0.06*	0.09	0.07	0.04
▮ Combined rate (employees / other employees)	0.06*	0.11	0.09	0.17

(1) Frequency rate: (number of lost-time accidents x 1,000,000) / number of hours worked.
(2) Employees of a company under contract with Imerys, in charge of a specific operation on site or providing a service.
(3) Severity rate: (number of lost days x 1,000) /number of hours worked.

Monitoring and understanding of the Group's safety performance are supported by the internal publication of data on work accidents without lost time. Finally, monitoring and analyzing "near-accidents" is mandatory in all operations.

HEALTH

Imerys has a strong commitment to workplace health because the Group's employees may be exposed to mineral dust and to chemicals. The processes employed at Imerys also produce significant noise. Some specific job tasks may also involve lifting or repetitive tasks. Imerys' industrial health program is designed to act on these various aspects through five protocols. The correct application of these protocols is systematically checked during EHS audits.

Many of the Group's European operations participate in the European agreement on "workers' health protection through the good handling and use of crystalline silica and products containing it" reported on their implementation status as part of the third wave of reporting organized in 2012 by the NEPSI[(1)] group. The results of the third wave published in June showed a significant increase in the number of operations taking part in the survey and the number of employees covered. Widespread mobilization by Imerys operations once again shows the importance the Group places on controlling these risks.

Awareness raising actions on workplace health continued in 2012 with the organization of a virtual training session on Imerys' occupational health protocols. In addition, a group will be formed in 2013 to share best practices (technical inspections, respiratory protections, procedures) on managing respirable crystalline silica. All Imerys operations that produce materials containing respirable crystalline silica will participate in quarterly webinars focused on raising awareness and developing relevant skills in the Group's EHS specialist network.

Finally, since mid-2012, Imerys has been tracking the occupational diseases recorded in the Group. All Imerys operations now report this indicator monthly and work is in progress to improve data reliability with a view to publish the data. Analysis of the data will help to define priorities for action on occupational health.

REACh[(2)]

Imerys is involved in identifying and managing the health, safety and environmental issues associated with its products throughout the lifecycle of the products. The Group implements the European Community regulation on regulation, evaluation and authorization of chemicals, REACh. Under REACh, "naturally occurring minerals" are exempt from registration, and this exemption significantly reduces the effects of these regulations on Imerys. The Group has, nonetheless, registered several products that do come under this exemption. Since late 2010, the substances marketed in Europe by Imerys operations have undergone additional risk studies pursuant to the implementation of the GHS/CLP[(3)] regulations. As a result of these studies, a few substances were classified as "hazardous," and appropriate notification was made to the European chemicals agency (ECHA). In most cases, the hazard stems from the presence of crystalline silica in alveolar form. Working with the European Industrial Minerals Association (IMA-Europe), Imerys has helped to define an industry-wide methodology for quantifying the percentage of the hazardous substance in a finished product.

REGULATORY COMPLIANCE, AUDITING

In every country where it operates, Imerys is subject to various Environmental, Health and Safety regulations. To continuously improve compliance with the Group's protocols and their correct application, its operations are audited at regular intervals.

The team tasked with these audits is comprised of around 20 EHS specialists chosen from Imerys operations. The team was bolstered in 2012 with some internal geotechnical specialists who contribute their expertise on mining issues. Peer review of audit reports, consensus meetings and a robust audit procedure ensure the consistency and quality of the annual EHS auditing program.

(1) NEPSI: European network comprised of employees and associations of European companies that have signed the European agreement.
(2) Registration, Evaluation, Authorization and Restriction of Chemicals.
(3) GHS/CLP: Globally Harmonised System / Classification, Labeling and Packaging of chemicals

The EHS audit plan is defined according to a risk matrix factoring in criteria such as unit size, existence of mineral solids storage facilities (MSSF), occurrence of environmental incidents and lost-time accident rate. In addition to the review of Imerys operations' environment, health and safety compliance, the annual audit program now also includes targeted assignments on specific topics such as the stability of tailings storage structures (impound basins, dams, stockpiles, etc.), workplace safety in quarries and Environmental Management Systems.

In 2012, 30 EHS compliance audit assignments were carried out (32 in 2011). In parallel, four operations managing large tailings storage structures were audited and 11 mining operations were visited as part of an inventory of the Group's mining practices that began in 2011. The Group's new ground control and mobile equipment standards were defined on the basis of those audits and these standards will be rolled out in all the Imerys operations.

Finally, Imerys closely monitors the prosecutions against the Group on environmental grounds and the amount of any fines it possibly assessed.

The table below gives a summary for the past four years:

	Number of prosecutions				Amount of fines in euros			
	2012	**2011**	**2010**	**2009**	**2012**	**2011**	**2010**	**2009**
Total	**17**	**30**	**10**	**32**	**1,181**	**1,417**	**28,872**	**21,248**

5.5 COMMUNITY RELATIONS

Taking into consideration the expectations of the communities near the Group's industrial and mining sites is a crucial factor for the long-term sustainability of Imerys' activities. Worldwide, Imerys seeks to increase the positive impact from its activities and reduce the negative aspects.

The communities in which Imerys is based are extremely diverse. Consequently, the Group's decentralized management method is appropriate for dealing with community relations. This flexibility enables each entity to adapt to the values and local constraints of the host community. Under its "Community Relations" protocol, Imerys formally delegates responsibility for community relations to the most senior employee in charge of managing the facility. Under the community relations protocol, he or she is required to draw up a stakeholder inventory and create a plan for continuous improvement of stakeholder relations. Available in seven languages, the protocol also encourages constructive dialogue with stakeholders and requires an appropriate response to all plausible stakeholders' complaints.

Within this framework, the Group's sites have developed projects along a number of axes such as contributing to local economic development, promoting education and training, and participating in community improvement activities. The success of this approach is reflected in the number and quality of projects on community relations submitted every year for the in-house Sustainable Development challenge. These best practices are now shared through a database that all employees can consult on the Group's intranet.

To support the operations in rolling out the Community Relations Protocol and, to help them to organize existing actions into a formal program, a Community Relations Toolbox is available on the Group's intranet site. It has been the focus of awareness-raising and training activities, including articles in the in-house magazine and on the intranet.

In 2012, this process for formalizing existing relations was rolled out in 20% of the operations and the "Community Relations" protocol is now part of the work done by the EHS audit teams. Efforts will continue in 2013 with the goal of rolling out the process to cover 30% of the operations. Furthermore, the European Minerals Days organized every two years by IMA-Europe will be an opportunity for the Group's teams to mobilize around the importance of its their relations with their neighbors.

5.6 HUMAN RESOURCES

The Human Resources (HR) Department's mission is to enable the Group to have the people needed for its development, and to ensure that its organization evolves in an effective, coordinated manner.

It develops and implements general principles and processes in step with the Group's decentralized management philosophy and in compliance with the relevant national legislation. To improve its processes, the Group regularly updates its HR policies in depth.

Human Resources professionals are responsible in their business for the entire function, reporting to the business' line manager. To ensure processes are consistent and common principles are applied, they also report on a functional basis to the Group Human Resources Department. The function is also coordinated in the major countries where the Group operates.

HUMAN RESOURCES PRINCIPLES & MAIN AREAS OF ACTION

The Group has defined its Human Resources policies centered on the following principles:

- share simple rules that provide structure and enable Human Resources teams to ensure their work is optimal and consistent;
- meet its employees' expectations, particularly as regards working conditions and safety, benefits and personal development. In terms of working conditions and safety, recommendations on the prevention of unsuitable working hours have been gradually rolled out. These recommendations are now reiterated regularly by Human Resources managers and their application is checked as part of the EHS audit programs. Furthermore, management must carry out a prior self-appraisal of working hours as part of the work organization of their business units;
- provide managers with management principles that comply with the Group's ethics, especially in terms of diversity, behavior, standards, social dialogue and respect for other people. In 2012, training and awareness-raising measures were also implemented at the management level and within the HR community in line with the diversity policy launched the year before.

The Group is committed to complying with legislation in force in the countries where it operates, particularly in terms of health and safety, non-discrimination, privacy, child labor, compensation and working hours.

The processes behind these principles apply to a number of key areas, including:

- **recruitment:** attract the best candidates for Imerys, both to support organic growth and to deploy new activities. Despite the caution imposed by economic uncertainties, the Group bolstered its management structure with many new internal promotions and external hires, particularly in operations, innovation and internal control. Furthermore, in 2012 Imerys continued its initiative of taking on interns from leading schools and universities and entered into an agreement with Unitech[(1)] to help the Group gain access to students from Europe's best engineering schools. The Group also made a commitment to Brazilian authorities to support the "Science without Borders" program. This will lead Imerys to host around 20 young Brazilians in the country over the next three years. At the same time, the new recruitment campaign aimed at students, "We are Imerys", is driving discovery and membership;
- **development:** promote access to vacancies for employees. For that purpose, Imerys has set up common tools and processes for all activities and functions, including annual performance reviews (PAD) and succession plans (OPR) for its principal managers. This internal mobility goal is a priority for Human Resources teams and specialized committees meet regularly on the issue. The main vacancies in the Group are also published on the Imerys intranet;
- **training:** enable every employee to develop his or her talents and foster the sharing of best practices. A Learning & Development Committee chaired by a Business Group head and comprised of activity and support department managers gives opinions and recommendations on the Group's training orientations. As wall as initiatives taken by operating activities, the Human Resources Department proposes specific Imerys training programs in areas judged essential for the Group (e.g. finance, geology, industrial marketing, project management). In 2012, the Group kept up its employee training efforts with special emphasis on management skills. Furthermore, more targeted actions for high-potential managers led to the setup of training in partnership with INSEAD;
- **compensation and benefits:** roll out coordinated, competitive systems that take into account both the results of the business for whom employees work and their individual performance. In that respect, annual salary reviews are closely coordinated by the Human Resources Department. While local competitiveness is favored, some of the systems set up are designed as the basis for a common, consistent approach to performance within the Group. In 2012, Imerys stepped up its efforts for a more structured approach to compensation. The setup of a common data-processing tool was completed, enabling the Group and activities to optimize annual reviews of their senior management teams' compensation. Imerys' economic and financial caution fostered a more disciplined overall approach to base salaries, on the strength in particular of sector and regional studies, decision management and common review practices. Furthermore, the Group ensures that competitive benefits and insurance programs are implemented in the countries where it operates;

(1) Association of European businesses and technology universities (Politecnico di Milano, Italy, Trinity College Dublin, Ireland, Loughborough University, UK, etc.).

- **employee relations:** the Group aims to build constructive relations with its employees and their representatives in accordance with local regulations:
  - the Imerys European Works Council (EWC) was renewed in 2010 for three years. Its perimeter covers employees in 20 countries: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom. Its 15- member employee delegation holds an annual plenary session. The EWC's five officers meet at least twice a year. The EWC is involved in various processes such as Safety Universities or the Sustainable Development Challenge,
  - a survey conducted in 2012 on almost the entire workforce showed that nearly 80% of Imerys employees are covered by Group-funded life insurance,
  - the need to improve the efficiency and productivity of the Group's activities may lead to internal restructuring plans and job cuts. In such situations, the Group's policy is for operations to give priority to finding in-house placement solutions for the employees concerned and to set up retraining programs and support measures to help them find a job or carry out a personal project;
- **internal communications:** provide all employees with information that can help them understand the Group's environment and activities:
  - induction sessions are regularly organized for new managers,
  - appointment or organizational announcements up to a certain level in the chain of command are made by the Internal Communications Department through the Group intranet,
  - the Company magazine "Imerys News" informs all employees about the Group's strategy, spotlights the different activities' human, technological and commercial successes and conveys the Group's values. Special issues may be produced in line with major events such as the Sustainable Development Challenge. In 2012, Imerys News was published in Mandarin and Brazilian in addition to English and French,
  - the Group also publishes brochures on specific topics such as the "Code of Business Conduct and Ethics", "Crisis Management & Communication" or "Advice for Frequent Travelers",
  - in 2012, the Group began to update its visual identity, particularly through its slide decks and the circulation of internal and external collaboration tools;
- **Human Resources reporting** covers the entire scope of the Group and includes highly detailed indicators (translated into five languages) concerning monthly workforce by country, contract type and activity, professional training, disability, age and seniority.

A Group organizational chart is regularly published. It shows the main reporting and functional relations within Imerys and includes approximately 700 positions with the names and locations of their incumbents. The chart is deliberately restricted to in-house circulation.

The Human Resources Department manages a database of managers in accordance with current regulations on the exchange and protection of personal data. At the end of 2012, it included more than 2,600 executive and manager profiles. This tool gives fast access to employees' career paths and the components of their compensation and clearly boosts internal mobility and compensation reviews. The aim is for the database to gradually become a critical component of HR processes.

Furthermore, in 2012 internal audits enabled the Group to better grasp the improvement factors concerning pay and social contribution items, e.g. separation of tasks, common systems across the Group's business units in a given country and outsourced to professionals, greater involvement from management and human resources teams, systematic back testing.

5

HUMAN RESOURCES KEY PERFORMANCE INDICATORS

EMPLOYEE HEADCOUNT

	12/31/2012	12/31/2011
Total Group as of 12/31	16,026*	16,187
Average annual headcount	16,244	15,821

- As of December 31, 2012, the Group had 16,026 employees, of which 684 on fixed-term contracts, i.e. 4.3% of the total headcount. As of December 31, 2011, the headcount was 16,187, including 816 fixed-term contracts (i.e. 5%).
- To estimate the Group's total workforce, agency workers and on-site "trade" contractors should be included (2,954 people as of December 31, 2012). The countries that make use of this external workforce the most are the United States (635), India (630), Brazil (464), and France (371). Imerys' total headcount (including agency workers and on-site contractors) therefore was 18,980 as of December 31, 2012, compared with 19,433 as of December 31, 2011.

The highlight of 2012 was the acquisition of Itatex in Brazil in May (115 employees) and Goonvean's kaolin activities in the United Kingdom in November (140 employees).

Apart from these acquisitions and slight fluctuations due to seasonal factors or economic conditions, the Group's headcount was relatively stable in 2012, with a slight decrease at the end of the year.

The Group's average headcount for 2012 was 16,244 employees, compared with 15,821 in 2011 (including 888 and 953 fixed-term contracts, respectively).

Employees by business group

	12/31/2012	12/31/2011
Minerals for Ceramics, Refractories, Abrasives & Foundry	5,500*	5,572
Performance & Filtration Minerals	3,773*	3,809
Pigments for Paper & Packaging	2,465*	2,345
Materials & Monolithics	3,998*	4,168
Holding company	290*	293
Total	**16,026**	**16,187**

The breakdown of employees by business group was relatively stable from 2011 to 2012, with Minerals for Ceramics, Refractories, Abrasives & Foundry still the business group that employs most people (34% of the Group's headcount).

Since the acquisition of Luzenac Group in August 2011, the Performance & Filtration Minerals business group represents 24% of the Group's headcount, compared with 18% as of December 31, 2010.

Employees by region

	12/31/2012	12/31/2011
Western Europe	6,708*	6,715
of which France	3,252	3,376
of which United Kingdom	1,370	1,266
Central Europe	1,362*	1,406
North America (incl. Mexico)	2,773*	2,748
of which United States	2,293	2,262
South America	1,503*	1,420
of which Brazil	1,086	1,001
Asia-Pacific	3,079*	3,112
of which China	1,595	1,659
of which India	646	658
Africa	601*	786
Total	**16,026**	**16,187**

The breakdown of employees by region was relatively stable from 2011 to 2012, with 50% of employees located in Europe (42% in Western Europe), 19% in Asia-Pacific, 17% in North America and 9% in South America.

The slight increase recorded in Brazil and the United Kingdom mainly results from the acquisition of Itatex and Goonvean's kaolin activities.

Employees by function

	12/31/2012		12/31/2011	
Operations – Production – Manufacturing	10,904*	68.0%	11,084	68.5%
Logistics - Purchasing	783*	4.9%	816	5.0%
Research & Development – Geology	593*	3.7%	592	3.7%
Sales & Marketing	1,357*	8.5%	1,330	8.2%
Support & Administration	2,389*	14.9%	2,365	14.6%
Total	**16,026**	**100.0%**	**16,187**	**100.0%**

The breakdown of employees by function remains unchanged.

Turnover

Turnover as indicated below is analyzed as the number of voluntary departures in the year, compared with the previous year (as of January 1, 2012), for open-ended contracts only.

In 2012, the rate was 5.8%* for the Group as a whole (5.7% in 2011). Overall turnover is relatively low in the Group, except in Asia-Pacific where it is close to 9%, reflecting region's dynamic economy.

All causes of departure considered, excluding the end of fixed-term contracts, 1,527* people left the Group in 2012 (of which 44% resignations and 22% economic redundancies), compared with 1,439 in 2011 (of which 42% resignations and 23% economic redundancies).

Recruitment and internal mobility

In 2012, recruitment efforts concerned 2,022* people (2,279 in 2011), of which 1,045 on open-ended contracts and 977 on fixed-term contracts. The countries that recruited the most employees on open-ended contracts were the United States (234) and China (128). On the other hand, Sweden mainly hired people on fixed-term contracts (171). The business groups that made the biggest contributions to recruitment were Minerals for Ceramics, Refractories, Abrasives & Foundry with 751 people hired (of which 380 open-ended contracts) and Materials & Monolithics with 613 people hired (198 open-ended contracts).

At the same time, more than 350* internal moves filled vacancies in the Group, of which more than 130 in Western Europe and around 50 in line and support management positions.

DIVERSITY

Percentage of women by region

	12/31/2012		12/31/2011	
	All employees	Salaried employees	All employees	Salaried employees
Western Europe	15.7%	29.0%	15.8%	28.7%
Central Europe	19.4%	36.7%	18.8%	36.6%
North America	15.1%	33.1%	14.7%	33.3%
South America	11.6%	30.3%	11.5%	30.3%
Asia-Pacific	17.4%	27.3%	16.9%	27.0%
Africa	13.3%	12.9%	11.8%	17.5%
Total	**15.8%***	**29.8%**	**15.5%**	**29.7%**

The proportion of women in the Group's total workforce increased slightly compared to 2011. The proportion of female senior managers (members of support or operations management teams) has increased progressively since 2009 (11.9% in 2012 vs. 9.2% in 2009). The proportion remains marginal in the "workers" category (6.3% in 2012).

Number of disabled employees

According to the definition used by the Group[(1)], Imerys employs 260 disabled people who have declared themselves as such with their Human Resources Department (239 in 2011).

Age and seniority

Although 63%* of the Group's employees are in the "over 40" age group, there are wide regional disparities in age distribution. In emerging markets or in regions where the Group has established bases more recently (South America, Asia-Pacific and Africa), Imerys mostly employs people aged 30-40 (33%-36% of employees). This disparity is best shown in the following illustration: 60% of employees in South America are under 40, but only 27% in North America.

(1) Application of national regulations or, as the case may be, the International Labor Organization definition.

The overall distribution of seniority is balanced; 49%* of employees have less than ten years' seniority (of which 28% between four and ten years) and 51%* more than ten years (of which 27% more than 20 years). Nevertheless, there are still significant differences by geography. In South America, 70% of employees have less than ten years' service (of which 33% less than three years) and 5% more than 20 years, whereas in Western Europe, 41% of the workforce has more than 20 years' service and 62% more than ten years.

INDUSTRIAL RELATIONS

In 2012, 23,098 working hours were lost due to strikes, of which 9,881 in South Africa, 6,330 in France, and 5,427 in Tunisia, (26,583 in 2011).

The Group's absenteeism rate was 2.46% in 2012 (2.45% in 2011). There are broad disparities by region: 3.88% in Western Europe, 2.46% in Central Europe, 2.28% in Asia-Pacific, 1.15% in North America, 1.02% in Africa and only 0.96% in South America.

As stated earlier in this chapter, a survey conducted in 2012 on almost the entire workforce showed that nearly 80% of Imerys employees are covered by Group-funded life insurance.

The same kind of survey showed that in 2011, nearly 70% of Imerys employees were covered by a collective bargaining agreement for topics such as work organization and working hours or compensation and benefits. This survey was not conducted again in 2012.

TRAINING

More than 232,000 effective training hours (corresponding to a precise program and content) were provided in 2012 compared with 235,000 in 2011. Awareness training on health & safety procedures and measures accounts for 48% of all training hours, technical expertise development training 43% and managerial training 9%.

More than 10,600 employees received training at least once in 2012 (11,500 in 2011), i.e. more than two-thirds of the Group's annual average workforce. This rate shows the importance placed on training incumbent teams.

EMPLOYEE SHAREHOLDING

The Group did not carry out a new employee shareholding plan in 2012.

As of December 31, 2012, there were 1,900 employee shareholders, i.e. 12% of the Group's workforce, in 24 countries. In 2011, they were 2,334, i.e. 14%. This decrease is due to the expiry of the 2002 employee shareholding plan.

5.7 CORRESPONDENCE WITH THE INFORMATION REQUIRED BY ARTICLE R. 225-105-1 OF THE FRENCH CODE OF COMMERCE

1) Social information		Section
Employment	Total headcount and breakdown by sex, age and geographical zone	5.6 – Employee headcount p. 135-136
	New hires and Redundancies	5.6 - Turnover and recruitment p. 137
	Compensation and its evolution	5.6 Human Resources principles & main areas of action p. 134-135
Work organization	Organization of working time	5.6 Human Resources principles & main areas of action p. 134
	Absenteeism	5.6 – Industrial Relations p. 138
Social relations	The organization of social dialogue, notably information and consultation procedures for personnel and negotiation with the latter	5.6 – Industrial Relations p. 138
	Outcome of collective agreements	
Health and safety	Health and safety conditions at work	5.4 - Health & Safety p. 131-133
	Outcome of agreements signed with trade union organizations or personnel representatives regarding occupational health and safety	5.4 - Health p. 132
	Workplace accidents, notably their frequency and severity, as well as occupational illnesses	5.4 - Safety p. 131-132
Training	Policies implemented regarding training	5.6 - Training p. 138
	Total number of training hours	
Equal treatment	Measures promoting gender equality	5.6 – Diversity p. 137-138
	Measures promoting the employment and integration of people with disabilities	5.6 – Number of disabled employees p. 137
	Policy against discrimination	5.6 – Human Resources principles & main areas of action p. 134-135
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization relative to...	Freedom of Association and the Effective Recognition of the Right to Collective Bargaining	5.6 - Industrial Relations p. 138
	Elimination of Discrimination in Respect of Employment and Occupation	5.6 – Human Resources principles & main areas of action p. 134-135
	Elimination of all Forms of Forced and Compulsory Labor	5.2 – Ethics and Human rights p. 126
	Effective abolition of child labor	

2) Environmental Information		Section
General environmental policy	Organization of the company to take into account environmental concerns, and, where applicable, environment-related assessment or certification initiatives	5.3 – Environmental management systems p. 127
	Training and information towards employees on environmental protection	
	Means devoted to the prevention of environmental risks and pollution	5.3 – Environment p. 127-130
	Amount of the provisions and guarantees for environment-related risks, provided that this information would not be likely to cause the company serious damage within the framework of on-going litigation	6.1.3 – Note 24.2 Other provisions p. 194 6.1.3 – Note 30 Commitments p. 212
Pollution and waste management	Production, reduction or compensation measures for emissions into the air, water or ground and that seriously affect the environment	5.3 – Energy consumption and air emissions p. 127
	Waste prevention, recycling and reduction measures	5.3 – Waste p. 130
	Consideration of adverse noise pollution and any other forms of pollution specific to an activity	5.4 – Health p. 132
Sustainable use of resources	Water consumption and water procurement on the basis of local constraints	5.3 – Water withdrawals p. 129
	Consumption of raw materials and the measures undertaken to improve the efficiency of their usage	Not applicable
	Energy consumption, measures undertaken to improve energy efficiency and the recourse to renewable energies	5.3 – Energy consumption p. 128
	Land use	5.3 – Site restoration and biodiversity p. 130
Climate change	Greenhouse gas emissions	5.3 – CO_2 emissions p. 128-129
	Adaptation to the consequences of climate change	5.3 – CO_2 emissions p. 128-129
Biodiversity protection	Measures undertaken to preserve or develop biodiversity	5.3 – Site restoration and biodiversity p. 130
3) Information relative to societal commitments in favor of sustainable development		
Territorial, economic and social impact of the company's activity	in terms of local employment and regional development	5.5 – Community Relations p. 133 5.1 – Involvement in representation bodies p. 125
	on local and neighboring communities	
Relations maintained with individuals or organisations interested in the company's activity, notably integration associations, education institutions, environmental defence associations, consumer associations, and neighbouring residents	Conditions of dialog with these individuals or organizations	
	Philanthropic or sponsorship actions	
Subcontracting and suppliers	Integration of social and environmental criteria in the purchasing policy	5.1 – Purchasing (Objectives) p. 123
	Importance of subcontracting and integration of CSR in the relationships with suppliers and subcontractors	
Fair operating practices	Actions implemented to prevent any kind of corruption	5.2 – Code of Business Conduct and Ethics p. 126
	Measures implemented to promote consumer health and safety	5.4 – REACh p.132
Other actions promoting human rights		5.2 – Human rights p. 126

5.8 ATTESTATION OF COMPLETENESS AND LIMITED ASSURANCE REPORT

Deloitte & Associés

185, avenue Charles-de-Gaulle

92524 Neuilly-sur-Seine Cedex

ATTESTATION OF COMPLETESS AND LIMITED ASSURANCE REPORT OF ONE OF THE STATUTORY AUDITORS ON SELECTED SOCIAL AND ENVIRONMENTAL INFORMATION

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

Year ended December 31, 2012

For the attention of Imerys group Executive Management

Pursuant to your request and in our capacity as Statutory Auditors of Imerys, we hereby present you with our attestation of completeness on the consolidated social, environmental and other sustainable development information present in the management report prepared for the year ended December 31, 2012 pursuant to article L. 225-102-1 of the French Commercial Code (Code du commerce) as well as our limited assurance report on a selection of such information identified by the sign (*).

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing a management report including the consolidated social, environmental and corporate responsibility information provided for in article R. 225-105-1 of the French Commercial Code (hereinafter the "Information"), prepared in accordance with the reporting criteria used by the Imerys group (the "Reporting Criteria") and available from the Human Resources and Environment, Health and Safety Departments.

INDEPENDANCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures that aim to ensure compliance with rules of ethics, professional standards and the applicable legal texts and regulations.

RESPONSIBILITY OF THE STATUTORY AUDITOR

Based on our work, our responsibility is:

- to attest that the required Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of article R. 225-105 of the French Commercial Code and Decree no. 2012-557 of April 24, 2012 (Attestation of completeness);
- express limited assurance on the fact that certain information selected by the Imerys group and identified by the sign (*) are presented, fairly, in all material aspects, in accordance with the Reporting Criteria (limited assurance report).

To assist us in conducting our work, we referred to the corporate responsibility experts of our Firms.

1. Attestation of completeness

We conducted the following procedures in accordance with professional standards applicable in France:

- we have compared the Information presented in the management report with the list set forth in article R. 225-105-1 of the French Commercial Code;

- we have verified that the Information covered the consolidated scope, i.e., the Company and its subsidiaries within the meaning of article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of article L. 233-3 of the French Commercial Code, subject to the limits set forth in chapter 5 of the management report;
- in the event of omission of certain consolidated information, we have verified that explanations were provided in accordance with Decree no. 2012-557 of April 24, 2012.

Based on our work, we attest to the completeness of the required Information in the management report.

2. Limited assurance report on a selection of consolidated social and environmental information identified by the sign (*).

NATURE AND SCOPE OF PROCEDURES

We conducted our procedures in accordance with ISAE 3000 (International Standard on Assurance Engagements) and professional guidelines applicable in France.

We have carried out the following work to obtain limited assurance on the fact that the Information selected by the Imerys group and identifies by the sign (*), does not contain any material anomalies that would call into question its fairness, in all material aspects, in accordance with the Reporting Criteria. A higher level of assurance would have required more extensive work.

We performed the following procedures:

- we assessed the appropriateness of the Reporting Criteria with respect to its relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector's best practices;
- we have verified the set-up within the Imerys group of a process to collect, compile, process and check the selected information with regard to its completeness and consistency. We have familiarized ourselves with the internal control and risk management procedures relating to the compilation of the information. We have conducted interviews with individuals responsible for social, environmental and other sustainable development reporting;
- concerning the selected quantitative information[(1)]:
  - for the consolidating entity and controlled entities, we have set up analytical procedures and verified, using sampling techniques, the calculations as well as the consolidation of this information,
  - at the sites that we have selected based on their activity, their contribution to consolidated indicators, their location and a risk analysis, we have:
    - conducted interviews to verify the proper application of procedures and obtained information to perform our verifications,
    - conducted substantive tests, using sampling techniques, to verify the calculations performed and reconcile data with supporting evidence.

CONCLUSION

Based on our work, we did not identify any material anomaly likely to call into question the fact that the information selected by the Imerys group and identified by the sign (*) has been presented fairly, in all material aspects, in accordance with the Reporting Criteria.

Neuilly-sur-Seine, March 19, 2013

One of the Statutory Auditors,

Deloitte & Associés
Arnaud de Planta
Partner

(1) The Information is the following: The contribution to Group data of the entities selected for our procedures represents 22% of total Headcount and between 23% and 37% of environmental data. Number of sites holding an ISO14001 or EMAS certification; Total energy consumption; Total energy CO_2 emissions; Total process CO_2 emissions; Hazardous and non-hazardous waste quantities; Total headcount (breakdown by geographic region, branch, socio-professional category, gender, and proportion of women); average age and seniority; Turnover rate (recruitment efforts and internal mobility) frequency and severity rate.

FINANCIAL STATEMENTS

6

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	2012	2011
Revenue	5	**3,884.8**	**3,674.8**
Current income and expenses		**(3,394.7)**	**(3,187.8)**
Raw materials and consumables used	6	(1,377.0)	(1,294.5)
External expenses	7	(1,010.5)	(940.9)
Staff expenses	8	(788.8)	(695.1)
Taxes and duties		(51.6)	(45.1)
Amortization, depreciation and impairment losses		(214.7)	(210.9)
Other current income and expenses	9	44.5	(11.6)
Share in net income of joint ventures and associates	20	3.4	10.3
Current operating income		**490.1**	**487.0**
Other operating income and expenses	10	**(9.4)**	**(23.1)**
Gain or loss from obtaining or losing control		(8.9)	7.8
Other non-recurring items		(0.5)	(30.9)
Operating income		**480.7**	**463.9**
Net financial debt expense		**(57.2)**	**(56.1)**
Income from securities	11	2.0	3.0
Gross financial debt expense	11	(59.2)	(59.1)
Other financial income and expenses		**(1.5)**	**(1.1)**
Other financial income	11	134.4	178.7
Other financial expenses	11	(135.9)	(179.8)
Financial income (loss)		**(58.7)**	**(57.2)**
Income taxes	13	(119.5)	(121.2)
Net income		**302.5**	**285.5**
Net income, Group share [(1) & (2)]	14	300.8	282.0
Net income, share of non-controlling interests		1.7	3.5

(1) Net income per share			
Basic net income per share (in €)	*15*	*4.00*	*3.75*
Diluted net income per share (in €)	*15*	*3.97*	*3.71*
(2) Net income from current operations, Group share	*14*	*310.2*	*303.1*
Basic net income from current operations per share (in €)	*15*	*4.13*	*4.03*
Diluted net income from current operations per share (in €)	*15*	*4.09*	*3.99*
Other net operating income and expenses, Group share	*10*	*(9.4)*	*(21.1)*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	2012	2011
Net income		**302.5**	**285.5**
Items never reclassified subsequently to profit or loss			
Post-employment employee benefits		**(96.0)**	**(50.4)**
Actuarial gains and (losses) and assets limitation	24.1	(96.0)	(50.4)
Income taxes on items never reclassified	13	**22.3**	**12.4**
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges		**20.9**	**(23.7)**
Recognition in equity	25.4	6.6	(12.6)
Reclassification in profit or loss	25.4	14.3	(11.1)
Translation reserve		**(66.7)**	**(64.0)**
Recognition in equity		(58.5)	(63.6)
Reclassification in profit or loss		(8.2)	(0.4)
Income taxes on items that may be reclassified	13	**(7.9)**	**21.6**
Other comprehensive income		**(127.3)**	**(104.0)**
Total comprehensive income		**175.2**	**181.5**
Total comprehensive income, Group share		174.8	178.9
Total comprehensive income, share of non-controlling interests		0.4	2.6

6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	2012	2011
Non-current assets		**3,212.1**	**3,210.0**
Goodwill	16	1,003.0	1,019.7
Intangible assets	17	48.0	37.7
Mining assets	18	493.4	502.9
Property, plant and equipment	18	1,408.2	1,384.1
Joint ventures and associates	20	82.9	82.4
Available-for-sale financial assets	22.2	4.5	4.8
Other financial assets	22.1	20.4	18.5
Other receivables	22.1	68.0	74.6
Derivative financial assets	25.4	9.6	12.7
Deferred tax assets	26	74.1	72.6
Current assets		**1,619.6**	**1,746.4**
Inventories	21	651.1	645.9
Trade receivables	22.1	513.8	526.9
Other receivables	22.1	134.3	141.0
Derivative financial assets	25.4	2.0	2.0
Other financial assets	22.1	57.8	6.4
Cash and cash equivalents	22.1	260.6	424.2
Consolidated assets		**4,831.7**	**4,956.4**
Equity, Group share		**2,250.5**	**2,180.1**
Capital	23	150.7	150.3
Premiums		326.2	319.6
Reserves		1,472.8	1,428.2
Net income, Group share		300.8	282.0
Equity, share of non-controlling interests		**24.0**	**30.8**
Equity		**2,274.5**	**2,210.9**
Non-current liabilities		**1,681.5**	**1,641.2**
Employee benefits liabilities	24.1	314.0	231.3
Other provisions	24.2	246.4	265.2
Loans and financial debts	25.2	1,011.0	1,028.4
Other debts	25.3	14.8	12.2
Derivative financial liabilities	25.4	3.4	9.1
Deferred tax liabilities	26	91.9	95.0
Current liabilities		**875.7**	**1,104.3**
Other provisions	24.2	15.7	19.2
Trade payables	24.2	375.2	360.0
Income taxes payable		21.4	9.7
Other debts	25.3	272.9	261.7
Derivative financial liabilities	25.4	3.7	19.0
Loans and financial debts	25.2	167.5	422.0
Bank overdrafts	25.2	19.3	12.7
Consolidated equity and liabilities		**4,831.7**	**4,956.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity, Group share									Equity, share of non-controlling interests	
			Reserves					Net income, Group share			
(€ millions)	Capital	Premiums	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal		Subtotal		Total
Equity as of January 1, 2011	**151.0**	**338.4**	**(5.9)**	**(0.4)**	**(70.5)**	**1,448.7**	**1,371.9**	**243.7**	**2,105.0**	**26.8**	**2,131.8**
Total comprehensive income	**-**	**-**	**-**	**(15.8)**	**(47.6)**	**(39.7)**	**(103.1)**	**282.0**	**178.9**	**2.6**	**181.5**
Transactions with shareholders	**(0.7)**	**(18.8)**	**3.8**	**0.0**	**0.0**	**155.6**	**159.4**	**(243.7)**	**(103.8)**	**1.4**	**(102.4)**
Allocation of 2010 net income	-	-	-	-	-	243.7	243.7	(243.7)	0.0	-	0.0
Dividend (€1.20 per share)	-	-	-	-	-	(90.6)	(90.6)	-	(90.6)	(0.8)	(91.4)
Capital increases	0.4	5.0	-	-	-	-	0.0	-	5.4	-	5.4
Capital decreases	(1.1)	(23.8)	24.9	-	-	-	24.9	-	0.0	-	0.0
Transactions on treasury shares	-	-	(21.1)	-	-	(5.9)	(27.0)	-	(27.0)	-	(27.0)
Share-based payments	-	-	-	-	-	8.4	8.4	-	8.4	-	8.4
Transactions with non-controlling interests	-	-	-	-	-	-	0.0	-	0.0	2.2	2.2
Equity as of December 31, 2011	**150.3**	**319.6**	**(2.1)**	**(16.2)**	**(118.1)**	**1,564.6**	**1,428.2**	**282.0**	**2,180.1**	**30.8**	**2,210.9**
Total comprehensive income	**-**	**-**	**-**	**13.7**	**(66.1)**	**(73.6)**	**(126.0)**	**300.8**	**174.8**	**0.4**	**175.2**
Transactions with shareholders	**0.4**	**6.6**	**(4.9)**	**0.0**	**0.0**	**175.5**	**170.6**	**(282.0)**	**(104.4)**	**(7.2)**	**(111.6)**
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)	(2.1)	(114.9)
Capital increases	0.4	6.6	-	-	-	-	0.0	-	7.0	0.9	7.9
Transactions on treasury shares	-	-	(4.9)	-	-	(2.2)	(7.1)	-	(7.1)	-	(7.1)
Share-based payments	-	-	-	-	-	8.9	8.9	-	8.9	-	8.9
Transactions with non-controlling interests	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)	(6.0)	(6.4)
Equity as of December 31, 2012 (1)	**150.7**	**326.2**	**(7.0)**	**(2.5)**	**(184.2)**	**1,666.5**	**1,472.8**	**300.8**	**2,250.5**	**24.0**	**2,274.5**
(1) Proposed dividend (€1.55 per share)	*-*	*-*	*-*	*-*	*-*	*(116.8)*	*(116.8)*	*-*	*(116.8)*	*-*	*(116.8)*
Equity after allocation as of January 1, 2013	*150.7*	*326.2*	*(7.0)*	*(2.5)*	*(184.2)*	*1,549.7*	*1,356.0*	*300.8*	*2,133.7*	*24.0*	*2,157.7*

6

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	2012	2011
Cash flow from operating activities		**474.5**	**447.4**
Cash flow generated by current operations	Appendix 1	663.9	638.7
Interests paid		(59.9)	(49.6)
Income taxes on current operating income and financial income (loss)		(74.2)	(124.9)
Dividends received from available-for-sale financial assets		(0.6)	0.6
Cash flow generated by other operating income and expenses	Appendix 2	(54.7)	(17.4)
Cash flow from investing activities		**(211.2)**	**(421.7)**
Acquisitions of intangible assets and property, plant and equipment	Appendix 3	(257.0)	(227.0)
Acquisitions of investments in consolidated entities after deduction of cash acquired	16	(38.9)	(239.2)
Acquisitions of available-for-sale financial assets		-	(0.6)
Disposals of intangible assets and property, plant and equipment	Appendix 3	86.2	8.3
Disposals of investments in consolidated entities after deduction of cash disposed of		-	33.0
Disposals of available-for-sale financial assets		0.2	0.9
Net change in financial assets		(3.2)	0.7
Paid-in interests		1.5	2.2
Cash flow from financing activities		**(430.5)**	**37.4**
Capital increases		7.9	5.4
Disposals (acquisitions) of treasury shares		(7.1)	(27.0)
Dividends paid to shareholders		(112.8)	(90.6)
Dividends paid to non-controlling interests		(1.3)	(0.8)
Acquisitions of investments in consolidated entities from non-controlling interests	16	(4.7)	(1.3)
Loan issues		1.0	117.3
Loan repayments		(280.3)	(2.4)
Net change in other debts		(33.2)	36.8
Change in cash and cash equivalents		**(167.2)**	**63.1**

(€ millions)	2012	2011
Opening cash and cash equivalents	**411.5**	**347.4**
Change in cash and cash equivalents	(167.2)	63.1
Impact of changes due to exchange rate fluctuations	(3.0)	1.0
Closing cash and cash equivalents	**241.3**	**411.5**
Cash (1)	200.5	216.5
Cash equivalents (2)	60.1	207.7
Bank overdrafts	(19.3)	(12.7)

(1) As of December 31, 2012, cash comprises a balance of €6.9 million (€7.2 million as of December 31, 2011) not available for Imerys SA and its subsidiaries, of which €1.8 million (€2.3 million as of December 31, 2011) with respect to foreign exchange control legislations and €5.1 million (€4.9 million as of December 31, 2011) with respect to statutory requirements.

(2) Cash equivalents are investments with a maturity below three months, 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	2012	2011
Net income		**302.5**	**285.5**
Adjustments		**346.4**	**419.2**
Income taxes	13	119.5	121.2
Share in net income of joint ventures and associates	20	(3.4)	(10.3)
Dividends received from joint ventures and associates		2.5	2.1
Impairment losses on goodwill	10 & 16	31.2	0.7
Profits resulting from bargain purchases		-	(9.2)
Share in net income of associates out of the recurring business	20	1.9	1.7
Other operating income and expenses excluding impairment losses on goodwill		(23.7)	29.9
Net operating amortization and depreciation	Appendix 3	214.3	210.3
Net operating impairment losses on assets		(7.6)	(1.8)
Net operating provisions		(32.9)	2.7
Dividends receivable from available-for-sale financial assets		(0.1)	(0.2)
Net interest income and expenses		56.7	55.7
Share-based payments expense	8	8.9	8.4
Change in fair value of hedge instruments		(5.5)	11.0
Income from current disposals of intangible assets and property, plant and equipment	9	(15.4)	(3.0)
Change in the working capital requirement		**15.0**	**(66.0)**
Inventories		(10.7)	(49.6)
Trade accounts receivable, advances and down payments received		12.9	(28.9)
Trade accounts payable, advances and down payments paid		13.1	19.1
Other receivables and debts		(0.3)	(6.6)
Cash flow generated by current operations		**663.9**	**638.7**

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

(€ millions)	Notes	2012	2011
Other operating income and expenses	10	**(9.4)**	**(23.1)**
Adjustments		**(45.3)**	**5.7**
Impairment losses on goodwill	10 & 16	31.2	0.7
Other net impairment losses	Appendix 3	5.0	18.6
Profits resulting from bargain purchases	10	-	(9.2)
Other net operating provisions	10	(13.1)	(3.1)
Income from non-recurring disposals of intangible assets and property, plant and equipment	10	(64.5)	0.5
Income from disposals of consolidated investments and available-for-sale financial assets	10	-	(6.9)
Changes in fair value related to obtaining or losing control	10	-	1.0
Share in net income of associates out of the recurring business	20	1.9	1.7
Income taxes paid on other operating income and expenses		(5.8)	2.4
Cash flow generated by other operating income and expenses		**(54.7)**	**(17.4)**

Appendix 3: table of indirect references to the notes

(€ millions)	Notes	2012	2011
Consolidated statement of cash flows			
Acquisitions of intangible assets and property, plant and equipment		(257.0)	(227.0)
Intangible assets	17	(12.4)	(7.7)
Property, plant and equipment	18	(254.0)	(215.4)
Overburden mining assets - current	25.2	-	(5.3)
Neutralization of activated restoration provisions	25.2	(0.2)	(0.7)
Neutralization of finance lease acquisitions		0.1	0.3
Change in payables on acquisitions of intangible assets and property, plant and equipment		9.5	1.8
Disposals of intangible assets and property, plant and equipment		86.2	8.3
Property, plant and equipment	18	7.5	5.1
Income on asset disposals	9	15.4	3.1
Income on non-recurring asset disposals	10	64.5	(0.5)
Change in receivables on disposals of intangible assets and property, plant and equipment		(1.2)	0.6
Appendix 1			
Net operating amortization and depreciation		214.3	210.3
Increases in amortization - intangible assets	17	5.6	5.2
Increases in depreciation - property, plant and equipment	18	212.4	198.0
Increases in depreciation - overburden mining assets - current		-	9.7
Amortization of prepaid expenses		-	0.1
Amortization and depreciation reversals - intangible assets and property, plant and equipment		(3.3)	(2.1)
Neutralization of finance leases depreciation		(0.4)	(0.6)
Appendix 2			
Other net impairment losses		5.0	18.6
Intangible assets	17	0.5	-
Property, plant and equipment	18	4.5	18.6

6.1.2 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 December 31, 2012

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
External revenue	**1,175.1**	**886.4**	**861.0**	**969.2**	**(6.9)**	**3,884.8**
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
Inter-segment revenue	**31.3**	**13.9**	**(1.6)**	**0.1**	**(43.7)**	**0.0**
Revenue	**1,206.4**	**900.3**	**859.4**	**969.3**	**(50.6)**	**3,884.8**
Current operating income	**150.4**	**112.5**	**85.6**	**192.5**	**(51.0)**	**490.1**
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)
Operating income	**105.6**	**101.0**	**142.1**	**188.4**	**(56.4)**	**480.7**
Financial income (loss)	**(6.5)**	**(3.3)**	**9.5**	**(0.4)**	**(58.0)**	**(58.7)**
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)
Income taxes	**(34.3)**	**(21.9)**	**(32.7)**	**(64.4)**	**33.8**	**(119.5)**
Net income	**64.8**	**75.8**	**118.8**	**123.6**	**(80.6)**	**302.4**

As of December 31, 2011

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
External revenue	**1,154.1**	**708.1**	**780.1**	**1,024.9**	**7.6**	**3,674.8**
Sales of goods	1,073.6	629.4	657.9	843.0	7.4	3,211.3
Rendering of services	80.5	78.7	122.2	181.9	0.2	463.5
Inter-segment revenue	**32.0**	**11.6**	**16.3**	**0.4**	**(60.3)**	**0.0**
Revenue	**1,186.1**	**719.7**	**796.4**	**1,025.3**	**(52.7)**	**3,674.8**
Current operating income	**156.8**	**83.4**	**83.2**	**209.5**	**(45.9)**	**487.0**
of which share in net income of joint ventures and associates	5.3	(0.2)	4.3	0.9	-	10.3
of which amortization, depreciation and impairment losses	(62.5)	(47.9)	(67.4)	(31.0)	(2.1)	(210.9)
Operating income	**143.1**	**83.4**	**76.2**	**204.3**	**(43.1)**	**463.9**
Financial income (loss)	**0.5**	**35.5**	**(6.8)**	**(0.1)**	**(86.3)**	**(57.2)**
Interest income	1.1	0.2	0.7	0.1	1.0	3.1
Interest expenses	(2.0)	(0.3)	(0.8)	(1.7)	(53.6)	(58.4)
Income taxes	**(46.4)**	**(29.2)**	**(15.6)**	**(70.1)**	**40.1**	**(121.2)**
Net income	**97.2**	**89.7**	**53.8**	**134.1**	**(89.3)**	**285.5**

Consolidated statement of financial position

As of December 31, 2012

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
Capital employed - Assets	**1,460.3**	**1,044.4**	**1,118.1**	**731.8**	**47.8**	**4,402.4**
Goodwill [(1)]	416.9	231.4	157.3	185.9	11.5	1,003.0
Intangible assets and property, plant and equipment [(2)]	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
Unallocated assets						**429.3**
Total assets						**4,831.7**
Capital employed - Liabilities	**192.2**	**165.5**	**142.0**	**192.8**	**(8.9)**	**683.6**
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
Provisions	**123.6**	**196.5**	**114.6**	**87.0**	**54.4**	**576.1**
Unallocated liabilities						**1,297.5**
Total non-current and current liabilities						**2,557.2**
Total capital employed	**1,268.1**	**878.9**	**976.1**	**539.0**	**56.7**	**3,718.8**
(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*

As of December 31, 2011

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
Capital employed - Assets	**1,443.8**	**1,052.7**	**1,166.4**	**748.8**	**3.5**	**4,415.2**
Goodwill [(1)]	448.4	221.9	161.5	187.1	0.8	1,019.7
Intangible assets and property, plant and equipment [(2)]	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
Unallocated assets						**541.2**
Total assets						**4,956.4**
Capital employed - Liabilities	**207.5**	**139.6**	**134.1**	**202.1**	**(39.7)**	**643.6**
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
Provisions	**112.4**	**186.5**	**123.7**	**84.9**	**8.2**	**515.7**
Unallocated liabilities						**1,586.2**
Total non-current and current liabilities						**2,745.5**
Total capital employed	**1,236.3**	**913.1**	**1,032.3**	**546.7**	**43.2**	**3,771.6**
(1) Increases in goodwill	*0.5*	*74.3*	*-*	*(0.5)*	*0.8*	*75.1*
(2) Acquisitions of intangible assets and property, plant and equipment	*92.4*	*38.9*	*68.0*	*22.9*	*4.8*	*227.0*

Information by geographical location

Due to their mining activity and to the variety of their final markets, the entities of Imerys are located in numerous countries. The Group may thus be exposed to certain risks peculiar to these countries which may have in the future a certain impact on its financial statements. The fact that most of the supply sources and final markets of Imerys are located in developed countries however limits the exposure of the Group to country risk. In order to identify high-risk countries, Imerys uses the grading system "Business Environment" of the Coface, the main French insurance company specialized in export credit insurances, which measures if an economic and financial interest in an entity is influenced by the economic, financial and political prospects of the related countries. The grading system of the Coface consists of seven categories from A1 to D, with an increasing order of importance of the assessed risks. The categories C and D, corresponding to the highest risks, include Argentina, the Ukraine, Venezuela and Vietnam (category C) and Zimbabwe (category D), where the Group is present.

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

(€ millions)	2012	2011
France	751.2	782.5
Other European countries	1,429.6	1,358.8
North America	972.9	833.4
Asia - Oceania	545.5	512.8
Other countries	185.6	187.3
Revenue by geographical location of the businesses of the Group	**3,884.8**	**3,674.8**

Revenue generated in countries rated C and D by the grading system "Business Environment" of the Coface represents in 2012 1.07% of the Group revenue (0.79% in 2011) and 0.01% of the current operating income (0.60% in 2011).

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

(€ millions)	2012	2011
France	614.5	624.3
Other European countries	1,401.6	1,345.8
North America	891.5	770.3
Asia - Oceania	673.1	640.4
Other countries	304.1	294.0
Revenue by geographical location of the customers	**3,884.8**	**3,674.8**

6

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

	2012			2011		
(€ millions)	Goodwill	Intangible assets and property,plant and equipment	Total	Goodwill	Intangible assets and property,plant and equipment	Total
France	239.1	373.6	612.7	240.0	390.0	630.0
Other European countries	345.4	459.5	804.9	329.3	399.3	728.6
North America	131.9	560.4	692.3	134.5	564.3	698.8
Asia - Oceania	209.0	178.9	387.9	242.3	181.8	424.1
Other countries	77.6	377.2	454.8	73.6	389.3	462.9
Total	**1,003.0**	**1,949.6**	**2,952.6**	**1,019.7**	**1,924.7**	**2,944.4**

The total of the statement of financial position located in the countries rated C and D by the grading system "Business Environment" of the Coface represents 0.20% of the statement of financial position (0.21% as of December 31, 2011) and - 0.96% of consolidated equity, Group share (- 0.59% as of December 31, 2011).

6.1.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES AND POLICIES

Note 1 Accounting principles

1.1 Statement of compliance with the Referential

Pursuant to European regulation no. 1606/2002 of July 19, 2002, Imerys, a group of the industrial minerals sector, with its headquarters in Paris, 154 rue de l'Université and whose share is admitted to trading on the compartment A of NYSE Euronext Paris, has established its consolidated financial statements as of December 31, 2012 in compliance with IFRS (International Financial Reporting Standards) adopted within the European Union at the closing date (hereafter "the Referential"). The financial statements have been closed on February 13, 2013 by the Board of Directors of Imerys SA, the Parent Company of the Group, on a going concern basis, in millions of Euros with one decimal rounded up to the nearest tenth.

1.2 Differences between the Referential and IFRSs

The adoption process within the European Union may create temporary time-lags at the closing date between the Referential and IFRSs. However, in the absence of temporary time-lags as of December 31, 2012, there is no difference at that date between the Referential and IFRSs.

1.3 Optional statements

First-time adoption. Upon first-time adoption of the Referential, Imerys presented financial statements as of January 1, 2004 that included a retrospective application limited by some optional exemptions provided for by standard IFRS 1 on first-time adoption of IFRSs and exercised by the Group. The acquisition of businesses prior to the first-time adoption have not been adjusted. The carrying amount of property, plant and equipment has not been adjusted except for mineral reserves and resources, which have been measured at fair value. The actuarial differences of post-employment employee benefits unrecognized at the date of first-time adoption have been included in the measurement of the plan assets and provisions against the reserves. Finally, the translation differences of foreign operations have been reclassified in the reserves.

Other optional statements. Some standards of the Referential present recognition and measurement options. The amortized / depreciated historical cost qualifies as the measurement basis of intangible assets *(Note 4.10)*, mining assets *(Note 4.11)* and property, plant and equipment *(Note 4.12)*. Inventories are measured on the basis of their characteristics in accordance with the "First-In, First-Out" (FIFO) or weighted average cost methods *(Note 4.15)*. The actuarial differences and assets limitations of post-employment employee benefits are entirely recognized in equity with no subsequent reclassification in profit or loss *(Notes 2.2 and 4.19)*. The rules of hedge accounting are applied to the recognition of derivatives hedging currency, interest rate and energy price risks *(Note 4.21).*

1.4 Absence of guidance

In the absence of any applicable standard or interpretation or sufficient detail of the existing standards and interpretations, the Executive Management has defined recognition and measurement policies on three subjects: purchase commitment of non-controlling interests of an entity controlled by the Group *(Note 4.6)*, greenhouse gas allowances *(Note 4.10)* and mining assets *(Note 4.11)*.

Note 2 Changes in accounting policies

2.1 Mandatory changes

Anticipated application

The Group has not applied by anticipation any standard, interpretation or amendment in 2012. In 2011, the Group had applied by anticipation: Amendments to IAS 1, Presentation of Items of Other Comprehensive Income.

Application upon effective date

The following amendments do not apply to the transactions, events or conditions existing within the Group: Amendments to IFRS 7, Financial Instruments: Disclosures - Transfers of Financial Assets; Amendments to IAS 12 Income Taxes: Deferred Tax - Recovery of Underlying Assets; Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters.

2.2 Voluntary changes

The Group has not performed any voluntary change in accounting policies in 2012. In 2011, the Group had changed its recognition policy of post-employment employee benefits actuarial differences from the corridor method to the immediate recognition of the entire actuarial differences in equity with no subsequent reclassification in profit or loss. Comparative information had been restated.

Note 3 Standards and interpretations effective after the closing date

On the basis of the last projected adoption agenda of IFRSs within the European Union dated December 30, 2012 published by the EFRAG (European Financial Reporting Advisory Group), Imerys will apply the following standards and interpretations after December 31, 2012.

3.1 Application in 2013

Amendments to IAS 19, Employee Benefits. These retrospectively applicable amendments will 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 will be 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 method described in *Note 2.2*. On the basis of reasonably estimable information, the possible impact of the change in accounting policy on the consolidated equity of the first comparative period is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	2012	01/01/2012
Income statement	**(9.5)**	**-**
Staff expenses	(2.2)	-
Costs of administering benefit payments	(3.0)	-
Cancellation of past service cost amortization	0.8	-
Other financial income	(10.3)	-
Return on assets of defined benefit plans	(10.3)	-
Income taxes	3.0	-
Current operating and financial income (loss) deferred taxes	3.0	-
Statement of comprehensive income	**7.7**	**(2.3)**
Excess of the actual return over the normative return on assets	13.6	-
Costs of managing plan assets	(0.3)	-
Past service cost	(3.5)	(3.5)
Income taxes	(2.1)	1.2
Statement of changes in equity	**(1.8)**	**(2.3)**

On the basis of reasonably estimable information, the possible impact of the change in accounting policy on the statement of financial position of the first comparative period is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	2012	01/01/2012
Deferred tax assets	(0.9)	(1.2)
Employee benefits liabilities	2.7	3.5
Retirement plans	2.7	3.5
Statement of financial position	**1.8**	**2.3**

IFRS 10, Consolidated Financial Statements. This retrospectively applicable standard will replace standard IAS 27, Consolidated and Separate Financial Statements and interpretation SIC 12, Consolidation - Special Purpose Entities and will confirm 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 will have no impact on the scope of consolidation *(Note 27)*. IAS 27, revised correlatively with the publication of IFRS 10, will only address separate financial statements and will thus no longer be applicable within the Group.

IFRS 11, Joint Arrangements. This retrospectively applicable standard will replace standard IAS 31, Interests in Joint Ventures and interpretation SIC 13, Jointly Controlled Entities - Non-Monetary Contributions by Venturers and will suppress 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 will be allowed. IAS 28 is revised correlatively with the publication of IFRS 11. These new rules will have no impact at Imerys where the proportionate integration method is not used *(Note 4.7)*.

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 *(Note 27)*, joint control or significant influence *(Note 20)*.

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 *(Notes 25.1 and 25.4)*. 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 *(Notes 1.4, 4.11 and 18)*, will thus have 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: Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards: Government Loans (adoption process in progress within the European Union as of December 31, 2012); Amendments to IFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities.

3.2 Application in 2014

The following amendments do not apply to the transactions, events or conditions existing within the Group: Amendments to IAS 32: Disclosures - Offsetting Financial Assets and Financial Liabilities; Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities (adoption process in progress within the European Union as of December 31, 2012).

3.3 Application in 2015

As of December 31, 2012, 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 February 13, 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.

Present categories	Future categories
Available-for-sale financial assets	Fair value
Financial assets and liabilities at fair value through profit or loss	Fair value
Loans and receivables	Amortized cost
Financial liabilities at amortized cost	Amortized cost

This amendment shall modify the classification of information disclosed in *Notes 9, 10, 19 and 21.1* 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 December 31, 2012: 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.

Amendements 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.

Note 4 Summary of the main accounting policies

4.1 Accounting policies, errors and estimates

Accounting policies are identical from one period to the other and are modified either on a mandatory basis to apply a new standard or interpretation *(Note 2.1)*, or on a voluntary basis to improve the reliability or the relevance of information *(Note 2.2)*. Changes in accounting policies are accounted for retrospectively, unless required by the specific transition provisions of the standard or interpretation. Financial statements are modified for all reported periods, as if the new policy had always been applied. Errors are corrected retrospectively. Estimates are intended to provide a reasonable assessment of the latest reliable information available on an uncertainty. They are revised to reflect changes in circumstances, new information available and experience effects. The significant estimates of the Executive Management are separately outlined in the notes:

- the amortization methods of intangible assets *(Note 17)*;
- the depreciation methods of mining assets and property, plant and equipment *(Note 18)*;

- the definition, as part of the impairment tests of non-financial assets, of Cash Generating Units (CGUs), impairment indicators, duration and amount of future cash flows as well as the discount rates used in the calculation of the values in use of the CGUs *(Note 19)*;
- the assessment, as part of the recognition and measurement of provisions, of the probability of settlement and amount of the obligation, of the expected timing of future payments and of discount rates *(Note 24.1)*; and
- the actuarial assumptions of defined benefit plans *(Note 24.1)*.

Changes in estimates are accounted for prospectively.

4.2 Events after the end of the period

Events occurring between the end of the period and the authorization of issue of the financial statements by the Board of Directors result in an adjustment only if they reveal, specify or confirm situations existing at the closing date *(Note 31)*.

4.3 Financial statements

Imerys publishes annual financial statements as of December 31, and interim financial statements as of June 30, in accordance with the principles of the Referential *(Note 1)*. The main presentation conventions are the following:

- aggregation by positions: by similar natures or functions in accordance with materiality;
- classification of assets and liabilities: by increasing order of liquidity and payability with a distinction between non-current and current items, when these shall be recovered or settled in more or less than twelve months after the end of the period;
- classification of income and expenses: by nature and incorporation in the cost of an asset or a liability in application of a standard or interpretation;
- offset: in application of a standard or interpretation for assets and liabilities on the one hand and income and expenses on the other;
- comparative information: with respect to period N-1; comparative information with respect to period N-2 is incorporated by reference *(chapter 9, section 9.4 of the Registration Document)*.

Operating income includes the current operating income and the other operating income and expenses. The current operating income *(Notes 5 to 9)* reflects the performance of the ordinary activities of Imerys. The other operating income and expenses *(Note 10)* correspond, in accordance with the recommendation CNC 2009-R.03 of the French accounting standard setting authority on the format of IFRS financial statements, to items of income and expenses resulting from a limited number of well identified, non-recurring and significant events, such as the profit or loss impacts from obtaining or losing control of a business, of a restructuring, including related assets disposals, of an impairment loss of goodwill or of a significant litigation. The financial income (loss) mainly includes the cost of indebtedness, foreign exchange differences, the expected return on defined benefit plan assets, the unwinding of the discount of provisions and impairment losses on financial assets *(Note 12)*.

4.4 Information by segments

The segments correspond to the four following business groups:

- Minerals for Ceramics, Refractories, Abrasives & Foundry (CRAF): minerals mainly for floor tiles, sanitaryware, porcelain, mobile energy as well as high-temperature and abrasive industries;
- Performance & Filtration Minerals (PFM): minerals for the plastics, rubber, coatings, sealants and adhesives, health, beauty and filtration of nutrition liquids;
- Pigments for Paper & Packaging (PPP): filler and coating products for paper;
- Materials & Monolithics (M&M): construction materials in clay and slate and monolithic products as well as solutions for high-temperature industries.

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 19)* followed each month by the Executive Management in its business reporting. The financial information by segment is measured in accordance with the principles of the Referential *(Note 1)*. The transactions between segments are measured at the prices that two independent parties would have agreed upon under economic conditions equivalent to those of the related transaction.

4.5 Earnings per share

The Imerys financial statements disclose basic earnings per share and diluted earnings per share *(Note 15)*. The basic earnings per share is equal to the net income attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding over the period, i.e. excluding treasury shares. Basic earnings per share is further broken down as net basic earnings per share from current operations and net basic earnings per share. Diluted earnings per share simulates the dilutive effect of the free shares and share options *(Note 8)*. The previously defined weighted average number of ordinary shares is thus increased by the average, between the opening and the closing of the period, of ordinary shares that would be issued if all dilutive options would be exercised at the closing date. The number of dilutive shares is calculated by difference between on the one hand, the number of shares to be issued in relation to free shares and options and on the other hand, the number of shares that would be issued at the period average market price for an issue of the same amount. Upon calculation of the amount of this issue, each share resulting from the exercise of share options is reputed to be issued at the share option exercise price increased by the fair value of services to be rendered *(Note 4.17)*, while each free share is reputed to be issued at the sole fair value of services to be rendered, its exercise price being nil. The excess of the number of shares to be issued in relation to free shares and options over the number of shares issued under market conditions is the number of dilutive shares. However the shares to be issued in relation to options are only taken into account in the diluted earnings per share calculation where the options are in the money, i.e. their exercise price increased by the fair value of services to be rendered is below the period average market price of the Imerys share.

4.6 Entities controlled by the Group

The entities controlled by Imerys, i.e. those over which the Group has the power to govern the financial and operating policies, are consolidated *(Note 27)*. Their assets, liabilities, income and expenses thus contribute to the various positions of the consolidated financial statements. Intra-group transactions are eliminated. An entity's losses are allocated to non-controlling interests proportionally to their interest, even if they finally present a negative balance. Changes in interest with no impact on control are recognized in equity. In the absence of sufficient detail of existing standards and interpretations, the Executive Management considers that any commitment entered into by Imerys with the intent to acquire shares from the minority interests results in the recognition of a liability measured at the fair value of the commitment against a derecognition of these interests. Any difference between the fair value of the liability and the carrying amount of the minority interests is recognized in equity.

4.7 Investments under joint control or significant influence of the Group

Imerys measures under the equity method *(Note 20)* the investments under joint control (joint ventures), i.e. those whose financial and operating policies are subject to an unanimous vote of Imerys and a third party venturer and the investments under significant influence (associates), i.e. those whose financial and operating policies are governed by the third party venturer, while Imerys only participates in these policies, without controlling them. The shares held in the net assets and results of these entities are presented in distinct positions in the assets and in the operating income.

4.8 Foreign currency translation

The consolidated financial statements of Imerys are stated in Euro. The functional currencies of the main consolidated entities *(Note 27)* correspond to the local currencies. The accumulated impact of the translation of the financial statements of foreign operations is recognized in equity. The assets and liabilities of foreign operations are translated at the closing rate and their income and expenses at the average rate of the period *(Note 28)*. The non-monetary assets and liabilities resulting from transactions in foreign currencies are measured at the rate of the day or the average rate of the month of the transaction. Except for derivative financial instruments, monetary assets and liabilities resulting from transactions in foreign currencies are measured at the closing rate. The corresponding foreign exchange differences are recognized in other financial income and expenses *(Note 12)* except for those generated by the monetary assets and liabilities of net investments in foreign operations and by their hedges that are recognized in equity *(Note 25.5 - Conversion of financial statements risk)*. Upon disposal of a foreign operation, the accumulated impact of the financial statements translation and hedges is recognized in other operating income and expenses with the result on disposal of the business.

4.9 Goodwill

Goodwill is the excess of the acquisition price of a business and of the amount of non-controlling interests over the fair value of the acquired identifiable assets and assumed liabilities *(Note 16)*. Goodwill is recognized at the date control is obtained. Transaction costs are recognized as incurred in profit or loss in other operating income and expenses *(Note 10)*. Any excess of the identifiable net asset of the acquired business over its acquisition price (negative goodwill) is credited to the acquirer's profit or loss on the acquisition period in other operating income and expenses *(Note 10)*. The measurement of goodwill is finalized within the twelve months following the date at which control is obtained. The goodwill of a foreign operation is measured in the functional currency of the business and translated in accordance with the rules applicable to the translation of financial statements of foreign operations. Goodwill is not amortized. It is allocated to the Cash-Generating Units *(Note 19)* that benefit from the synergies resulting from the acquisition. Goodwill is initially tested for impairment before the closing date of the acquisition period and subsequently to annual or more frequent tests if there is an indication that it may be impaired. An impairment loss on goodwill is recognized in other operating income and expenses *(Note 10)* and cannot be reversed.

4.10 Intangible assets

Intangible assets controlled by Imerys *(Note 17)* are recognized as assets over their useful lives. They are measured at acquisition cost, decreased by accumulated amortization and any impairment loss. The expenditures incurred by the research teams of Imerys to improve the quality and properties of products generally address specific requirements of customers and are thus immediately recognized as expenses in current operating income. In the absence of any applicable standard or interpretation, the Executive Management considers greenhouse gases emission rights as intangible assets. Imerys holds these rights with the sole intent to justify its emissions volume and performs no trading transactions such as forward purchases or sales *(Note 17)*. The rights received free of charge are recognized for a value of zero and the rights acquired on the market are recognized at the acquisition cost. Where at the closing date the rights held are inferior to actual emissions, a provision is recognized in current operating income for the value of rights to acquire, measured at market value (net liability method). Disposals only relate to excess rights and are recognized in current operating income as assets disposals *(Note 9)*. The amortization methods of intangible assets are an estimate of the Executive Management presented in *Note 17*.

4.11 Mining assets

In the absence of any specific applicable standard or interpretation, the Executive Management has defined the accounting recognition and measurement policies hereafter on mining assets. Prospection expenditures, i.e. the research of new knowledge on the mineral producing potential, technical feasibility and commercial viability of a geographical area, are immediately recognized as expenses in current operating income. Mining rights are recognized as intangible

6

assets and are initially measured at acquisition cost *(Note 17)*. Mineral reserves qualify as property, plant and equipment and are initially measured at acquisition cost excluding subsoil, increased by expenditures incurred to determine the tonnage of ore present in the deposit. Overburden works, i.e. works of removal of the top soil to enable access to the deposit, qualify as a component of the mineral reserve asset. Their initial measurement incorporates their production cost and the discounted value of restoration obligations resulting from the deterioration caused by their construction. Mineral reserves and overburden assets form the position "Mining assets" of *Note 18*. Mining assets are subsequently measured at cost, decreased by accumulated amortization and any impairment loss. The depreciation methods of mining assets are an estimate of the Executive Management presented in *Note 18*. Mining assets are allocated to Cash-Generating Units *(Note 19)* as the other assets of the Group and are subject to the same impairment tests.

4.12 Property, plant and equipment

Items of property, plant and equipment *(Note 18)* are recognized as assets if they are controlled as a result of a title of ownership, or under a finance lease that transfers the risks and rewards incident to ownership. Items of property, plant and equipment are initially measured at acquisition or production cost. The initial cost of items under finance lease is the lower of the fair value of the asset and the present value of future minimum lease payments. The cost of property, plant and equipment incorporates the cost of borrowings that finance their construction or production where these require a substantial period of time. The cost of property, plant and equipment is decreased, where applicable, by the amount of government grants that finance their acquisition or construction. Maintenance and repair expenditures are immediately recognized as expenses in current operating income. The cost of property, plant and equipment incorporates, in particular for satellite industrial facilities constructed on the land of customers, the discounted value of restoration or dismantling obligations, where a present obligation exists *(Note 24.2)*. Items of property, plant and equipment are subsequently measured at cost, decreased by accumulated depreciation and any impairment loss. The depreciation methods of property, plant and equipment are an estimate of the Executive Management presented in *Note 18*.

4.13 Impairment tests

An impairment test *(Note 19)* is performed every twelve months on all Cash-Generating Units (CGUs) at the end of the period. An impairment test consists in comparing the carrying amount of these assets to their recoverable amount. The latter is the higher between the fair value less costs to sell and the value in use. Fair value corresponds to the selling price. Value in use is measured by discounting the future cash flows generated by the continuous use of assets and by their final disposal. In addition to this annual test, impairment indicators may require the immediate performance of a test in case of an unfavorable trend. Furthermore, each activity manager, under the supervision of business group controllers, ensures that no individual asset within a CGU presents any impairment loss issue. An impairment loss is recognized as soon as the recoverable amount of a CGU or an individual asset becomes inferior to its carrying amount. Any increase in the recoverable amount of a CGU or an individual asset results in the reversal of the previously recognized impairment loss in the limit of the carrying amount that would have been obtained in the absence of impairment loss. Impairment losses on goodwill cannot be reversed. The definitions of CGUs and impairment indicators are judgments of the Executive Management. The duration and the amount of the future cash flows as well as the discount rates used in the calculation of the values in use of the CGUs are estimates of the Executive Management items are presented in *Note 19*.

4.14 Non-current assets held for sale and discontinued operations

When at the closing date, it is highly probable that non-current assets or groups of directly related assets and liabilities shall be disposed of, they are designated as non-current assets or groups of assets held for sale. Their sale is considered as highly probable if, at the closing date, a plan designed to sell them at a price that is reasonable with respect to their fair value has been initiated to identify a buyer and to conclude definitively the sale within a maximum of one year. Non-current assets or groups of assets held for sale are presented in separate positions in the financial statements. They cease to be depreciated and are measured at the lower of their carrying amount and their fair value less costs to sell. Non-current assets or groups of assets that are to be closed rather than sold are non-current assets that are to be abandoned and not held for sale. Where non-current assets corresponding to a disposal or held for sale or to be abandoned correspond to one or several CGUs *(Note 19)* and are to be abandoned as part of a single coordinated plan, they qualify as discontinued operations and their related flows are disclosed separately in the income statement and in the statement of cash flows.

4.15 Inventories

Inventories *(Note 21)* are recognized as assets at the date at which the risks, rewards and control are transferred to Imerys. Upon the sale, inventories are recognized as an expense in current operating income at the same date as the related revenue. Inventories are measured at the lower of the cost of production and net realizable value. Where production is lower than normal capacity, fixed production overheads specifically exclude the share corresponding to under-activity. Inventories presenting similar characteristics are measured in accordance with the same formula. The formulas used within the Group are the "First-In, First-Out" (FIFO) and the weighted average cost. Where the cost of production is not recoverable, it is written-down to its net realizable value in accordance with the conditions existing at the closing date.

4.16 Non derivative financial assets

Where the execution of a contract results in the symmetrical creation of an asset for Imerys and a liability or equity instrument for the other party, the item recognized by the Group is a financial asset. These items are allocated to the following categories: "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Loans and receivables". The designation of a financial asset to a category commands its recognition and measurement mode.

Available-for-sale financial assets. Imerys holds investments in non-listed entities over which the Group has neither control, nor joint control, nor significant influence, nor intent to dispose of in the short term *(Note 22.2)*. These investments are recognized as assets at the date of the purchase commitment and are maintained at a carrying amount representative of fair value. The changes of the latter are recognized in equity except for negative changes qualifying as objective evidence of impairment which are recognized in profit or loss.

Financial assets at fair value through profit or loss. Imerys holds financial assets with the intent to perform a result on disposal in the short-term. These investments are recognized as assets between the dates of purchase and disposal and the changes in fair value are recognized in other financial income and expenses *(Note 12)* depending upon market prices published at the closing date.

Loans and receivables. The greater part of the loans and receivables category corresponds to trade receivables resulting from revenue and cash and cash equivalents.

- **Revenue**. A trade receivable *(Note 22.3)* is recognized with respect to a sale of goods upon transfer of the risks, rewards and control. Sales of goods represent the greater part of revenue. Their incoterms are multiple because of the specificities of packaging (bulk, powder, paste, slurry, etc.) and freight (sea, rail, road, etc.) and represent the key indicator for the recognition of sales of goods *(Note 5)*. Reinvoicing of the freight cost of the product represents the majority of rendering of services *(Note 5)* and its recognition generally derives from the sale of the transported product. Furthermore, for both sales of goods and rendering of services, a receivable is recognized only if it is recoverable and the amount of the transaction and related costs necessary to complete the transaction can be measured reliably. Sales of goods and rendering of services are measured at the fair value of the transaction, decreased by trade and volume rebates, as well as discounts for early payment. After their initial recognition, they are measured at their amortized cost. Where the occurrence of a credit event makes the carrying amount of a trade receivable partially or fully irrecoverable, it is individually written-down to its recoverable amount by means of a write-down in accordance with the conditions existing at the closing date *(Note 22.4)*. A receivable sold to a banking institution for financing purposes is only derecognized where the factoring contract also transfers to the factor the entire risks and rewards related to the receivable *(Note 22.3)*.
- **Cash and cash equivalents**. The category of loans and receivables also includes cash, i.e. cash on hand, demand deposits and cash equivalents. The latter are highly liquid investments with a three-months maximum term, indexed on a monetary market rate and whose amount is known or subject to insignificant uncertainty. In the statement of cash flows, cash and cash equivalents also include the position "Bank overdrafts" presented as liabilities.

4.17 Equity instruments

Treasury shares. The repurchase by Imerys of its own shares is recognized at acquisition cost as a decrease in equity. The result performed upon any subsequent disposal is directly recognized in equity.

Share-based payments. The fair value of services rendered against the grant of Imerys share options and free shares granted after November 7, 2002 is measured using the Black & Scholes pricing model by reference to the fair value of instruments at the grant date *(Note 8)*. This measurement takes into consideration the exercise price and life of instruments, the underlying share price, the turnover rate of beneficiaries, as well as the volatility of the Imerys share. Volatility equals the standard deviation of the historical monthly returns of the Imerys share over the expected life of the instruments. In the majority of cases, the acquisition of rights is subject to a condition of duration of service and the fair value of services rendered is recognized as "Staff expenses" over the vesting periods of rights, against an increase in equity. The accounting treatment is identical where, in addition to the duration of service condition, the acquisition of rights is subject to the achievement of pre-determined economic performance conditions. The volatility and the assumptions related to the probability of acquisition of rights are revised at each closing date.

4.18 Provisions

A provision *(Note 24.2)* is recognized as soon as it becomes probable that a present obligation shall require a settlement whose amount can be measured reliably. Provisions are recognized against the profit or loss except for provisions for dismantling and some provisions for restoration whose counterpart is included in the cost of the assets whose construction has created the obligation. This treatment mainly applies to some satellite industrial facilities and mining overburden assets. The measurement of provisions corresponds to the best estimate of the amount required to settle the obligation. Provisions whose settlement is expected within twelve months after the end of the period or whose settlement may occur at any time are not discounted. Provisions whose settlement is expected after twelve months after the end of the period are discounted. Changes in discounted provisions due to a revision of the amount of the obligation, of its timing of settlement or of its discount rate are recognized in profit or loss or, for provisions recognized against assets, as an adjustment of the cost of the latter. The unwinding is recognized as a debit in the other financial income and expenses *(Note 12)*. The assessment of the probability of settlement and amount of the obligation, of the expected timing of future payments and of discount rates are estimates of the Executive Management presented in *Note 24.2.*

4.19 Employee benefits

Post-employment benefits - Defined contribution plans. Imerys contributes, in accordance with the laws and customs of each country, to the constitution of reserves for the retirement of its employees by paying, either on a mandatory or voluntary basis, contributions to third parties institutions such as pension funds, insurance companies or financial institutions. These plans, without guaranteeing the level of benefits returns, are defined contribution plans. These contributions are recognized as "Staff expenses" *(Note 8)*.

Post-employment benefits - Defined benefit plans. Imerys may grant post-employment retirement and medical benefits whose financing is assumed by the Group or outsourced to external funds. The measurement of the obligations of these defined benefit plans *(Note 24.1)* is performed in accordance with the Projected Unit Credit Method and uses financial and demographic actuarial assumptions. These are used to measure the value of services rendered over the period on the basis of an estimated salary at retirement date. Liabilities (or assets) recognized correspond to the discounted value of the obligation, decreased by the fair value of plan assets - limited to a ceiling where necessary - and unrecognized past service cost. The discount rates are fixed by reference to the rates of bonds issued by companies rated AA (high quality) within the main indices iBoxx GBP Corporate AA, Citigroup Bond Yield USD and iBoxx EUR Corporate AA. Actuarial assumptions are estimates of the Executive Management presented in *Note 24.1*. The net expense of post-employment plans is recognized as "Staff expenses" *(Note 8)*, except for the unwinding of obligations and the expected return on assets that are recognized in other financial income and expenses *(Note 12)* and for the curtailments caused by a restructuring that are recognized in other operating income and expenses *(Note 10)*. Unrecognized past service cost is progressively included in the measurement of liabilities (or assets) by a straight-line amortization over an estimate of the average vesting period of the rights. The actuarial differences and assets limitations of post-employment plans are entirely recognized in equity with no subsequent reclassification in profit or loss. Curtailments and settlement are recognized in profit or loss as they occur, as well as any related unrecognized past service costs.

4.20 Non derivative financial liabilities

Loans *(Note 25.2)* are initially measured at the fair value of the amount received, less transaction costs. They are subsequently measured at amortized cost with the effective interest rate method. The Group performs purchases of raw materials and energy for its own use and not for trading purposes. As a consequence, these purchases contracts are recognized as trade accounts payable and not as derivatives. Trade accounts payable and other financial liabilities are measured at amortized cost.

4.21 Derivative financial instruments

Imerys uses derivative financial instruments to reduce its exposure to currency, interest rate and energy price risks. The exclusive purpose of these instruments is to hedge economic risks to which the Group is exposed. Financial instruments are recognized at the transaction date, i.e. at the subscription date of the hedging contract. However, only financial instruments that meet the criteria of hedge accounting defined by standard IAS 39 on financial instruments follow the accounting treatment described hereafter. The changes in fair value of financial instruments that do not qualify for hedge accounting are immediately recognized in other financial income and expenses *(Note 11)*.

All transactions qualified as hedge accounting are documented by reference to the hedging strategy by an identification of the hedged risk, the hedged item, the hedging instrument, the hedging relationship and the measurement method of the hedge relationship effectiveness. The measurement of the hedge effectiveness is reviewed at the end of each period. Derivatives are measured at fair value upon initial recognition. Subsequently, the fair value is re-measured at the end of each period by reference to market terms. Derivatives recognized as assets and liabilities are classified as non-current and current in accordance with their maturities and those of underlying transactions. Accounting for a hedge derivative depends upon its designation as either fair value hedge, or cash flow hedge or hedge of a net investment in a foreign operation *(Notes 11, 12 and 25.5)*.

Fair value hedge. Where the changes in fair value of a recognized asset or liability or a firm commitment may have an impact on the profit or loss, these changes may be hedged by a fair value hedge. The hedged item and the hedging instrument are re-measured symmetrically against the profit or loss at the end of each period. The impact in profit or loss is limited to the ineffective portion of the hedge *(Note 11)*.

Cash flow hedge. A cash flow hedge enables to hedge the unfavorable changes in cash flows related to a recognized asset or liability or a highly probable future transaction, where these changes may have an impact on the profit or loss. At the end of each period, the effective portion of the hedge is recognized in equity and the ineffective portion in profit or loss. When the transaction is recognized, the effective portion in equity is reclassified in profit or loss at the same time the hedged item is recognized *(Note 11)*.

Hedge of a net investment in a foreign operation. The foreign exchange differences generated by the net assets held by the Group in foreign currencies may be hedged *(Note 25.5 - Conversion of financial statements risk)*. At the end of each period, the effective portion of the hedge is recognized in equity and the ineffective portion in profit or loss. Upon disposal of the business, the effective portion in equity is reclassified in other operating income and expenses with the result on disposal.

4.22 Income taxes

Current tax results in the recognition of a liability to the extent it is unpaid and of an asset where the amount already paid exceeds the amount due or if a tax loss can be carried back.

Deferred tax assets and liabilities are accounted for with respect to all temporary taxable differences between the tax and consolidated values of assets and liabilities, except mainly for differences related to the initial recognition of goodwill and, in the case of taxable temporary differences between the accounting and tax values of investments, where the Group is in a position to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not reverse in a foreseeable future *(Note 26)*. A deferred tax asset is recognized with respect to taxable temporary differences, tax losses and tax credits only if it is probable that a future taxable profit shall be set against these items, or there are taxable temporary differences in the same tax entity, that come to maturity over the period these items remain recoverable. Tax rates and laws used are those that are enacted or substantively enacted at the closing date and shall be applicable over the period of reversal of the timing difference. Deferred taxes are not discounted. Deferred tax assets and liabilities are offset by tax entity, i.e. by legal entity or tax consolidation group.

Current and/or deferred taxes are recognized in the same level of profit or loss as the related losses *(Note 13)*. That principle of linking the tax to its base also applies to the transactions directly recognized in equity *(Note 13)*.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 5 Revenue

(€ millions)	2012	2011
Sales of goods	3,393.6	3,211.3
Rendering of services	491.2	463.5
Total	**3,884.8**	**3,674.8**

Revenue amounts to €3,884.8 million in 2012 (€3,674.8 million in 2011), i.e. an increase of + 5.7% (+ 9.8% in 2011), including a positive effect of + €96.3 million due to foreign currency changes (- €67.1 million in 2011) and a positive structure impact of + €191.9 million (+ €125.0 million in 2011). At comparable structure and foreign currency rates, it decreases by - 2.1% (+ 8.1% in 2011).

Note 6 Raw materials and consumables used

(€ millions)	2012	2011
Raw materials	(626.2)	(607.7)
Energy	(397.2)	(364.9)
Chemicals	(79.5)	(77.1)
Other consumables	(183.6)	(177.7)
Merchandises	(112.6)	(124.1)
Change in inventories	10.7	49.7
Internally generated property, plant and equipment	11.4	7.3
Total	**(1,377.0)**	**(1,294.5)**

Note 7 External expenses

(€ millions)	2012	2011
Freight	(468.9)	(424.4)
Operating leases	(64.5)	(57.0)
Subcontracting	(112.9)	(125.5)
Maintenance and repair	(100.6)	(96.1)
Fees	(76.0)	(57.5)
Other external expenses	(187.6)	(180.4)
Total	**(1,010.5)**	**(940.9)**

Note 8 Staff expenses

(€ millions)	2012	2011
Salaries	(583.6)	(511.0)
Social security contributions	(129.9)	(114.4)
Net change in employee benefit liabilities	16.5	14.7
Contributions to defined employee benefit plans	(33.9)	(30.2)
Contributions to defined contribution plans	(22.6)	(19.9)
Profit-sharing	(25.0)	(24.0)
Other employee benefits	(10.3)	(10.3)
Total	**(788.8)**	**(695.1)**

Share-based payments expense

Imerys attributes share options whose exercise results in the subscription of shares created for that purpose, as well as free shares acquired on the market.

"Other employee benefits" includes the cost of the corresponding plans, broken down as follows:

	Number of options (1)	Exercise price *(€)* (1)	Maturity	Volatility	Turnover rate (2)	Average dividend rate	Performance conditions	Fair value *(€)*	Total cost of each plan *(€M)*	2012 cost of the plans *(€M)*	2011 cost of the plans *(€M)*
Share options plans											
2008	535,120	54.19	5 years	19.2%	9.0%	3.0%	-	8.88	(4.0)	-	(0.5)
2009	464,000	34.54	5 years	25.3%	5.2%	3.0%	-	5.77	(2.5)	(0.6)	(0.8)
2010	422,800	46.06	5 years	28.1%	9.0%	3.0%	-	7.59	(2.9)	(1.0)	(1.0)
2010	60,000	46.06	5 years	28.1%	33.3%	3.0%	-	7.59	(0.3)	(0.1)	(0.1)
2010	82,000	44.19	5 years	31.0%	0.0%	3.0%	75.0%	9.40	(0.6)	(0.2)	(0.2)
2011	221,874	53.05	5 years	29.5%	9.0%	2.9%	-	10.52	(2.1)	(0.7)	(0.5)
2011	70,001	53.05	5 years	29.5%	9.0%	2.9%	75.0%	10.52	(0.5)	(0.2)	(0.1)
2011	40,000	53.05	5 years	29.5%	0.0%	2.9%	75.0%	10.52	(0.3)	(0.1)	(0.1)
2012	236,719	43.62	5 years	31.1%	9.0%	2.9%	-	7.27	(1.6)	(0.4)	-
2012	82,001	43.62	5 years	31.1%	9.0%	2.9%	75.0%	7.27	(0.4)	(0.1)	-
2012	44,000	43.62	5 years	31.1%	0.0%	2.9%	75.0%	7.27	(0.2)	(0.1)	-
Free shares plans											
2009	116,006	-	3.5 years	-	5.2%	3.0%	100.0%	29.94	(3.3)	(1.0)	(0.9)
2009	131,000	-	2 years	-	0.0%	3.0%	100.0%	31.29	(4.1)	-	(1.2)
2010	129,700	-	3.5 years	-	9.0%	3.0%	100.0%	38.33	(4.5)	(1.3)	(1.3)
2010	15,000	-	3 years	-	33.3%	3.0%	100.0%	38.90	(0.4)	(0.1)	(0.1)
2010	42,000	-	3.3 years	-	0.0%	3.0%	75.0%	39.28	(1.2)	(0.4)	(0.4)
2011	150,971	-	3.5 years	-	9.0%	2.9%	75.0%	45.23	(4.7)	(1.3)	(0.9)
2011	20,000	-	3 years	-	0.0%	2.9%	75.0%	45.91	(0.7)	(0.2)	(0.2)
2011	37,400	-	3.6 years	-	9.0%	2.9%	75.0%	38.56	(1.0)	(0.3)	(0.1)
2012	21,500	-	3 years	-	0.0%	2.9%	75.0%	35.46	(0.6)	(0.1)	-
2012	159,402	-	3.6 years	-	9.0%	2.9%	75.0%	34.87	(3.8)	(0.7)	-
Cost of plans recognized as "Staff expenses"										**(8.9)**	**(8.4)**
Weighted average exercise price *(€)*										31.0	27.1

(1) Adjusted in accordance with the capital increase of June 2009 for the plans prior to 2009. For the record, the number of options granted and their exercise prices were of 497,925 shares at €58.24 (2008 plan).

(2) Turnover rates are adjusted definitively as vesting periods are closed. As of December 31, 2012, the turnover rate for 2009 was thus adjusted definitively.

6

Share-based payments management principles

The Group's long-term retention policy comprises since 1987 the grant of share options and, since 2008, of conditional free shares. The management principles of these share-based payments are set by the Board of Directors upon the Appointments and Compensation Committee's recommendations and comprise, aside from the grants made under the Group's employee shareholding operations, the main following characteristics:

Share options. Grants take the form of share options. This form was judged preferable to share purchase options as it prevents Imerys from having to tie up its capital before the option exercise period even opens, in order to acquire on the market the number of shares needed to fulfill possible option exercises.

Conditional free shares. Free shares are in principle subordinated and proportional to the achievement of economic and/or financial performance objectives set by the Board of Directors.

Since 1999, share-based payments plans are annual and the total number of rights granted each year is adjusted in accordance with the Group's overall performance or to specific events. Grants traditionally take place on the Shareholders' General Meeting. The actual or likely beneficiaries are the Group's executives (Chief Executive Officer, Executive Committee members, business group and activity management committees, managers of the Group's main corporate departments) and, since 2001, the holders of certain key positions reporting to them, as well as high-potential managers and employees that make an outstanding contribution to the Group's performance.

The following table summarizes the history, status and main characteristics of the share options plans included in the scope of standard IFRS 2 on share-based payments, i.e. subsequent to November 7, 2002.

	May 2003	Oct. 2003	May 2004	May 2005	May 2006	Nov. 2006	May 2007	April 2008	August 2009	April 2010	Nov. 2010	April 2011	April 2012	Total
Share option acquisition date	05/2006	10/2006	05/2007	05/2008	05/2009	02/2007	05/2010	04/2011	08/2012	04/2013	03/2014	04/2014	04/2015	-
Share option expiration date	05/2013	10/2013	05/2014	05/2015	05/2016	11/2016	05/2017	04/2018	08/2019	04/2020	11/2020	04/2021	04/2022	-
Share option exercise price	€26.34	€37.80	€45.49	€53.58	€63.53	€62.31	€65.61	€54.19	€34.54	€46.06	€44.19	€53.05	€43.62	-
Number of share options as of 01/01/2011	**241,015**	**32,226**	**626,275**	**515,272**	**539,569**	**43,780**	**480,942**	**492,893**	**459,000**	**482,800**	**82,000**	**-**	**-**	**3,995,772**
Number of share options granted	-	-	-	-	-	-	-	-	-	-	-	331,875	-	331,875
Number of share options exercised	(129,175)	(1,383)	(6,590)	-	-	(17)	-	-	-	-	-	-	-	(137,165)
Number of share options cancelled	-	-	(2,150)	(4,730)	(12,415)	(17)	(8,062)	(13,170)	(9,000)	(28,100)	-	(4,668)	-	(82,312)
Number of share options as of 01/01/2012	**111,840**	**30,843**	**617,535**	**510,542**	**527,154**	**43,746**	**472,880**	**479,723**	**450,000**	**454,700**	**82,000**	**327,207**	**-**	**4,108,170**
Number of share options granted	-	-	-	-	-	-	-	-	-	-	-	-	362,720	362,720
Number of share options exercised	(53,552)	(1,710)	(3,225)	-	-	-	-	-	(86,250)	-	-	-	-	(144,737)
Number of share options cancelled	-	-	(7,739)	(26,442)	(49,865)	-	(48,850)	(27,839)	(10,250)	(27,500)	-	(18,503)	(6,334)	(223,322)
Number of share options as of 12/31/2012	**58,288**	**29,133**	**606,571**	**484,100**	**477,289**	**43,746**	**424,030**	**451,884**	**353,500**	**427,200**	**82,000**	**308,704**	**356,386**	**4,102,831**
Number of share options exercisable as of 12/31/2012	58,288	29,133	606,571	484,100	477,289	43,746	424,030	451,884	353,500	-	-	-	-	2,928,541
Weighted average remaining contractual life (years)														4.9

The following table summarizes the history, status and main characteristics of the free shares plans included in the scope of standard IFRS 2 on share-based payments, i.e. subsequent to November 7, 2002.

	April 2008 (1)	August 2009	August 2009	August 2009	April 2010	April 2010	Nov. 2010	April 2011	April 2011	August 2011	August 2011	April 2012	April 2012	Total
Acquisition date	04/2011	08/2013	08/2012	08/2011	04/2014	04/2013	02/2014	04/2015	04/2014	08/2015	08/2014	04/2016	04/2015	-
Number of free shares as of 01/01/2011	**55,973**	**57,064**	**57,692**	**131,000**	**65,425**	**79,275**	**42,000**	**0**	**0**	**0**	**0**	**0**	**0**	**488,429**
Number of shares granted	-	-	-	-	-	-	-	78,730	92,241	21,175	16,225	-	-	208,371
Number of shares acquired	(5,373)	-	-	(131,000)	-	-	-	-	-	-	-	-	-	(136,373)
Number of shares cancelled	(50,600)	(2,000)	(250)	-	(1,825)	(5,200)	-	(2,335)	-	-	-	-	-	(62,210)
Number of free shares as of 01/01/2012	**0**	**55,064**	**57,442**	**0**	**63,600**	**74,075**	**42,000**	**76,395**	**92,241**	**21,175**	**16,225**	**0**	**0**	**498,217**
Number of shares granted	-	-	-	-	-	-	-	-	-	-	-	81,539	99,363	180,902
Number of shares acquired	-	(2,000)	(56,879)	-	-	-	-	-	-	-	-	-	-	(58,879)
Number of shares cancelled	-	(3,000)	(563)	-	(4,300)	(2,575)	-	(6,753)	(2,501)	(5,200)	(500)	(3,168)	-	(28,560)
Number of free shares as of 12/31/2012	**0**	**50,064**	**0**	**0**	**59,300**	**71,500**	**42,000**	**69,642**	**89,740**	**15,975**	**15,725**	**78,371**	**99,363**	**591,680**

(1) At its meeting on April 28, 2011, the Board of Directors cancelled this free shares plan of April 2008 after having noted that its performance condition was not fulfilled. In the share-based payments expense, the probability of fulfillment of this performance condition had been considered as low since 2008 and the cost of the plan measured at zero.

Note 9 Other current income and expenses

(€ millions)	**2012**	**2011**
Other income	38.4	47.4
Income on asset disposals	15.4	3.1
Grants received	3.7	2.6
Other expenses	(40.8)	(54.5)
Net change in operating provisions and write-downs	27.8	(10.2)
Total	**44.5**	**(11.6)**
Income	131.5	101.6
Expenses	(87.0)	(113.2)

In the above table, the “Net change in operating provisions and write-downs” comprises + €19.0 million net provisions reversals mainly related to provisions for products warranties *(Note 24.2)* (- €13.3 million net increases in 2011) and + €8.8 million write-downs reversals (+ €3.1 million in 2011).

Note 10 Other operating income and expenses

(€ millions)	2012	2011
Gain or loss from obtaining or losing control	**(8.9)**	**7.8**
Transaction costs	(9.2)	(6.8)
Changes in fair value related to obtaining or losing control	-	(1.0)
Profits resulting from bargain purchases	-	9.2
Changes in estimate of the contingent remuneration of the seller	0.3	(0.5)
Income from disposal of consolidated businesses	-	6.9
Other non-recurring items	**(0.5)**	**(30.9)**
Impairment losses on goodwill	(31.2)	(0.7)
Impairment losses on restructuring	(5.0)	(18.6)
Income on non-recurring asset disposals	64.5	(0.5)
Restructuring expenses paid	(40.0)	(12.5)
Change in provisions	13.1	3.1
Share in net income of associates out of the recurring business	(1.9)	(1.7)
Other operating income and expenses - gross	**(9.4)**	**(23.1)**
Income	99.1	57.8
Expenses	(108.5)	(80.9)
Income taxes	-	2.0
Other operating income and expenses - net, Group share	**(9.4)**	**(21.1)**

2012 other operating income and expenses

The “Other operating income and expenses - gross” amount 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 19)* 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 amount to - €9.4 million, of which - €28.1 million with no cash impact and + €18.7 million in cash.

2011 other operating income and expenses

The “Other operating income and expenses - gross” amounted to - €23.1 million: - €13.7 million in the Minerals for Ceramics, Refractories, Abrasives & Foundry business group (of which mainly - €8.4 million of impairment of assets and environmental provisions); - €7.0 million in the Pigments for Paper & Packaging business group (of which mainly + €9.1 million with respect to the finalization of the PPSA purchase accounting *(Note 16)* and - €13.8 million with respect to impairment of assets and provisions for restructuring); - €5.2 million in the Materials & Monolithics business group (of which mainly - €4.7 million of impairment of assets and provisions for restructuring); and + €2.8 million in the holdings (of which mainly + €7.5 million corresponding to the extinction of a purchase commitment of non-controlling interests and - €5.9 million of transaction costs on acquisitions of businesses). The latter mainly related to the acquisition of the Luzenac group *(Note 16)*. The 2011 “Other operating income and expenses - net, Group share” amounted to - €21.1 million after income taxes, of which - €35.5 million with no cash impact and + €14.4 million in cash.

Note 11 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 11, 12, 22.1 and 25.1* present disclosures on financial instruments in accordance with these categories.

The classification logic of financial instrument assets *(Note 22.1)* and liabilities *(Note 25.1)* transversally applies to their changes in profit or loss *(Notes 11 and 12)*. 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 12*.

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	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Operating income									
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
Financial income (loss)									
Income from securities	-	2.0	-	-	-	-	-	-	2.0
Gross financial debt expense	-	-	2.0	-	(61.2)	-	-	-	(59.2)
Other financial income	0.3	-	(0.8)	2.8	81.1	(3.1)	-	54.1	134.4
Other financial expenses	(0.1)	-	1.8	(0.2)	(83.8)	3.2	(0.2)	(56.6)	(135.9)
Equity									
Recognition in equity	-	-	-	-	-	-	6.6	-	6.6
Reclassification in profit or loss	-	-	-	-	-	-	14.3	-	14.3
Total financial instruments	**0.2**	**2.0**	**3.0**	**3,937.4**	**(2,510.9)**	**0.1**	**5.1**	**-**	**-**
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	-

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

(€ millions)	Fair value				Cash flow		
	Change in fair value of hedged items	Effective portion of hedges	Ineffective portion of hedges	Total	Effective portion of hedges	Ineffective portion of hedges	Total
Operating income							
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)
Financial income (loss)							
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)
Profit or loss	**3.2**	**(3.1)**	**0.0**	**0.1**	**(14.3)**	**(1.5)**	**(15.8)**
Equity							
Recognition in equity	-	-	-	0.0	6.6	-	6.6
Reclassification in profit or loss	-	-	-	0.0	14.3	-	14.3
Total financial instruments	**-**	**-**	**-**	**0.1**	**-**	**-**	**5.1**

As of December 31, 2011

(€ 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	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Operating income									
Revenue	-	-	-	3,667.7	-	-	7.1	-	3,674.8
Raw materials and consumables used	-	-	-	-	(1,358.9)	-	5.3	59.1	(1,294.5)
External expenses	-	-	-	-	(940.9)	-	-	-	(940.9)
Other operational income and expenses	-	-	-	47.6	(51.2)	-	0.2	(8.2)	(11.6)
Financial income (loss)									
Income from securities	-	3.0	-	-	-	-	-	-	3.0
Gross financial debt expense	-	-	(0.3)	-	(58.7)	-	(0.1)	-	(59.1)
Other financial income	0.3	-	3.5	3.5	108.5	12.2	-	50.7	178.7
Other financial expenses	(0.1)	-	(1.0)	(0.3)	(112.2)	(12.2)	-	(54.0)	(179.8)
Equity									
Recognition in equity	-	-	-	-	-	-	(12.6)	-	(12.6)
Reclassification in profit or loss	-	-	-	-	-	-	(11.1)	-	(11.1)
Total financial instruments	**0.2**	**3.0**	**2.2**	**3,718.5**	**(2,413.4)**	**0.0**	**(11.2)**	**-**	**-**
of which impairment losses in profit or loss	(0.1)	-	-	(5.8)	-	-	-	(10.5)	-
of which reversals of impairment losses in profit or loss	-	-	-	9.1	-	-	-	10.1	-

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

(€ millions)	Fair value				Cash flow		
	Change in fair value of hedged items	Effective portion of hedges	Ineffective portion of hedges	Total	Effective portion of hedges	Ineffective portion of hedges	Total
Operating income							
Revenue	-	-	-	0.0	7.1	-	7.1
Raw materials and consumables used	-	-	-	0.0	5.3	-	5.3
Other operational income and expenses	-	-	-	0.0	(1.2)	1.4	0.2
Financial income (loss)							
Gross financial debt expense	-	-	-	0.0	(0.1)	-	(0.1)
Other financial income	12.2	-	-	12.2	-	-	0.0
Other financial expenses	-	(12.2)	-	(12.2)	-	-	0.0
Profit or loss	**12.2**	**(12.2)**	**0.0**	**0.0**	**11.1**	**1.4**	**12.5**
Equity							
Recognition in equity	-	-	-	0.0	(12.6)	-	(12.6)
Reclassification in profit or loss	-	-	-	0.0	(11.1)	-	(11.1)
Total financial instruments	**-**	**-**	**-**	**0.0**	**-**	**-**	**(11.2)**

Note 12 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 11*.

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	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Net financial debt expense	**0.0**	**2.0**	**2.0**	**0.0**	**(61.2)**	**0.0**	**0.0**	**0.0**	**(57.2)**
Income from securities	-	2.0	-	-	-	-	-	-	2.0
Gross financial debt expense	-	-	2.0	-	(61.2)	-	-	-	(59.2)
Other financial income and expenses	**0.2**	**0.0**	**1.0**	**2.6**	**(2.7)**	**0.1**	**(0.2)**	**(2.5)**	**(1.5)**
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
Expected return on assets of defined benefit plans	-	-	-	-	-	-	-	52.4	52.4
Unwinding of defined employee benefit liabilities	-	-	-	-	-	-	-	(51.4)	(51.4)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.3)	(3.3)
Other financial income and expenses	-	-	-	2.6	(3.3)	-	-	-	(0.7)
Financial income (loss)	**0.2**	**2.0**	**3.0**	**2.6**	**(63.9)**	**0.1**	**(0.2)**	**(2.5)**	**(58.7)**
Income	0.3	2.0	(0.8)	2.8	81.1	(3.1)	-	54.1	136.4
Expenses	(0.1)	-	3.8	(0.2)	(145.0)	3.2	(0.2)	(56.6)	(195.1)

As of December 31, 2011

(€ 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	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Net financial debt expense	**0.0**	**3.0**	**(0.3)**	**0.0**	**(58.7)**	**0.0**	**(0.1)**	**0.0**	**(56.1)**
Income from securities	-	3.0	-	-	-	-	-	-	3.0
Gross financial debt expense	-	-	(0.3)	-	(58.7)	-	(0.1)	-	(59.1)
Other financial income and expenses	**0.2**	**0.0**	**2.5**	**3.2**	**(3.7)**	**0.0**	**0.0**	**(3.3)**	**(1.1)**
Dividends	0.2	-	-	-	-	-	-	-	0.2
Net exchange rate differences	-	-	-	-	(0.3)	-	-	(0.3)	(0.6)
Expense and income on derivative instruments	-	-	2.5	-	-	-	-	-	2.5
Expected return on assets of defined benefit plans	-	-	-	-	-	-	-	50.7	50.7
Unwinding of defined employee benefit liabilities	-	-	-	-	-	-	-	(50.6)	(50.6)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.1)	(3.1)
Other financial income and expenses	-	-	-	3.2	(3.4)	-	-	-	(0.2)
Financial income (loss)	**0.2**	**3.0**	**2.2**	**3.2**	**(62.4)**	**0.0**	**(0.1)**	**(3.3)**	**(57.2)**
Income	0.3	3.0	3.5	3.5	108.5	12.2	-	50.7	181.7
Expenses	(0.1)	-	(1.3)	(0.3)	(170.9)	(12.2)	(0.1)	(54.0)	(238.9)

Note 13 Income taxes

Tax consolidation scope

Imerys SA and the majority of its French entities are included in a tax consolidation system that notably enables the Group to offset within the consolidated group potential profits and losses. In 2012, one entity entered and none left the French tax consolidation scope. The tax consolidation scope includes thirty entities as of December 31, 2012. Tax consolidations also exist in other countries, mainly in the United States, in the United Kingdom, in Spain, in Germany and in Italy.

Income taxes recognized in net income

(€ millions)	2012	2011
Payable and deferred income taxes		
Income taxes payable	**(108.3)**	**(102.6)**
Income taxes payable for the period	(111.3)	(96.0)
Income taxes payable - Prior period adjustments	3.0	(6.6)
Deferred taxes	**(11.2)**	**(18.6)**
Deferred taxes due to changes in temporary differences	(12.7)	(18.4)
Deferred taxes due to changes in income tax rates	1.5	(0.2)
Total	**(119.5)**	**(121.2)**
Income taxes by level of income		
Income taxes on current operating and financial income (loss)	**(119.5)**	**(123.2)**
Current operating and financial income (loss) taxes payable	(109.2)	(105.0)
Current operating and financial income (loss) deferred taxes	(10.3)	(18.2)
Income taxes on other operating income and expenses	**0.0**	**2.0**
Income taxes payable on other operating income and expenses	0.9	2.4
Deferred taxes on other operating income and expenses	(0.9)	(0.4)
Total	**(119.5)**	**(121.2)**

Income taxes recognized in equity

(€ millions)	2012	2011
Actuarial differences and limitations of post-employment employee benefits	**22.3**	**12.4**
Cash flow hedges	**(7.3)**	**8.0**
Income taxes recognized in equity	(2.4)	4.2
Income taxes reclassified in profit or loss	(4.9)	3.8
Translation reserve	**(0.6)**	**13.6**
Income taxes recognized in equity	(3.4)	13.5
Income taxes reclassified in profit or loss	2.8	0.1
Total	**14.4**	**34.0**

Income taxes paid

The amount of income taxes paid in 2012 amounts to €80.0 million (€122.5 million in 2011).

Tax reconciliation excluding non-recurring items

	2012	2011
Legal tax rate in France (1)	**36.1%**	**36.1%**
Impact of national rate differences (2)	(8.8)%	(8.0)%
Impact of permanent differences and tax incentives	(0.5)%	(2.5)%
Impact of unrecognized tax losses utilized	(1.0)%	(1.0)%
Other income taxes at different rates and bases and impact of rate changes on deferred taxes	0.6%	1.7%
Other (tax credits, tax losses created and unrecognized, tax reassessments and tax provisions, prior period adjustments)	1.3%	2.4%
Effective tax rate on current operating and financial income (loss) (3)	**27.7%**	**28.7%**

(1) Including, as of December 31, 2012 and December 31, 2011, social contribution and temporary additional contribution of 5.0% (rectificative law of finance for 2011).
(2) Including 2.6% as of December 31, 2012 (2.6% as of December 31, 2011), corresponding to the utilization of income taxes credits held by American entities to the extent of the difference between the Federal income taxes rate (35.0%) and the Alternative Minimum Tax rate (20.0%).
(3) 27.7% = €119.5 million (income taxes on current operating income) / [€490.1 million (current operating income) - €58.7 million (financial income (loss))].

Tax reconciliation including non-recurring items

	2012	2011
Legal tax rate in France (1)	**36.1%**	**36.1%**
Impact of national rate differences (2)	(8.0)%	(8.0)%
Impact of permanent differences and tax incentives	0.9%	(2.4)%
Impact of unrecognized tax losses utilized	(2.4)%	(1.1)%
Other income taxes at different rates and bases and impact of rate changes on deferred taxes	0.5%	1.9%
Other (tax credits, tax losses created and unrecognized, tax reassessments and tax provisions, prior period adjustments)	1.2%	3.3%
Effective tax rate on operating and financial income (loss)	**28.3%**	**29.8%**

(1) Including, as of December 31, 2012 and December 31, 2011, social contribution and temporary additional contribution of 5.0% (rectificative law of finance for 2011).
(2) Including 2.6% as of December 31, 2012 (2.6% as of December 31, 2011), corresponding to the utilization of income taxes credits held by American entities to the extent of the difference between the Federal income taxes rate (35.0%) and the Alternative Minimum Tax rate (20.0%).

Note 14 Net income, Group share

(€ millions)	2012	2011
Current operating income	490.1	487.0
Financial income (loss)	(58.7)	(57.2)
Income taxes on current operating income	(119.5)	(123.2)
Non-controlling interests	(1.7)	(3.5)
Net income from current operations, Group share	**310.2**	**303.1**
Other operating income and expenses - gross	(9.4)	(23.1)
Income taxes	-	2.0
Net income, Group share	**300.8**	**282.0**

Note 15 Earnings per share

(€ millions)	2012	2011
Numerator		
Net income, Group share	300.8	282.0
Net income from current operations, Group share	310.2	303.1
Denominator		
Weighted average number of shares used for the calculation of the basic income per share	75,165,743	75,272,854
Impact of share option conversion	670,718	722,239
Weighted average number of shares used for the calculation of the diluted income per share	75,836,461	75,995,093
Basic income per share, Group share *(in €)*		
Basic net income per share	4.00	3.75
Basic net income from current operations per share	4.13	4.03
Diluted income per share, Group share *(in €)*		
Diluted net income per share	3.97	3.71
Diluted net income from current operations per share	4.09	3.99

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 (€42.53 in 2012). Potentially dilutive options of the plans of May 2004 to April 2008 as well as those of April 2010 to April 2012 *(Note 8)* are thus excluded from the calculation of the diluted earnings per share as of December 31, 2012. No significant transaction has changed the number of ordinary shares and potential ordinary shares between December 31, 2012 and February 13, 2013, date of authorization of issue of the financial statements by the Board of Directors.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 16 Goodwill

Table of changes

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

(€ millions)	**2012**	**2011**
Opening carrying amount	**1,019.7**	**950.4**
Gross amount	1,021.0	956.3
Impairment losses	(1.3)	(5.9)
Incoming entities	24.7	75.1
Outgoing entities	-	(1.6)
Impairment losses [(1)]	(31.1)	(0.7)
Exchange rate differences	(10.3)	(3.5)
Closing carrying amount	**1,003.0**	**1,019.7**
Gross amount	1,034.2	1,021.0
Impairment losses	(31.2)	(1.3)

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

The "Incoming entities" row of the above table is analyzed as follows:

(€ millions)	**2012**	**2011**
Changes related to control obtained over the period	24.5	75.5
Changes related to control obtained over prior periods	0.2	(0.4)
Incoming entities	**24.7**	**75.1**

As of December 31, 2012, the rows "Acquisitions of investments in consolidated entities" or the consolidated statement of cash flows is analyzed as follows:

(€ millions)	**2012**	**2011**
Cash paid	**(55.9)**	**(253.0)**
Cost of investments acquired	(61.7)	(247.3)
Payables on acquisitions of investments	5.8	(5.7)
Cash from acquired entities	**12.3**	**12.5**
Total	**(43.6)**	**(240.5)**
Acquisitions of investments in consolidated entities after deduction of cash acquired	(38.9)	(239.2)
Acquisitions of investments in consolidated entities from non-controlling interests	(4.7)	(1.3)
Incoming entities of the period - Cash paid	(54.2)	(250.0)
Incoming entities of the period - Cash from acquired entities	12.3	12.8
Incoming entities of the period - Payables on acquisitions of investments	3.5	-
Incoming entities of prior periods	(5.1)	(3.1)
Purchase price adjustments	(0.1)	(0.2)

Purchase accounting finalized in 2012

Luzenac. On August 1, 2011, Imerys acquired 100.00% of the group Luzenac, world leader in talc processing, whose main technical applications are polymers, paints, ceramics and paper. This acquisition was paid in cash to the Rio Tinto group for an amount of €222.7 million. After fair value measurement of mineral reserves, property, plant and equipment and main provisions, the final goodwill amounts to €74.5 million.

The fair values of assets, liabilities and contingent liabilities of the businesses whose purchase accounting was finalized in 2012 present the following amounts:

(€ millions)	**Luzenac**
Consideration transferred by the Group	**222.7**
Interest held before control was obtained	-
Cash remitted to the seller when control was obtained	222.7
Investment of non-controlling interests	**0.4**
Shareholders' investment	**223.1**
Assets - non-current	**182.8**
Intangible assets	3.7
Property, plant and equipment	152.4
Other receivables	3.2
Deferred tax assets	23.5
Assets - current	**111.7**
Inventories	51.6
Trade receivables	48.9
Other receivables	7.0
Cash and cash equivalents	4.2
Liabilities - non-current	**(95.3)**
Employee benefits liabilities	(22.9)
Other provisions	(43.0)
Other debts	(3.5)
Deferred tax liabilities	(25.9)
Liabilities - current	**(50.6)**
Trade payables	(21.3)
Income taxes payable	(3.5)
Other debts	(25.3)
Bank overdrafts	(0.5)
Identifiable net asset	**148.6**
Goodwill	**74.5**
Goodwill, Group share	74.5

Provisional purchase accounting as of December 31, 2012

Goonvean. As of November 5, 2012, Imerys has 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. Since its acquisition, Goonvean has generated €3.0 million of revenue and - €0.7 million of net income. If the transaction had occurred as of January 1, 2012, revenue would have amounted to €20.6 million and net income to - €1.6 million.

Others. 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 provisional goodwill of €11.9 million. Since its acquisition, Itatex has generated €5.1 million of revenue and €0.4 million of net income. If the transaction had occurred as of January 1, 2012, revenue would have amounted to €8.7 million and net income to €0.9 million. Besides the Group has performed some minor acquisitions in 2012, whose total amount of €18.9 million results in a provisional goodwill of €1.8 million.

(€ millions)	Goonvean	Others	Total
Consideration transferred by the Group	**25.8**	**28.6**	**54.4**
Interest held before control was obtained	-	-	0.0
Cash remitted to the seller when control was obtained	25.8	28.6	54.4
Investment of non-controlling interests	**0.0**	**0.0**	**0.0**
Shareholders' investment	**25.8**	**28.6**	**54.4**
Assets - non-current	**22.4**	**8.9**	**31.3**
Property, plant and equipment	21.9	7.5	29.4
Other receivables	-	1.4	1.4
Deferred tax assets	0.5	-	0.5
Assets - current	**7.8**	**14.5**	**22.3**
Inventories	4.3	0.7	5.0
Trade receivables	3.1	1.1	4.2
Other receivables	0.3	0.3	0.6
Cash and cash equivalents	0.1	12.4	12.5
Liabilities - non-current	**(10.9)**	**(5.4)**	**(16.3)**
Employee benefits liabilities	(5.0)	(0.3)	(5.3)
Other provisions	(1.2)	(1.5)	(2.7)
Loans and financial debts	-	(2.8)	(2.8)
Other debts	-	(0.4)	(0.4)
Deferred tax liabilities	(4.7)	(0.4)	(5.1)
Liabilities - current	**(4.3)**	**(3.1)**	**(7.4)**
Trade payables	(2.1)	(0.4)	(2.5)
Income taxes payable	-	(0.2)	(0.2)
Other debts	(0.9)	(0.8)	(1.7)
Loans and financial debts	(1.3)	(1.4)	(2.7)
Bank overdrafts	-	(0.3)	(0.3)
Identifiable net asset	**15.0**	**14.9**	**29.9**
Goodwill	**10.8**	**13.7**	**24.5**
Goodwill, Group share	10.8	13.7	24.5

Note 17 Intangible assets

Estimates

As part of its ordinary activities, Imerys uses intangible assets whose consumption is represented by amortization. The Executive Management estimates that for most of these assets, the best estimate of this consumption is reflected by the straight-line mode over the following useful lives:

- software: 1 to 5 years;
- trademarks, patents and licenses: 5 to 40 years.

However, the Executive Management considers that straight-line depreciation is inappropriate to reflect the consumption of intangible assets related to mining activity such as mining rights, prepaid leases and certain use rights. Their amortization is thus estimated in units of production on the basis of actual extraction. The rights held to justify the greenhouse gases emissions of the Group are not amortizable.

Table of changes

(€ millions)	Software	Trademarks, patents and licenses	Mining and use rights	Other intangible assets	Total
Carrying amount as of January 1, 2011	**5.2**	**3.5**	**16.9**	**9.0**	**34.6**
Gross amount	55.4	13.5	20.8	33.7	123.4
Amortization and impairment losses	(50.2)	(10.0)	(3.9)	(24.7)	(88.8)
Incoming entities	0.7	-	-	2.1	2.8
Acquisitions	1.6	0.4	0.1	5.6	7.7
Increases in amortization	(3.0)	(0.4)	(0.6)	(1.2)	(5.2)
Reclassification and other	0.4	0.3	(0.1)	(1.0)	(0.4)
Exchange rate differences	-	(0.1)	(1.9)	0.2	(1.8)
Carrying amount as of December 31, 2011	**4.9**	**3.7**	**14.4**	**14.7**	**37.7**
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
Disposals	-	-	-	-	0.0
Increases in amortization	(2.7)	(1.6)	(0.4)	(0.9)	(5.6)
Impairment losses	-	(0.2)	-	(0.4)	(0.6)
Reversals of impairment losses	-	-	-	-	0.0
Reclassification and other	3.2	-	(0.1)	(0.2)	2.9
Exchange rate differences	(0.1)	0.1	0.3	(0.1)	0.2
Carrying amount as of December 31, 2012	**7.2**	**5.6**	**14.9**	**20.3**	**48.0**
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)

Emission rights

The European directive no. 2003/87/CE dated October 13, 2003 establishing a market for emission rights of greenhouse gases within the Community mainly applies to the Imerys production activity of roof tiles and bricks within the business group Materials & Monolithics. In 2012, over the fifth period of the second phase of the European market (2008 - 2012), Imerys has used 53.4% of the greenhouse gas emission quotas granted to the eligible sites in Europe (60.2% in 2011). Since the actual emissions of the Group are inferior to the authorized level, no provision has been recognized as of December 31, 2012.

Note 18 Property, plant and equipment

Estimates

As part of its ordinary activities, Imerys uses property, plant and equipment whose consumption is represented by depreciation. The Executive Management estimates that for most of these assets, the best estimate of this consumption is reflected by the straight-line mode over the following useful lives, reflecting where necessary, the useful lives of the components:

- office buildings: 10 to 50 years;
- industrial buildings: 10 to 30 years;
- improvements to office and industrial buildings: 5 to 15 years;
- machinery, tooling, facilities and equipment: 5 to 20 years;
- vehicles: 2 to 5 years.

However, the Executive Management considers that straight-line depreciation is inappropriate to reflect the consumption of property, plant and equipment related to mining activity such as mineral reserves and overburden assets, as well as certain industrial assets of discontinuous use. Their depreciation is thus estimated in units of production on the basis of actual extraction for mining assets or, for these industrial assets, of operational follow-up units such as production or operating hours. A mineral reserve is depreciated over a quantity equal to the geological inventory of the deposit decreased by discounts representative of the geological uncertainty inherent to resources. Overburden assets, that qualify as a component of the mineral reserve asset, are depreciated over the quantity of reserve they specifically give access to. Subsoil, i.e. the surface of land excluding mineral deposit, is not depreciated since it is not consumed by mining activity.

Table of changes

(€ millions)	Mining assets	Land and buildings	Plant and equipment	Down payments and assets under construction	Other property, plant and equipment	Total
Carrying amount as of January 1, 2011	**453.5**	**285.1**	**894.5**	**69.9**	**38.1**	**1,741.1**
Gross amount	655.9	497.9	2,845.5	71.1	183.1	4,253.5
Depreciation and impairment losses	(202.4)	(212.8)	(1,951.0)	(1.2)	(145.0)	(2,512.4)
Incoming entities	42.5	25.2	96.6	3.4	10.2	177.9
Acquisitions	43.3	4.2	43.1	117.6	7.2	215.4
Disposals	(0.2)	(1.8)	(2.0)	(0.5)	(0.6)	(5.1)
Increases in depreciation	(36.4)	(14.4)	(135.3)	(0.7)	(11.2)	(198.0)
Impairment losses	-	-	(18.6)	-	-	(18.6)
Reclassification and other	2.5	0.4	48.2	(66.1)	(1.7)	(16.7)
Exchange rate differences	(2.3)	(2.8)	(7.1)	3.1	0.1	(9.0)
Carrying amount as of December 31, 2011	**502.9**	**295.9**	**919.4**	**126.7**	**42.1**	**1,887.0**
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)
Carrying amount as of December 31, 2012	**493.4**	**286.6**	**878.2**	**188.7**	**54.7**	**1,901.6**
Gross amount	748.3	511.8	2,988.4	190.7	213.1	4,652.3
Amortization and impairment losses	(254.9)	(225.2)	(2,110.2)	(2.0)	(158.4)	(2,750.7)

Finance leases

Items of property, plant and equipment controlled under finance lease are recognized as assets for an amount of €2.6 million as of December 31, 2012 (€2.8 million as of December 31, 2011). It essentially relates to freight material. Commitments for future finance lease rent payments amount to €2.5 million, of which €0.3 million for 2013, €1.2 million from 2014 to 2018 and €1.0 million beyond.

Note 19 Impairment tests

Judgments

Cash-Generating Units (CGUs). The definition of CGUs qualifies as a judgment of the Executive Management that meets, at the level of the smallest group of assets possible, the three following criteria:

- a homogeneous production process in terms of portfolio of minerals, transformation processes and applications;
- an active market presenting homogeneous macroeconomic characteristics; and
- a level of operating power in terms of continuation, restructuring or discontinuation of mining, industrial and commercial activity.

The validation of these three criteria for each CGU guarantees the independence of their respective cash flows. CGUs directly result from the analysis structure followed each month by the Executive Management in its business reporting. All assets within the Group including mining assets and goodwill, are allocated to a CGU. The grouping of CGUs forms the reported segments of the *Information by Segments* except for the CGU Pigments for Paper & Packaging (PPP) that forms in itself a reported segment. In the following table, the carrying amount and the impairment loss of the goodwill is presented by CGU (PPP) or groups of CGUs (CRAF, PFM and M&M). Since the Goonvean entity has been acquired as of November 5, 2012 *(Note 16)*, it has not been possible to allocate its goodwill as soon as December 31, 2012, the businesses of this entity being related to several CGUs. Its goodwill, provisionally amounting to €10.8 million, is thus presented in Holdings in the table below.

	2012		2010	
(€ millions)	**Carrying amount**	**Impairment loss of the period**	**Carrying amount**	**Impairment loss of the period**
Minerals for Ceramics, Refractories, Abrasives & Foundry (CRAF)	448.1	(30.6)	448.4	-
Performance & Filtration Minerals (PFM)	231.4	(0.6)	221.9	-
Pigments for Paper & Packaging (PPP)	157.3	-	161.5	-
Materials & Monolithics (M&M)	185.9	-	187.1	-
Goodwill of the CGUs	**1,022.7**	**(31.2)**	**1,018.9**	**0.0**
Holdings	11.5	-	0.8	(0.7)
Total	**1,034.2**	**(31.2)**	**1,019.7**	**(0.7)**

Impairment loss indicators. The trigger events of an impairment test are judgments of the Executive Management. These are mainly significant changes in business, interest rates, technological level, obsolescence and level of performance of assets. The adverse evolution of one of these indices requires the immediate performance of an impairment test, either on a CGU, or on an individual asset.

Estimates

Recoverable amount. The recoverable amount of a CGU or individual asset is the higher between the fair value less costs to sell and the value in use. In practice, fair value is reliably determinable only for individual assets and then corresponds to prices of recent transactions on disposals of similar assets. The value in use qualifies as the most frequently used measurement basis for both CGUs and individual assets.

Forecasted cash flows. The forecasted cash flows used to estimate the value in use generally result from the 2013 budget, the 2010-2014 strategic plan and an extrapolation for 2015 and after. For the terminal value, Imerys uses the Gordon and Shapiro perpetual growth model. Future cash flows correspond to current free operating cash flow *(Note 25.2 / Current free operating cash flow)* adjusted by the "Change in other items of working capital" *(Note 25.2 / Change in net financial debt)*.

Discount rate. The discount rate used to calculate the value in use is determined from the weighted average cost of capital of groups comparable to Imerys present in the industrial minerals sector. This rate, of 8.00% in 2012 (8.00% in 2011), is adjusted in accordance with the tested assets by a country-market risk premium of - 50 to + 220 basis points (- 50 to + 275 basis points in 2011). The average discount rate after income taxes amounts to 8.37% in 2012 (8.38% in 2011). The calculations performed after income taxes are identical to those that would be performed with cash flows and rates before income taxes, as required by applicable standards.

In the following table, the weighted average discount and perpetual growth rates used in the calculation of the value in use are presented by CGU (PPP) or groups of CGUs (CRAF, PFM and M&M).

	2012		2011	
	Discount rate	Perpetual growth rate	Discount rate	Perpetual growth rate
Minerals for Ceramics, Refractories, Abrasives & Foundry (CRAF)	8.54%	2.11%	8.55%	2.37%
Performance & Filtration Minerals (PFM)	8.45%	2.00%	8.47%	2.00%
Pigments for Paper & Packaging (PPP)	8.50%	2.00%	8.50%	2.00%
Materials & Monolithics (M&M)	7.65%	2.00%	7.63%	2.00%
Total	**8.37%**	**2.04%**	**8.38%**	**2.07%**

Annual test of CGUs

The systematic performance of this annual test on each of the CGUs is mandatory as a consequence of the presence of goodwill in all CGUs. In 2012, this test requires the recognition of an impairment loss of goodwill of €31.2 million. This impairment loss is recognized in “Other operating income and expenses” *(Note 10)* and relates for €29.5 million to the goodwill of CGU Fused Zirconia. In 2011, this test had required the recognition of an impairment loss of goodwill of €0.7 million in the holdings. This impairment loss had been recognized in “Other operating income and expenses” *(Note 10)*.

Sensitivity of the annual test of CGUs to the changes in forecasted cash flows and discount rates.

Scope. Assets of the CGUs net of accumulated depreciation and impairment losses recognized up to December 31, 2012.

Variables. Decrease of 5.0% in forecasted cash flows, increase of 100 basis points in discount rates and decrease of 100 basis points in perpetual growth rates.

Results. A decrease of 5.0% in forecasted cash flows would require the recognition of an impairment loss of €10.4 million, of which €8.3 million on the goodwill of CGU Fused Zirconia of the Minerals for Ceramics, Refractories, Abrasives & Foundry business group and €2.1 million on the goodwill of CGU Kiln Furniture of the Materials & Monolithics business group. An increase of 100 basis points in discount rates would require the recognition of an impairment loss of €24.7 million, of which €19.7 million on the goodwill of CGU Fused Zirconia of the Minerals for Ceramics, Refractories, Abrasives & Foundry business group and €5.0 million on the goodwill of CGU Kiln Furniture of the Materials & Monolithics business group. A decrease of 100 basis points in perpetual growth rates would require the recognition of an impairment loss of €16.7 million, of which €13.1 million on the goodwill of CGU Fused Zirconia of the Minerals for Ceramics, Refractories, Abrasives & Foundry business group and €3.6 million on the goodwill of CGU Kiln Furniture of the Materials & Monolithics business group.

Tests of individual assets

Impairment indicators may require the immediate performance of this test in case of an unfavorable evolution, in addition to the test carried out on CGUs. The resulting impairment losses recognized in 2012 amounts to €5.3 million, of which €2.6 million on the business group Minerals for Ceramics, Refractories, Abrasives & Foundry, €1.1 million on the business group Performance & Filtration Minerals, €0.5 million on the business group Pigments for Paper & Packaging and €1.1 million on the business group Materials & Monolithics. Impairment loss reversals recognized in 2012 amount to €0.3 million, of which €0.2 million in the business group Minerals for Ceramics, Refractories, Abrasives & Foundry and €0.1 million in the business Group Materials & Monolithics. These impairment losses, net of reversals thus amount to €5.0 million recognized in “Other operating income and expenses” *(Note 10)*. They relate to the industrial tool of the business groups.

In 2011, the tests of individual assets had required the recognition of impairment losses for an amount of €18.6 million, of which €10.6 million on the business group Pigments for Paper & Packaging, €2.5 million on the business group Materials & Monolithics and €5.5 million on the business group Minerals for Ceramics, Refractories, Abrasives & Foundry. These impairment losses, recognized in “Other operating income and expenses” *(Note 10)*, were related to the industrial tool of the business groups. No impairment loss reversal had been recognized in 2011.

Note 20 Joint ventures and associates

(€ millions)	**2012**	**2011**
Opening carrying amount	**82.4**	**54.4**
of which carrying amount of goodwill	5.0	3.9
Acquisitions	-	20.8
Disposals	-	(0.5)
Income	1.5	8.6
Dividends paid out	(2.5)	(2.2)
Other	1.5	1.3
Closing carrying amount	**82.9**	**82.4**
of which carrying amount of goodwill	5.1	5.0

The €20.8 million presented above in the line "Acquisitions" in 2011 corresponded to the inflow of the joint venture The Quartz Corporation. The table below presents the shares of Imerys in the voting rights, the equity and the net income of the main investments over which the Group exercises joint control (joint ventures) or significant influence (associates).

	2012			**2011**		
	Shares of interest *(%)*	**Shares in equity** *(€M)*	**Shares in net income** *(€M)*	**Shares of interest (%)**	**Shares in equity** *(€M)*	**Shares in net income** *(€M)*
Main joint ventures						
The Quartz Corporation	50.0%	25.3	(1.0)	50.0%	25.5	4.3
Main associates						
MST Mineralien Schiffahrt	50.0%	36.1	3.8	50.0%	32.8	4.4
Calderys Iberica Refractarios	49.9%	7.0	1.0	49.9%	6.5	0.7
Other equity investments						
Other joint ventures and associates	-	14.5	(2.3)	-	17.6	(0.8)
Total	**-**	**82.9**	**1.5**	**-**	**82.4**	**8.6**

The table below presents the key figures of the main investments over which the Group exercises joint control (joint ventures) or significant influence (associates). These data are closed as of December 31, except for those of MST Mineralien Schiffahrt, that stem from the most recent financial statements to which the Group has access, i.e. those of the September 30, annual closing. No significant even has occurred between September 30, and December 31, 2012.

	2012		**2011**	
(€ millions)	**Assets**	**Revenue**	**Assets**	**Revenue**
Main joint ventures				
The Quartz Corporation	71.6	39.9	72.1	57.5
Main associates				
MST Mineralien Schiffahrt	199.9	103.6	182.1	101.2
Calderys Iberica Refractarios	16.6	18.2	16.3	20.2

Note 21 Inventories

(€ millions)	2012 Gross amount	2012 Write-down	2012 Carrying amount	2011 Gross amount	2011 Write- down	2011 Carrying amount
Raw materials	275.7	(12.5)	263.2	287.5	(15.7)	271.8
Work in progress	65.3	(0.5)	64.8	64.9	(0.5)	64.4
Finished goods	284.5	(12.3)	272.2	278.2	(13.5)	264.7
Merchandises	52.5	(1.6)	50.9	46.8	(1.8)	45.0
Total	**678.0**	**(26.9)**	**651.1**	**677.4**	**(31.5)**	**645.9**

Note 22 Financial assets

22.1 Categories of financial assets

The tables hereafter enable to evaluate the significance of financial instruments with respect to consolidated assets. The categories used to present the carrying amounts of financial instruments are explained in *Note 11*. These carrying amounts are representative of fair value.

As of December 31, 2012

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss: Non derivative	Fair value through profit or loss: Non hedge	Loans and receivables	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Non-current assets								
Available-for-sale financial assets	4.5	-	-	-	-	-	-	4.5
Other financial assets	-	-	-	12.1	-	-	8.3	20.4
Other receivables	-	-	-	61.6	-	-	6.4	68.0
Derivative financial assets	-	-	-	-	9.6	-	-	9.6
Current assets								
Trade receivables	-	-	-	513.8	-	-	-	513.8
Other receivables	-	-	-	99.9	-	-	34.4	134.3
Derivative financial assets	-	-	0.5	-	-	1.5	-	2.0
Other financial assets	-	57.8	-	-	-	-	-	57.8
Cash and cash equivalents	-	-	-	260.6	-	-	-	260.6
Total financial assets	**4.5**	**57.8**	**0.5**	**948.0**	**9.6**	**1.5**	**-**	**-**

As of December 31, 2012, other current financial assets include €33.5 million of investment of part of the proceeds from the disposal of the Brazilian sea terminal of Barcarena *(Note 10)*.

As of December 31, 2011

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge		Fair value	Cash flow		
Non-current assets								
Available-for-sale financial assets	4.8	-	-	-	-	-	-	4.8
Other financial assets	-	-	-	8.0	-	-	10.5	18.5
Other receivables	-	-	-	63.0	-	-	11.6	74.6
Derivative financial assets	-	-	-	-	12.7	-	-	12.7
Current assets								
Trade receivables	-	-	-	526.9	-	-	-	526.9
Other receivables	-	-	-	92.7	-	-	48.3	141.0
Derivative financial assets	-	-	1.3	-	-	0.7	-	2.0
Other financial assets	-	6.4	-	-	-	-	-	6.4
Cash and cash equivalents	-	-	-	424.2	-	-	-	424.2
Total financial assets	**4.8**	**6.4**	**1.3**	**1,114.8**	**12.7**	**0.7**	**-**	**-**

22.2 Available-for-sale financial assets

(€ millions)	2012	2011
Opening balance	**4.8**	**7.4**
Changes in the scope of consolidation	(0.2)	(0.1)
Disposals	(0.1)	(2.1)
Exchange rate differences	-	(0.4)
Closing balance	**4.5**	**4.8**

22.3 Trade receivables, other receivables and other financial assets

(€ millions)	Other non-current financial assets	Other non-current receivables	Trade receivables	Other current receivables	Total
Carrying amount as of January 1, 2011	**21.0**	**45.0**	**446.5**	**128.0**	**640.5**
Gross amount	23.4	114.5	473.9	152.9	764.7
Write-down	(2.4)	(69.5)	(27.4)	(24.9)	(124.2)
Changes in the scope of consolidation	-	13.8	45.5	7.8	67.1
Net change	0.1	17.3	30.3	18.9	66.6
Write-down	(0.2)	2.5	(0.8)	(7.7)	(6.2)
Other	(1.7)	1.1	2.0	(5.5)	(4.1)
Exchange rate differences	(0.7)	(5.1)	3.4	(0.5)	(2.9)
Carrying amount as of December 31, 2011	**18.5**	**74.6**	**526.9**	**141.0**	**761.0**
Gross amount	21.1	135.9	557.4	143.3	857.7
Write-down	(2.6)	(61.3)	(30.5)	(2.3)	(96.7)
Changes in the scope of consolidation	-	1.8	5.3	(0.9)	6.2
Net change	3.3	(8.8)	(17.5)	(8.4)	(31.4)
Write-down	(0.1)	5.6	4.6	0.5	10.6
Other	(0.9)	0.7	(0.1)	4.8	4.5
Exchange rate differences	(0.4)	(5.9)	(5.4)	(2.7)	(14.4)
Carrying amount as of December 31, 2012	**20.4**	**68.0**	**513.8**	**134.3**	**736.5**
Gross amount	23.1	118.0	539.6	136.2	816.9
Write-down	(2.7)	(50.0)	(25.8)	(1.9)	(80.4)

Other non-current financial assets correspond to loans and deposits for €9.1 million as of December 31, 2012 (€8.0 million as of December 31, 2011) and to assets related to employee benefits for €8.3 million as of December 31, 2012 (€10.5 million as of December 31, 2011) *(Note 24.1)*. The greater part of other non-current receivables and related write-down corresponds to tax receivables other than income taxes in Brazil. Other current receivables also mainly correspond to tax receivables other than income taxes. In addition, the Group has set up in September 2009 a factoring contract without recourse for an unlimited duration. Since the object of this contract is to transfer the trade receivables of certain customers to the factor as well as the entire related risks and rewards, including the risks of default and late payment, these receivables are derecognized. As of December 31, 2012, they represent an amount of €62.1 million (€73.9 million as of December 31, 2011).

22.4 Management of risks arising from financial assets

Credit risk

Description of the risk. The credit risk is the risk that a debtor of Imerys does not reimburse his debt at the due date. This risk mainly has an impact on the category of loans and receivables.

Management of the risk. The credit risk is followed at the level of each entity. This follow up mainly bases on the analysis of past due receivables and can be extended to a more detailed solvency investigation. The Group entities may hedge the credit risk through credit insurance contracts or warranties *(Note 30)*. At the closing date, loans and receivables are reduced to their recoverable amount by an individual write-down. As of December 31, 2012, loans and receivables are written-down by €80.4 million (€96.7 million as of December 31, 2011). The maximum exposure of Imerys to credit risk before credit insurance and warranties, i.e. the carrying amount of its receivables, thus amounts to €736.5 million (€761.0 million as of December 31, 2011).

The table hereafter presents the change in write-down of loans and receivables:

(€ millions)	Other non-current financial assets	Other non-current receivables	Trade receivables	Other current receivables	Total
Balance as of January 1, 2011	**(2.4)**	**(69.5)**	**(27.4)**	**(24.9)**	**(124.2)**
Changes in the scope of consolidation	-	-	(1.7)	0.8	(0.9)
Increases	(0.3)	(0.8)	(6.1)	(9.9)	(17.1)
Utilizations	0.1	3.3	5.2	2.3	10.9
Other	-	0.3	(0.3)	28.6	28.6
Exchange rate differences	-	5.4	(0.2)	0.8	6.0
Balance as of December 31, 2011	**(2.6)**	**(61.3)**	**(30.5)**	**(2.3)**	**(96.7)**
Changes in the scope of consolidation	-	-	0.1	-	0.1
Increases	(0.2)	-	(6.6)	(0.2)	(7.0)
Utilizations	0.1	5.6	11.2	0.7	17.6
Other	-	0.2	(0.1)	(0.1)	0.0
Exchange rate differences	-	5.5	0.1	-	5.6
Balance as of December 31, 2012	**(2.7)**	**(50.0)**	**(25.8)**	**(1.9)**	**(80.4)**

Trade receivables do not bear interest and are generally due between 30 to 90 days. Some trade receivables may be past due without being impaired, for example where hedged by a credit insurance contract or a warranty.

(€ millions)	2012	2011
Past due trade receivables that are not impaired	**84.5**	**74.8**
Since less than 30 days	55.3	51.7
Since 30 to 89 days	17.2	14.4
Since 90 days and more	12.0	8.7
Undue trade receivables and past-due and impaired trade receivables	**429.3**	**452.1**
Total	**513.8**	**526.9**

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. In the assets, the transactional currency risk has an impact mainly on trade receivables.

Management of the risk. In the assets, the transactional currency risk is managed in accordance with the same principles as the transactional currency risk related to financial liabilities *(Note 25.5 - Transactional currency risk)*.

Note 23 Capital

Capital management principles

The management of capital presents three main fields: consolidated equity, share-based payments and share repurchases. The management of consolidated equity pursues the objective to maintain a stable financial structure so as to generate dividends for shareholders through a regular and steady growth of results. The share options and free shares granted to certain key employees aim at promoting their loyalty to reach this objective *(Note 8)*. The objective of share repurchases is to foster the liquidity of transactions and regularity of quotation of the Imerys share, to make certain share-based payments and to perform the cancellations necessary to offset the dilution impact on the shareholders of share options and free shares grants.

Consolidated equity corresponds to the capital and premiums of Imerys SA and consolidated income and reserves. There are no hybrid instruments combining the characteristics of liabilities and equity instruments. As of December 31, 2012:

- consolidated equity amounts to €2,274.5 million (€2,210.9 million as of December 31, 2011) on the basis of which the Board of Directors proposes a dividend per share of €1.55 (€1.50 in 2011);
- 4,102,831 share options entirely attributed after November 7, 2002 and included in this respect in the scope of standard IFRS 2 on share-based payments *(Note 8)* and 591,680 free shares representing 5.86% of the capital of Imerys SA after dilution are attributed and not exercised or acquired (5.89% of the capital after dilution as of December 31, 2011);
- Imerys SA holds, at the end of the purchase, sale, cancellation and transfer transactions of the period 159,563 Imerys shares (57,442 as of December 31, 2011).

The capital of Imerys SA is subject to several mandatory requirements of the French Code of Commerce. These requirements do not have any significant impact on the financial statements. However their compliance is subject to verifications by the Statutory Auditors. Furthermore, part of the Group's financing is ensured through liabilities instruments whose external issuers impose the compliance to ratios, some of which using the amount of consolidated equity. These ratios as well as their amounts at the closing date are presented in *Note 25.5 - Borrower's liquidity risk*.

Period activity

	2012			2011		
(€ millions)	Issued shares	Treasury shares	Outstanding shares	Issued shares	Treasury shares	Outstanding shares
Number of shares at the opening	**75,142,516**	**(57,442)**	**75,085,074**	**75,474,155**	**(136,373)**	**75,337,782**
Capital increases	226,030	-	226,030	201,172	-	201,172
Capital decreases	-	-	0	(532,811)	-	(532,811)
Transactions on treasury shares	-	(102,121)	(102,121)	-	78,931	78,931
Number of shares at the closing	**75,368,546**	**(159,563)**	**75,208,983**	**75,142,516**	**(57,442)**	**75,085,074**

On January 7, 2013, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 12, 2012, noted that, on December 31, 2012, the share capital had been increased by a nominal amount of €452,060 as a result of the exercise during the 2012 period of 226,030 share options and of the creation of the same number of new Imerys shares.

As a result of those operations, Imerys' fully-paid up share capital as on December 31, 2012 totaled €150,737,092; it was made up of 75,368,546 shares with €2.00 par value of which 24,400,327 enjoyed double voting rights pursuant to article 22 of Imerys' by-laws. Finally, the total number of theoretical voting rights attached to existing shares was 99,768,873. No directly registered shares have been pledged by Imerys SA.

Note 24 Provisions

24.1 Employee benefits liabilities

(€ millions)	2012	2011
Retirement plans	275.9	200.0
Medical plans	22.2	20.2
Other long-term benefits	9.1	7.8
Termination benefits	6.8	3.3
Total	**314.0**	**231.3**

Description of the main defined benefit plans

United Kingdom. 63.4% of the obligations as of December 31, 2012 (63.2% as of December 31, 2011). The main plan – Imerys Minerals Limited Pension Scheme – is closed to the employees hired after January 1, 2005. Employees hired before that date may continue to acquire rights by year of service to the extent of 1/80 of the average of the 3 last annual salaries. Employees hired after January 1, 2005 benefit from a defined contributions plan.

United States. 21.8% of the obligations as of December 31, 2012 (22.9% as of December 31, 2011). Most of the employees may take part to a defined benefit plan whose specificities are defined by category of employees and by activity. A significant part of the defined benefits retirement plans has been closed to the employees hired after January 1, 2010. Besides, the majority of the employees may take part to a 401(k) defined contributions plan.

Euro Zone. 9.9% of the obligations as of December 31, 2012 (9.5% as of December 31, 2011), of which 47.1% in France, 30.8% in Germany and 19.1% in Austria (respectively 42.7%, 29.3% and 19.8% as of December 31, 2011). The defined benefit plans mainly correspond for one part to the retirement indemnities provided by the collective labor agreements and for the other to supplementary retirement plans, of which the French plan for key management personnel *(Note 29)*.

Estimates

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.

	2012			2011		
	United Kingdom	United States	Euro zone	United Kingdom	United States	Euro zone
Discount rates	4.3%	3.8%	3.3%	4.8%	4.5%	4.4%
Expected rates of return:						
▮ on plan assets (1)	-	-	-	5.5%	7.9%	3.8%
▮ on reimbursement rights (1)	-	-	-	-	-	3.9%
Expected rates of salary increases	2.5%	1.9%	2.6%	2.6%	1.9%	2.7%
Medical cost trend rates	-	7.8%	3.5%	-	8.1%	3.5%

(1) The expected rate of return as of December 31, 2011 determines the expected return recognized in 2012. No expected rate of return is set as of December 31, 2012 since this notion shall cease to apply as of January 1, 2013 after application of the amendments to standard IAS 19 on employee benefits (Note 3).

Sensitivity of the total of current service cost and interest cost on the one hand and the obligation on the other hand to a change in discount rate on the plans in Pound Sterling.

Scope. Entirety of plans in Pound Sterling, i.e. 63.4% of the Group's obligations at the closing date.

Variables. Increase of 50 basis points (respectively decrease of 50 basis points) in the discount rate.

Results. Decrease of €0.3 million (respectively increase of €1.3 million) in current service cost and immaterial decrease (respectively decrease of €2.8 million) in interest cost and decrease of €56.5 million (respectively increase of €61.2 million) on the obligation of the plans in Pound Sterling.

Sensitivity of the total of current service cost and interest cost on the one hand and the obligation on the other hand to a change in discount rate on the plans in US Dollar.

Scope. Entirety of plans in US Dollar, i.e. 21.8% of the Group's obligations at the closing date.

Variables. Increase of 50 basis points (respectively decrease of 50 basis points) in the discount rate.

Results. Decrease of €0.1 million (respectively increase of €0.4 million) in current service cost and decrease of €0.4 million (respectively decrease of €1.8 million) in interest cost and decrease of €16.3 million (respectively increase of €17.4 million) on the obligation of the plans in US Dollar.

Sensitivity of the total of current service cost and interest cost on the one hand and the obligation on the other hand to a change in discount rate on the plans in Euro.

Scope. Entirety of plans in Euro, i.e. 9.9% of the Group's obligations at the closing date.

Variables. Increase of 50 basis points (respectively decrease of 50 basis points) in the discount rate.

Results. Increase of €0.4 million (respectively increase of €1.1 million) in current service cost, decrease of €0.2 million (respectively decrease of €0.9 million) in interest cost and decrease of €7.3 million (respectively increase of €7.1 million) on the obligation of the plans in Euro.

Sensitivity of the total of current service cost and interest cost on the one hand and the obligation of medical defined benefit plans on the other hand to the change in the medical cost trend rates.

Scope. Entirety of medical defined benefit plans, i.e. 1.8% of the Group's obligations at the closing date.

Variables. Increase of 100 basis points (respectively decrease of 100 basis points) in the medical cost trend rates.

Results. Increase of €0.1 million (respectively immaterial decrease) of the total of current service cost, immaterial decrease (respectively decrease of €0.1 million) in interest cost and increase of €2.0 million (respectively decrease of €1.6 million) on the obligation of medical defined benefit plans.

Tables of changes

The effective return on plan assets (respectively on reimbursement rights) amounts to €63.1 million (respectively to - €0.3 million) as of December 31, 2012 and €42.7 million (respectively to - €0.1 million) as of December 31, 2011. The amount recognized in profit or loss corresponds to the expected return, as disclosed in the tables hereafter. The difference between expected and effective return contributes to the assets' actuarial gains and losses recognized in equity. The employer contributions are estimated at €19.1 million for 2013.

As of December 31, 2012

(€ millions)	Obligations	Assets	Unrecognized items: Past services	Unrecognized items: Assets limitation	Asset (liability)
Balances as of January 1, 2012	**(1,103.5)**	**883.3**	**(3.5)**	**0.8**	**(217.5)**
Plan assets	-	-	-	-	3.9
Reimbursement rights	-	-	-	-	6.6
Liabilities	-	-	-	-	(228.0)
Unwinding	(51.4)	-	-	-	(51.4)
Current service cost	(15.9)	-	-	-	(15.9)
Expected return on plan assets	-	52.1	-	-	52.1
Expected return on reimbursement rights	-	0.3	-	-	0.3
Plan amendments	(2.5)	-	0.8	-	(3.3)
Curtailments	0.4	-	-	-	0.4
Actuarial gains and (losses) of other employee benefits	(0.9)	-	-	-	(0.9)
Changes recognized in profit or loss	**-**	**-**	**-**	**-**	**(18.7)**
Actuarial gains and (losses) of post-employment benefits	(107.1)	10.4	-	-	(96.7)
Assets limitation	-	-	-	(0.7)	0.7
Changes recognized in equity	**-**	**-**	**-**	**-**	**(96.0)**
Incoming entities	(32.6)	27.8	-	-	(4.8)
Benefit payments	60.1	(52.5)	-	-	7.6
Employer contributions	-	28.7	-	-	28.7
Employee contributions	(1.0)	1.0	-	-	0.0
Reclassification	(0.4)	0.5	-	-	0.1
Exchange rate differences	(9.8)	11.5	-	-	1.7
Balances as of December 31, 2012	**(1,264.6)**	**963.1**	**(2.7)**	**0.1**	**(298.9)**
Plan assets	-	-	-	-	1.5
Reimbursement rights	-	-	-	-	6.8
Liabilities	-	-	-	-	(307.2)

The line “Changes recognized in profit or loss” of the above table is analyzed as follows:

	Asset (provision)
Current operating income	**(17.4)**
Net change in employee benefit liabilities	16.5
Contributions to defined employee benefit plans	(33.9)
Other operating income and expenses	**(2.3)**
Net change in employee benefit liabilities	0.1
Contributions to defined employee benefit plans	(2.4)
Financial income (loss)	**1.0**
Expected return on assets of defined benefit plans	52.4
Unwinding of defined employee benefit liabilities	(51.4)
Changes recognized in profit or loss	**(18.7)**

As of December 31, 2011

(€ millions)	Obligations	Assets	Unrecognized items: Past services	Unrecognized items: Assets limitation	Asset (liability)
Balances as of January 1, 2011	**(985.2)**	**827.8**	**(5.5)**	**0.5**	**(152.4)**
Plan assets	-	-	-	-	7.9
Reimbursement rights	-	-	-	-	6.6
Liabilities	-	-	-	-	(166.9)
Unwinding	(50.6)	-	-	-	(50.6)
Current service cost	(14.0)	-	-	-	(14.0)
Expected return on plan assets	-	50.4	-	-	50.4
Expected return on reimbursement rights	-	0.3	-	-	0.3
Plan amendments	(0.3)	-	1.9	-	(2.2)
Actuarial gains and (losses) of other employee benefits	0.7	-	-	-	0.7
Changes recognized in profit or loss	**-**	**-**	**-**	**-**	**(15.4)**
Actuarial gains and (losses) of post-employment benefits	(42.2)	(8.1)	-	-	(50.3)
Assets limitation	-	-	-	0.1	(0.1)
Changes recognized in equity	**-**	**-**	**-**	**-**	**(50.4)**
Incoming entities	(37.7)	15.7	-	-	(22.0)
Benefit payments	57.5	(51.8)	-	-	5.7
Employer contributions	-	24.8	-	-	24.8
Employee contributions	(1.3)	1.3	-	-	0.0
Reclassification	-	(2.0)	-	-	(2.0)
Exchange rate differences	(30.4)	24.9	0.1	0.2	(5.8)
Balances as of December 31, 2011	**(1,103.5)**	**883.3**	**(3.5)**	**0.8**	**(217.5)**
Plan assets	-	-	-	-	3.9
Reimbursement rights	-	-	-	-	6.6
Liabilities	-	-	-	-	(228.0)

The line “Changes recognized in profit or loss” of the above table is analyzed as follows:

	Asset (provision)
Current operating income	**(15.5)**
Net change in employee benefit liabilities	14.7
Contributions to defined employee benefit plans	(30.2)
Other operating income and expenses	**0.0**
Net change in employee benefit liabilities	0.3
Contributions to defined employee benefit plans	(0.3)
Financial income (loss)	**0.1**
Expected return on assets of defined benefit plans	50.7
Unwinding of defined employee benefit liabilities	(50.6)
Changes recognized in profit or loss	**(15.4)**

Assets allocation

	2012	2011
Shares	46.4%	45.0%
Bonds	48.5%	52.4%
Monetary	2.2%	2.1%
Real estate	2.9%	0.5%
Total	**100.0%**	**100.0%**

Funding of obligations and experience adjustments in the long term

The table below analyzes the obligations in accordance with their financing modes: by assets specific to the plans (plan assets), by the Group's own resources (unfunded obligations) and by assets non-specific to the plans (reimbursement rights). Besides, this table splits the actuarial gains (losses) generated over the period between experience adjustments (difference between the previous actuarial assumptions and what has actually occurred, for example between the expected and actual returns on assets) and changes in assumptions (changes in certain actuarial assumptions without possible comparison with any actual value, for example for the change in the discount rate).

(€ millions)	2012	2011	2010	2009	2008
Funding of obligations					
Obligations funded by plan assets	(1,152.0)	(1,007.3)	(904.0)	(817.4)	(674.3)
Plan assets	956.3	876.6	821.2	727.1	620.4
Funded status	**(195.7)**	**(130.7)**	**(82.8)**	**(90.3)**	**(53.9)**
Unfunded obligations	(86.7)	(75.7)	(61.6)	(52.3)	(57.6)
Obligations funded by reimbursement rights	(25.9)	(20.4)	(19.6)	(19.0)	(18.1)
Reimbursement rights	6.8	6.6	6.6	5.9	5.6
Experience adjustments and changes in assumptions					
Experience adjustments on obligations	(5.9)	0.3	1.5	-	-
Experience adjustments on plan assets	11.0	(7.7)	29.0	-	-
Experience adjustments on reimbursement rights	(0.4)	(0.4)	0.5	-	-
Experience adjustments	**4.7**	**(7.8)**	**31.0**	**-**	**-**
Changes in assumptions	(102.3)	(41.8)	(48.7)	-	-
Actuarial gains (losses) of the period	**(97.6)**	**(49.6)**	**(17.7)**	**(77.0)**	**(42.2)**
Actuarial gains (losses) recognized in equity	(96.7)	(50.3)	(16.8)	-	-
Actuarial gains (losses) recognized in profit or loss	(0.9)	0.7	(0.9)	-	-

Changes recognized in equity

	2012			2011		
(€ millions)	Actuarial gains and (losses)	Assets limitation	Total	Actuarial gains and (losses)	Assets limitation	Total
Opening balance	**(150.3)**	**1.6**	**(148.7)**	**(93.7)**	**1.7**	**(92.0)**
Opening balance after change in accounting method	**(150.3)**	**1.6**	**(148.7)**	**(93.7)**	**1.7**	**(92.0)**
Changes related to obligations	(107.1)	-	(107.1)	(42.2)	-	(42.2)
Changes related to assets	10.4	0.7	11.1	(8.1)	(0.1)	(8.2)
Changes recognized in equity	**(96.7)**	**0.7**	**(96.0)**	**(50.3)**	**(0.1)**	**(50.4)**
Exchange rate differences	1.6	(0.1)	1.5	(6.3)	-	(6.3)
Closing balance	**(245.4)**	**2.2**	**(243.2)**	**(150.3)**	**1.6**	**(148.7)**

24.2 Other provisions

(€ millions)	2012	2011
Other non-current provisions	246.4	265.2
Other current provisions	15.7	19.2
Total	**262.1**	**284.4**

Estimates

Probability of settlement and amount of the obligation. The probabilities of settlement and the amounts of the obligations are estimated by the Executive Management with the support of external counsels for the significant litigation and claims. These relate to allegations of personal or financial injury implicating the civil liability of Imerys and the potential breach of contractual obligations or regulations on employee, property and environmental issues.

Expected timing of future payments

(€ millions)	2013 - 2017	2018 - 2027	2028 and later	Total
Products warranties	27.2	-	-	27.2
Environmental and dismantling obligations	13.8	17.6	23.3	54.7
Mine sites restoration	26.2	22.9	47.9	97.0
Legal, social and regulatory risks	83.2	-	-	83.2
Other provisions	**150.4**	**40.5**	**71.2**	**262.1**

Discount rates. These rates integrate the time value of money and monetary inflation over the timeline of future payments. For the main discounted provision (mine sites restoration), the assumptions of the major monetary zones are the following:

	2012			2011		
	Euro zone	United Kingdom	United States	Euro zone	United Kingdom	United States
Time value of money	1.8%	2.3%	2.8%	3.3%	3.2%	3.5%
Monetary inflation	1.7%	2.7%	1.9%	2.5%	4.2%	2.9%

Table of changes

(€ millions)	Products warranties	Environmental and dismantling obligations	Mine sites restoration	Legal, social and regulatory risks	Total
Balance as of January 1, 2011	**21.4**	**46.4**	**77.5**	**58.7**	**204.0**
Changes in the scope of consolidation	0.3	13.0	18.3	24.3	55.9
Increases	13.2	2.3	3.5	35.1	54.1
Utilizations	(4.1)	(4.6)	(5.3)	(15.6)	(29.6)
Non-utilized decreases	-	(1.6)	(0.1)	(2.9)	(4.6)
Unwinding expense	-	0.8	2.3	-	3.1
Reclassification and other	(0.1)	2.1	(0.5)	(1.9)	(0.4)
Exchange rate differences	0.1	1.1	2.3	(1.6)	1.9
Balance as of December 31, 2011	**30.8**	**59.5**	**98.0**	**96.1**	**284.4**
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)
Balance as of December 31, 2012	**27.2**	**54.7**	**97.0**	**83.2**	**262.1**

Note 25 Financial liabilities

25.1 Categories of financial liabilities

The tables hereafter enable to evaluate the significance of financial instruments with respect to consolidated liabilities. The categories used to present the carrying amounts of financial instruments are explained in *Note 11*. These carrying amounts are representative of fair value for all instruments except for bonds.

The tables hereafter are followed by an analysis of the differences between carrying amount and fair value. For listed bonds, fair value qualifies as a directly observable data since it corresponds to the market value at the closing date (fair value of level 1). For unlisted bonds, fair value including accrued interests results from a model using observable data, i.e. a revaluation of discounted future contractual flows (fair value of level 2).

As of December 31, 2012

		Fair value through profit or loss	Hedge derivatives			
(€ millions)	Financial liabilities at amortized cost	Non hedge derivatives	Fair value	Cash flow	Non IAS 39	Total
Non-current liabilities						
Loans and financial debts	996.0	3.3	9.5	-	2.2	1,011.0
Other debts	6.8	-	-	-	8.0	14.8
Derivative financial liabilities	-	1.1	-	2.3	-	3.4
Current liabilities						
Trade payables	375.2	-	-	-	-	375.2
Other debts	104.8	-	-	-	168.1	272.9
Derivative financial liabilities	-	2.5	-	1.2	-	3.7
Loans and financial debts	168.8	(1.6)	-	-	0.3	167.5
Bank overdrafts	19.3	-	-	-	-	19.3
Total financial liabilities	**1,670.9**	**5.3**	**9.5**	**3.5**	**-**	**-**

The fair value of fixed rate bonds included in "Loans and financial debts" is superior to their carrying amount by €104.4 million:

Nominal amount			Interest rate				
(in millions)	Maturity	Quotation	Nominal	Effective	Carrying amount	Fair value	Difference
JPY 7,000.0	9/16/2033	Unlisted	3.40%	3.47%	62.2	80.9	18.7
USD 140.0	8/6/2013	Unlisted	4.88%	4.98%	108.2	111.1	2.9
USD 30.0	8/6/2018	Unlisted	5.28%	5.38%	23.2	28.6	5.4
EUR 300.0	4/25/2014	Listed	5.13%	5.42%	310.6	325.7	15.1
EUR 500.0	4/18/2017	Listed	5.00%	5.09%	517.7	580.0	62.3
Total as of December 31, 2012 *(€ millions)*					**1,021.9**	**1,126.3**	**104.4**

As of December 31, 2011

(€ millions)	Financial liabilities at amortized cost	Fair value through profit or loss: Non hedge derivatives	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Non-current liabilities						
Loans and financial debts	1,005.4	8.0	12.7	-	2.3	1,028.4
Other debts	5.1	-	-	-	7.1	12.2
Derivative financial liabilities	-	3.3	-	5.8	-	9.1
Current liabilities						
Trade payables	360.0	-	-	-	-	360.0
Other debts	93.7	-	-	-	168.0	261.7
Derivative financial liabilities	-	2.3	-	16.7	-	19.0
Loans and financial debts	422.7	-	-	(1.1)	0.4	422.0
Bank overdrafts	12.7	-	-	-	-	12.7
Total financial liabilities	**1,899.6**	**13.6**	**12.7**	**21.4**	**-**	**-**

The fair value of fixed rate bonds included in “Loans and financial debts” is superior to their carrying amount by €81.0 million:

Nominal amount *(in millions)*	Maturity	Quotation	Interest rate: Nominal	Interest rate: Effective	Carrying amount	Fair value	Difference
JPY 7,000.0	9/16/2033	Unlisted	3.40%	3.47%	70.6	93.1	22.5
USD 140.0	8/6/2013	Unlisted	4.88%	4.98%	110.3	117.5	7.2
USD 30.0	8/6/2018	Unlisted	5.28%	5.38%	23.7	29.1	5.4
EUR 300.0	4/25/2014	Listed	5.13%	5.42%	310.5	325.6	15.1
EUR 500.0	4/18/2017	Listed	5.00%	5.09%	517.6	548.4	30.8
Total as of December 31, 2011 *(€ millions)*					**1,032.7**	**1,113.7**	**81.0**

25.2 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 25.5 - 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 25.5 - Borrower’s liquidity risk)*. The operational hedge instruments *(Note 25.4 - Derivative instruments in the financial statements)* are not included in the calculation of the net financial debt.

(€ millions)	Notes	2012	2011
Non-derivative financial liabilities		**1,197.8**	**1,463.1**
Loans and financial debts - non-current		1,011.0	1,028.4
Loans and financial debts - current		167.5	422.0
Bank overdrafts		19.3	12.7
Non-derivative financial assets		**(318.4)**	**(430.6)**
Marketable securities and other financial assets		(57.8)	(6.4)
Cash and cash equivalents		(260.6)	(424.2)
Hedge derivatives		**(4.6)**	**(1.4)**
Financing hedge instruments - liabilities	25.4	5.9	12.6
Financing hedge instruments - assets	25.4	(10.5)	(14.0)
Net financial debt		**874.8**	**1,031.1**

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)	2012	2011
Current operating income	490.1	487.0
Operating amortization, depreciation and impairment losses (1)	214.7	210.9
Net change in operating provisions	(44.1)	(3.7)
Share in net income of joint ventures and associates	(3.4)	(10.3)
Dividends received from joint ventures and associates	2.5	2.1
Operating cash flow before taxes (current EBITDA)	**659.8**	**686.0**
Notional taxes on current operating income (2)	(135.7)	(139.6)
Current net operating cash flow	**524.1**	**546.4**
Paid capital expenditures (3) & (4)	**(257.1)**	**(227.4)**
Intangible assets	(12.4)	(7.8)
Property, plant and equipment	(212.7)	(175.4)
Overburden mining assets (5)	(41.5)	(46.0)
Debts on acquisitions	9.5	1.8
Carrying amount of current asset disposals	**4.4**	**5.3**
Change in the operational working capital requirement	**15.3**	**(59.4)**
Inventories	(10.7)	(49.6)
Trade accounts receivable, advances and down payments received	12.9	(28.9)
Trade accounts payable, advances and down payments paid	13.1	19.1
Current free operating cash flow	**286.7**	**264.9**

(1) Operating amortization, depreciation and impairment losses	*214.7*	*210.9*
Net operating amortization and depreciation (Appendix 1 of the consolidated statement of cash flows)	*214.3*	*210.3*
Finance leases depreciation (Appendix 3 of the consolidated statement of cash flows)	*0.4*	*0.6*
(2) Effective tax rate on current operating income	*27.7%*	*28.7%*
(3) Paid capital expenditure	*(257.1)*	*(227.4)*
Acquisitions of intangible assets and property, plant and equipment (Consolidated statement of cash flows)	*(257.0)*	*(227.0)*
Finance lease acquisitions (Appendix 3 of the consolidated statement of cash flows)	*(0.1)*	*(0.3)*
(4) Recognized capital expenditures / asset depreciation ratio	*124.2%*	*108.7%*
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	*214.7*	*210.9*
(5) Overburden mining assets	*(41.5)*	*(46.0)*
Overburden mining assets - non-current	*(41.3)*	*(40.0)*
Overburden mining assets - current	*-*	*(5.3)*
Neutralization of activated restoration provisions	*(0.2)*	*(0.7)*

Change in net financial debt

(€ millions)	2012	2011
Current free operating cash flow	**286.7**	**264.9**
Financial income (loss)	(58.7)	(57.2)
Financial impairment losses and unwinding of the discount	2.6	3.5
Income taxes on financial income (loss)	16.3	16.4
Change in income tax debt	34.9	(19.8)
Change in deferred taxes on current operating income	10.3	18.2
Change in other items of working capital	(0.3)	(6.6)
Share-based payments expense	8.9	8.4
Change in fair value of operational hedge instruments	2.4	(1.6)
Change in dividends receivable from available-for-sale financial assets	(0.8)	0.4
Current free cash flow	**302.3**	**226.6**
External growth	**(49.1)**	**(246.9)**
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(44.4)	(245.0)
Acquisitions of investments in consolidated entities from non-controlling interests	(4.7)	(1.3)
Acquisitions of available-for-sale financial assets	-	(0.6)
Disposals	**66.6**	**33.9**
Disposals of investments in consolidated entities after deduction of the net debt disposed of	-	33.0
Non-recurring disposals of intangible assets and property, plant and equipment	66.4	-
Disposals of available-for-sale financial assets	0.2	0.9
Cash flow from other operating income and expenses	**(54.7)**	**(17.4)**
Dividends paid to shareholders and non-controlling interests	**(114.1)**	**(91.4)**
Financing requirement	**151.0**	**(95.2)**
Transactions on equity	0.8	(21.6)
Net change in financial assets	(3.2)	(0.1)
Change in net financial debt	**148.6**	**(116.9)**

(€ millions)	2012	2011
Opening net financial debt	**(1,031.1)**	**(872.8)**
Change in net financial debt	148.6	(116.9)
Impact of changes due to exchange rate fluctuations	3.9	(45.4)
Impact of changes in fair value of interest rate hedges	3.8	4.0
Closing net financial debt	**(874.8)**	**(1,031.1)**

25.3 Other debts

(€ millions)	2012	2011
Non-current liabilities		
Income taxes payable	1.8	1.9
Tax debts	0.3	-
Social debts	3.7	2.8
Other	9.0	7.5
Total	**14.8**	**12.2**
Current liabilities		
Capital expenditure payables	51.2	39.7
Tax debts	24.0	29.7
Social debts	141.7	135.3
Other	56.0	57.0
Total	**272.9**	**261.7**

25.4 Derivative instruments

Derivative instruments management principles

The use of derivative instruments is framed by a policy defined and operated by the Group Treasury Department and periodically presented to the Board of Directors. In accordance with this policy, derivative instruments are exclusively used to hedge risks related to operating transactions (transactional foreign exchange and energy price risks), to foreign investments (conversion of financial statements risk) and to financing (transactional currency and interest rate risks). Imerys is not taking any speculative position. Derivative instruments are negotiated centrally by the Group Treasury Department on over-the-counter markets with first-rank banking institutions. Imerys proscribes to its entities to subscribe derivative instruments outside the Group. The implementation of this policy to the foreign exchange (transactional currency and conversion of financial statements), interest rate and energy price risks is developed in *Note 25.5*.

Derivative instruments in the financial statements

Assets and liabilities. 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).

	2012			2011		
(€ millions)	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Foreign exchange risk	**1.9**	**2.9**	**(1.0)**	**1.7**	**14.4**	**(12.7)**
Forward derivative instruments	1.9	2.9	(1.0)	0.2	12.1	(11.9)
Optional derivative instruments	-	-	-	1.5	2.3	(0.8)
Interest rate risk	**9.6**	**3.4**	**6.2**	**12.7**	**9.1**	**3.6**
Forward derivative instruments	9.6	2.3	7.3	12.7	5.8	6.9
Optional derivative instruments	-	1.1	(1.1)	-	3.3	(3.3)
Energy price risk	**0.1**	**0.8**	**(0.7)**	**0.3**	**4.6**	**(4.3)**
Forward derivative instruments	-	-	-	-	-	-
Optional derivative instruments	0.1	0.8	(0.7)	0.3	4.6	(4.3)
Total	**11.6**	**7.1**	**4.5**	**14.7**	**28.1**	**(13.4)**
Non-current	9.6	3.4	6.2	12.7	9.1	3.6
Current	2.0	3.7	(1.7)	2.0	19.0	(17.0)
Operational hedge instruments	1.1	1.2	(0.1)	0.7	15.5	(14.8)
Financing hedge instruments	10.5	5.9	4.6	14.0	12.6	1.4

Equity. 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 11*. These cash flow hedges are further outlined in the context of the management of foreign exchange, interest rate and energy price risks in *Note 25.5.*

(€ millions)	Foreign exchange rate risk	Interest rate risk	Energy price risk	Total
Balance as of January 1, 2011	**3.9**	**(9.8)**	**5.3**	**(0.6)**
Recognition in equity	(11.9)	3.9	(4.6)	(12.6)
Reclassification in profit or loss	(6.0)	0.1	(5.2)	(11.1)
Balance as of December 31, 2011	**(14.0)**	**(5.8)**	**(4.5)**	**(24.3)**
Recognition in equity	3.9	3.8	(1.1)	6.6
Reclassification in profit or loss	9.4	-	4.9	14.3
Balance as of December 31, 2012	**(0.7)**	**(2.0)**	**(0.7)**	**(3.4)**
of which reclassification to profit or loss expected within 12 months	(0.7)	(2.0)	(0.7)	(3.4)

25.5 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.

The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	2012	2011
Opening balance	**(14.0)**	**3.9**
Recognition in equity	3.9	(11.9)
Reclassification in profit or loss	9.4	(6.0)
Closing balance	**(0.7)**	**(14.0)**
of which reclassification to profit or loss expected within 12 months	(0.7)	(14.0)

Sensitivity of derivative instruments to changes in foreign exchange rates.

Scope. Portfolio of foreign exchange derivative instruments held as of December 31, 2012 with respect to highly probable future purchases and sales transactions in foreign currencies.

Variables. + 10.0% (respectively - 10.0%) on the exchange rates of all foreign currencies of the derivative instruments of the portfolio as of December 31, 2012.

Results. Decrease in equity of €7.3 million (respectively increase of €10.0 million) corresponding to the change in the effective portion of the derivative instruments qualified as cash flow hedges and immaterial decrease (respectively immaterial increase) in profit or loss corresponding to the change in the ineffective portion of the derivative instruments qualified as cash flow hedges and to the change in fair value of non-hedge derivative instruments.

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 2012, the Group fixed the interest rate for part of its future financial debt on various terms.

As of December 31, 2012, 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.

(€ millions)	2012	2011
Opening balance	**(5.8)**	**(9.8)**
Recognition in equity	3.8	3.9
Reclassification in profit or loss	-	0.1
Closing balance	**(2.0)**	**(5.8)**
of which reclassification to profit or loss expected within 12 months	(2.0)	(5.8)

Furthermore, Imerys holds as of December 31, 2012 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 December 31, 2012.

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Debt at fixed rate	**828.3**	**25.3**	**0.6**	**0.0**	**854.2**
Debt at fixed rate on issue	828.3	131.4	62.2	-	1,021.9
Swap fixed rate into floating rate	-	(106.1)	(61.6)	-	(167.7)
Debt at floating rate	**29.3**	**218.5**	**24.8**	**(252.0)**	**20.6**
Debt at floating rate on issue	127.0	18.8	3.5	2.7	152.0
Net cash and marketable securities	(76.0)	(42.2)	(10.7)	(170.2)	(299.1)
Swap fixed rate into floating rate	-	106.1	61.6	-	167.7
Exchange rate swap	(21.7)	135.8	(29.6)	(84.5)	0.0
Net financial debt as of December 31, 2012	**857.6**	**243.8**	**25.4**	**(252.0)**	**874.8**

The following table provides a breakdown of interest rate hedging transactions by foreign currency as of December 31, 2012:

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Exposure at floating rate before hedging	**29.3**	**218.5**	**24.8**	**(252.0)**	**20.6**
Fixed rate hedges	(100.0)	(37.9)	-	-	(137.9)
Swap at average rate of	4.99%	3.91%	-	-	-
Exposure at floating rate after hedging	**(70.7)**	**180.6**	**24.8**	**(252.0)**	**(117.3)**

The following table presents an evolution of interest rate hedging transactions as of December 31, 2012 and after by maturity dates:

(€ millions)	2012	2013 - 2017	2018 and later
Total exposure before hedging	**20.6**	**20.6**	**20.6**
Fixed rate hedges	(137.9)	-	-
Swap at average rate of	4.69%	-	-
Total exposure after hedging	**(117.3)**	**20.6**	**20.6**

Sensitivity of financial instruments to changes in interest rates.

Scope. Net financial debt after interest rate derivative instruments as of December 31, 2012.

Variables. Increase of 50 basis points (respectively decrease of 50 basis points) of interest rates, assuming that the net financial debt remains constant and that each fixed rate debt (respectively floating rate debt) is replaced upon settlement date by a floating rate debt (respectively fixed rate debt).

Results. Decrease in equity of €0.2 million (respectively decrease of €0.4 million) corresponding to the change in the effective portion of the derivative instruments qualified as cash flow hedges and increase in the financial income (loss) of €1.0 million (respectively decrease of €0.4 million).

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 presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	2012	2011
Opening balance	**(4.5)**	**5.3**
Recognition in equity	(1.1)	(4.6)
Reclassification in profit or loss	4.9	(5.2)
Closing balance	**(0.7)**	**(4.5)**
of which reclassification to profit or loss expected within 12 months	(0.7)	(4.5)

The following table summarizes the main positions taken as of December 31, 2012 to hedge the energy price risk.

	Net notional amounts *(in MWh)*	Maturities
Underlying position	3,765,874	< 12 months
Management transactions	1,216,805	< 12 months

Sensitivity of derivative instruments to the change in the prices of natural gas and Brent.

Scope. Portfolio of derivative instruments qualified as cash flow hedges held as of December 31, 2012 with respect to the price risk of natural gas and Brent.

Variables. + 10.0% (respectively - 10.0%) on the natural gas and Brent indices as of December 31, 2012.

Results. Increase in equity of €2.0 million (respectively decrease of €2.0 million) corresponding to the change in the effective portion of the derivative instruments qualified as cash flow hedges. The change in the ineffective portion recognized in profit or loss is immaterial.

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 December 31, 2012 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 2012 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.

	2013		2014 - 2018		2019 and later		
(€ millions)	Capital	Interests	Capital	Interests	Capital	Interests	Total
Non-derivative financial liabilities	**257.3**	**47.8**	**825.7**	**132.0**	**61.6**	**32.6**	**1,357.0**
Eurobond / EMTN	-	40.4	803.0	115.5	-	-	958.9
Private placements	106.1	7.4	22.7	16.5	61.6	32.6	246.9
Commercial paper issues	120.0	-	-	-	-	-	120.0
July 2013 syndicated credit	-	-	-	-	-	-	0.0
Bilateral facilities	-	-	-	-	-	-	0.0
Facilities due within one year	31.2	-	-	-	-	-	31.2
Hedge derivatives	**(4.6)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(4.6)**
Financing hedge instruments - liabilities	5.9	-	-	-	-	-	5.9
Financing hedge instruments - assets	(10.5)	-	-	-	-	-	(10.5)
Future cash outflows with respect to gross financial debt	**252.7**	**47.8**	**825.7**	**132.0**	**61.6**	**32.6**	**1,352.4**
Non-derivative financial liabilities	**19.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**19.3**
Bank overdrafts	19.3	-	-	-	-	-	19.3
Non-derivative financial assets	**(318.4)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(318.4)**
Other current financial assets	(57.8)	-	-	-	-	-	(57.8)
Cash and cash equivalents	(260.6)	-	-	-	-	-	(260.6)
Future cash outflows with respect to net financial debt	**(46.4)**	**47.8**	**825.7**	**132.0**	**61.6**	**32.6**	**1,053.3**
of which items recognized as of December 31, 2012 (net financial debt)	(46.4)	33.9	825.7	-	61.6	-	874.8
Non-derivative financial liabilities	**648.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**648.1**
Trade payables	375.2	-	-	-	-	-	375.2
Other debts	272.9	-	-	-	-	-	272.9
Hedge derivatives	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**
Operational hedge instruments - liabilities	1.2	-	-	-	-	-	1.2
Operational hedge instruments - assets	(1.1)	-	-	-	-	-	(1.1)
Future cash outflows	**601.8**	**47.8**	**825.7**	**132.0**	**61.6**	**32.6**	**1,701.5**

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
Debt at fixed rate	**31.5**	**822.7**	**0.0**	**854.2**
Debt at fixed rate on issue	137.6	822.7	61.6	1,021.9
Swap fixed rate into floating rate	(106.1)	-	(61.6)	(167.7)
Debt at floating rate	**(44.0)**	**3.0**	**61.6**	**20.6**
Debt at floating rate on issue	149.0	3.0	-	152.0
Net cash and other current financial assets	(299.1)	-	-	(299.1)
Swap fixed rate into floating rate	106.1	-	61.6	167.7
Net financial debt	**(12.5)**	**825.7**	**61.6**	**874.8**

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 December 31, 2012, the ratio amounts to 0.38 (0.47 as of December 31, 2011);
  - 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 December 31, 2012, the ratio amounts to 1.33 (1.50 as of December 31, 2011);
- 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 December 31, 2012, Imerys has a long-term rating of Baa2 outlook Stable by Moody's (Baa2 outlook Stable as of December 31, 2011).

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 December 31, 2012, outstanding securities total €61.6 million (€69.9 million as of December 31, 2011). Imerys also has a commercial paper program limited to €800.0 million (€800.0 million as of December 31, 2011) rated P-2 by Moody's (P-2 as of December 31, 2011). As of December 31, 2012, outstanding securities total €120.0 million (€98.0 million as of December 31, 2011). As of December 31, 2012, Imerys has access to €1,795.0 million of bank facilities (€1,505.4 million as of December 31, 2011) 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 €2,788.4 million as of December 31, 2012 (€2,759.2 million as of December 31, 2011). 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)	2012	2011
Financial resources by maturity *(€ millions)*		
Maturity less than one year	856.1	50.0
Maturity from one to five years	1,848.0	2,116.2
Maturity beyond five years	84.3	593.0
Total	**2,788.4**	**2,759.2**
Financial resources by nature *(€ millions)*		
Bond resources	**993.4**	**1,004.2**
Eurobond / EMTN	803.0	803.0
Private placements	190.4	201.2
Bank resources	**1,795.0**	**1,755.0**
Syndicated credit	750.0	750.0
Miscellaneous bilateral facilities	1,045.0	1,005.0
Total	**2,788.4**	**2,759.2**
Average maturity of financial resources *(in years)*		
Bond resources	4.0	5.2
Bank resources	2.3	3.0
Total	**2.9**	**3.8**

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 €1,614.5 million (€1,310.2 million as of December 31, 2011), which gives the Group substantial room to maneuver and a guarantee of financial stability.

	2012			2011		
(€ millions)	Resources	Utilization	Available	Resources	Utilization	Available
Bonds	993.4	993.4	0.0	1,004.2	1,004.2	0.0
Commercial papers	-	120.0	(120.0)	-	98.0	(98.0)
Committed bank facilities	1,795.0	-	1,795.0	1,755.0	249.6	1,505.4
Bank facilities and accrued interests	-	30.4	(30.4)	-	34.4	(34.4)
Other debts and facilities	-	30.1	(30.1)	-	62.8	(62.8)
Total	**2,788.4**	**1,173.9**	**1,614.5**	**2,759.2**	**1,449.0**	**1,310.2**

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 December 31, 2012, the loans and exchange rate swaps hedging net investments in foreign entities are the following: USD309.8million, JPY1,000.0 million, CHF35.0 million, GBP34.2 million and SGD5.5 million (USD632.9 million, JPY1,000.0 million, CHF35.0 million, GBP34.3 million and SGD5.5 million as of December 31, 2011).

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

	2012			2011		
(€ millions)	Before exchange rate swap	Exchange rate swap	After exchange rate swap	Before exchange rate swap	Exchange rate swap	After exchange rate swap
Euro	955.3	(21.7)	933.6	933.4	(95.6)	837.8
US Dollar	150.2	135.8	286.0	405.2	152.0	557.2
Japanese Yen	65.7	(29.6)	36.1	85.8	(37.1)	48.7
Other foreign currencies	2.7	(84.5)	(81.8)	24.6	(19.3)	5.3
Total	**1,173.9**	**0.0**	**1,173.9**	**1,449.0**	**0.0**	**1,449.0**

As of December 31, 2012, the portion of the financial debt in each foreign currency, after swap, is as follows:

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Gross financial debt	933.6	286.0	36.1	(81.8)	1,173.9
Net cash and marketable securities	(76.0)	(42.2)	(10.7)	(170.2)	(299.1)
Net financial debt as of December 31, 2012	**857.6**	**243.8**	**25.4**	**(252.0)**	**874.8**

Sensitivity of foreign exchange swaps to changes in foreign exchange rates.

Scope. Portfolio of foreign exchange swaps qualified as hedges of net investments in foreign entities held as of December 31, 2012.

Variables. + 10.0% (respectively - 10.0%) on the exchange rates of all foreign currencies of the foreign exchange swaps of the portfolio as of December 31, 2012.

Results. Increase in equity of €16.3 million (respectively decrease of €20.0 million).

Note 26 Deferred taxes

Change in deferred taxes

As of December 31, 2012

(€ millions)	01/01/2012	Profit or loss	Translation, scope and reclassification	12/31/2012
Deferred tax assets	72.6	(11.9)	13.4	74.1
Deferred tax liabilities	(95.0)	0.7	2.4	(91.9)
Net deferred tax position	**(22.4)**	**(11.2)**	**15.8**	**(17.8)**

As of December 31, 2011

(€ millions)	01/01/2011	Profit or loss	Translation, scope and reclassification	12/31/2011
Deferred tax assets	68.7	(35.1)	39.0	72.6
Deferred tax liabilities	(81.8)	16.5	(29.7)	(95.0)
Net deferred tax position	**(13.1)**	**(18.6)**	**9.3**	**(22.4)**

Deferred tax breakdown by nature

(€ millions)	2011	Profit or loss	Translation, scope and reclassification	2012
Deferred tax assets	**210.7**	**(1.0)**	**12.8**	**222.5**
Employee benefits liabilities	39.2	(0.6)	18.6	57.2
Other provisions	33.0	(3.8)	(0.1)	29.1
Intangible assets	(0.9)	(0.1)	-	(1.0)
Property, plant and equipment	60.8	3.8	(0.4)	64.2
Financial assets	5.0	(1.4)	(7.7)	(4.1)
Current assets and liabilities	21.2	0.2	(0.2)	21.2
Tax losses carried forward	27.5	(3.7)	(1.5)	22.3
Other	24.9	4.6	4.1	33.6
Deferred tax liabilities	**(233.1)**	**(10.2)**	**3.0**	**(240.3)**
Intangible assets	(1.1)	-	0.4	(0.7)
Property, plant and equipment	(197.6)	(3.3)	4.8	(196.1)
Financial assets	(3.0)	(2.9)	(0.3)	(6.2)
Current assets and liabilities	(7.4)	1.3	0.5	(5.6)
Other	(24.0)	(5.3)	(2.4)	(31.7)
Net deferred tax position	**(22.4)**	**(11.2)**	**15.8**	**(17.8)**

Carried forward tax losses

Deferred tax assets are recognized as carried forward tax losses when they are assessed as being recoverable and over a recovery expected time frame not exceeding 5 years. The measurement of the deferred tax assets recognized in this respect take into account the national legislations limiting the use of carried forward tax losses, in particular in Germany and Brazil. The provisions of this type adopted in France in 2011 have no impact on the measurement of deferred tax assets as a result of the beneficiary position of the French tax consolidation scope. As of December 31, 2012, these deferred tax assets amount to €22.3 million (€27.5 million as of December 31, 2011). On the other hand, tax losses and credits not having been recognized as deferred tax assets due to their uncertain recovery, amount as of December 31, 2012 to respectively €287.1 million (€308.3 million as of December 31, 2011) and €16.6 million (€20.2 million as of December 31, 2011), of which respectively €237.7 million and €16.4 million expire after 2017 or can be carried forward without any time limit. Deferred taxes are calculated by using effective rates over the period in question in accordance with the tax laws in force in each country.

Temporary differences controlled by the Group

No deferred tax liability is recognized with respect to temporary taxable differences between the accounting and tax values of investments where Imerys is in a position to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not reverse in a foreseeable future. The Group assesses that the related deferred tax liability unrecognized as of December 31, 2012 amounts to €16.1 million (€14.2 million as of December 31, 2011).

OTHER INFORMATION

Note 27 Main consolidated entities

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 1st 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 Performance & Filtration Minerals business group acquired over the 1st half of 2012 the Brazilian company Itatex that produces and sells specialties based upon kaolin and clay for paints, polymers and rubbers.

Pigments for Paper & Packaging (PPP). The last significant change in the scope of consolidation of the acquisition of the Pigments for Paper & Packaging business group was represented by the acquisition of the Brazilian group PPSA over the 2nd half of 2010.

Materials & Monolithics (M&M). The scope of consolidation of the Materials & Monolithics business group has not significantly changed since the disposal over the 1st half of 2009 of the concrete beams activity, an immaterial part of the Clay Roof Tiles & Bricks France activity. Over the 2nd 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. Imerys examines this offer that is pending among others upon the consultation of employee representatives instances as well as administrative authorizations.

Scope of consolidation as of December 31, 2012

In the following table, the percentages of interest are identical to the percentages of control, unless otherwise indicated.

Countries Entities	Business groups	% of interest	Entities	Business groups	% of interest
France					
AGS	CRAF	100.00	Imerys Minéraux France	PFM	100.00
Ardoisières d'Angers	M&M	100.00	Imerys Services	Holding	100.00
Calderys France	M&M	100.00	Imerys Talc Luzenac France	PFM	100.00
Charges Minérales du Périgord	PPP	100.00	Imerys TC	M&M	100.00
Damrec	CRAF	100.00	Mircal	Holding	100.00
Imerys	Holding	Parent	Mircal Europe	Holding	100.00
Imerys Ceramics France	CRAF/PFM	99.99	World Minerals France	PFM	100.00
Europe					
Austria					
Calderys Austria	M&M	100.00	Treibacher	CRAF	100.00
Imerys Talc Austria	PFM	100.00			
Belgium					
Imerys Minéraux Belgique	PFM/PPP	100.00	Timcal Belgium	CRAF	100.00
Imerys Talc Belgium	PFM	100.00			
Finland					
Calderys Finland	M&M	100.00	Imerys Minerals	PPP	100.00
Germany					
Calderys Deutschland	M&M	100.00	Treibacher Zschornewitz	CRAF	100.00
Imerys Tableware Deutschland	CRAF	100.00	UCM Advanced Ceramics	CRAF	100.00
Treibacher	CRAF	100.00			
Hungary					
Imerys Kiln Furniture Hungary	M&M	100.00			

Countries Entities	Business groups	% of interest	Entities	Business groups	% of interest
Italy					
Calderys Italia	M&M	100.00	Imerys Tiles Minerals Italia	CRAF	100.00
Imerys Minerali	PPP	100.00	Treibacher	CRAF	100.00
Imerys Talc Italy	PFM	99.66			
Luxembourg					
World Minerals International Sales	PFM	100.00			
Netherlands					
Calderys The Netherlands	M&M	100.00			
Russia					
Calderys	M&M	100.00			
Slovenia					
Treibacher	CRAF	100.00			
Spain					
Celite Hispanica	PFM	100.00	Imerys Tiles Minerals Espana	CRAF	100.00
Europerlita Espanola	PFM	100.00			
Sweden					
Calderys Nordic	M&M	100.00	Imerys Mineral	PPP	100.00
Switzerland					
Timcal	CRAF	100.00			
Ukraine					
Calderys Ukraine	M&M	100.00	Vatutinsky Kombinat Vognetryviv	CRAF	89.34
United Kingdom					
Calderys UK	M&M	100.00	Imerys UK	Holding	100.00
Imerys Minerals	CRAF/PFM/PPP	100.00			
United States					
Advanced Minerals Corporation	PFM	100.00	Imerys Oilfield Minerals	CRAF	100.00
Americarb	PPP	100.00	Imerys Paper Carbonates	PPP	100.00
C-E Minerals	CRAF	100.00	Imerys Perlite USA	PFM	100.00
Ecca Calcium Products	PFM/PPP	100.00	Imerys Talc America	PFM	100.00
Imerys Carbonates	PFM/PPP	100.00	Imerys USA	Holding	100.00
Imerys Clays	PFM/PPP	100.00	Kentucky Tennessee Clay Company	CRAF	100.00
Imerys Marble	PFM	100.00	Treibacher North America	CRAF	100.00
Imerys Minerals California	PFM	100.00	UCM Zirconia	CRAF	100.00
Rest of the World					
Australia					
Imerys Talc Australia	PFM	100.00			
Brazil					
Imerys Do Brasil Comercio	PFM/PPP	100.00	Pará Pigmentos	PPP	100.00
Imerys Rio Capim Caulim	PPP	100.00	Treibacher Brasil	CRAF	100.00
Canada					
Imerys Canada	PPP	100.00	Imerys Talc Canada	PFM	100.00
Imerys Mica Suzorite	PFM	100.00	Timcal Canada	CRAF	100.00
Chile					
Imerys Minerales Arica	PFM	100.00			
China					
Calderys Jiangsu	M&M	100.00	Imerys Pigments Wuhu	PPP	100.00
Imerys Advanced Materials Yingkou	CRAF	100.00	Linjiang Imerys Diatomite	PFM	100.00
Imerys Fused Minerals Yingkou	CRAF	100.00			
Imerys Fused Minerals Zibo	CRAF	100.00			

Countries Entities	Business groups	% of interest	Entities	Business groups	% of interest
India					
Calderys India Refractories	M&M	99.90	Imerys Newquest India	PPP	74.00
Indonesia					
PT ECC	PPP	51.00			
Japan					
Calderys Japan	M&M	100.00	Nihon Mistron	PFM	60.00
Imerys Minerals Japan	PPP	100.00	Niigata GCC	PPP	60.00
Imerys Refractory Minerals Japan	CRAF	100.00			
Malaysia					
Imerys Minerals Malaysia	PPP	100.00			
Mexico					
Imerys Diatomita Mexico	PFM	100.00	KT Clay de Mexico	CRAF	100.00
Singapore					
Imerys Asia Pacific	PPP	100.00			
South Africa					
Calderys South Africa	M&M	73.97 (1)	Rhino Minerals	CRAF	73.97 (1)
Ecca Holdings	CRAF	73.97 (1)	Samrec	CRAF	73.97 (1)
Taiwan					
Calderys Taiwan	M&M	100.00			
Turkey					
Imerys Seramik	CRAF	100.00			
Venezuela					
Minven CE Minerales de Venezuela	CRAF	100.00			

(1) Percentage of control: 100.00%.

Note 28 Currency rates

(€1 =)	Foreign currencies	2012 Closing	2012 Average	2011 Closing	2011 Average
Australia	AUD	1.2712	1.2408	1.2723	1.3482
Brazil	BRL	2.6962	2.5092	2.4271	2.3280
Canada	CAD	1.3137	1.2847	1.3215	1.3758
Chile	CLP (100)	6.3094	6.2495	6.7328	6.7267
China	CNY	8.2931	8.1136	8.1588	8.9935
Hungary	HUF (100)	2.9230	2.8929	3.1458	2.7941
India	INR	72.2732	68.5992	68.8252	64.8708
Japan	JPY (100)	1.1361	1.0258	1.0020	1.1095
Malaysia	MYR	4.0378	3.9696	4.1055	4.2554
Mexico	MXN	17.1845	16.9023	18.0512	17.2913
Russia	RUB	40.3295	39.9274	41.7650	40.8906
Singapore	SGD	1.6111	1.6061	1.6819	1.7488
South Africa	ZAR	11.1727	10.5543	10.4830	10.0979
Sweden	SEK	8.5820	8.7038	8.9120	9.0292
Switzerland	CHF	1.2072	1.2054	1.2156	1.2331
Taiwan	TWD	38.3388	38.0356	39.2618	40.9176
Turkey	TRY	2.3551	2.3145	2.4432	2.3379
Ukraine	UAH	10.6259	10.3958	10.3682	11.1150
United Kingdom	GBP	0.8161	0.8112	0.8353	0.8678
United States	USD	1.3194	1.2855	1.2939	1.3916
Venezuela	VEF	5.6689	5.5129	5.5660	5.9781

Note 29 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 December 31, 2012 are the seventeen members of the Board of Directors (sixteen members as of December 31, 2011) and the seven members of the Executive Committee (seven members as of December 31, 2011).

Remuneration and assimilated benefits granted to these related parties are disclosed in the table hereafter:

(€ millions)	Notes	2012 Expense	2012 Liability	2011 Expense	2011 Liability
Short-term benefits	1	(5.8)	2.6	(6.0)	2.6
Long-term benefits		-	-	-	-
Directors' attendance fees	2	(0.8)	0.4	(0.7)	0.4
Defined benefit plans	3	(2.1)	2.5	(3.3)	0.6
Contributions to defined contribution plans		(0.3)	-	(0.3)	-
Termination benefits		-	-	-	-
Share-based payments	4	(3.2)	-	(4.0)	-
Total		**(12.2)**	**5.5**	**(14.3)**	**3.6**

Note 1. Short-term benefits. These amounts include the fixed part of the remuneration paid for the period as well as the variable part due for the same period, but paid over the subsequent period.

Note 2. Directors' attendance fees. These amounts correspond to the fees paid to the members of the Board of Directors.

Note 3. Post-employment benefits. These amounts correspond to the post-employment defined benefit plans allowed to the main executives of the Group's French entities who meet the required conditions of eligibility. These amounts are recognized for the beneficiaries qualifying as related parties, among which some of the above mentioned executives (nine in 2012, nine in 2011). The maximum amount of the life annuity that can be paid to the beneficiaries of these plans as from the liquidation of their retirement rights is calculated in order to guarantee a life annuity:

- of a total gross annual amount (after recognition of pensions from obligatory and complementary retirement plans) of 60.0% of their salary of reference, this salary of reference being capped to 30 times the annual ceiling of the French Social Security as of December 31, 2012 (22 times as of December 31, 2011);
- subject to a payment ceiling of 25.0% of the above mentioned salary of reference of the last 12 calendar months preceding the withdrawal from the Group's headcount.

Note 4. Share-based payments. This amount corresponds to expenses recognized with respect to the Imerys share options and the free shares attributed to the related parties.

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 2012 amounts to €28.7 million (€24.8 million in 2011), of which mainly €12.0 million to Imerys UK Pension Fund Trustees Ltd., United Kingdom (€14.2 million in 2011) and €11.1 million to Sun Trust Bank, United States (€6.4 million in 2011).

FCPE Imerys Actions

The FCPE Imerys Actions is managed by BNP Paribas Asset Management SAS. Its management is controlled by a Supervisory Board of 14 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 2012 (and 2011) for the FCPE Imerys Actions are immaterial.

Note 30 Commitments

In the course of its activities, Imerys is liable towards third parties for obligations, often subordinated to conditions or subsequent events, that do not (or partially) meet the recognition criteria of liabilities, but may have an impact on the future financial position. The unrecognized portion of the obligation is designated hereafter by the term commitment. Identified in accordance with applicable accounting standards, the significant commitments, given and received, are presented hereafter.

Commitments given

(€ millions)	Notes	2012	2011
Operating lease	1	150.2	144.9
Site restoration	2	31.1	25.5
Commitments related to operating activities	3	208.8	280.0
Commitments related to treasury	4	42.5	38.2
Other commitments	5	13.5	19.2
Total		**446.1**	**507.8**

Note 1. Operating lease. The operating lease commitments correspond to commitments to pay future rent as part of lease contracts of real estate, equipment, rail cars, trucks and vehicles, in which Imerys is the lessee. These commitments amount to €150.2 million, of which €26.0 million for 2013, €69.6 million for the period 2014 to 2017 and €54.6 million beyond.

Note 2. Site restoration. These amounts correspond to sureties and guarantees obtained from financial institutions in accordance with legal requirements, decreased by recognized provisions *(Note 24.2)*.

Note 3. Commitments related to operating activities. These commitments correspond to firm purchase commitments taken by Imerys as part of purchase contracts of goods, services, energy and freight. These commitments comprise in particular two commitments of purchase of services that aim at guaranteeing the shipping logistics of the Group until 2017 (chartering contract) and 2022 (storage and handling contract) for a total amount of €106.6 million as of December 31, 2012 (€121.5 million as of December 31, 2011). The energy supply commitments (mainly electricity and gas) amount to €58.6 million as of December 31, 2012 (€111.9 million as of December 31, 2011).

Note 4. Commitments related to treasury. These commitments correspond to letters of credit as well as to sureties, guarantees, mortgages and pledges obtained by Imerys from financial institutions in order to guarantee operating treasury requirements in favor of customers.

Note 5. Other commitments. This position encompasses the whole of the commitments given not mentioned above, among which the seller warranties and the price adjustment clauses given by the Group upon disposals of businesses.

Commitments received

(€ millions)	Notes	2012	2011
Operating lease	1	1.5	1.5
Commitments related to operating activities	2	10.5	77.5
Commitments related to treasury	3	4.1	0.9
Other commitments	4	109.5	100.4
Total		**125.6**	**180.3**

Note 1. Operating lease. The operating lease commitments correspond to commitments to pay future rent as part of lease contracts in which Imerys is the lessor.

Note 2. Commitments related to operating activities. These commitments correspond to firm purchase commitments taken by customers in favor of Imerys as part of sales contracts of goods and services.

Note 3. Commitments related to treasury. These commitments correspond to letters of credit as well as to sureties, guarantees, mortgages and pledges obtained by certain suppliers from their financial institutions, in order to guarantee their operating treasury requirements in favor of Imerys.

Note 4. Other commitments. This position encompasses the whole of the commitments received not mentioned above, among which the seller warranties and the price adjustment clauses in favor of the Group upon acquisitions of businesses. Imerys thus benefits from a seller warranty of €97.0 million received from the Rio Tinto group related to the acquisition in 2011 of the Luzenac group *(Note 16)*.

Note 31 Events after the end of the period

The annual consolidated financial statements as of December 31, 2012 were closed by the Board of Directors at its meeting on February 13, 2013. No significant event is to be reported between the closing date and that of the Board of Directors.

Unless otherwise indicated, all values in the tables are in thousands of Euros.

6.2 STATUTORY FINANCIAL STATEMENTS

FINANCIAL COMMENTARY

The financial statements of Imerys (or the "Company") only provide a very partial view of the Group's economic and financial position, which is reflected only in the consolidated financial statements.

In 2012, the net income of the Company amounts to €60.4 million whereas the 2011 net income reached €9.6 million.

The main factors for 2012 are:

The strength of the financial situation.

The financial debts of Imerys SA decrease by €104.3 million in 2012.

The loans related to direct investments and other subsidiaries of the Group increase by a net amount of €29.6 million in 2012.

The other financial investments increase by €1.6 million. They include 37,624 treasury shares aimed at cancelling for an amount of €1.8 million.

The financial resources reach €2,788.4 million as of December 31, 2012, against €2,759.2 million at the end of the 2011 period.

The increase in the operating loss.

Sales of €26.6 million increase by €3.5 million due to the rise in services invoiced to subsidiaries. The operating expenses of the Company increase by €5.5 million in 2012. This rise is due to a €2.0 million increase in staff expenses. Expenses related to the grant of free shares impact these staff expenses.

Purchases and external services also increase by 10.5% in order to reach - €42.5 million due to the increase in external services related to the acquisition projects.

In total, the operating loss increases by €1.6 million and reaches - €50.6 million.

The increase in the financial income.

A financial income of €72.5 million was posted in 2012, compared with €9.7 million in 2011. In 2012, the Company collected €118.3 million in dividends, a €14.9 million increase compared with 2011. The Company also recognized a net exchange rate loss of - €36.9 million in 2012 against a net loss of - €16.1 million in 2011; at the same time net provisions for foreign exchange rate risks had been increased in 2011 by - €23.9 million and are decreased in 2012 by + €40.4 million. The foreign exchange impacts net of provisions thus increase from - €40.0 million in 2011 to + €3.5 million in 2012. The net increase in the provision for financial instruments drops by €25.2 million. Finally, net financial expenses increase by - €21.0 million due to an increase in non-utilization commissions of - €2.8 million, a - €3.7 million increase in interest expenses on interest rate hedge instruments as a result of the anticipated settlement in 2011 of two rate swaps for a total amount of €14.6 million.

The increase in the net income.

The net income amounts to €60.4 million. Its increase of + €50.8 million compared to the 2011 period is mainly due to the increase in the financial income explained above for + €62.8 million. The decrease of the gain achieved through the allocation of the tax credit of Imerys SA to the positive incomes of the Group's subsidiaries within the framework of the French tax consolidation, the net impact of non-current operations and the increase in the operating loss detailed above contribute to the decrease of - €12.0 million.

6.2.1 FINANCIAL STATEMENTS

INCOME STATEMENT

(€ thousands)	Notes	2012	2011
Operating revenue		**27,214**	**23,402**
Rendering of services		26,555	23,102
Other revenue and decreases in provisions		659	300
Operating expenses		**(77,781)**	**(72,325)**
Purchases and external services		(42,455)	(38,412)
Taxes and duties		(972)	(915)
Staff expenses		(29,775)	(27,757)
Amortization, depreciation, write-downs and provisions		(3,527)	(4,303)
Other expenses		(1,052)	(938)
Operating income (loss)		**(50,567)**	**(48,923)**
Financial income	10	**72,469**	**9,670**
Revenue from subsidiaries and affiliates		118,284	103,410
Net financial expenses		(61,131)	(40,123)
Increases and decreases in write-downs and provisions		52,191	(37,565)
Exchange rate gains and losses		(36,875)	(16,052)
Current income		**21,902**	**(39,253)**
Exceptional income (loss)	11	**2,673**	**(516)**
Exceptional revenue		17,690	4,257
Exceptional expenses		(15,017)	(4,773)
Income taxes	12	**35,840**	**49,412**
Net income		**60,415**	**9,643**

BALANCE SHEET

(€ thousands)	Notes	2012	2011
Net intangible assets		**1,862**	**1,073**
Intangible assets	13	10,610	9,151
Accumulated amortization	13	(8,748)	(8,078)
Net property, plant and equipment		**1,706**	**2,037**
Property, plant and equipment	13	7,246	6,870
Accumulated depreciation	13	(5,540)	(4,833)
Net investments		**3,308,178**	**3,308,178**
Investments	14	3,311,181	3,311,181
Write-downs	14 - 20	(3,003)	(3,003)
Loans related to direct investments and other subsidiaries - net value		**637,682**	**608,083**
Loans related to direct investments and other subsidiaries	15 -17	637,682	608,083
Other financial investments	16 - 17	**1,803**	**172**
Non-current assets		**3,951,231**	**3,919,543**
Other receivables	17	12,761	40,432
Derivative financial assets		5	958
Marketable securities	18	40,580	190,508
Cash and cash equivalents		4,209	1,257
Current assets		**57,555**	**233,155**
Regularization accounts	17	14,801	56,165
Assets		**4,023,587**	**4,208,863**
Share capital		150,737	150,285
Additional paid-in capital		326,141	319,580
Reserves		959,048	959,048
Retained earnings		258,940	362,061
Net income of the period		60,415	9,643
Shareholders' equity	19	**1,755,281**	**1,800,617**
Provisions for risks and charges	20	**26,127**	**77,245**
Financial debts	21	2,188,548	2,292,865
Other debts	21	29,504	16,232
Derivative financial liabilities	21	-	707
Debts		**2,218,052**	**2,309,804**
Regularization accounts	21	24,127	21,197
Shareholders' equity and liabilities		**4,023,587**	**4,208,863**

CASH FLOW STATEMENT

(€ thousands)	2012	2011
Cash flow from operating activities		
Net income	**60,415**	**9,643**
Expenses and revenue with no impact on cash flow		
Amortization and depreciation	2,092	1,976
Write-downs and provisions	(51,118)	36,138
Income on disposal of assets	-	1,215
Current operating cash flow before working capital changes	**11,389**	**48,972**
Change in the working capital requirement	40,215	(36,588)
Cash flow from operating activities	**51,604**	**12,384**
Cash flow from investing activities		
Acquisitions of assets		
Intangible assets and property, plant and equipment	(1,413)	(1,115)
Financial (investments and related assets)	(1,631)	(1,000)
Disposals of assets		
Financial (investments and related assets)	-	909
Cash flow from investing activities	**(3,044)**	**(1,206)**
Cash flow from financing activities		
Change in financial debts	(47,164)	214,681
Change in loans and other financial assets	(42,621)	(91,270)
Cash flow from financing activities	**(89,785)**	**123,411**
Capital operations		
Capital increase	7,013	5,453
Capital decrease by cancellation of treasury shares	-	(24,894)
Dividends paid	(112,764)	(90,599)
Cash flow from transactions on equity	**(105,751)**	**(110,040)**
Change in cash and cash equivalents	**(146,976)**	**24,549**

(€ thousands)	2012	2011
Cash and cash equivalents at the beginning of the period	**191,765**	**167,216**
Change in cash and cash equivalents	(146,976)	24,549
Cash and cash equivalents at the end of the period	**44,789**	**191,765**

DETAIL OF MOVEMENTS ON TREASURY SHARES

(€ thousands)	2012	2011
Gross amount of treasury shares booked as investments as of January 1	**2,110**	**5,938**
Purchases of treasury shares	7,061	27,004
Sales of treasury shares	-	-
Transfer of treasury shares (free shares)	(2,167)	(5,938)
Capital decrease by cancellation of treasury shares	-	(24,894)
Gross amount of treasury shares booked as investments as of December 31	**7,004**	**2,110**

6.2.2 NOTES TO THE STATUTORY FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES AND POLICIES

Imerys SA presents its financial statements in accordance with accounting principles and policies established by the General Accounting Plan as presented by Regulation 99-03 of the Accounting Regulatory Committee of April 29, 1999 and supplemented in subsequent regulations.

The general accounting rules have been applied under the principle of prudence and in accordance with the basic assumptions: going concern, permanence of accounting policies from one period to the other, independence of periods, in accordance with the general rules of preparation and presentation of the annual financial statements.

The methodology generally used is the historical cost method for the items recognized in the books.

The statutory financial statements provide comparative information with respect to period N-1. Comparative information with respect to period N-2 is incorporated by reference to the financial statements included in the registration document of period N-2 *(chapter 9, section 9.4 of the Registration Document)*.

Note 1 Intangible assets and property, plant and equipment

Intangible assets

Intangible assets are valued at acquisition cost. Software is amortized over 3 years using the straight-line method.

Property, plant and equipment

Property, plant and equipment are assessed at acquisition cost or at their contribution value.

The depreciation methods used are representative of economic depreciation; therefore, no excess tax depreciation was recognized under liabilities in the balance sheet.

Depreciation methods and periods are as follows:

- machinery and equipment: straight-line method, over 10 years;
- equipment and office furniture: straight-line method, over 5 and 10 years;
- office equipment: straight-line method, over 5 years;
- IT equipment: straight-line method, over 3 years.

Note 2 Long-term investments

The long-term investments are valued at acquisition cost, excluding ancillary expenses.

Investments and other long-term investments are estimated at their value in use. The value in use is evaluated according to the value of the Company, based notably on its previous results and its profitability prospects, to the portion of converted equity owned for these investments and to the net asset value. When this value is higher than the carrying amount recognized in the balance sheet, the latter is not modified. On the contrary, a write-down of the investment is recognized.

Unrealized losses generated from the fluctuations of foreign currencies in which the long-term investments are denominated are not aimed to realize. Therefore, unrealized exchange losses do not constitute in themselves sufficient criteria to justify systematically a provision for depreciation.

Note 3 Receivables and debts in foreign currencies

Receivables and debts in foreign currencies are converted at closing rate.

Note 4 Foreign currency exposure

Where, for transactions presenting sufficiently close maturities, the unrealized gains and losses may be considered as contributory to a global foreign exchange position, the amount of the increase in the provision for exchange rate losses is limited to the excess of unrealized losses over unrealized gains.

Note 5 Marketable securities

Their value in use is assessed at their average market price of the last month of the period for listed stocks, at the last known redemption price for the SICAVs (money market funds) and at their net asset value for the FCPs (equity funds). Unrealized losses of value are subject to a write-down, unrealized gains are not recognized.

Note 6 Provisions

Provisions for risks

Provisions for risks cover identified risks and are determined in accordance with the following method:

- provisions for operational risks include mainly litigation in progress related to the current activities;
- provisions for restructuring relate to reorganization plans officially decided and initiated before the end of the period;
- provisions pertaining to changes in the value of certain equity interests are determined in accordance with the last financial information available and the evolution prospects;
- provisions pertaining to the grant of free shares are determined on the basis of the opening price of shares which are destined for the plans in proportion to their maturity, in accordance with the recommendation no. CNC 2008-17.

Provisions for charges

They mainly include:

- provisions for supplementary pension plans and pensions for former employees;
- retirement indemnities expense calculated in accordance with the Projected Unit Credit Method.

Imerys applies the recommendation no. CNC 2003-R01 applicable to the valuation and accounting for pension commitments and similar advantages.

Note 7 Risks pertaining to financial markets

As a holding company and head of the Group, the Company implements the management of financial market risks identified within the Group (foreign exchange rate risk, interest rate risk, energy price risk).

The main instruments and risks are described hereafter:

- the derivative instruments used to hedge the foreign exchange rate risk are mainly forward buying and selling foreign currency contracts as well as change options. A global foreign exchange position is established when transactions in foreign currencies (hedged items and hedging instruments) result in the symmetrical recognition of an asset and a liability presenting close characteristics. For those options complying with the Group's risk management policy, but not qualified as hedging options, a provision for risks and charges is recognized where the market value is inferior to the original contractual value. Unrealized gains are not recognized;
- the Company implements swaps and options in order to hedge the interest rate risk. The expenses and revenue related to the hedging instruments are recognized in profit or loss symmetrically to the expenses and revenue of hedged items;
- in order to hedge the energy price risk which affects its subsidiaries, the Company uses option contracts as well as forward buying and selling contracts. The expenses and revenue related to hedging instruments of the Company's risks are recognized in profit or loss symmetrically to the expenses and revenue of hedged items. For those options and contracts related to the hedging of risks affecting the Company's subsidiaries which comply with the Group's risk management policy, but which are not qualified as hedging options in the financial statements of the Company, a provision for risks and charges is recognized where the market value is inferior to the original contractual value. Unrealized gains are not recognized.

Note 8 Tax consolidation

Since 1993, Imerys and some of its French subsidiaries have been assessed under Article 223 A of the French Tax Code in respect of group taxation. One entity joined the tax consolidation perimeter in 2012: Parnasse 31. As of December 31, 2012, the tax consolidation perimeter includes the thirty entities mentioned below:

AGS	KPCL KVS
Ardoisières d'Angers	La Française des Tuiles et Briques
Calderys France	Mircal
Charges Minérales du Périgord	Mircal Brésil
Damrec	Mircal Chili
Doyet Terre Cuite	Mircal Asia (previously called Mircal China)
IGM For Fiber Glass	Mircal Europe
Imerys	Parimetal
Imerys Ceramics France	Parnasse 22
Imerys Foundry Minerals Europe	Parnasse 25
Imerys Kiln Furniture France	Parnasse 27
Imerys Minéraux France	Parnasse 30
Imerys Services	Parnasse 31
Imerys Tableware France	PLR Réfractaires SAS U
Imerys TC	World Minerals France

Within the fiscal group headed by Imerys, the relationships are governed by a convention whose principles are summarized below:

- the tax consolidated entities benefit from a situation identical to the one that they would have had in the absence of tax consolidation;
- all additional expenses are recognized at Imerys which benefits in counterpart from any potential savings generated by this system.

Note 9 Transfer of expenses

The transfer of expenses positions mainly correspond to:

- the transfer of expenses to balance sheet accounts (loan issuance costs, capital increase costs);
- the transfer from one category of expenses to another (operating expenses transferred to exceptional or financial expenses or vice versa).

NOTES TO THE INCOME STATEMENT

Note 10 Financial income

(€ thousands)	2012	2011
Financial revenue	**275,076**	**299,267**
Revenue from subsidiaries and affiliates (1)	118,284	103,410
Other investment income - net (1)	21,883	51,087
Decreases in provisions and transfer of expenses	66,345	29,680
Exchange rate gains	68,564	115,090
Financial expenses	**202,607**	**289,597**
Financial interests and expenses on financial instruments (2)	83,014	91,210
Increases in financial amortization and provisions	14,154	67,245
Exchange rate losses	105,439	131,142
Financial income	**72,469**	**9,670**

(1) Of which revenue related to controlled entities	*128,326*	*112,295*
(2) Of which expenses related to controlled entities	*6,978*	*16,264*

In 2012, the Company received €118.3 million of dividends.

As a holding company, Imerys manages its balance sheet foreign exchange rate risk, notably linked to the foreign net assets held directly or indirectly by the Company and also resulting from the loans and advances granted to the subsidiaries and entities controlled by the Company in accordance with the intra-group treasury contracts. Therefore, the proportion of the financial indebtedness drawn in foreign currencies is adjusted. In relation to this adjustment, Imerys recognized in 2012 a net foreign exchange loss of €36.9 million (a net foreign exchange loss of €16.1 million was realized in 2011) mainly due to the hedging of foreign investments by Imerys.

For the record, at the same time, assets held by subsidiaries are not subject to revaluation of investments in the balance sheet.

Note 11 Exceptional income (loss)

(€ thousands)	2012	2011
Gains and losses on disposals of assets	78	(1,215)
Other exceptional revenue	6	13
Decreases in provisions and transfer of expenses	4,584	3,334
Increases in provisions	(1,504)	(2,542)
Other exceptional expenses	(491)	(106)
Exceptional income (loss)	**2,673**	**(516)**

The gains and losses on disposals of assets in 2012 relate to the earnout on the disposal of Quadrem shares resulting in a profit of €77 thousand.

The decreases in provisions as of December 31, 2012 relate to a provision for Group restructuring (€2.3 million), a provision for staff-related risks (€0.7 million) and a provision for exceptional expenses (€1.6 million).

A provision for Group restructuring (€1.5 million) was constituted in 2012.

Note 12 Income taxes

(€ thousands)	2012	2011
Taxes on long-term capital gains	-	-
Income taxes	35,840	49,412
Total	**35,840**	**49,412**

Breakdown of the tax expense of the Company

(€ thousands)	Result before taxes	Taxes	Result after taxes
Current income	21,902	-	21,902
Exceptional income (loss)	2,673	-	2,673
Impact of the tax consolidation	-	35,840	35,840
Total	**24,575**	**35,840**	**60,415**

In accordance with the terms of the tax consolidation conventions signed by each company of the Group, the tax expense or credit recognized in the accounts of Imerys is composed of:

- the tax expense of the Company, calculated as if it was not fiscally consolidated;
- the net amount of additional expenses and credits resulting from the tax consolidation.

In this context, Imerys recognized a credit of €35.8 million for the 2012 period.

As regards Imerys, the Company recognizes in 2012 a loss of €84.9 million, increasing the cumulated amount of the carried forward losses of Imerys SA to €741.7 million. These carried forward losses have been totally used by the consolidated group in accordance with the rules of tax consolidation.

Change in deferred taxes (deferred tax basis)

Description	As of December 31, 2012		As of December 31, 2011	
(€ thousands)	Assets	Liabilities	Assets	Liabilities
Temporary differences	**12,575**	**42,129**	**52,994**	**92,554**
Deductible next year	-	13,566	-	67,132
Deductible later	-	4,436	-	4,225
Deducted expenses or taxed revenue not yet recognized	12,575	24,127	52,994	21,197
Potentially taxable items	**-**	**273,471**	**-**	**273,471**
Special reserve for long-term capital gains	-	273,471	-	273,471
Other	-	-	-	-

6

NOTES TO THE BALANCE SHEET

Note 13 Changes in intangible assets and property, plant and equipment

(€ thousands)	Gross amount 12/31/2011	Acquisitions	Disposals	Gross amount 12/31/2012
Intangible assets	9,151	1,459	-	10,610
Property, plant and equipment	6,870	376	-	7,246
Total gross intangible assets and property, plant and equipment	**16,021**	**1,835**	**0**	**17,856**

(€ thousands)	Amortization and depreciation 12/31/2011	Increases	Decreases	Amortization and depreciation 12/31/2012
Amortization of intangible assets	8,078	670	-	8,748
Depreciation of property, plant and equipment	4,833	707	-	5,540
Total amortization and depreciation of intangible assets and property, plant and equipment	**12,911**	**1,377**	**0**	**14,288**

Note 14 Changes in the value of investments

The gross amount of investments has not changed in the 2012 period.

Write-down allowances remain unchanged since 2005. They amount to €3.0 million and relate to investments in a subsidiary whose activity has ceased.

Note 15 Loans related to investments

The amount of loans related to investments increases by €29.6 million. These receivables related to investments correspond to loan contracts and intra-group credit agreements aimed at optimizing the cash management.

Note 16 Other financial investments

As of December 31, 2012, the other financial investments mainly include 37,624 treasury shares aimed at cancelling, in accordance with the share buy-back program, for an amount of €1.8 million and given deposits.

Note 17 Other receivables

(€ thousands)	Gross amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Loans and receivables related to investments	**637,682**	**529,008**	**96,371**	**12,303**
Loans and receivables related to direct investments	313,314	313,314	-	-
Loans and receivables related to other Group subsidiaries	324,368	215,694	96,371	12,303
Other financial investments	**1,803**	**1,776**	**-**	**27**
Other receivables	**12,761**	**12,241**	**520**	**0**
Operating receivables	11,935	11,935	-	-
Bond issuance premium	826	306	520	-
Regularization account	**14,801**	**13,766**	**812**	**223**
Prepaid expenses [(1)]	875	799	76	-
Bond issuance cost	1,351	392	736	223
Unrealized foreign exchange rate losses	12,575	12,575	-	-
Total	**667,047**	**556,791**	**97,703**	**12,553**

(1) Prepaid expenses mainly comprise expenses on the syndicated credit and purchases of external services.

Note 18 Marketable securities

Net values

(€ thousands)	2012	2011
SICAVs and mutual funds	25,341	188,398
Deposit certificates	10,012	-
Treasury shares	5,227	2,110
Total	**40,580**	**190,508**

As of December 31, 2012, the gross amount of marketable securities amounts to €40.6 million. No impairment loss has been recognized since 2010.

Measurement of marketable securities as of December 31, 2012

Nature	Quantity	Average cost price per unit *(€)*	Closing price December 2012 *(€)*
SICAV BNP	1	57,073.05	57,073.97
SICAV SG	1	23,686.92	23,687.61
SICAV Natixis	73	56,761.67	56,766.17
SICAV Natixis	59	56,762.43	56,766.17
SICAV Natixis	26	56,762.90	56,766.17
SICAV Natixis	26	56,763.70	56,766.17
SICAV Natixis	112	56,764.01	56,766.17
SICAV Natixis	50	56,765.00	56,766.17
SICAV Natixis	99	56,765.83	56,766.17
Treasury shares	121,939	42.87	48.19

Note 19 Breakdown of changes in shareholders' equity

(€ thousands)	Capital	Premiums	Reserves (1) Legal	Reserves (1) Regulated	Reserves (1) Other	Retained earnings	Income of the period	Total
Shareholders' equity as of 01/01/11 before allocation of net income	**150,948**	**338,358**	**15,078**	**273,471**	**670,482**	**369,030**	**83,645**	**1,901,012**
Allocation of 2010 income	-	-	17	-	-	(6,969)	(83,645)	(90,597)
Movements of the 2011 period								
Cancellation of 532,811 shares of €2	(1,065)	(23,829)	-	-	-	-	-	(24,894)
Subscription of 201,172 shares by exercise of options	402	5,051	-	-	-	-	-	5,453
Net income as of 12/31/11	-	-	-	-	-	-	9,643	9,643
Shareholders' equity as of 01/01/12 before allocation of net income	**150,285**	**319,580**	**15,095**	**273,471**	**670,482**	**362,061**	**9,643**	**1,800,617**
Allocation of 2011 income	-	-	-	-	-	(103,121)	(9,643)	(112,764)
Movements of the 2012 period								
Subscription of 226,030 shares by exercise of options	452	6,561	-	-	-	-	-	7,013
Net income as of 12/31/12	-	-	-	-	-	-	60,415	60,415
Shareholders' equity as of 01/01/13 before allocation of net income	**150,737**	**326,141**	**15,095**	**273,471**	**670,482**	**258,940**	**60,415**	**1,755,281**
Proposal for allocation of income (2)	-	-	-	-	-	(56,406)	(60,415)	(116,821)
Shareholders' equity as of 01/01/13 with proposal for allocation of income	**150,737**	**326,141**	**15,095**	**273,471**	**670,482**	**202,534**	**0**	**1,638,460**

(1) Shareholders' equity of Imerys does not include revaluation differences.
(2) Proposed to the Shareholders' General Meeting on April 25, 2013.

Number of shares

	2012	2011
Number of shares outstanding at the opening	**75,142,516**	**75,474,155**
Capital increase	226,030	201,172
Capital decrease	-	(532,811)
Number of shares outstanding at the closing	**75,368,546**	**75,142,516**

For 2012, the capital movements are the following:

- on January 7, 2013, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 12, 2012, noted that, on December 31, 2012, the share capital had been increased by a nominal amount of €452,060 as a result of the exercise during the 2012 period of 226,030 share options and of the creation of the same number of new Imerys shares.

Detailed information concerning share capital is available in *chapter 7, paragraph 7.2.1 of the Registration Document*.

Note 20 Write-downs and provisions

(€ thousands)	Amount at the beginning of the period	Increases			Decreases [(1)]			Amount at the end of the period
		Operating	Financial	Exceptional	Operating	Financial	Exceptional	
Write-downs								
Investments	3,003	-	-	-	-	-	-	3,003
Trade receivables	19	-	-	-	-	-	-	19
Loans related to investments	-	-	-	-	-	-	-	-
Non-consolidated investments	-	-	-	-	-	-	-	-
Bond issuance premium	2,070	-	307	-	-	-	-	2,377
Marketable securities	-	-	-	-	-	-	-	-
Prepaid expenses - future employee benefits	(40)	40	-	-	-	-	-	0
Total assets	**5,052**	**40**	**307**	**-**	**-**	**-**	**-**	**5,399**
Provisions								
Provisions for risks	**75,426**	**4,428**	**12,840**	**1,504**	**(1,496)**	**(65,746)**	**(4,584)**	**22,372**
Management risks	5,643	4,428	13	1,489	(1,496)	-	(2,286)	7,791
Provisions for exchange rate losses	52,993	-	12,575	-	-	(52,993)	-	12,575
Staff-related risks	731	-	-	-	-	-	(731)	0
Environmental risks	2,503	-	-	-	-	(9)	(1,556)	938
Financial instruments	12,744	-	252	-	-	(12,744)	-	252
Risks on subsidiaries and investments	812	-	-	15	-	-	(11)	816
Provisions for charges	**1,819**	**2,110**	**597**	**-**	**(172)**	**(599)**	**-**	**3,755**
Pensions	-	-	-	-	-	-	-	-
Future employee benefits	1,819	2,110	597	-	(172)	(599)	-	3,755
Other social contributions and tax expenses	-	-	-	-	-	-	-	-
Total liabilities	**77,245**	**6,538**	**13,437**	**1,504**	**(1,668)**	**(66,345)**	**(4,584)**	**26,127**
Grand Total	**82,297**	**6,578**	**13,744**	**1,504**	**(1,668)**	**(66,345)**	**(4,584)**	**31,526**

(1) Provisions decreased in accordance with used amounts for €1,905 thousand.

As head of the Group, Imerys recognizes management risk and environmental provisions. They specifically relate to environmental liability guarantees following the disposal of some investments.

As of December 31, 2012, a provision for risks on financial instruments is constituted for an amount of €0.3 million. This provision relates to hedging transactions on foreign currencies and on energy prices. A provision for risks on financial instruments increased in 2011 is completely decreased in 2012.

In 2012, a provision for risks has been increased by an amount of €4.4 million corresponding to the future free grant of 121,939 treasury shares of the Company. As of December 31, 2012, these treasury shares are measured at a total amount of €5.2 million. The provision for risks increased in 2011 by an amount of €1.4 million is completely decreased in 2012 due to the grant over the period of 58,879 treasury shares of the Company.

Some of these instruments, in accordance with the Group's financial risk management policy, are not recognized as hedging instruments at Imerys SA. The financial instruments held as of December 31, 2012 are described in *Note 25* and following.

Future employee benefits

The defined benefit plans firstly correspond to retirement benefits in accordance with the collective labour agreement of the metalworking industry and secondly to additional retirement plans including the French plan for managers.

The provision for future employee benefits is calculated in accordance with the following assumptions:

	Retirement	Other long-term employee benefits
Discount rates	2.8%	3.3%
Expected rates of return on plan assets	4.0%	-
Expected rates of salary increases	3.0%	3.0%
Annual turnover rates:		
▪ Executives and non-executives until 30 years	20.0%	20.0%
▪ Executives and non-executives between 30 and 40 years	15.0%	15.0%
▪ Executives and non-executives between 40 and 50 years	10.0%	10.0%
▪ Executives and non-executives between 50 and 55 years	5.0%	5.0%
▪ Executives and non-executives after 55 years	-	-

Actuarial differences are recognized according to the corridor method.

Net expense

	2012			2011		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Interest cost	(578)	(19)	(597)	(726)	(12)	(738)
Current service cost	(1,138)	(38)	(1,176)	(1,196)	(37)	(1,233)
Expected return on assets	599	-	599	621	-	621
Past service cost	(1,077)	-	(1,077)	(1,992)	-	(1,992)
Actuarial (gains) and losses	354	(110)	244	166	17	183
Curtailments and settlements	-	-	-	-	-	-
Recognized net expense	**(1,840)**	**(167)**	**(2,007)**	**(3,127)**	**(32)**	**(3,159)**
Assets' effective return	531	-	531	677	-	677

Change in the discounted value of obligations

	2012			2011		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Opening obligations	**(16,161)**	**(465)**	**(16,626)**	**(20,551)**	**(435)**	**(20,986)**
Interest cost	(578)	(19)	(597)	(726)	(12)	(738)
Current service cost	(1,138)	(38)	(1,176)	(1,196)	(37)	(1,233)
Benefit payments	312	9	321	4,676	2	4,678
Plan amendments	(300)	-	(300)	-	-	-
Curtailments and settlements	-	-	-	-	-	-
Actuarial (gains) and losses	(544)	(110)	(654)	1,636	17	1,653
Closing obligations (1)	**(18,409)**	**(623)**	**(19,032)**	**(16,161)**	**(465)**	**(16,626)**
Funded by plan assets	(16,718)	-	(16,718)	(14,845)	-	(14,845)
Unfunded	(1,691)	(623)	(2,314)	(1,316)	(465)	(1,781)

(1) Of which retirement obligations to the benefit of the Executive Management and of members of the Board of Directors: €3,316 thousand in 2012, against €2,502 thousand in 2011.

Change in fair value of plan assets

	2012			2011		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Opening assets	**15,158**	**-**	**15,158**	**18,926**	**-**	**18,926**
Expected return on assets	599	-	599	621	-	621
Benefit payments	(290)	-	(290)	(4,445)	-	(4,445)
Employer contributions	-	-	-	-	-	-
Actuarial gains and (losses)	(68)	-	(68)	56	-	56
Closing assets	**15,399**	**0**	**15,399**	**15,158**	**0**	**15,158**

Assets / liabilities in the balance sheet

	2012			2011		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Funded obligations	(16,718)	-	(16,718)	(14,845)	-	(14,845)
Fair value of assets	15,399	-	15,399	15,158	-	15,158
Funded status	**(1,319)**	**0**	**(1,319)**	**313**	**0**	**313**
Unfunded obligations	(1,691)	(623)	(2,314)	(1,316)	(465)	(1,781)
Unrecognized past service cost	2,652	-	2,652	3,428	-	3,428
Net unrecognized actuarial differences	(2,774)	-	(2,774)	(3,739)	-	(3,739)
Assets (provisions) in the balance sheet	**(3,132)**	**(623)**	**(3,755)**	**(1,314)**	**(465)**	**(1,779)**
Provisions for retirement	-	-	-	-	-	-
Provisions for future employee benefits	(3,132)	(623)	(3,755)	(1,314)	(465)	(1,779)

Change in assets (provisions) in the balance sheet

	2012			2011		
(€ thousands)	Retirement	Other	Total	Retirement	Other	Total
Opening assets (provisions)	**(1,314)**	**(465)**	**(1,779)**	**1,583**	**(435)**	**1,148**
Current service cost after curtailments / settlements	(1,840)	(167)	(2,007)	(3,127)	(32)	(3,159)
Contributions	22	9	31	230	2	232
Closing assets (provisions)	**(3,132)**	**(623)**	**(3,755)**	**(1,314)**	**(465)**	**(1,779)**

Note 21 Debts and regularization accounts as of December 31, 2012

(€ thousands)	Amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Financial debts	2,188,548	1,301,215	802,981	84,352
Other debts	29,504	29,504	-	-
Deferred revenue	-	-	-	-
Unrealized exchange rate gains	24,127	24,127	-	-
Total	**2,242,179**	**1,354,846**	**802,981**	**84,352**

The various bank overdrafts and the syndicated credit do not include any grants or guarantees from the Company to the benefit of the lending banks.

The financial debts by foreign currency share out as follows:

(€ thousands)	**Amount**
Euro	1,723,554
US Dollar	215,317
Pound Sterling	92,268
Japanese Yen	62,062
Other foreign currencies	95,347
Total	**2,188,548**

The analysis of the financial debts by nature and maturity is the following:

(€ thousands)	**Amount**	**Maturity less than one year**	**Maturity from one to five years**	**Maturity beyond five years**
Bonds	993,442	106,109	802,981	84,352
Commercial papers	120,000	120,000	-	-
Bank loans	-	-	-	-
Subsidiary loans	285,182	285,182	-	-
Group financial current accounts	744,686	744,686	-	-
Bank overdrafts and accrued interests	45,238	45,238	-	-
Total	**2,188,548**	**1,301,215**	**802,981**	**84,352**

Debts with a maturity less than one year (commercial papers, bank loans, bonds and accrued interests) are backed up by draw-downs on confirmed, non-utilized and available bilateral credit lines of an amount of €1,045.0 million with a maturity 2015 to 2017.

Note 22 Accrued receivables and payables

(€ thousands)	**Accrued receivables**	**Accrued payables**
Operating	-	2,594
Financial	2,569 [(1)]	715
Total	**2,569**	**3,309**

(1) Accrued receivables mainly comprise accrued interests on financial instruments.

OTHER INFORMATION

Note 23 Off balance sheet commitments

The significant off balance sheet commitments of the Company are detailed in Notes 24 to 28.

The syndicated credit, renewed on March 15, 2007 for an authorized amount of €750.0 million, is not guaranteed by the Group. As of December 31, 2012 it is not utilized.

As of December 31, 2012, the amount of bilateral multi-currencies credit lines confirmed, non-utilized and available for the benefit of Imerys is €1,045.0 million.

Commitments given

	For the benefit of				
(€ thousands)	**Subsidiaries**	**Equity interests**	**Other controlled entities**	**Other**	**Total**
Avals, sureties, guarantees	79,582	-	106,618	15,180	201,380

Commitments received

No commitments were received over 2012.

Note 24 Other commitments in relation to subsidiaries

Considering the commitments which came to maturity in 2012, the amount of the global commitment amounts to €84.5 million as of December 31, 2012.

Note 25 Commitments on the foreign exchange rate risk

As of December 31, 2012, the Company has net commitments regarding forward purchases and sales against Euros divided up by foreign currencies as follows:

	(foreign currency thousands)		*(€ thousands)*	
	Forward purchases	**Forward sales**	**Forward purchases**	**Forward sales**
Australian Dollar	7,640	-	6,010	-
Canadian Dollar	25,855	7,370	19,681	5,610
Swiss Franc	8,400	40,000	6,958	33,135
Pound Sterling	79,150	44,391	96,986	54,394
Japanese Yen	4,101,110	733,300	36,098	6,455
Mexican Peso	46,800	12,750	2,723	742
Norwegian Krone	-	340	-	46
New Zealand Dollar	6,730	-	4,194	-
Swedish Krona	20,245	23,600	2,359	2,750
Thai Baht	-	340,950	-	8,450
US Dollar	125,950	305,065	95,460	231,215
South African Rand	-	920	-	82
Czech Koruna	56,820	-	2,259	-
Danish Krone	6,680	-	895	-
Hungarian Forint	-	158,105	-	541
Singapore Dollar	81,760	5,490	50,748	3,408
Polish Zloty	3,340	-	820	-
Total			**325,191**	**346,828**

These transactions have been carried out in order to hedge the foreign exchange rate risk generated by intra-group financing and investments in foreign currencies. They also include the net positions between internal and external derivatives on transactions carried out in accordance with the Group's management policy of the foreign exchange rate risk.

Note 26 Commitments on the interest rate risk

In accordance with its policy to manage the interest rate risk, the Group has, as of December 31, 2012, different hedging transactions (interest rate swaps and caps). These transactions are in line with its management policy.

The nominal amount of derivative instruments at the end of the period amounts to €100.0 million, JPY7,000.0 million and USD190.0 million.

Note 27 Commitments on the energy price risk

The following table summarizes the positions taken as of December 31, 2012 to hedge the energy price risk:

	Net notional amounts in MWh	Maturities
Underlying position	3,765,874	< 12 months
Management transactions	1,216,805	< 12 months

Note 28 Elements recognized under more than one balance sheet item (net value)

(€ thousands)	Total	Of which controlled entities [(1)]
Investments	3,308,178	3,307,874
Loans related to direct investments and other subsidiaries	637,682	636,886
Other financial investments	1,803	-
Operating receivables	11,935	9,851
Financial debts	2,188,548	1,029,868
Other debts	29,504	9,750

(1) The controlled entities are those that can be consolidated by full integration into the same group.

Note 29 Main shareholders

	Number of shares	% of interest	% of voting rights [(1)]
Belgian Securities BV [(2)]	42,851,473	56.86%	66.21%
M&G Investment Management Ltd [(3)]	5,146,041	6.83%	5.16%
Group employees	181,577	0.24%	0.36%
Self-holding	159,563	0.21%	0.16%
Public	27,029,892	35.86%	28.11%
Total as of December 31, 2012	**75,368,546**	**100.00%**	**100.00%**

(1) Total theoretical voting rights: 99,768,873.

(2) A 100% subsidiary of Groupe Bruxelles Lambert.

(3) M&G Investment Management Limited belongs to the Prudential Plc group (United Kingdom).

The consolidated financial statements of Imerys are included in the scope of consolidation of the Belgian group GBL.

Note 30 Headcount as of December 31, 2012

	Non-executives	Executives	Total
Full-time	20	118	138
Part-time	5	3	8
Total employees of the entity	**25**	**121**	**146**

Note 31 Individual training rights as of December 31, 2012

As of December 31, 2012 the total number of training hours corresponding to the acquired rights in the framework of the individual training right amounts to 8,752 hours.

The number of hours not having been requested amounts to 8,571 hours.

Note 32 Compensation of directors and executive managers

(€ thousands)	2012	2011
Board of Directors [(1)]	800	748
Executive Management	1,647	2,226
Total	**2,447**	**2,974**

(1) Directors' attendance fees.

The global amount of retirement obligations contracted for the benefit of members of the Board of Directors and of the Executive Management is presented in *Note 20 to the statutory financial statements*.

Note 33 Post closing events

No significant post closing event has to be notified for the Company.

Note 34 Allocation of earnings (pursuant to the provisions of article L. 232-7 of the French Code of Commerce) [(1)]

(€)	
Income for the period	60,415,360.23
Increase in legal reserve in order to reach 10% of the share capital	-
Retained earnings	258,940,304.83
Distributable income	**319,355,665.06**
Dividend of €1.55 to each of the 75,368,546 shares existing as of January 1, 2013	(116,821,246.30)
Retained earnings	**202,534,418.76**

(1) Which will be proposed to the Shareholders' General Meeting on April 25, 2013.

Note 35 Table of subsidiaries and equity interests as of December 31, 2012

	Local units (thousands)			
	Capital	**Shareholders' equity other than share capital**	**Number of shares held by Imerys**	**Type of securities**
Subsidiaries (at least 50% of equity held by Imerys)				
Imerys TC	161,228	719,147	80,613,850	shares of €2
Mircal	1,034,653	327,214	68,976,891	shares of €15
Imerys USA	526,005	478,030	1,000	shares of USD1
Imerys Services	371	1,019	24,700	shares of €15
Mircal Europe	56,365	542,568	56,365,195	shares of €1
Mircal Asia (ex Mircal China)	12,937	(3,192)	1,293,700	shares of €10
Mircal Chili	1,554	13,941	1,554,000	shares of €1
Imerys (SHANGHAI) Investment Management Company Limited	14,404	6,801	1	share of CNY14,404,000

		(€ thousands)							
	% of interest held by Imerys	**Gross amount of securities held**	**Net amount of securities held**	**Loans and advances granted by Imerys and not repaid**	**Borrowings taken up by Imerys and not repaid**	**Sureties, avals given by Imerys**	**Dividends collected by Imerys in 2012**	**2012 sales**	**2012 net income or loss**
Subsidiaries (at least 50% of equity held by Imerys)									
Imerys TC	100.00	758,369	758,369	-	231,402	-	85,451	401,701	84,466
Mircal	100.00	1,289,076	1,289,076	139,714	-	-	-	-	50,304
Imerys USA	100.00	663,837	663,837	-	45,228	79,582	-	-	(5,103)
Imerys Services	100.00	1,043	1,043	1,018	-	-	-	17,325	53
Mircal Europe	100.00	565,483	565,483	165,375	-	-	32,692	-	16,347
Mircal Asia (ex Mircal China)	100.00	12,937	12,937	5,756	-	-	-	-	(17)
Mircal Chili	100.00	15,540	15,540	-	524	-	-	-	(4)
Imerys (SHANGHAI) Investment Management Company Limited	100.00	1,359	1,359	654	-	-	-	4,996	(36)
Equity interests									
10 to 50% of equity held by Imerys		10	10	-	-	-	141	-	-
Miscellaneous equity interests									
Non-significant French entities		3,527	524	797	269	-	-	-	-
Total		**3,311,181**	**3,308,178**	**313,314**	**277,423**	**79,582**	**118,284**	**424,022**	**146,010**

6.3 AUDIT FEES

Terms of service of Auditors

The Shareholders' General Meeting of April 29, 2010 approved the renewal of the term of office of ERNST & YOUNG et Autres and Deloitte & Associés for another 6 years.

Organization of the audit of Imerys subsidiaries

For numerous years, the Group has primarily asked, in an equal standing, the two Imerys Statutory Audit firms to conduct the audit of the subsidiaries throughout the world. However, for practical or historical reasons, other audit firms intervened; the quantitative details were as follows:

Periods	2012	2011	2010	2009	2008
Audit fees *(€ millions)*	6.5	6.2	6.1	6.4	7.1
Distribution					
ERNST & YOUNG et Autres	51%	51%	50%	53%	55%
Deloitte & Associés	44%	45%	46%	43%	40%
Other firms	5%	4%	4%	4%	5%

Fees as of December 31, 2012

The total fees paid in 2012 to the two Statutory Audit firms of the parent company Imerys, ERNST & YOUNG et Autres (EY) and Deloitte & Associés (DA), are as follows:

	2012				2011			
	EY		DA		EY		DA	
	(€M)	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*	*(€M)*	*(%)*
Audit								
Certification and auditing of individual and consolidated accounts	**3.3**		**2.8**		**3.0**		**2.7**	
Imerys SA	0.9		0.7		0.8		0.7	
Fully integrated subsidiaries	2.4		2.1		2.2		2.0	
Other duties and services directly related to the audit mission	**0.6**		**2.8**		**0.2**		**0.2**	
Imerys SA	0.5		2.7		0.2		0.1	
Fully integrated subsidiaries	0.1		0.1		-		0.1	
Subtotal	**3.9**	**100.0%**	**5.6**	**96.6%**	**3.2**	**100.0%**	**2.9**	**93.5%**
Other services rendered by the network to fully integrated subsidiaries								
Legal, fiscal, social	-		0.2		-		0.2	
Other (to specify if > 10% of audit fees)	-		-		-		-	
Subtotal	**-**		**0.2**	**3.4%**	**-**		**0.2**	**6.5%**
Total	**3.9**	**100.0%**	**5.8**	**100.0%**	**3.2**	**100.0%**	**3.1**	**100.0%**

6

ADDITIONAL INFORMATION 7

7.1 INFORMATION ABOUT THE COMPANY

CORPORATE NAME: IMERYS

This name was adopted by the Ordinary and Extraordinary Shareholders' Meeting of September 22, 1999. Until then, the Company's corporate name was Imetal.

REGISTERED OFFICE

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REGISTRATION

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N.A.F. (code of main activity): 7010Z

LEGAL STATUS AND LAW OF INCORPORATION

Imerys is a French Limited Liability Company (Société Anonyme) with Board of Directors (Conseil d'Administration) governed by French law.

DATE OF INCORPORATION – HISTORY – DURATION

Imerys was incorporated on April 22, 1880. The Company's term of incorporation, initially set at 50 years, was extended until June 30, 2024 (article 5 of the By-laws).

Established in 1880, the Group has its origins in mining and metallurgy. Its core business was then the extraction and processing of non-ferrous metals.

In 1974, federated under the name Imetal, the Group acquired the French company Huguenot Fenal, an event which marked its entry into the clay roof tiles market. The following year, it purchased Copperweld Corporation (United States), a company specialized in steel production and metals processing. The first significant investment in minerals for refractories and ceramics was made in 1985, with the acquisition of Damrec (France).

The Group then structured its business around three sectors: Building Materials, Industrial Minerals and Metals Processing. This reorganization was carried out in line with the Group's prior withdrawal from non-ferrous metallurgy.

From 1990 onwards, the Group gave significant emphasis to the development of industrial minerals[1] . It acquired significant positions in the white pigments sector: kaolin (Dry Branch Kaolin Company, United States), then calcium carbonate (Georgia Marble, United States). The Group also expanded into Minerals for Refractories (C-E Minerals, United States) then their conversion (Plibrico, Luxembourg), clays (Ceratera, France) and ceramic bodies (KPCL, France). Finally, it entered the graphite (Stratmin Graphite, Canada, then Timcal, Switzerland) and technical ceramics markets (IKF, France).

In 1999, with the acquisition of English China Clays plc (ECC, United Kingdom), one of the foremost specialists in industrial minerals, the Group became a global leader[2] in white pigments. By increasing its stake in Imerys Rio Capim Caulim S.A. (Brazil) from 49.7% to almost 100%, the Group optimized its great potential in kaolin. In parallel, the Group continued to expand its industrial base in minerals for refractories (Transtech and Napco in the United States; Rhino Minerals in South Africa).

Through the acquisition of ECC and the related divestment of Copperweld (United States) and ECC's specialty chemicals business (Calgon, United States), the Group focused on industrial minerals processing. To reflect this development, Imetal changed its name to **Imerys**.

The Group completed this refocusing process by withdrawing from activities that no longer corresponded to its core business, including dimension stones (Georgia, United States) and trading. The specialty chemicals distribution business (CDM AB, Sweden) was divested in 2004, followed in 2005 by refractory minerals trading (American Minerals, Inc, United States) and roofing products distribution (Larivière, France).

Since 2000, the Group has developed by leveraging its unique know-how. From a wide portfolio of rare resources and developed technical processes, Imerys transforms industrial minerals into specialties with high added value for its customers. Organized into business groups that correspond to the customers it serves, the Group constantly broadens its product range, extends its geographic representation in high-growth regions and enters new markets.

- New **Minerals for Ceramics** were added to the portfolio, particularly halloysite (New Zealand China Clays, New Zealand - 2000) and fine ceramic clays and feldspar (K-T, United States and Mexico – 2001); kaolins, feldspar, micas and quartz (Denain-Anzin Minéraux, Europe - 2005). The Group increased its Asian market presence for applications that mainly serve the sanitaryware industry (MRD-ECC and MRD, Thailand – 2002). In 2007, it developed its reserves of feldspar, an essential component in ceramics manufacturing alongside clays and kaolins, in India (Jumbo Mining), the United States (The Feldspar Corporation) and Turkey. In 2011, Imerys (Minerals for Ceramics) was associated with the Norwegian group Norsk Mineral AS, through the joint venture "The Quartz Corp SAS", to serve the increasing demand of high purity quartz in semiconductor and photovoltaic markets. In 2012, the Minerals for Ceramics activity continued to accelerate its geographic expansion by launching with its local agent the building of a multi-minerals platform in Egypt as well as with the acquisition of Ceraminas (Thailand) Co, Ltd, a Thai feldspar producing company.

(1) Industrial minerals: non-metallic and non-combustible rocks or minerals, mined and transformed for industrial purposes.
(2) Throughout the Registration Document, information on market positions corresponds to evaluations made by Imerys on the basis of its market knowledge, or is derived from trade publications such as Roskill and Industrial Minerals, or from reports drawn up by Kline & Company, Inc.

- The **Minerals for Refractories** activity expanded its offering for the refractory and sanitaryware markets and enhanced its geographic presence with the acquisition of AGS (2006 – France) and Vatutinsky (2007 – Ukraine), both companies specializing in calcined clays. The purchase of a 65% stake in Yilong (2007 – China) and the acquisition of the remaining 35% in 2011, gave Imerys access to an excellent quality andalusite reserve in order to serve the local refractories market. In 2010, the commissioning of a new plant increased andalusite production capacity in China. The Oilfield Minerals Department, created in 2009 to serve the Oil and Gas markets, joined Minerals for Refractories activity. In 2011, it inaugurates a ceramic proppant production unit in Andersonville (Georgia, United States), used to keep fractures open in non-conventional oil and gas exploration. In 2012, Imerys diversified its range of minerals in Brazil with the acquisition in the beginning of November from the Vale group of a world-class refractory bauxite deposit, a mineral essential to certain refractory and abrasives applications.
- The **Minerals for Abrasives** activity was created in 2000 with the takeover of the world's leading producer of corundum (fused alumina and bauxite), Treibacher Schleifmittel (Austria), of which the remaining shares were acquired in July 2002. A succession of corundum acquisitions were made in the Czech Republic (2001), Germany (2001), Brazil (2002) and China, where a third joint venture was created in 2007 with ZAF. Imerys added fused zircon, a mineral for the refractory, technical ceramics and automotive markets to its portfolio, becoming the world leader with the successive acquisitions of UCM Group PLC (United Kingdom, 2007), the European leader in fused zircon, and Astron China, the leading Chinese zircon product manufacturer (2008). The Minerals for Abrasives division was then renamed **Fused Minerals**. In 2012, the Group enlarged its geographic footprint in the Middle East with the start of the construction of a fused alumina plant in Bahrain through a joint venture with Al Zayani Investments group.
- The **Graphite & Carbon** activity is the world leader in technical applications for high performance graphite powders and carbon black thanks to the large geographic presence of its subsidiary Timcal acquired in 1994 (North America, Europe, Asia). In 2012, the capacity doubling project at the Willebroek carbon plant (Belgium) was launched to support growing demand from mobile energy segments.
- **Minerals for Filtration** joined the Group in 2005 with the acquisition of the world leader in the sector, World Minerals (United States). This acquisition contributed new minerals (diatomite and perlite) and a global presence, while following a model that is consistent with Imerys' business and skills. Perlite activities were bolstered in South America in 2007 with the acquisition of Perfiltra in Argentina.
- **Performance Minerals** developed with the extension of calcium carbonate capacities in Central and South America (Quimbarra, chiefly Brazil – 2000), Asia (Honaik, mainly in Malaysia – 2000) and France (AGS-BMP's carbonates activities – 2000). The Group strengthened its positions in Southern Europe (Gran Bianco Carrara, Italy and Blancs Minéraux de Tunisie, Tunisia – 2005) and Turkey (Mikro Mineral, wholly-owned since 2008). In 2008, the acquisitions of Kings Mountain Minerals, Inc. (North Carolina, United States) and Suzorite Mining, Inc. (Quebec, Canada) added high quality mica to the minerals portfolio. In 2011, Imerys acquired the Luzenac Group and became the world leader in talc processing. In 2012, the Group enhanced its product offering for the paint, polymer and rubber markets with the acquisition of the Brazilian company Itatex. It also strengthened its high-purity reserves for performance and ceramics applications with the consolidation of the kaolin activities of the English company, Goonvean Ltd.
- In **Pigments for Paper & Packaging**, development focused on ground and precipitated calcium carbonates, which now account for more than half the Group's sales to the paper industry. Nine new production units have been built since 2004, mainly in the Asia-Pacific zone (India, China, Indonesia and Japan). To support the development of activities in Asia, extensive reserves of high quality white marble have been acquired in Malaysia, China and Vietnam in recent years. In Brazil, the business group strengthened and secured its kaolin supply with the acquisition of Pará Pigmentos S.A. in July 2010. In 2012, Imerys sold one of its two port terminals in Brazil (Barcarena, Parà state) and some adjacent real estate to the American corporation Archers Daniels Midlands, Inc. In order to diversify its products' range, the Pigments & Packaging business group began, in 2012, the construction of a lime production facility, with the view to leverage some of Imerys' calcium carbonate reserves in Brazil (Dorésopolis, Minas Geiras). In Malaysia, the extension of the Ipoh calcium carbonate plant was launched. In Japan, capacity was increased at the Miyagi plant to meet higher demand from its main customer.
- The Group's **Building Materials** activity was strengthened in clay bricks in France with the acquisition of Marcel Rivereau (2004). Clay roof tiles and bricks activities in Spain and Portugal were divested in 2007. In late 2008, Imerys TC created Captelia™, a joint venture(1) with EDF ENR (Énergies Renouvelables Réparties – distributed renewable energies), whose objective is developing and manufacturing integrated photovoltaic roof tiles to extend energy generation to traditional roofing. In 2009, Planchers Fabre, an activity specializing in concrete joists, was sold to the French leader in the sector. On December 12, 2012, Imerys received a binding acquisition offer from the Bouyer Leroux group of its Imerys structure activity. An agreement could be be found during the 1st half-year 2013.

(1) Held 50/50 by the two partners.

- In **Refractory Solutions**, the acquisition of Lafarge Refractories (2005) made Imerys the European leader in the sector and gave it a foothold in Asia. The merger of these activities with Plibrico led to the creation of a new entity, Calderys. ACE, the Indian leader in monolithic refractories, became part of the Group in 2007, giving Calderys a new dimension in this fast-growing country. Calderys developed in South Africa (B&B – 2007) and Scandinavia (Svenska Silika Verken AB – Sweden – 2008). These operations established Imerys as a world leader in monolithic refractories. In refractory Kiln Furniture, Imerys is also building front-rank positions in Asia (Siam Refractory Industry Co, Ltd, Thailand – 2002) and Europe (Burton Apta, Hungary – 2004).

CORPORATE PURPOSE *(ARTICLE 3 OF THE BY-LAWS)*

Imerys is the parent company of an industrial and commercial group, which is the world leader in mineral-based specialty solutions for industry.

Under the terms of article 3 of the by-laws, "The Company's purpose, in France and abroad, is:

- the search for, acquisition, leasing, sale and operation of any mines and quarries, of any kind whatsoever;
- the processing and transformation of, and trading in, any minerals, metals, organic or non-organic materials and mineral substances, as well as their by-products and alloys;
- the manufacturing of any processed products in which minerals, metals, organic or non-organic materials and mineral substances are used;
- the purchase, obtaining, acquisition, operation, concession and sale, in whole or in part, on a temporary or permanent basis, of any patents, certificates or licenses pertaining to the above-mentioned purposes;
- the creation, acquisition, sale, concession of any buildings and plants, of any means of transportation and energy sources;
- the participation in any country, in any mining, quarrying, commercial, industrial and maritime operations aimed at favoring or developing the Company's own industries and businesses, through the creation of new companies, alliances, holding companies or otherwise; and, generally, any mining, quarrying, commercial, industrial, maritime, real estate, personal property and financial operations relating directly or indirectly, in whole or in part, to any of the above-specified purposes or any other similar or related purposes."

FINANCIAL YEAR *(ARTICLE 28 OF THE BY-LAWS)*

The financial year is 12 months. It begins on January 1 and ends on December 31 of each year.

BOARD OF DIRECTORS *(ARTICLES 12 AND 13 OF THE BY-LAWS)*

The Company is managed by a Board of Directors of at least three members and no more than eighteen members, except for any dispensation provided by law.

Directors are appointed or renewed by the Ordinary General Meeting of the Shareholders, which may remove them at any time. The term of office of the Directors is three years. The term of office of a Director shall expire at the close of the Ordinary General Meeting of the Shareholders that rules on the financial statements for the previous financial year and held in the year during which the term of office expires. No person aged seventy (70) or over may be appointed a Director. If one of the Directors reaches said age, he or she shall be deemed to have automatically resigned on the date of the first General Meeting of the Shareholders after his or her 70th birthday.

For more details regarding the composition, powers and functioning of the Board of Directors, *please see chapter 3, section 3.1 of the Registration Document.*

SHAREHOLDERS' GENERAL MEETINGS *(ARTICLES 21 AND 22 OF THE BY-LAWS)*

Convening

Shareholders' General Meetings are convened under the terms and conditions provided by current legal provisions and are held either at the registered office or in any other place specified in the Notice of Meeting.

Conditions for admission

All shareholders have the right to take part in Shareholders' General Meetings – whether in person, via a proxy or by correspondence – subject to the obligation to prove their identity and their share ownership in the format, either registered in the name of the holder, or by transmission of a certificate of holding proving the recording in the case of holders of bearer shares. Registration or deposit formalities must be completed no later than three business days prior to the meeting. Any shareholder may also, by decision of the Board of Directors as notified in the Notice of Meeting, take part in General Meetings and vote by data transmission and/or any other means of telecommunication, under the conditions provided by current legal provisions.

Conditions for exercise of voting rights

All documents provided by articles R. 225-81 and R. 225-83 of the French Code of Commerce, including a mail or proxy voting form, are sent to shareholders on request. This form can only be validly taken into account if it is completed in accordance with current legislation and returned to the registered office or to the address given on the Notice of Meeting. Moreover, any shareholder may, by decision of the Board of Directors as notified in the Notice of Meeting, obtain and return the voting form by mail or proxy, by data transmission or any other means of telecommunication, under the terms and conditions provided by current legal provisions.

Double voting rights

As of the Shareholders' General Meeting of July 2, 1968, shares registered in the name of the same shareholder for at least two years carry a double voting right. This right is authorized by law and provided by article 22 of the by-laws, and is intended to reward the Company's shareholders for their loyalty. The double voting right is also granted to new free shares granted to shareholders under a capital increase operation, on the basis of the old shares which benefited from this right. The double voting right ceases ipso jure when a registered share is converted to a bearer share or is transferred, except in cases of collateral assignment or transfer as life interest or by inheritance or family bequest. Finally, the double voting right may be cancelled by decision of an Extraordinary Shareholders' General Meeting with prior authorization of the Special General Meeting of the holders of this right.

Restriction of voting rights

None.

ALLOCATION OF PROFITS *(ARTICLE 30 OF THE BY-LAWS)*

Income for each financial year is determined in accordance with legal and regulatory provisions in force, as follows:

- at least 5% of net earnings for the financial year, less any prior losses, where applicable, are withheld to make up the legal reserve. This withholding ceases to be obligatory when the reserve reaches 10% of the share capital;
- earnings for the financial year, less any prior losses and increased by any earnings carried over, subject to deduction of any retained earnings carried forward by the Shareholders' General Meeting or assigned by it to one or more reserves, are allocated among shares, without distinction;
- the Shareholders' General Meeting may grant to each shareholder, for all or part of the dividend being distributed, or for advances on dividends, an option between payment of the dividend in cash or in shares.

IDENTIFIABLE BEARER SHARES *(ARTICLE 9 OF THE BY-LAWS)*

The Company is authorized, under the terms and conditions provided by current legal provisions, to ask Euroclear France for the information needed to identify the owners of bearer shares that grant, whether immediately or at a later date, voting rights in its Shareholders' Meetings, as well as the quantity of shares or other securities held by each of them and, as the case may be, any restrictions that may apply to these securities.

DISCLOSURE OF THRESHOLD CROSSINGS

Imerys' By-laws do not contain any clause imposing disclosure requirements in the case of holdings that cross certain thresholds, other than those set down by the law.

Any shareholder, whether acting alone or with others, whose holding rises above or passes below one of the holding thresholds for the Company's capital and/or voting rights provided by legislation in force must comply with the provisions of articles L. 233-7 et seq. of the French Code of Commerce and, more specifically, notify the Company (or, as the case may be, any person that the Company may have designated for that purpose) and the Autorités des marchés financiers (AMF), within four trading days of their holding crossing the threshold in question. In the event of failure to comply with this obligation, the provisions of article L. 233-14 of the French Code of Commerce shall apply.

DOCUMENTS ACCESSIBLE TO THE PUBLIC

The By-laws, minutes of Shareholders' General Meetings, statutory and consolidated financial statements, Statutory Auditors' Reports and all documents made available to the shareholders may be consulted at the Company's registered office or on the Company's website (*www.imerys.com* – section regulated information).

7.2 INFORMATION ABOUT THE SHARE CAPITAL

7.2.1 SHARE CAPITAL AS OF DECEMBER 31, 2012

On January 7, 2013, the Chairman and Chief Executive Officer, pursuant to the delegation of powers given to him by the Board of Directors on December 12, 2012, acknowledged that, on December 31, 2012, the share capital had been increased by a nominal amount of €452,060 as a result of the exercise in 2012 of 226,030 stock options and consequently the creation of an equivalent number of new Imerys shares.

As a result of those operations, Imerys' fully-paid up share capital as of December 31, 2012 totaled €150,737,092; it was made up of 75,368,546 shares with a €2 par value of which 24,400,327 benefited from double voting rights pursuant to article 22 of Imerys' By-laws. Finally, the total number of theoretical voting rights attached to existing shares was 99,768,873.

Taking into account the 4,102,831 stock options and 591,680 free shares granted to certain employees and executive corporate officers and not yet exercised or acquired on December 31, 2012, the maximum potential dilution of the Company's share capital was 5.86% as on this date (i.e., a nominal amount of €160,126,114).

No directly registered shares have been pledged by the Company.

Share capital did not change and the number of voting rights did not change significantly between December 31, 2012 and the date of the Registration Document.

7.2.2 CHANGES IN SHARE CAPITAL OVER THE PAST FIVE YEARS

Changes in the number of shares and in the Company's share capital over the past five years are as follows:

Year	Operation	Nominal amount of change in capital *(in €)*	Issue premium *(in €)*	Number of shares created	Par value of shares *(in €)*	Successive amounts of the Company's capital *(in €)*	Number of shares that make up capital
2008	Cancellation of shares	(740,000)	(16,782,710)	(370,000)	2	125,513,712	62,756,856
	Exercise of stock options	59,468	882,325	29,734	2	125,573,180	62,786,590*
2009	Exercise of stock options	2,000	26,310	1,000	2	125,575,180	62,787,590
	Share capital increase	25,115,036	226,035,324	12,557,518	2	150,690,216	75,345,108
	Exercise of stock options	88,776	1,207,985	44,388	2	150,778,992	75,389,496*
2010	Capital increase by incorporation of reserves	85,968	0	42,984	2	150,864,960	75,432,480
	Cancellation of shares	(343,254)	(6,719,326)	(171,627)	2	150,521,706	75,260,853
	Exercise of stock options	426,604	5,663,150	213,302	2	150,948,310	75,474,155*
2011	Cancellation of shares	(1,065,622)	(23,828,533)	(532,811)	2	149,882,688	74,941,344
	Exercise of stock options	402,344	5,050,706	201,172	2	150,285,032	75,142,516*
2012	Exercise of stock options	452,060	6,561,165	226,030	2	150,737,092	75,368,546*

* *As on December 31.*

7.2.3 FINANCIAL AUTHORIZATIONS

A set of financial authorizations was renewed in favor of the Board of Directors, in accordance with the provisions of articles L. 225-129 et seq. of the French Code of Commerce, for a twenty-six month period, by the Ordinary and Extraordinary Shareholders' General Meeting of April 28, 2011. These financial authorizations are intended to allow the Company, if necessary, to increase its share capital at the appropriate time either by capitalization of reserves, income and issue, share or other premiums, or by the issue of various securities granting access, immediately or in the future, to Imerys' share capital with or without preemptive subscription rights. The opportunities offered by these authorizations are useful in giving Imerys access, within the best possible timeframe and in line with the best possibilities on the financial market, to any new financial resources that may be necessary when the time comes.

The maximum nominal amount[(1)] of the capital increases that may be carried out in this way was set at:

- €80 million for the issues carried out with Shareholders' preemptive subscription right;
- €37 million for the issues carried out with cancellation of Shareholders' preemptive subscription right;
- €80 million cumulative total for all these issues.

Furthermore, the maximum global nominal amount of debt securities that may be issued under these authorizations was set at €1 billion.

In accordance with provisions of article L. 225-100 of the French Code of Commerce, an overview of all the financial authorizations and delegations of authority granted to the Board of Directors by the Shareholders' General Meeting of April 28, 2011 and existing at the date of this Registration Document is set out in the table below.

Summary of the financial authorizations and delegations of authority in force

Type of authorizations	Expiry and duration of the authorization	Maximum nominal authorized amount	Use in 2012
Issue of shares and debt securities			
Issue of shares or debt securities giving access to the share capital with preemptive subscription right[(1)] (Shareholders' General Meeting of April 28, 2011, 13th resolution)	June 27, 2013 (26 months)	Capital: €80 M (i.e. approx. 53% of capital) Debt securities: €1 billion	None
Issue of shares or debt securities giving access to the share capital without preemptive subscription right, and, as the case maybe, a priority period granted by the Board of Directors[(2)] (Shareholders' General Meeting of April 28, 2011, 14th resolution)	June 27, 2013 (26 months)	Capital: €37 M (i.e. approx. 25% of capital) Debt securities: €1 billion	None
Issue of shares or securities giving access to the share capital, by private investments with cancellation of preemptive subscription right in favor of qualified investors or a limited circle of investors[(3)] (Shareholders' General Meeting of April 28, 2011, 15th resolution)	June 27, 2013 (26 months)	20% of the capital on the issue day, the issued amount being charged to the ceiling of the 14th resolution	None
Authorization to set the issue price of shares or securities giving access to the share capital in the event of cancellation of preemptive subscription right[(4)] (Shareholders' General Meeting of April 28, 2011, 16th resolution)	June 27, 2013 (26 months)	10% of the capital per year, the issued amount being charged to the ceiling of the 14th resolution	None
Issue of shares or securities giving access to the share capital in compensation for contributions in kind made of shares or securities giving access to the share capital[(5)] (Shareholders' General Meeting of April 28, 2011, 17th resolution)	June 27, 2013 (26 months)	10% of the capital per year, the issued amount being charged to the ceiling of the 14th resolution	None
Issue of securities giving entitlement to an allotment of debt instruments[(6)] (Shareholders' General Meeting of April 28, 2011, 18th resolution)	June 27, 2013 (26 months)	€1 billion, the issued amount being charged to the ceiling of the 20th resolution	None
Increase of share capital by capitalization of reserves, earnings and issue or share premiums[(7)] (Shareholders' General Meeting of April 28, 2011, 19th resolution)	June 27, 2013 (26 months)	€80 M, the issued amount being charged to the ceiling of the 13th resolution	None
Global ceilings of the share capital increases with preemptive subscription right (Shareholders' General Meeting of April 28, 2011, 20th resolution)		Capital: €80 M Debt securities: €1 billion	-
Share buyback and cancellation of shares			
Purchase by the Company of its own shares[(8)] (Shareholders' General Meeting of April 26, 2012, 10th resolution)	October 25, 2013 (18 months)	10% of the existing shares as of 1 January 2012	161,000 acquired shares
Share capital decrease by cancellation of treasury shares (Shareholders' General Meeting of April 28, 2011, 25th resolution)	June 27, 2013 (26 months)	10% of the capital per 24-month period	532,811 cancelled shares

7

(1) *To this amount shall be added, if necessary, the additional amount of any shares to be issued to maintain, in accordance with the law, the rights of holders of securities or rights giving access to capital.*

Type of authorizations	Expiry and duration of the authorization	Maximum nominal authorized amount	Use in 2012
Authorizations in favor of employees and corporate officers with cancellation of preemptive right			
Issue of shares or securities giving access to the share capital reserved for Group employees that joined a company or Group savings plan(9) (Shareholders' General Meeting of April 28, 2011, 21st resolution)	June 27, 2013 (26 months)	€1,6 M	None
Grant of Imerys stock-options to employees and corporate officers, or certain categories of them(10) (Shareholders' General Meeting of April 28, 2011, 22nd resolution)	June 27, 2014 (38 months)	Common ceiling: 5% of the share capital on the day of the Board's decision to grant share subscription and/or acquisition options or free shares or to issue share subscription and/or acquisition	694,595 stock options were granted in 2011 and 2012, i.e. 0.92% of the capital(11)
Grant of Imerys conditional free shares to employees and corporate officers, or certain categories of them(12) (Shareholders' General Meeting of April 28, 2011, 23rd resolution)	June 27, 2014 (38 months)		389,273 conditional free shares were allotted in 2011and 2012, i.e. 0.52% of the capital(13)
Issue of share subscription and/or acquisition warrants to employees and corporate officers, or certain categories of them(14) (Shareholders' General Meeting of April 28, 2011, 24th resolution)	June 27, 2013 (26 months)		None

(1) In accordance with the provisions of articles L. 225-129 et seq. and L. 228-91 et seq. of the French Code of Commerce.
(2) In accordance with the provisions of articles L. 225-129 et seq., L. 225-135 et seq., L. 225-136 and L. 228-91 et seq. of the French Code of Commerce.
(3) In accordance with the provisions of articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 et seq. of the French Code of Commerce and L. 411-2 of the French Monetary and Financial Code.
(4) In accordance with the provisions of articles L. 225-129-2 and L. 225-136, 1° aL. 2 of the French Code of Commerce.
(5) In accordance with the provisions of articles L. 225-147 and L. 228-91 et seq. of the French Code of Commerce.
(6) In accordance with the provisions of articles L. 225-129-2, L. 225-129-6 and L. 228-91 et seq. of the French Code of Commerce.
(7) In accordance with the provisions of articles L. 225-129 et seq. and L. 225-130 of the French Code of Commerce.
(8) In accordance with the provisions of articles L. 225-209 et seq. of the French Code of Commerce and 241-1 à 241-6 of the general regulations of Autorité des Marchés Financiers
(9) In accordance with the provisions of articles L. 225-129 et seq. and L. 225-138 of the French Code of Commerce and L. 3332-1 et seq. of the French Labor Code.
(10) In accordance with the provisions of articles L. 225-177 et seq. of the French Code of Commerce.
*(11) For more details regarding stock-options grants, see **chapter 3, section 3.4 of the Registration Document**.*
(12) In accordance with the provisions of articles L. 225-197-1 et seq. of the French Code of Commerce.
*(13) For more details regarding allotments of conditional free shares, see **chapter 3, section 3.5 of the Registration Document**.*
(14) In accordance with the provisions of articles L. 225-129 et seq, L. 225-138 and L. 228-91 et seq. of the French Code of Commerce.

It will be proposed to the Shareholders' General Meeting of April 25, 2013 to renew the financial authorizations that will expire during the year 2013. In order to take into account the best market practices, the global nominal amount of the share capital increases that may be made with preemptive right would be reduced to €75 million (i.e. approx. 50% of the Company's share capital as of December 31, 2012), and that the global nominal amount of the share capital increases that may be made without preemptive right would be decreased to €30 million (i.e. approx. 20% of the Company's share capital as of December 31, 2012). For more details, see *chapter 8, paragraph 8.1.5 and section 8.4 of the Registration Document)*.

Summary of the financial authorizations and delegations of authority for which the renewal will be proposed to the Shareholders' General Meeting of April 25, 2013

Type of authorizations	Expiry and duration of the authorization	Maximum nominal authorized amount
Issue of shares and debt securities		
Issue of shares or debt securities giving access to the share capital with preemptive subscription right(1) (Shareholders' General Meeting of April 25, 2013, 13th resolution)	June 24, 2015 (26 months)	Capital: €75 M (i.e. approx. 50% of capital) Debt securities: €1 billion
Issue of shares or debt securities giving access to the share capital without preemptive subscription right, and, as the case maybe, a priority period granted by the Board of Directors(2) (Shareholders' General Meeting of April 25, 2013, 14th resolution)	June 24, 2015 (26 months)	Capital: €30 M (i.e. approx. 20% of capital) Debt securities: €1 billion
Issue of shares or securities giving access to the share capital, by private investments with cancellation of preemptive subscription right in favor of qualified investors or a limited circle of investors(3) (Shareholders' General Meeting of April 25, 2013, 15th resolution)	June 24, 2015 (26 months)	15% of the capital on the issue day, the issued amount being charged to the ceiling of the 14th resolution
Authorization to increase the number of shares in case of excess demand of shares to be issued with or without preemptive subscription right(4) (Shareholders' General Meeting of April 25, 2013, 16th resolution)	June 24, 2015 (26 months)	15% of the initial issue, the issued amount being charged to the ceiling of the 14th resolution
Authorization to set the issue price of shares or securities giving access to the share capital in the event of cancellation of preemptive subscription right(5) (Shareholders' General Meeting of April 25, 2013, 17th resolution)	June 24, 2015 (26 months)	10% of the capital per year
Issue of shares or securities giving access to the share capital in compensation for contributions in kind made of shares or securities giving access to the share capital(6) (Shareholders' General Meeting of April 25, 2013, 18th resolution)	June 24, 2015 (26 months)	10% of the capital per year, the issued amount being charged to the ceiling of the 14th resolution
Increase of share capital by capitalization of reserves, earnings and issue or share premiums(7) (Shareholders' General Meeting of April 25, 2013, 19th resolution)	June 24, 2015 (26 months)	€75 M, the issued amount being charged to the ceiling of the 13th resolution
Issue of securities giving entitlement to an allotment of debt instruments(8) (Shareholders' General Meeting of April 25, 2013, 20th resolution)	June 24, 2015 (26 months)	
Global ceilings of the share capital increases with preemptive subscription right (Shareholders' General Meeting of April 25, 2013, 21st resolution)		Capital: €75 M (i.e. approx. 50% of capital)
Share buyback and cancellation of shares		
Purchase by the Company of its own shares(9) (Shareholders' General Meeting of April 25, 2013, 12th resolution)	October 24, 2014 (18 months)	10% of the existing shares as of January 1, 2013 i.e. 7,536,854 shares
Share capital decrease by cancellation of treasury shares (Shareholders' General Meeting of April 25, 2013, 24th resolution)	June 24, 2015 (26 months)	10% of the capital per 24-month period
Authorizations in favor of employees and corporate officers with cancellation of preemptive right		
Issue of shares or securities giving access to the share capital reserved for Group employees that joined a company or Group savings plan(10) (Shareholders' General Meeting of April 25, 2013, 22nd resolution)	June 24, 2015 (26 months)	€1,6 M
Issue of share subscription and/or acquisition warrants to employees and corporate officers, or certain categories of them(11) (Shareholders' General Meeting of April 25, 2013, 23rd resolution)	October 24, 2014 (18 months)	Common ceiling: 5% of the share capital on the day of the Board's decision to grant share subscription and/or acquisition options or free shares or to issue share subscription and/or acquisition as per the authorizations granted by the sharegholders' General Meeting of April 28, 2011

(1) In accordance with the provisions of articles L. 225-129 et seq. and L. 228-91 et seq. of the French Code of Commerce.
(2) In accordance with the provisions of articles L. 225-129 et seq., L. 225-135 et seq., L. 225-136 and L. 228-91 et seq. of the French Code of Commerce.
(3) In accordance with the provisions of articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 et seq. of the French Code of Commerce and L. 411-2 of the French Monetary and Financial Code.
(4) In accordance with the provisions of article L. 225-135 of the French Code of Commerce.
(5) In accordance with the provisions of articles L. 225-129-2 and L. 225-136, 1° aL. 2 of the French Code of Commerce.
(6) In accordance with the provisions of articles L. 225-147 and L. 228-91 et seq. of the French Code of Commerce.
(7) In accordance with the provisions of articles L. 225-129-2, L. 225-129-6 and L. 228-91 et seq. of the French Code of Commerce.
(8) In accordance with the provisions of articles L. 225-129 et seq. and L. 225-130 of the French Code of Commerce.
(9) In accordance with the provisions of articles L. 225-209 et seq. of the French Code of Commerce and 241-1 à 241-6 of the general regulations of Autorité des Marchés Financiers.
(10) In accordance with the provisions of articles L. 225-129 et seq. and L. 225-138 of the French Code of Commerce and L. 3332-1 et seq. of the French Labor Code.
(11) In accordance with the provisions of articles L. 225-129 et seq, L. 225-138 and L. 228-91 et seq. of the French Code of Commerce.

OTHER SECURITIES

As the decision to issue ordinary bonds is within the competence of the Board of Directors in accordance with article L. 228-40 of the French Code of Commerce, the Board of Directors delegated on April 26, 2012 full powers to the Chairman and Chief Executive Officer for the purposes of carrying out such issues and deciding their conditions, within the period of one year and the initial limit of a maximum annual nominal amount of €1.5 billion and a maximum nominal amount per operation of €350 million. This authorization was not used in financial 2012.

Moreover, the Shareholders' General Meeting of April 28, 2011 authorized the Board of Directors to issue, in accordance with the provisions of article L. 228-91 of the French Code of Commerce, in one or more times, any securities giving entitlement to an allotment of debt instruments of the Company (compound securities comprising a primary security and a secondary security) within the global limit of €1 billion, it being specified that the nominal amount of the securities that may be issued pursuant to this authorization shall be charged to the maximum global nominal amount of the debt securities that may be issued pursuant to the authorizations and delegations of authorities granted to the Board of Directors and mentioned above.

This delegation, which was not used in the 2012 financial year, will expire on June 27, 2013. Its renewal under similar conditions will be proposed to the Shareholders' General Meetingof April 25, 2013 *(see chapter 8, paragraph 8.1.5 and section 8.4 of the Registration Document)*.

7.2.4 SHARE BUYBACK PROGRAMS

LEGAL FRAMEWORK OF SHARE BUYBACK PROGRAMS IMPLEMENTED IN 2012

The Ordinary and Extraordinary Shareholders' General Meeting of April 26, 2012 renewed in favor of the Board of Directors and for a period of 18 months, i.e. until October 25, 2013, the authorization previously granted by the Ordinary and Extraordinary Shareholders' General Meeting held on April 28, 2011 for the Company to buy back its own shares, in accordance with articles L. 225-209 et seq. of the French Code of Commerce, within the limit of 10% of the shares existing and outstanding as of January 1, 2012, i.e. 7,514,251 and within the limit of a global investment amount of €601.1M. This Shareholders' General Meeting also decided that the number of shares likely to be held, directly or indirectly, at any moment, shall not exceed 10% of the shares making up the share capital. Last, the maximum acquisition price was set at €80 per share.

This authorization is intended to enable the Company to make purchases of its own shares:

- with a view to the subsequent cancellation of the shares acquired by reducing the Company's capital, in particular in order to offset the dilutive impact on shareholders that is likely to result from the grant of stock options and/or free shares;
- in order to ensure the liquidity of the market through an investment services firm acting in the name and on behalf of the Company, under a liquidity contract in accordance with a code of conduct recognized by AMF;
- with respect to employees' participation in shareholding plans set up by the Company or for the purposes of delivery to certain employees and corporate officers of the Group of the shares resulting from the exercise of stock purchase options or free shares allotment; and
- for the delivery or exchange of shares, in particular with respect to issue of shares or securities giving access immediately or in the future to capital, or within the frame of external growth operations.

The acquisition, sale, transfer or exchange of the shares may be carried out, in compliance with the regulations in force, on the market or by mutual agreement and by any means, including the transfer of blocks and the use or exercise of any financial instrument or derivative.

In accordance with articles L. 225-209 al. 3 of the French Code of Commerce, the Board of Directors delegated to the Chairman and Chief Executive Officer on April 26, 2012 all powers for the purposes of purchasing the Company's shares, in the conditions and within the limits set by the Shareholders' General Meeting.

OPERATIONS CARRIED OUT IN 2012*

In accordance with article L. 225-211 of the French Code of Commerce, the following operations were carried out with respect to the Company's share buyback programs in force in 2012.

It is reminded that the share purchases made under share buyback programs implemented by the Company are carried out directly and exclusively on the market by the latter.

Transactions completed from January 1 until April 26, 2012 within the frame of the previous share buyback program

No transaction was carried out by the Company on its own shares between January 1, 2012 and April 26, 2012.

Transactions completed between April 26, 2012 and December 31, 2012 within the frame of the current share buyback program

Under the new share buyback program approved by the Ordinary and Extraordinary Shareholders' General Meeting of April 26, 2012, 161,000 shares were acquired directly by the Company on the market at an average price of €43.85. 123,376 shares were allocated for the purpose of future grant of conditional free shares to certain employees and corporate officers of the Group, the balance of 37,624 being allocated for the purpose of subsequent cancellation.

* *All prices and amounts are given excluding fees and commissions.*

Number of treasury shares held as of December 31, 2012

Taking into account:

- the remaining number of treasury shares as on January 1, 2012, i.e. 57,442,
- the number of shares acquired directly on the market in 2012, i.e. 161,000,
- and the grant in 2012 of 58,879 shares to the beneficiaries of August 2009 conditional Free Share Plan (for more details, *see chapter 3, paragraph 3.5.1 of the Registration Document*),

159,563 shares with a par value of €2 and acquired on the market at an average price of €43,89 were self-held by the Company at the end of the year, representing 0.21% of share capital as on December 31, 2012.

It is stipulated that:

- all transactions made out in 2012 by the Company with respect to its share buyback programs were made on a spot basis without any open purchasing or selling position being taken;
- the Company does not use derivatives with respect to its share buyback programs;
- the bank fees relating to the buyback transactions made directly on the market by the Company in 2012 amounted to €7,060. The French tax on financial transactions ("TTF") amounted to €10,924.

RENEWAL OF THE SHARE BUYBACK PROGRAM

As the authorization granted by the Shareholders' General Meeting of April 26, 2012 expires on October 25, 2013, its renewal in favor of the Board of Directors, on a similar basis, will be proposed at the General Meeting of April 25, 2013, for a further period of 18 months, i.e. until October 24, 2014 *(see chapter 8, paragraph 8.1.4 and section 8.4 of the Registration Document*).

The description of this new program, drawn up in accordance with the provisions of articles 241-1 to 242-6 of AMF's General Regulations, will be available on the Company's website (*www.imerys.com* – News & Media Center section – Regulated Information) and sent to the AMF. A copy of this description can also be obtained on request from the Company's head office.

7.2.5 EMPLOYEE SHAREHOLDING

As of December 31, 2012, 0.24% of the share capital and 0.36% of the voting rights in the Company were held, either directly or through the Imerys Actions mutual fund, by Group employees under the Group Savings Plan *(see chapter 5, section 5.6 of the Registration Document)*.

7.3 SHAREHOLDING

7.3.1 DISTRIBUTION OF SHARE CAPITAL AND VOTING RIGHTS OVER THE PAST THREE YEARS

Changes in the share capital and voting rights structure over the past three years are as follows:

	As of 12/31/2010				As of 12/31/2011				As of 12/31/2012			
	Number of shares held	**% of share capital**	**Voting rights attached**(1)	**% of voting rights**(2)	**Number of shares held**	**% of share capital**	**Voting rights attached**(1)	**% of voting rights**(2)	**Number of shares held**	**% of share capital**	**Voting rights attached**(1)	**% of voting rights**(2)
Pargesa Netherlands BV(3)	19,348,412	25.64	36,544,874	32.52	-	-	-	-	-	-	-	-
Belgian Securities BV	23,201,353	30.74	42,378,539	37.71	42,851,473	57.03	65,966,184	66.78	42,851,473	56.86	66,052,826	66.21
Sub-total	*42,549,765*	*56.38*	*78,923,413*	*70.23*	-	-	-	-	-	-	-	-
M&G Investment Management Ltd.(4)	4,890,722	6.48	4,890,722	4.35	5,217,507	6.94	5,217,507	5.28	5,146,041	6.83	5,146,041	5.16
Group employees(5)	210,215	0.28	402,611	0.36	197,924	0.26	395,258	0.40	181,577	0.24	363,154	0.36
Self-held shares	136,373	0.18	136,373(6)	0.12(6)	57,442	0.18	57,442(6)	0.06(6)	159,563	0.21	159,563(6)	28.11(6)
Public	27,687,080	36.68	28,018,900	24.94	26,818,170	35.69	27,147,227	27.48	27,029,892	35.86	28,047,289	28.11
Total	**75,474,155**	**100.00**	**112,234,846**	**100.00**	**75,142,516**	**100.00**	**98,783,618**	**100.00**	**75,368,546**	**100.00**	**99,768,873**	**100.00**

(1) According to article 22 of the by-laws, nominal shares registered for at least two years carry a double voting right.

(2) The percentages are calculated on the basis of the theoretical voting rights existing as of December 31 of each year.

(3) It is reminded that Pargesa Netherlands BV sold all its shares in Imerys to Belgian Securities BV on April 8, 2011 (for more details, ***see paragraph 7.3.5 of this chapter****).*

(4) M&G Investment Management Limited is part of the Prudential Plc group (United Kingdom).

(5) In accordance with the provisions of article L. 225-102 of the French Code of Commerce, only shares held by Group employees under the Groups Savings Plan appear in this table.

(6) These are theoretical voting rights, as treasury shares do not benefit from voting rights at the Shareholders' general meetings.

As of December 31, 2012, the members of the Board of Directors and the Chairman and Chief Executive Officer together held, on a personal basis, 0.23% of the Company's share capital and 0.25% of its voting rights *(for more details, see chapter 3, paragraph 3.1.2 of the Registration Document)*.

7.3.2 CROSSING OF THRESHOLDS

- On January 10, 2012, following a decrease in the number of voting rights in Imerys, Belgian Securities BV declared to AMF that it had exceeded on January 5, 2012 the thresholds of two third of the voting rights in the Company, and at that date, held 42,851,473 Imerys shares representing 65,966,184 voting rights, i.e. 57.03% of the share capital and 66.78% of the voting rights of Imerys (AMF Decision and Notice 212C0060 of January 10, 2012).
- On May 7, 2012, following an increase in the number of voting rights in Imerys, Belgian Securities BV declared to AMF that it had crossed down on May 4, 2012 the thresholds of two third of the voting rights in the Company, and at that date, held 42,851,473 Imerys shares representing 65,966,184 voting rights, i.e. 56.97% of the share capital and 66.21% of the voting rights of Imerys (AMF Decision and Notice 212C0060 of May 7, 2012).

No other threshold crossing was brought to the attention of the Company during the 2012 financial year and up to the date of the Registration Document.

To the best of Imerys' knowledge, no shareholder other than those mentioned *in paragraph 7.3.1 above* directly or indirectly holds more than 5% of the share capital and the voting rights of the Company.

7.3.3 CONTROL OF THE COMPANY AND SHAREHOLDERS' AGREEMENT

Because of the number of voting rights held by Belgian Securities BV which is directly controlled by Groupe Bruxelles Lambert and indirectly by Pargesa Holding SA (for more details, see *the organizational chart below*), the Pargesa-GBL concert has controlling rights over the Company. Nevertheless, the Company judges that there is no risk of such control being exercised abusively. Actually, the Company and its Board of Directors have always been extremely attentive to the respect of all shareholders' interests and have always striven to comply with the best Governance rules and practices in this field, as shown, in particular, by the number of independent members of the Board of Directors and its Audit Committee and Appointment and Compensation Committee (for more information on the composition of the Board of Directors and its Committees, *see chapter 3, paragraph 3.1.2 of the Registration Document*).

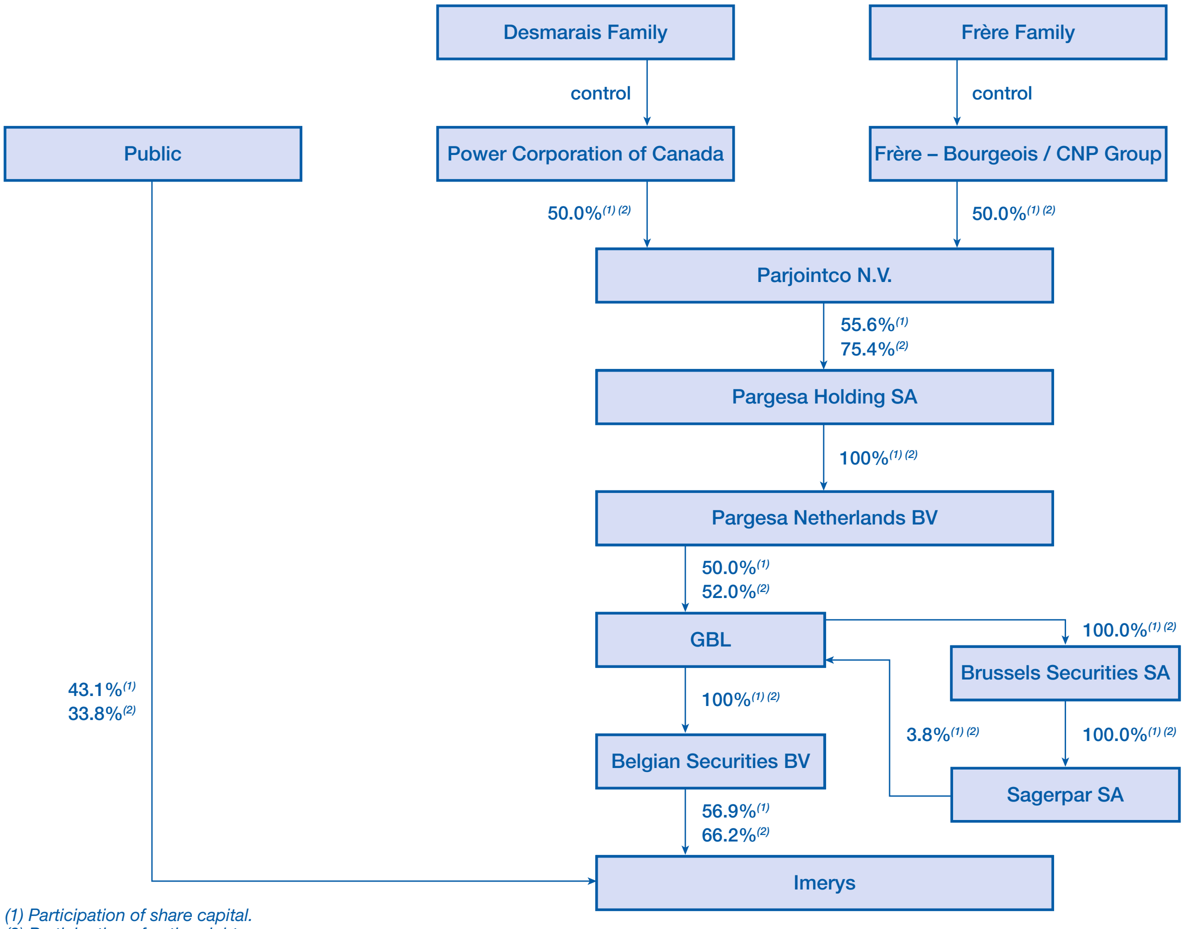
As of the date of this Registration Document, the Company has not been informed of any agreement between the Company's shareholders, nor of any agreement that, if implemented, could lead to a change of control.

7.3.4 IDENTIFICATION OF BEARER SHAREHOLDERS

In 2012, Imerys asked Euroclear France to conduct a survey of identifiable bearer shares in the Company among financial intermediaries with holding thresholds over 30,000 shares. Except for the controlling shareholder (Belgian Securities BV), this survey identified 3,986 bearer shareholders with over 200 shares that together represented 39.4% of share capital as of April 15, 2012 (of which 285 institutional investors holding 38.7% of share capital).

7.3.5 GROUP SHAREHOLDING STRUCTURE

The organizational chart showing the relationships between Imerys shareholders as regards share capital and voting rights as of December 31, 2012 may be presented as follows:



(1) Participation of share capital.
(2) Participation of voting rights.

Pargesa Holding SA is a company organized under the laws of Switzerland whose registered office is located at 11 Grand-rue, CH 1204 Geneva (Switzerland). Pargesa Netherlands BV is a company organized under the laws of the Netherlands, whose registered office is located at Herengracht 483, 1017 BT Amsterdam (Netherlands). Groupe Bruxelles Lambert (GBL) is a company organized under the laws of Belgium, whose registered office is located at Avenue Marnix 24, 1000 Brussels (Belgium). Belgian Securities BV is a company organized under the laws of the Netherlands, whose registered office is located at Herengracht 555, 1017 BW Amsterdam (Netherlands).

The direct tie-up of Imerys to the Pargesa-GBL group results from the merger of Parfinance with the Company, completed on June 30, 1998. Parfinance was then, and had already been for several years, the Company's controlling shareholder.

Parjointco is a company organized under the laws of the Netherlands, whose registered office is located at Veerkade 5, 3016 DE-Rotterdam, Netherlands. It is held 50% equally, and jointly controlled by both Power Group, a Canadian group controlled by the family of Mr. Paul Desmarais and by Groupe Frère/CNP (Compagnie Nationale à Portefeuille), a Belgian group controlled by the family of Baron Albert Frère.

Following the merger of Parfinance with the Company, the Pargesa-GBL group, then the majority shareholder of Parfinance, declared on July 6, 1998 that, with respect to the concerted action linking them, it exceeded the thresholds of one-third and one-half of share capital and voting rights in the Company. The "Conseil des Marchés Financiers" (CMF) acknowledged that these thresholds were exceeded as a result of the Company's merger with Parfinance and granted the Pargesa-GBL concert a dispensation from the obligation to file a take-over bid plan, pursuant to the provisions of article 5-4-6 of its General Rules (notice 198C0696 of July 23, 1998).

On December 20, 2006, the Pargesa-GBL group notified the AMF that, following the allocation of double voting rights to the Imerys shares held by Belgian Securities BV resulting from their holding in a registered account for more than two years on December 15, 2006, the Pargesa-GBL group had exceeded the two-third threshold of voting rights in the Company and Belgian Securities BV had directly exceeded the one-third threshold of voting rights (AMF Decision and Notice 207C0012). On January 9, 2007, the AMF, at the request of Belgian Securities BV and based on article 234-9 6° of its general regulations, granted the latter company an exemption from the obligation to file a take-over bid plan for the Company, as provided by article 234-2 of said regulations (AMF Decision and Notice 207C0065).

On January 27, 2010, further to a sale of Imerys shares on the market, Pargesa Netherlands BV individually crossed below the one-third threshold of voting rights in the Company, the number of shares being held by the latter at that date amounting to 19,368,012 i.e. 25.68% of the share capital and 33.28% of the voting rights (AMF decision and notice no 210C0475).

On March 21, 2011, the Pargesa-GBL group notified to the AMF its intention to reclassify Imerys shares, at the end of which Belgian Securities BV would acquire all of the Imerys shares held by Pargesa Netherlands BV. This reclassification gave rise to a direct crossing by Belgian Securities BV and an indirect one by Groupe Bruxelles Lambert (holding 100% of Belgian Securities BV) of the one-third threshold of the Company's share capital and the increase by more than 2% of their direct and indirect stake in less than a twelve-month period, Belgian Securities BV and Groupe Bruxelles Lambert requested an exemption from the AMF from the obligation to file a take-over bid plan for the Company's shares. Such exemption being granted on March 29, 2011 (AMF Decision and Notice no 211C0389 of March 31, 2011), the share transfer occured on April 8, 2011. This transaction, with no impact on the ultimate control of the Company, has resulted in the loss of double voting rights attached to Pargesa Netherlands BV's stake and has similarly reduced the total number of voting rights of the Company.

7.4 ELEMENTS WHICH COULD HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

Pursuant to article L. 225-100-3 of the French Code of Commerce, elements which could have an impact in the event of a takeover bid for the securities of the Company are as follows, it being specified that no specific mechanism has been set up by the Company:

Structure of the share capital - direct or indirect investments in the share capital - Shareholders' agreements

Information regarding the shareholding of the Company (structure of the share capital, thresholds crossings and control of the Company) appear in *section 7.3 of this chapter*.

Restrictions to the exercise of voting rights and to the transfer of shares or agreements known by the Company

None.

Holders of securities granting specific rights of control

The Company's By-laws provide for that shares registered in the name of the same shareholder for at least two years carry a double voting right *(see section 7.1 of this chapter)*.

Mechanisms of control existing in employee shareholding scheme

None.

Specific rules governing the appointment or replacement of Directors and the modification of the Company's by-laws

None.

Powers of the Board of Directors regarding the issue or buyback of shares

The terms and conditions for the buyback of the Company's shares are set out in *paragraphs 7.2.3 and 7.2.4 of this chapter*.

Agreements that may be amended or terminated in the event of a change of control of the Company

Some of the main financing agreements of the Company *(see note 25.5 to the consolidated financial statements)* contain a clause which provides for their early reimbursement, under certain conditions and on the Company's initiative, in the event of a change of control.

Joint venture agreements concluded by the Company's subsidiaries generally provide for an exit clause in the event of a change of control of the said subsidiaries.

Agreements providing indemnities to be paid to members of the Board of Directors or employees if they resign or are dismissed without genuine and serious cause or if their employment ends because of a takeover bid

Terms and conditions of the indemnity that may be owed to the Chairman and Chief Executive Officer in case of end of his duties are detailed in *chapter 3, paragraph 3.3.2 of the Registration Document*.

7.5 IMERYS STOCK EXCHANGE INFORMATION

Imerys shares are listed on Euronext Paris and are eligible for the deferred settlement system ("Système à Règlement Différé" - SRD) (ISIN FR code 0000120859-Mnemo NK). Imerys is part of the index CAC MD (mid 60) within SBF 120 which represents the 120 biggest stocks listed on Euronext Paris (in terms of float and capital flow), as well as of the index CAC Basic Materials. The Imerys shares are also part of the"Dow Jones Euro Stoxx", the benchmark index for the euro area, comprising 297 shares selected from the 12 member countries in this area. Within indexes SBF 120 and Dow Jones Euro Stoxx 600, Imerys shares have been listed, since November 2, 2009, under the general mining sector ("1775 General Mining Activities" according to ICB classification). They were previously listed under the ICB classification 2353 – "Building Materials and Fixtures".

The Group remains attentive to the ratings of non-financial analysis agencies, particularly Eiris, Ethifinance, MSCI, Vigéo and Oekom. Imerys shares are also included in the "FTSE4Good" and "ASPI Eurozone®[1] " indexes that identify companies that meet globally recognized standards in the field of Sustainable Development and corporate social responsability (respect for human rights and the environment, development of relationships with shareholders). Imerys also features in Ethibel's "Excellence" investment register.

No securities in any Imerys subsidiary are listed on a stock exchange.

7.5.1 HIGHEST AND LOWEST MARKET PRICES FROM 2008 TO 2012[1]

Year	Highest Market price[2] (€)	Lowest Market price[2] (€)	Final market closing price of the year
2008	55.36	23.44	30.14
2009	44.35	21.58	42.01
2010	51.00	36.75	49.89
2011	55.00	31.87	35.59
2012	48.70	35.09	48.19

(1) Prices given for 2008 have been restated in line with the adjustment arising from the share capital increase of June 2, 2009.

(2) Market prices observed during trading.

(Source: Bloomberg)

(1) Advanced Sustainable Performance Indices – Index managed by the rating agency Vigeo.

7.5.2 TRADES SINCE JANUARY 2011

	Highest price* (€)	Lowest price* (€)	Total monthly trading volume		Average daily trading		
			Number of shares	Capital (€M)	Number of shares	Capital (€M)	Number of trades
2011							
January	52.65	47.61	1,446,035	73.05	68,859	3.48	1,052
February	52.60	47.92	1,344,911	67.83	67,246	3.39	1,077
March	52.48	44.80	2,098,387	103.88	91,234	4.52	1,337
April	55.00	51.40	1,766,699	93.94	92,984	4.94	1,237
May	52.86	48.65	8,306,128	420.45	377,551	19.11	1,246
June	51.19	45.82	2,094,555	100.84	95,207	4.58	1,094
July	50.49	44.66	2,018,933	95.83	96,140	4.56	1,179
August	50.82	38.97	2,967,749	129.19	129,033	5.62	1,530
September	46.77	36.36	2,911,134	121.31	132,324	5.51	1,654
October	43.65	35.85	2,144,062	84.94	102,098	4.04	1,287
November	43.33	32.61	2,260,670	84.06	102,758	3.82	1,336
December	37.51	31.88	1,780,128	61.40	84,768	2.92	1,026
Total 2011			**31,139,391**	**1,436.72**			
2012							
January	44.33	35.09	2,256,074	90.84	102,549	4.13	1,281
February	46.39	41.91	1,937,243	85.41	92,250	4.07	1,204
March	47.50	43.43	2,213,823	101.26	100,628	4.60	1,968
April	46.92	39.29	2,732,328	117.26	143,807	6.17	2,455
May	43.67	36.99	2,941,874	115.44	133,722	5.25	1,986
June	40.40	37.18	1,546,285	60.03	73,633	2.86	1,002
July	41.13	36.37	1,475,813	57.39	67,082	2.61	995
August	42.33	38.32	1,351,045	54.25	58,741	2.36	767
September	45.79	38.54	1,597,632	69.26	79,882	3.46	1,022
October	48.41	43.00	1,535,992	70.60	66,782	3.07	868
November	45.90	43.25	988,624	44.02	44,937	2.00	617
December	48.70	44.56	832,439	39.21	43,813	2.06	585
Total 2012			**21,409,172**	**904.92**			

* *Market prices observed during trading.*

(Source: Bloomberg and Euronext)

7.6 DIVIDENDS

Imerys' policy with regard to distribution of dividends is based on the net income form current operations recorded for the considered financial year. It is precised that the historical payout ratio of Imerys is approximately 37% of such income.

In accordance with the provisions of article 243 bis of the French General Tax Code, it is reminded that the dividends distributed with respect to the last three financials were as follows:

	2011	2010	2009
Net income per share	€4.03	€3.19	€1.66
Net dividend per share	€1.50	€1.20	€1.00
Gross dividend per share	€1.50	€1.20	€1.00
Number of shares entitled to dividend	75,175,846	75,497,951	75,505,458
Total net distribution	**€112.8 M**	**€90.6 M**	**€75.5 M**

Imerys does not usually make interim distributions. Dividends are paid once a year following the Shareholders' General Meeting called upon to approve the management and financial statements for the financial year just ended.

The right to claim dividends lapses five years from the date of payment. Unclaimed amounts are deposited with the French State in the first 20 days of January of the year following the expiry of the limitation period.

7.7 SHAREHOLDER RELATIONS

Imerys pays special attention to its shareholders by keeping them up to date on its activities, strategy, capital expenditure, results and prospects. This goal is reflected in the various communication vehicles that involve shareholders in the Group's life:

- a website *www.imerys.com*, overhauled in 2012, for news of the Group's activities and share prices, with a specific section dedicated to individual shareholders and which give them access to the "Individual Shareholder's Guide";
- a Letter to Shareholders published three or four times a year, presenting the Group's news, results and outlook;
- an annual business report;
- a Registration Document including the Annual Financial Report, plus a first-half financial report;
- a Sustainable Development Report published every two years;
- a dedicated phone line and e-mail address.

All these documents are published in English and French and are sent to every registered shareholder and to the bearer shareholders who wish to receive them regularly.

The financial community and individual shareholders are also informed on the Company's business through financial announcements published in the press (paper and web format) each time results are published and when annual Shareholders' General Meetings are convened.

Imerys, through the intermediary of CACEIS Corporate Trust which is in charge of its registry services, provides shareholders who opt to register their shares in their own name(1) with an online service for consulting their securities account through the secure Internet site *www.nomi.olisnet.com*. This site gives shareholders access to the value of their securities account. their latest security transactions and their availability. their voting rights as well as the prices and characteristics of the securities in their portfolio. It also contains all documentation concerning the Company's annual Shareholders' General Meetings and allows them to vote on line.

Imerys keeps up ongoing, open and transparent relations with the entire financial, institutional and socially responsible community through individual meetings, sector conferences and conference calls. More than 350 meetings organized throughout 2012 enabled Executive Management and the Investor Relations team to dialog with financial analysts, institutional investors and international fund

(1) Shares registered in the holder's name are kept on Imerys' books and administrated by CACEIS Corporate Trust. This identification makes direct, personalized contact possible.

managers in United States, France and United Kingdom but also in Austria, Germany, Canada, Italy and The Netherlands. In 2012, Imerys also organized its first Investors' Day, when it unveiled its 2012-2016 Development Strategy, focusing on growth businesses and regions. Slide decks from the Investors' Day are available on the Group's website, *www.imerys.com*.

Financial Communication is part of the Group Finance Function:

- Telephone: + 33 (0) 1 49 55 66 55
- Fax: + 33 (0) 1 49 55 63 98
- e-mail: actionnaires@imerys.com

Registry services for Imerys shares are provided by the following bank:

CACEIS Corporate Trust
14. rue Rouget de Lisle
92862 Issy les Moulineaux Cedex 9
France

- Telephone: + 33 (0) 1 57 78 34 44
- Fax: + 33 (0) 1 49 08 05 80
- e-mail: ct-contact@caceis.com

CACEIS Corporate Trust is more specifically at the service of registered shareholders for the management of their Imerys shares.

7.8 PARENT COMPANY/SUBSIDIARIES ORGANIZATION

As of December 31, 2012, the Group was made up of 314 companies in 51 countries *(the main consolidated entities of the Group are listed in note 27 to the consolidated financial statements)*. The Group operational structure is based on four business groups which are detailed *in chapter 1, paragraph 1.2.3 of the Registration Document*.

Imerys is the Group's holding company. In that respect it does not directly carry out any industrial or commercial activity. The Company's assets are mainly comprised of the investments it directly holds in some Group subsidiaries. For more information about the subsidiaries held directly by the Company, see the Company financial statements *in note 35 to the statutory financial statements*.

Imerys as well as some of its local holding companies (Belgium, Brazil, China, Singapore, United Kingdom and United States) provide all its subsidiaries with general assistance and expertise in particular in the following areas: Purchasing; Insurance; Audit; Communication; Accounting & Financial Control; Environment. Health & Safety; Tax; Information Technology; Innovation; Legal; Intellectual Property; Research & Development; Human Resources; Strategy; Treasury.

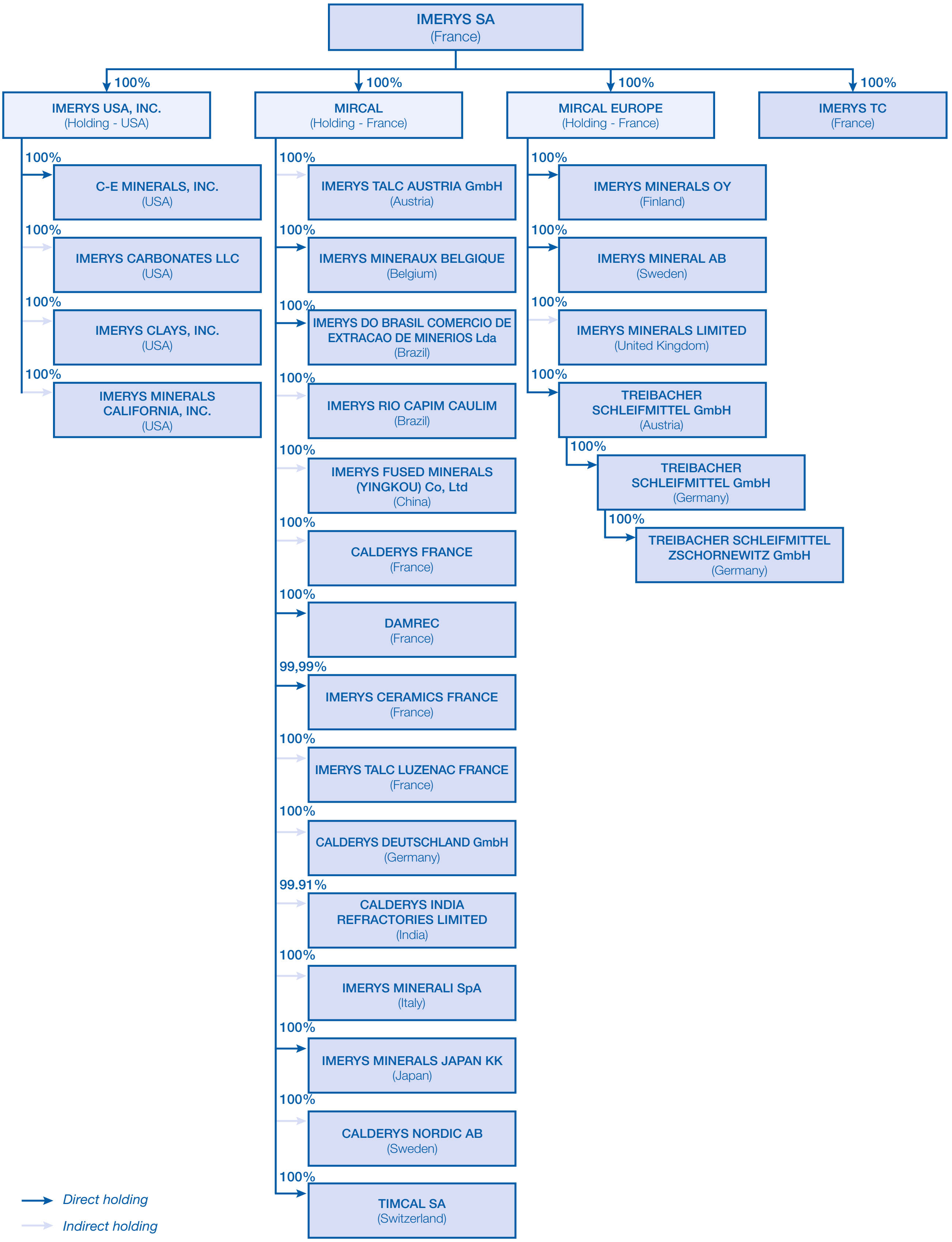
These services include, notably: assistance and advice in response to case-by-case requests from its subsidiaries, as well as more general studies and analyses or even recommendations or proposed actions as preventive measures.

Compensation for these services is determined on the basis of the related costs incurred by Imerys and its local holding companies. These costs are allocated among the subsidiaries that benefit from the services. either in proportion to their sales compared to the total sales of the division they belong to or in proportion to the number of their employees. In addition, external costs incurred specifically on behalf of a subsidiary and the costs of employees seconded to a subsidiary are allocated separately to that subsidiary.

The Company invoiced a net total amount of €23.75 million in 2012 for services provided to its subsidiaries.

Imerys is also the parent company of the tax consolidation group for the Group's French companies whose the share capital is more than 95% held by Imerys *(see note 8 to the statutory financial statements)*.

The simplified organizational chart presented below shows the main operating entities of the Group whose turnover exceeded €50.0 million as of December 31. 2012.



ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF APRIL 25, 2013

8

8.1 PRESENTATION OF THE RESOLUTIONS BY THE BOARD OF DIRECTORS

The resolutions that the Board of Directors drew up at its February 13, 2013 meeting and submit for your approval, fall within the scope of the Ordinary part of the Shareholders' General Meeting for resolutions 1 to 12, 19 and 25 and within the scope of the Extraordinary part of the Shareholders' General Meeting for resolutions 13 to 18 and 20 to 24.

8.1.1 FINANCIAL YEAR 2012 - ANNUAL FINANCIAL STATEMENTS AND ALLOCATION OF EARNINGS

(Three resolutions within the scope of the Ordinary Shareholders' General Meeting)

We first submit for your approval the Company's financial statements *(first resolution)* and the Group's consolidated financial statements *(second resolution)* for the 2012 financial year.

The presentation of these financial statements and the description of the financial situation, business and results of the Group and the Company for the financial year just ended, as well as the various items of information required by current legal and regulatory provisions, appear in *chapters 2 and 6 of the Registration Document*.

You are then called upon to decide on the allocation of the Company's 2012 earnings *(third resolution)*.

The Company's net income in 2012 totaled €60,415,360.23 to which we propose that retained earnings appearing in the balance sheet of €258,940,304.83 be added in order to give a total distributable amount of €319,355,665.06.

We propose that you allocate an amount of €116,821,246.30 for the payment of a dividend of €1.55 per share for the 75,368,546 shares comprising the share capital as of January 1, 2013 *(see chapter 7, paragraph 7.2.1 of the Registration Document)* and to allocate the balance to the "Retained earnings" account. It is specified that the total amount of dividend paid out would be adjusted according to the number of shares to be issued following the exercise of stock options as from January 1, 2013 and which would be entitled to the 2012 dividend as of the date of payment of that dividend. Consequently, the amount allocated to retained earnings would be determined on the basis of the total amount of the dividend actually paid. Finally, if the Company were to hold treasury shares on the date of payment of the dividend, the sums corresponding to the dividends that would be not paid out as a result would be allocated to retained earnings. The dividend would be paid as from May 13, 2013. In accordance with the provisions of article 243 bis of the French General Tax Code, you are reminded that the entire proposed dividend with respect to 2012 is eligible for the 40% tax credit provided for by article 158-3-2° of the French General Tax Code, which natural persons resident in France for tax purposes may benefit from.

We also remind you that the dividends paid out with respect to the previous three financial years were as follows:

Financial year ending:	12/31/2011	12/31/2010	12/31/2009
Net dividend per share	€1.50 (1)	€1.20 (1)	€1.00 (1)
Number of shares entitled to dividend	75,175,846	75,497,951	75,505,458

(1) Dividend eligible for the 40% tax credit.

With a net amount of €1.55 per share, the proposed dividend for this year represents a 3.3% increase compared with the dividend paid with respect to the previous financial year.

8.1.2 REGULATED AGREEMENTS AND COMMITMENTS

(One resolution within the scope of the Ordinary Shareholders' General Meeting)

Pursuant to the provisions of article L. 225-40 of the French Code of Commerce, we request that you consider the Statutory Auditors' special report relating to the regulated agreements and commitments governed by the provisions of articles L. 225-38 et seq. of the French Code of Commerce *(fourth resolution)* which is reproduced *in chapter 2, paragraph 2.2.3 of the Registration Document*.

It is reminded that the Ordinary and Extraordinary Shareholders' General Meeting of April 26, 2012 approved the following regulated agreements and commitments authorized by the Board of Directors at its meeting of February 15, 2012:

- the amendments made to the collective supplementary defined-benefit pension scheme in which Mr. Gilles Michel, Chairman and Chief Executive Officer, is a beneficiary,
- as well as the continuation of the commitments undertaken by the Company in favor of Mr. Gilles Michel regarding the severance indemnity that would be owed to him in the event that his corporate office is terminated at the Company's initiative or in the event of forced departure linked to a change of control or strategy of the Company.

No new regulated agreement or commitment governed by the provisions of articles L. 225-38 et seq. of the French Code of Commerce was concluded during the 2012 financial year.

Regulated agreements and commitments authorized and concluded in 2012 or during previous financial years and which continued in 2012 are detailed in the Statutory Auditors' special report.

8.1.3 COMPOSITION OF THE BOARD OF DIRECTORS

(Seven resolutions within the scope of the Ordinary Shareholders' General Meeting)

A second set of resolutions concerns the composition of the Board of Directors. The terms of office of Mrs. Fatine Layt, Messrs. Ian Gallienne, Jean Monville, Robert Peugeot, Olivier Pirotte, Amaury de Seze and Pierre-Jean Sivignon will expire at the end of this Meeting.

In accordance with the recommendations of the Appointments and Compensation Committee, the Board of Directors decided at its meeting of February 13, 2013 to propose that you:

- renew the terms of office of Mrs. Fatine Layt, Messrs. Ian Gallienne, Robert Peugeot, Olivier Pirotte and Amaury de Seze for a further three years, i.e. until the close of the Shareholders' General Meeting that will be called in 2016 to rule on the management and financial statements for the 2015 financial year *(fifth to ninth resolutions)*;
- appoint Mrs. Marie-Françoise Walbaum for the duration of two years in accordance with the possibility given by the Articles of Association, i.e. until the Shareholders' General Meeting that will be called in 2015 to rule on the management and financial statements for the 2014 financial year *(eleventh resolution)*.

At the same meeting, the Board also acknowledged the wish of Mr. Jean Monville and Mr. Pierre-Jean Sivignon to not request the renewal of their offices as Director and decided not to propose any new candidates to replace them.

Finally, you are reminded that Mrs. Marion Guillou was appointed by the Board of Directors as new Director as from September 1, 2012 in succession to Mr. Maximilien de Limburg Stirum for the remaining duration of his term, i.e. until the Shareholders' General Meeting that will be called in 2014 to rule on the management and financial statements for the 2013 financial year. In accordance with the law, you are asked to ratify this appointment *(tenth resolution)*.

Professional information regarding Directors whose terms of office are proposed for renewal or ratification, is included in *chapter 3, paragraph 3.1.3 of the Registration Document.* Information concerning Mrs. Marie-Françoise Walbaum, who is candidate for election as a Director, is provided below.

Professional information concerning Mrs. Marie-Françoise Walbaum (born, March 18, 1950, French national):

Mrs. Marie-Françoise Walbaum has a sociology degree and a master's in economic science from Paris X University. She began her career in 1973 at BNP (Banque Nationale de Paris) and held various positions in retail banking and credit analysis until 1981. From 1981 to 1994, she was successively senior auditor at BNP's Inspectorate General, CEO for mutual funds and CEO of the brokerage Patrick Dubouzet S.A. In 1994, Marie-Françoise Walbaum became head of principal investments and private equity portfolio manager at BNP Paribas. Marie-Françoise Walbaum left BNP Paribas on September 30, 2012 following a career spanning 39 years.

In accordance with the principles used by the Company to determine the independent status of its Directors, and after examining their personal situation, the Appointments and Compensation Committee recognized the independant status of Mrs. Layt, Mrs. Guillou and Mrs. Walbaum as well as of Mr. Peugeot. However, independent status was not awarded to Messrs. Ian Gallienne, Olivier Pirotte and Amaury de Seze who represent the Company's controlling shareholders.

Following the Shareholders' General Meeting of April 25, 2013 and subject to its approval of the above proposals, the Board of Directors will be made up as follows:

Year of end of term of office	Name	Independent member
2014	Aimery LANGLOIS-MEURINNE	No
	Gérard BUFFIERE	No
	Aldo CARDOSO	Yes
	Marion GUILLOU	Yes
	Arielle MALARD de ROTHSCHILD	Yes
	Jacques VEYRAT	Yes
2015	Xavier Le CLEF	No
	Jocelyn LEFEBVRE	No
	Gilles MICHEL	No
	Marie-Françoise WALBAUM	Yes
2016	Ian GALLIENNE	No
	Fatine LAYT	Yes
	Robert PEUGEOT	Yes
	Olivier PIROTTE	No
	Amaury de SEZE	No

8.1.4 SHARE BUYBACK PROGRAM AND CANCELLATION OF TREASURY SHARES

(Two resolutions, one within the scope of the Ordinary Shareholders' General Meeting and the other of the Extraordinary Shareholders' General Meeting)

SHARE BUYBACK PROGRAM

The authorization to buy back the Company's shares on the market, given to the Board of Directors for a period of 18 months by the Ordinary and Extraordinary Shareholders' General Meeting of April 26, 2012 will expire on October 25, 2013; it is therefore proposed that you renew it now in accordance with the provisions of articles L. 225-209 et seq. of the French Code of Commerce and articles 241-1 to 241-6 of the General Regulations of AMF *(twelfth resolution)*. For further information about the Company's implementation of its share buyback programs in 2012, see *chapter 7, paragraph 7.2.4. of the Registration Document*.

The new authorization that is requested is intended to enable the Company to make purchases of its own shares:

- with a view to the subsequent cancellation of the shares acquired by reducing the Company's capital, in particular in order to offset the dilutive impact on shareholders that is likely to result from the granting of stock options and/or conditional free shares;
- in order to ensure the liquidity of the market through an investment services firm acting in the name and on behalf of the Company, under a liquidity contract in accordance with a code of conduct recognized by the AMF;
- with respect to employees' participation in shareholding plans set up by the Company or for the purposes of delivery to certain employees and corporate officers of the Group of the shares resulting from the exercise of stock purchase options or conditional free share allotments; and
- for the delivery or exchange of shares, in particular with respect to issue of shares or securities giving access immediately or in the future to capital, or as part of external growth operations.

The maximum number of shares that may be purchased under this new authorization shall not exceed 10% of the total number of shares issued and outstanding as of January 1, 2013, that is 7,536,854 shares. The number of shares that may be held, whether directly or indirectly and at any time whatsoever, shall not exceed 10% of the shares making up the capital. Finally, the maximum purchase price would be €70 per share, representing a maximum total investment of €527.6 million.

The description of this new program, drawn up in accordance with the provisions of articles 241-1 to 242-6 of AMF's General Regulations, will be available on the Company's website (*www.imerys.com* – News & Media Center - Regulated Information section) prior to the Shareholders' General Meeting of April 25, 2013. A copy of this description can also be obtained on request from the Company's head office.

CANCELLATION OF TREASURY SHARES

You are also requested to renew the authorization granted to the Board of Directors for the purposes of cancelling all or part of the treasury shares held by the Company under its share buyback programs, within the limit of 10% of its capital per 24-month period, by reducing its share capital accordingly and allocating the difference between the purchase value of the cancelled shares and their par value to available premiums and reserves *(twenty-fourth resolution)*.

8.1.5 FINANCIAL AUTHORIZATIONS

(Nine resolutions, one within the scope of the Ordinary Shareholders' General Meeting and the seven others of the Extraordinary Shareholders' General Meeting)

The Board of Directors has at its disposal a set of financial authorizations, last renewed by the Shareholders' General Meeting of April 28, 2011, allowing it to increase the net equity of the Company through the issue of shares or any securities that represent a debt or give access, immediately or in the future, to shares in the Company with or without preemptive subscription right, or by incorporation of reserves, premiums, income or other items (an overview of the financial authorizations and delegations in force is set out in *chapter 7, paragraph 7.2.3 of the Registration Document*).

Like in the past, these financial authorizations were designed to give the Board of Directors the greatest leeway and flexibility in choosing the issue arrangements that are most favorable and appropriate to the development of the Company and its Group and the most adapted to market fluctuations and the financial context.

None of these financial authorizations was used in 2012. As they will expire in June 2013, you are asked to renew them under the conditions described below (the overview of the financial authorizations of which the renewal is requested is set out in *chapter 7, paragraph 7.2.3 of the Registration Document*).

■ ISSUE OF COMMON SHARES OR SECURITIES GIVING ACCESS TO CAPITAL WITH OR WITHOUT PREEMPTIVE SUBSCRIPTION RIGHTS

Issues of common shares or other securities may, at the choice of the Board of Directors, be made with or without preemptive subscription right *(thirteenth and fourteenth resolution)*. In order to take into account the best market practices, the Board of Directors proposes that the global nominal amount of the share capital increases that may be made with preemptive right, currently set at €80 million, be reduced to €75 million (i.e. approx. 50% of the Company's share capital as of December 31, 2012), and that the global nominal amount of the share capital increases that may be made without preemptive right, currently set at €37 million, be decreased to €30 million (i.e. approx. 20% of the Company's share capital as of December 31, 2012). The cancellation of the preemptive subscription right would allow to call upon a greater number of investors, on both the French and international markets, and to make the issue process easier, particularly because of the shorter implementation period. The Board of Directors may, whatever the case, grant shareholders subscription priority for the period and according to the mechanism that it would decide in accordance with the applicable law. It is specified that the subscription price of the shares likely to be issued pursuant to this authorization shall be determined according to provisions of articles L. 225-136 1° and R. 225-119 of the French Code of Commerce; it shall thus be at least equal to the weighted average price of the Imerys share for the three trading sessions prior to the determination of that price, minus a maximum possible discount of 5%. Lastly, the fourteenth resolution provides that common shares may be issued in compensation for securities that may be contributed to the Company under a public exchange offer of securities complying with conditions set out in article L. 225-148 of the French Code of Commerce.

■ SHARE CAPITAL INCREASES UNDER AN OFFERING BY PRIVATE INVESTMENT

It is also proposed to renew the delegation granted to the Board of Directors to carry out capital increases through issuance of shares or securities giving access to the Company's share capital, by private investment *(fifteenth resolution)*. These share capital increases would be carried out with cancellation of preemptive subscription rights in favor of qualified investors or a limited circle of investors as defined in article L. 411-2 of the French Monetary and Financial Code. The Board of Directors proposes that the annual global ceiling of such capital increases be reduced to 15% of the share capital (against 20% previously, i.e. the maximum limit under current regulations). It is specified that the nominal amount of the securities to be issued pursuant to this delegation would be charged to the nominal amount of €30 million set for the share capital increases that may be carried out with cancellation of preemptive subscription rights. Lastly, the subscription price of the shares that may be issued pursuant to this delegation, shall be set in accordance with the provisions of article R. 225-119 of the French Code of Commerce: it shall thus be at least equal to the weighted average price of the three trading sessions preceding the determination of such a price, minus a maximum possible discount of 5%.

■ INCREASE IN THE NUMBER OF SHARES IN CASE OF EXCESS DEMAND

In accordance with the provisions of article L. 225-135-1 of the French Code of Commerce, the delegation set in the *sixteenth resolution* would allow the Board of Directors, in case of excess demand and for any issue decided under the thirteenth, fourteenth or fifteenth resolutions, to increase the number of shares to be issued in the conditions set forth by the law and within the limits of the global ceilings provided for by such resolutions. Pursuant to provisions of article R. 225-118 of the French Code of Commerce, applicable conditions are currently as follows: increase of the amount of the initial issue within 30 days from the closing of the subscription period, up to 15% of the initial issue and for an equal subscription price. This possibility which was previously granted to the Board of Directors under the resolutions with or without preemptive subscription right approved by the Shareholders' General Meeting of April 28, 2011, is today proposed in a separate resolution in order to comply with best market practices.

SETTING OF THE ISSUE PRICE

Moreover, you are asked under the *seventeenth resolution* to authorize the Board of Directors, in the event of issue of shares and/or securities giving access to capital without preemptive subscription right, to derogate, within the annual limit of 10% of the Company's capital, from their price-setting conditions and to fix such a price as follows:

- the issue price of ordinary shares should be at least equal to the closing price for Imerys shares on the stock market the day before the issue, minus a maximum possible discount of 10%; and
- the issue price of the securities giving access to capital shall be such that the sum immediately received by the Company plus, as the case may be, any sum that may be received later by the Company, is, for every ordinary share issued as a result of the issue of those securities, at least equal to the issue price of the above-mentioned shares.

This possibility, provided by the provisions of article L. 225-136, 1° 2 of the French Code Commerce would enable the Company to carry out capital increases in the event of a downward trend in the Imerys share price, which is not possible under the fourteenth resolution.

SHARE CAPITAL INCREASES AS COMPENSATION FOR CONTRIBUTIONS IN KIND

You are also called on to renew the authorization granted to the Board of Directors to carry out one or more share capital increases as compensation for contributions in kind made to the Company outside any public exchange offer and comprised of securities representing shares in or giving access to capital of another company, within the limit of 10% of the Company's share capital and upon presentation of a report issued by one or more independent auditor(s) *(eighteenth resolution)*.

SHARE CAPITAL INCREASES BY INCORPORATION OF PREMIUMS, RESERVES OR OTHER ITEMS

The *nineteenth resolution* again provides for the possibility of increasing the share capital by incorporation of premiums, reserves, income or any other amounts that could be capitalized, within the limit of the global nominal amount provided for in the thirteenth resolution, i.e. €75 million. A share capital increase of this kind would involve the creation and allotment of free shares and/or an increase in the nominal value of existing shares.

ISSUE OF SECURITIES GIVING ENTITLEMENT TO AN ALLOTMENT OF DEBT INSTRUMENTS

Finally, you are asked to renew the authority granted to the Board of Directors to issue securities giving entitlement to an allotment of debt instruments (compound securities comprised of a primary security and a secondary security such as bonds convertible into shares, bonds with share subscription warrants, etc.) for a maximum amount of €1 billion *(twentieth resolution)*.

ISSUE CEILINGS

The overall amount of the increases in Company share capital that may result from the use of the delegations and authorizations granted by the thirteenth, fourteenth, fifteenth, sixteenth, eighteenth and nineteenth resolutions would now be set at €75 million, i.e. around 50% of the share capital as of December 31, 2012 *(twenty-first resolution)*. It is also reminded that the overall nominal amount of shares that may be issued without preemptive subscription rights under the fifteenth, sixteenth and eighteenth resolutions shall be charged to the specific ceiling of €30 million set in the fourteenth resolution. The additional amount of any shares to be issued to maintain, in accordance with the law and with any contractual terms providing for other cases of adjustment, the rights of the holders of securities or rights giving access to capital that exist on the issue date, as the case may be, shall be added to that amount.

The maximum nominal amount of the debt securities that may be issued pursuant to the authorizations relating to the issue of securities giving access to capital, immediately or in the future, or entitlement to an allotment of debt instruments granted by the thirteenth, fourteenth, fifteenth, sixteenth, eighteenth and twentieth resolutions would be maintained at €1 billion *(twenty-first resolution)*.

These authorizations and delegations would be granted for a period of 26 months and would replace the authorizations previously granted by the Ordinary and Extraordinary Shareholders' General Meeting of April 28, 2011, which would thus be rendered null and void.

8.1.6 SPECIFIC AUTHORIZATIONS GRANTED IN FAVOR OF EMPLOYEES AND/OR CORPORATE OFFICERS OF THE GROUP

(Two resolutions within the scope of the Extraordinary Shareholders' General Meeting)

SHARE CAPITAL INCREASES RESERVED TO EMPLOYEES THAT JOINED A COMPANY OR GROUP SAVINGS PLAN

You are asked to renew, for a further period of 26 months, the delegation of authority previously granted to the Board of Directors by the Shareholders' General Meeting of April 28, 2011 in order to carry out capital increases reserved for employees and/or corporate officers that have joined a company or Group savings plan *(twenty-second resolution)*. Subject to your approval, this delegation shall replace the previous one which shall thus be rendered null and void.

The conditions of the existing authorization would remain unchanged: cancellation of the preemptive subscription right in favor of the beneficiaries, price of the shares to be issued at least equal to 80% of the average stock market price for Imerys shares during the 20 trading sessions before the issue date in accordance with the law and a nominal maximum increase in share capital set at €1.6 million. It is specified that this ceiling would be autonomous and separate from the overall capital increases ceiling set by the twenty-first resolution.

SHARE SUBSCRIPTION AND/OR ACQUISTION WARRANTS

Finally, you are called upon to renew the delegation of authority granted to the Board to increase the share capital by issue of share subscription and/or acquisition warrants ("BSA"), whether redeemable or not, reserved for the employees and corporate officers of the Company and/or its subsidiaries, or for specific categories thereof, without shareholders' preemptive subscription right.

This delegation of authority aims at enhancing and diversifying the instruments enabling the Company to involve the Group's employees and top managers in its development.

The conditions of this new delegation would be as follows: the issue price of the BSA would be set by the Board of Directors on the issue date, based on the report of an independent expert appointed for that purpose, and would be determined according to criteria that influence their value, such as, in particular, restriction period, exercise period, share price and volatility, and the Company's dividend distribution policy. The subscription price for the shares to which the warrants would give the right would be at least equal to 110% of the average closing price for the Company's shares in the 20 trading sessions leading up to the day of the decision to issue the warrants *(twenty-third resolution)*.

It is specified that the total nominal amount of the share capital increases that may be made pursuant to this delegation may not exceed 5% of the Company's capital on the day of issue, this ceiling being common to those provided for allotments of conditional free shares and granting of stock-options to employees and corporate officers of the Company as approved the Shareholders' General Meeting of April 28, 2011.

In accordance with provisions of article L. 225-138 of the French Code of Commerce, this new delegation would be granted for a period of 18 months as from the date of the Shareholders' General Meeting and shall replace the previous one which shall thus be rendered null and void.

POWERS

The *twenty-fifth resolution* and the last one confers all necessary powers to complete legal formalities arising from the Shareholders' General Meeting.

8.2 STATUTORY AUDITORS' REPORTS

8.2.1 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND/OR MARKETABLE SECURITIES WITH RETENTION AND/OR WAIVER OF PREFERENTIAL SUBSCRIPTION RIGHTS

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185, avenue Charles de Gaulle
92524 Neully-sur-Seine Cedex
S.A. with share capital of €1,723,040

Statutory Auditor
Member of the compagnie
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Statutory Auditor
Member of the compagnie
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Extraordinary Shareholders' Meeting of April 25, 2013
13th, 14th, 15th, 16th, 17th and 18th resolutions

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

To the Shareholders,

In our capacity as Statutory Auditors of your Company and pursuant to the procedures set forth in the French Company Law (Code de commerce), and in particular, Articles L.225-135 and L.228-92, we hereby present to you our report on the proposed delegations of authority to the Board of Directors to carry out various issues of shares and/or marketable securities. Shareholders are being asked to vote on these transactions.

Your Board of Directors proposes, based on its report:

- that you delegate to it, for a period of 26 months, the authority to decide on the following transactions and to set the final terms and conditions of these issues and proposes that, when necessary, you waive your preferential subscription rights:
  - issue of ordinary shares or marketable securities conferring entitlement to ordinary shares of the Company or, in accordance with Article L. 228-93 of the French Company Law (Code de commerce), of any company that owns, directly or indirectly, more than 50% of its capital or in which it owns, directly or indirectly, more than 50% of the capital, and/or conferring entitlement to the grant of debt securities, with retention of your preferential subscription rights (13th resolution);
  - issue of ordinary shares or marketable securities conferring entitlement to ordinary shares of the Company or, in accordance with Article L. 228-93 of the French Company Law (Code de commerce), of any company that owns, directly or indirectly, more than 50% of its capital or in which it owns, directly or indirectly, more than 50% of the capital, and/or conferring entitlement to the grant of debt securities, with waiver of your preferential subscription rights, by public exchange offers (14th resolution), it being specified that ordinary shares may be issued in consideration of securities that may be contributed to the Company as part of a public exchange offer meeting the conditions set forth in Article L. 225-148 of the French Company Law (Code de commerce);
  - issue of ordinary shares or marketable securities conferring entitlement to ordinary shares of the Company and/or conferring entitlement to the grant of debt securities, with waiver of your preferential subscription rights, as part of a private placement referred to in paragraph II of Article L. 411-2 of the French Monetary and Financial Code (Code monétaire et financier) for up to a maximum of 15% of the share capital (15th resolution);
- that you authorize it, pursuant to the 17th resolution and in connection with the implementation of the delegation referred to in the 14th and 15th resolutions, to set the issue price for up to the annual legal maximum of 10% of the share capital (Article L. 225-136 of the French Company Law);
- that you delegate to it, for a period of 26 months, the authority to set the terms and conditions of an issue of ordinary shares or marketable securities conferring entitlement to ordinary shares of the Company, in consideration of in-kind contributions made to the Company that are comprised of equity securities or marketable securities conferring entitlement to the share capital, for up to a maximum of 10% of the share capital (18th resolution).

The total nominal amount of potential capital increases likely to be carried out, immediately or in the future, may not exceed €75 million pursuant to the 13th, 14th, 15th, 16th, 18th and 19th resolutions, it being specified that the total nominal amount of potential capital increases likely to be carried out, immediately or in the future, pursuant to the 14th, 15th and 18th resolutions, may not exceed €30 million and the total nominal amount of shares that may be issued pursuant to the present delegation should not be greater than 15% of the Company's capital on the day of issue pursuant to the 15th resolution. The total nominal amount of debt securities likely to be issued may not exceed €1 billion pursuant to the 13th, 14th, 15th, 16th, 18th and 20th resolutions.

These ceilings include the additional number of marketable securities to be created as part of the delegations of authority resulting from the 13th, 14th and 15th resolutions, under the conditions set forth in Article L. 225-135-1 of the French Company Law (Code de commerce).

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Company Law (Code de commerce). Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts, on the proposed cancellation of preferential subscription rights and on certain other information concerning these transactions, contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying the contents of the Board of Directors' report in respect of these transactions and the terms and conditions governing the determination of the issue price of equity securities to be issued.

Subject to a subsequent review of the terms and conditions of proposed issues that may be decided, we have no comments on the terms and conditions governing the determination of the issue price of equity securities to be issued presented in the Board of Directors' report in connection with the 14th, 15th and 16th resolutions.

As this report does not include information on the terms and conditions governing the determination of the issue price of equity securities to be issued pursuant to the 13th and 18th resolutions, we cannot express an opinion on the issue price calculation inputs.

Furthermore, as the issue price of equity securities to be issued has not been set yet, we do not express an opinion on the final terms and conditions under which the issues will be performed and, as such, on the proposed cancellation of preferential subscription rights submitted for your approval in the 14th, 15th, 16th and 18th resolutions.

In accordance with Article R.225-116 of the French Company Law (Code de commerce), we shall issue an additional report, if necessary, on the performance by your Board of Directors of any issues with cancellation of your preferential subscription rights or of any issues of marketable securities conferring access to the Company's share capital and/or entitlement to the grant of debt instruments.

Neuilly-sur-Seine and Paris-La Défense, March 19, 2013

The Statutory Auditors

French original signed by

Deloitte & Associés	ERNST & YOUNG et Autres
Arnaud de PLANTA	Jean-Roch VARON

8.2.2 STATUTORY AUDITORS' REPORT ON THE ISSUE OF MARKETABLE SECURITIES CONFERRING ENTITLEMENT TO THE GRANT OF DEBT SECURITIES

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185, avenue Charles de Gaulle
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S.A. with share capital of €1,723,040

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Statutory Auditor
Member of the compagnie
régionale de Versailles

Extraordinary Shareholders' Meeting of April 25, 2013
20th resolution

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L. 228-92 of the French Company Law (Code de commerce), we hereby report to you on the proposed delegation of authority to the Board of Directors to decide on the issue of marketable securities conferring entitlement to the grant of debt instruments, for a maximum nominal amount of €1 billion, being specified that this amount is common to debt securities issued under the 13th, 14th, 15th, 16th, 18th and 20th resolutions, shareholders are being asked to vote on this transaction.

Your Board of Directors recommends that, based on its report, you confer on it, for a period of 26 months, the authority to decide on this transaction. When necessary, the Board of Directors will set the final terms and conditions of the debt instrument issue.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R.225-113 and following of the French Company Law (Code de commerce). Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts and on certain other information concerning the issue, contained in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. Such procedures consisted in verifying the contents of the Board of Directors' report relating to this transaction.

As the final terms and conditions of this issue have not been set, we do not express an opinion on the final terms and conditions under which the issue will be performed.

In accordance with Article R.225-116 the French Company Law (Code de commerce), we will issue an additional report, if necessary, when your Board of Directors uses this authorization.

Neully-sur-Seine and Paris-La Défense, March 19, 2013

French original signed by

The Statutory Auditors

Deloitte & Associés

Arnaud de Planta

ERNST & YOUNG et Autres

Jean-Roch Varon

8.2.3 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES OR MARKETABLE SECURITIES GIVING ACCESS TO PREFERENTIAL SUBSCRIPTION RIGHTS RESERVED FOR MEMBERS OF A COMPANY SAVING PLAN OF THE COMPANY OR ITS GROUP

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Extraordinary Shareholders' Meeting of April 25, 2013
22nd resolution

In our capacity as statutory auditors of your Company and in compliance with articles L.228-92, L.225-135 and following of the French Commercial Code (Code de commerce), we hereby report on the proposal to delegate to the Board of Directors the authority to decide the issue of shares and / or marketable securities giving access to capital with cancellation of preferential subscription rights, for members of a company saving plan of the company or its group. The increase in capital that could result from this issue is a maximum amount of € 1.600.000, an operation upon which you are called to vote.

This issue is submitted for your approval in accordance with articles L.225-129-6 of the French Commercial Code (Code de commerce) and L.3332-18 et seq. of the French Labour Code (Code du travail).

Your Board of Directors proposes that, on the basis of its report, it is given the authority, for a period of 26 months to determine the conditions of this operation and proposes to cancel your preferential subscription rights to the marketable securities to be issued.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R.225-113 et seq. of the French Commercial Code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the issue provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued provided in the Board of Directors' report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R.225-116 of the French Commercial Code (Code de commerce), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

Neuilly-sur-Seine and Paris-La Défense, March 19, 2013

The Statutory Auditors

French original signed by

Deloitte & Associés
Arnaud de Planta

ERNST & YOUNG et Autres
Jean-Roch Varon

8.2.4 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARE SUBSCRIPTION OR PURCHASE WARRANTS TO EMPLOYEES AND CORPORATE OFFICERS

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neully-sur-Seine Cedex
S.A. with share capital of €1,723,040

Statutory Auditor
Member of the compagnie
régionale de Paris

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. with variable Capital

Statutory Auditor
Member of the compagnie
régionale de Versailles

Extraordinary Shareholders' Meeting of April 25, 2013
23rd resolution

To the Shareholders,

In our capacity as statutory auditors of your Company and in compliance with articles L.228-92 and L.225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with an issue of share subscription or purchase warrants to employees and corporate officers, with cancellation of preferential subscription rights reserved for employees and corporate officers of the Company and/or its French or foreign subsidiaries or groupings within the meaning set forth on Articles L. 225-180 and L. 233-3 of the French Company Law (Code de commerce) or to certain categories of them, by the issue of share subscription and/or purchase warrants, up to a maximum of 5% of its share capital at the date of issuance it being specified that this ceiling is common to this resolution and to the 22nd and 23rd resolutions approved by the ordinary and extraordinary shareholders' general meeting of April 28, 2011, an operation upon which you are called to vote.

Your Board of Directors proposes that, on the basis of its report, you confer on it, for a period of 26 months, the authority to decide on whether to proceed with an issue and proposes to cancel your preferential subscription rights to the marketable securities to be issued. If applicable, it shall determine the final conditions of this operation.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R.225-113 et seq. of the French Commercial Code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the issue provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued provided in the Board of Directors' report.

As the conditions for the issue have not been determined, we express no opinion on the final terms and conditions under which the capital increase will be carried out and, consequently, on the proposed waiver of preferential subscription rights on which you are being asked to vote.

In accordance with article R.225-116 of the French Commercial Code (Code de commerce), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

Neuilly-sur-Seine and Paris-La Défense, March 19, 2013

Statutory Auditors

French original signed by

Deloitte & Associés

Arnaud de Planta

ERNST & YOUNG et Autres

Jean-Roch Varon

8.2.5 STATUTORY AUDITORS' REPORT ON THE DECREASE IN SHARE CAPITAL

Deloitte & Associés
185, avenue Charles de Gaulle
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S.A.S. with variable Capital
Statutory Auditor
Member of the compagnie
régionale de Versailles

Extraordinary Shareholders' Meeting of April 25, 2013
24th resolution

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L. 225-209 of the French Company Law (Code de commerce) on the decrease in share capital by the cancellation of purchased shares, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

Your Board of Directors recommends that you confer on it, for a period of 26 months, starting from the day of this Extraordinary Shareholders' Meeting, the authority to cancel on one or more occasions, up to a maximum of 10% of its share capital by 24-month periods, the shares purchased by the Company pursuant to the authorization to purchase its own shares.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. Our procedures consisted, in particular, in verifying the fairness of the reasons for and the terms and conditions of the proposed decrease in share capital, and ensuring that it does not interfere with the equal treatment of shareholders.

We have no comments on the reasons for or the terms and conditions of the proposed share capital decrease, which, you are reminded, may only be performed subject to the prior approval by the Extraordinary Shareholders' Meeting of the purchase by the Company of its own shares.

Neuilly-sur-Seine Cedex and Paris-La Défense, March 19, 2013

The Statutory Auditors

French original signed by

Deloitte & Associés
Arnaud de Planta

ERNST & YOUNG et Autres
Jean-Roch Varon

8.3 AGENDA

ORDINARY PART

1. Approval of the Company's management and annual financial statements for the financial year ended on December 31, 2012;
2. approval of the Group's consolidated financial statements for the financial year ended on December 31, 2012;
3. allocation of earnings and determining of dividend with respect to the financial year ended on December 31, 2012;
4. Statutory Auditors' special report on regulated agreements and commitments governed by articles L. 225-38 et seq. of the French Code of Commerce;
5. renewal of the term of office as Director of Mr. Ian Gallienne;
6. renewal of the term of office as Director of Mrs. Fatine Layt;
7. renewal of the term of office as Director of Mr. Robert Peugeot;
8. renewal of the term of office as Director of Mr. Olivier Pirotte;
9. renewal of the term of office as Director of Mr. Amaury de Seze;
10. ratification of the appointment of Mrs. Marion Guillou as Director;
11. appointment of Mrs. Marie-Françoise Walbaum as a new Director;
12. repurchase by the Company of its own shares.

EXTRAORDINARY PART

13. Delegation of authority to the Board of Directors for the purposes of increasing capital by the issue of shares or securities giving access, immediately or in the future, to capital with shareholders' preemptive subscription right;
14. delegation of authority to the Board of Directors for the purposes of increasing capital by the issue of shares or securities giving access, immediately or in the future, to capital without shareholders' preemptive subscription right;
15. delegation of authority to the Board of Directors for the purposes of increasing capital by the issue of shares or securities giving access, immediately or in the future, to capital without shareholders' preemptive subscription right, under an offering by private investment with respect to section II of article L. 411-2 of the French Monetary and Financial Code;
16. delegation of authority to the Board of Directors for the purposes of increasing the number of shares to be issued under increases of share capital with or without shareholders' preemptive subscription right;
17. authorization to the Board of Directors to set the issue price of shares or securities giving access to capital, in the event of the cancellation of the shareholders' preemptive subscription right, within the limit of 10% of capital per year;
18 delegation of powers to the Board of Directors for the purposes of increasing capital in compensation for contributions in kind comprised of securities representing shares in or giving access to capital, within the limit of 10% of capital per year;
19. delegation of authority to the Board of Directors for the purposes of increasing capital by capitalization of premiums, reserves, income or other items;
20. delegation of authority to the Board of Directors to issue securities giving entitlement to an allotment of debt instruments;
21. overall limitation of the nominal amount of issues of common shares and debt securities that may result from the above delegations and authorizations;
22. delegation of authority to the Board of Directors for the purposes of increasing capital by the issue of shares reserved for members of a company savings plan of the Company or its Group with cancellation of the shareholders' preemptive subscription right;
23. delegation of authority to the Board of Directors to issue share subscription and/or acquisition warrants to employees and officers of the Company and its subsidiaries, or to certain categories of them, without shareholders' preemptive subscription right;
24. authorization to the Board of Directors to reduce share capital by canceling shares held by the Company;
25. powers.

8.4 DRAFT RESOLUTIONS

ORDINARY PART

FIRST RESOLUTION

Approval of the Company's management and annual financial statements for the financial year ended on December 31, 2012

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report and the Auditors' report relating to the Company's financial statements for the financial year ended on December 31, 2012 approves, as presented, such financial statements, as well as the transactions evidenced by such financial statements and summarized in such reports.

SECOND RESOLUTION

Approval of the Group's consolidated financial statements for the financial year ended on December 31, 2012

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report and the Auditors' report relating to the Group's consolidated financial statements for the financial year ended on December 31, 2012 approves, as presented, such financial statements as well as the transactions evidenced by such financial statements and summarized in such reports.

THIRD RESOLUTION

Allocation of earnings and determining of dividend with respect to the financial year ended on December 31, 2012

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report:

▪ acknowledges that the Company's profit for the past financial year is:	€60,415,360.23
▪ increased by the retained earnings amounting to:	€258,940,304.83
▪ representing a total distributable amount of:	€319,355,665.06
▪ resolves to pay in respect of financial 2012 a dividend of €1.55 to each of the 75,368,546 shares that make up the share capital as on January 1, 2013, which represents a distribution of:	€(116,821,246.30)
▪ and allocates the remaining amount to retained earnings which now amount to:	€202,534,418.76

The Shareholders' General Meeting decides that the total amount of the dividend paid out shall be adjusted according to the exercise of subscription options for shares entitled to the dividend with respect to financial 2012 as on the payment date of that dividend. The amount allocated to retained earnings shall be determined on the basis of the total amount of dividend effectively paid out.

The Shareholders' General Meeting decides that the dividend will be paid as from May 13, 2013.

If the Company were to be holding some of its own shares on the date of payment of the dividend, the sums corresponding to the dividends that would not have been paid out as a result would be allocated to retained earnings.

In accordance with article 243 bis of the French General Tax Code, the proposed dividend is eligible for the 40% allowance provided for by 2° of 3 of article 158 of the French General Tax Code, from which private individuals domiciled in France for tax purposes may benefit.

The Shareholders' General Meeting acknowledges that the sums paid out as dividends with respect to the previous three financial years were as follows:

	Financial 2011	Financial 2010	Financial 2009
Net dividend per share	€1.50(1)	€1.20(1)	€1.00(1)
Number of shares compensated	75,175,846	75,497,951	75,505,458
Total net distribution	€112.7 M	€90.6 M	€75.5 M

(1) Dividend eligible for the 40% allowance.

FOURTH RESOLUTION

Statutory Auditors' special report on regulated agreements and commitments governed by articles L. 225-38 et seq. of the French Code of Commerce

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report and the Statutory Auditors' special report drawn up pursuant to the provisions of article L. 225-40 of the French Code of Commerce, and ruling on that report, acknowledges that no new regulated agreement or commitment governed by articles L. 225-38 et seq. of the French Code of Commerce, other than those already approved by the Shareholders' General Meeting of April 26, 2012, was concluded or authorized by the Board of Directors in 2012.

FIFTH RESOLUTION

Renewal of the term of office as Director of Mr. Ian Gallienne

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, acknowledging that Mr. Ian Gallienne's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2016 to rule on the management and financial statements for financial year 2015.

SIXTH RESOLUTION

Renewal of the term of office as Director of Mrs. Fatine Layt

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, acknowledging that Mrs. Fatine Layt's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2016 to rule on the management and financial statements for financial year 2015.

SEVENTH RESOLUTION

Renewal of the term of office as Director of Mr. Robert Peugeot

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, acknowledging that Mr. Robert Peugeot's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2016 to rule on the management and financial statements for financial year 2015.

EIGHTH RESOLUTION

Renewal of the term of office as Director of Mr. Olivier Pirotte

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, acknowledging that Mr. Olivier Pirotte's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2016 to rule on the management and financial statements for financial year 2015.

NINTH RESOLUTION

Renewal of the term of office as Director of Mr. Amaury de Seze

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, acknowledging that Mr. Amaury de Seze's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2016 to rule on the management and financial statements for financial year 2015.

TENTH RESOLUTION

Ratification of Mrs. Marion Guillou's appointment as Director

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, ratify the decision of the Board of Directors to appoint Mrs. Marion Guillou as a new Director of the Company in replacement of Mr. Maximilien de Limburg Stirum who resigned, for the remaining duration of her predecessor's term that is until the end of the Shareholders' General Meeting called upon in 2014 to rule on the management and financial statements for financial year 2013.

ELEVENTH RESOLUTION

Appointment of Mrs. Marie-Françoise Walbaum as a new Director

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report, resolves to appoint Mrs. Marie-Françoise Walbaum as a new Director for a period that, pursuant to statutory provisions, will expire at the end of the Shareholders' General Meeting called upon in 2015 to rule on the management and financial statements for financial year 2014.

TWELFTH RESOLUTION

Repurchase by the Company of its own shares

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, having considered the Board of Directors' report pursuant to the provisions of article L. 225-209 et seq. of the French Code of Commerce and articles 241-1 to 241-6 of the General Regulations of Autorité des marchés financiers (AMF):

1) authorizes the Board of Directors, with the possibility of sub-delegating under the conditions provided by law, to make purchases of the Company's own shares:

- for the cancellation of the shares thus bought and, as the case may be, any shares bought under previous buyback authorizations provided that the twenty-fourth resolution be approved by the present Shareholders' General Meeting,
- in order to ensure the liquidity of the market through an investment services firm acting in the name and on behalf of the Company on a fully independent basis without being influenced by the Company, under a liquidity contract in accordance with a code of conduct recognized by AMF, or in any other manner agreed by the applicable regulations,
- in order to grant or transfer some shares to employees, former employees or corporate officers of the Company and companies that are affiliated pursuant to articles L. 225-180 and L. 233-3 of the French Code of Commerce, in particular employee shareholding plans, stock purchase options plans, or grants of conditional free shares plans, under the conditions provided by law, and
- for the delivery or exchange of shares, particularly with respect to the issue of securities that give access, immediately or in the future, to shares in the Company or with respect to external growth.

The acquisition, sale, transfer or exchange of the shares may be carried out, in compliance with the regulations in force, on the market or by mutual agreement and by any means, including the transfer of blocks and the use or exercise of any financial instrument or derivative;

2) sets the following limits for the use of the present authorization by the Board of Directors:

- the maximum number of shares that may be purchased shall not exceed 10% of the total number of shares issued and outstanding as of January 1, 2013, that is 7,536,854 shares,
- the number of shares that the Company may hold, whether directly or indirectly and at any time whatsoever, shall not exceed 10% of the shares that make up the Company's capital,
- the maximum purchase price of the shares shall not be greater than €70,
- consequently, the maximum amount that the Company is liable to use for such repurchases shall not be greater than €527,6 million;

3) resolves that, in the event that the par value of the stock is modified, the capital is increased by the capitalization of reserves or free shares are granted, or in the event of a stock split or consolidation, the above-stated maximum amount devoted to these buybacks and the maximum number of shares to be repurchased will be adjusted accordingly by a multiplier equal to the ratio between the number of shares that made up the capital before the operation and the resulting number after the operation;

4) sets at eighteen months from the date of this General Meeting the term of this authorization, which renders null and void, for the unused part, any previous authorizations granted to the Board of Directors with regard to the Company's repurchase of its shares;

5) grants full powers to the Board of Directors, with the authority to delegate such powers under the conditions provided by law, to implement this authorization and, in particular, to sign any stock purchase, sale, exchange or transfer agreements, file any statements with Autorité des marchés financiers or any other agency, proceed with the adjustments set forth above, complete any formalities and, generally, do what is necessary.

EXTRAORDINARY PART

THIRTEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing the share capital by the issue of common shares or of securities giving access to capital immediately or in the future with preemptive subscription right

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-129-2, L. 228-91 et seq. of the French Code of Commerce:

1) delegates its authority to the Board of Directors to decide the capital increase of the Company, in one or more times, in the proportions and at the times that it judges fit, on the French market and/or the international market, in euros or any other currency by the issue, with preemptive subscription right, of common shares and/or any other securities in the Company, whether or not they represent debt, giving access by any means, immediately or in the future, at any time or on set dates, to common shares in the Company existing or to be issued, or, in accordance with article L. 228-93 of the French Code of Commerce, in any company that directly or indirectly owns more than half its capital or of which it directly or indirectly owns more than half the capital, whether by subscription, conversion, exchange, redemption, presentation of a warrant of in any other way, such securities being issued in euros or in any monetary unit determined by reference to several currencies;

2) resolves to limit as follows the amounts of the authorized issues in the event of the Board of Directors using the present delegation of authority:

- the total nominal amount of common shares that may be issued, whether directly or on presentation of securities, pursuant to the present delegation shall not be greater than 75 million euros, which represents, for guidance only, 50% of the Company's capital as on December 31, 2012, it being specified that the nominal amount of those issues shall be charged against the total ceiling for rights issues set down in the twenty-first resolution, and that any additional nominal amount of shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or of rights giving access to capital shall be added to that amount,
- the total nominal amount of debt securities that may be issued pursuant to the present delegation and which give access, whether immediately or in the future, to the Company's capital, shall not be greater than 1 billion euros or the equivalent of that amount on the date of the issue decision, it being specified that the nominal amount of these issues shall be charged against the overall issue ceiling for debt securities set down in the twenty-first resolution;

3) in the event of the use of the present delegation of authority:

- resolves that the issue or issues shall be preferentially reserved for shareholders who may subscribe on an irreducible basis,
- grants the Board of Directors the possibility of instituting a reducible subscription right,
- in accordance with the provisions of article L. 225-134 of the French Code of Commerce, resolves that, if the irreducible subscriptions and, as the case may be, any reducible subscriptions have not taken up the whole of an issue as defined above, the Board of Directors may use one or more of the following possibilities in the order that it judges fit:
  - limit the amount of the subscriptions, provided that such amount is at least three-quarters of the intended issue,
  - allocate freely all or part of the unsubscribed securities,
  - offer all or part of the unsubscribed securities to the public;

4) acknowledges that the present delegation entails the waiver by the shareholders of their preemptive subscription right to the shares to which the securities issued pursuant to the present delegation shall give the right;

5) resolves that the Board of Directors shall, within the limits set down above, have the necessary powers to:

- set the terms and conditions of the issue or issues, particularly the forms and characteristics of the securities to be issued, set the subscription opening and closing dates, acknowledge the completion of the resulting capital increases and amend the by-laws accordingly,
- charge, on its sole initiative, the capital increase expenses to the amount of related premiums and take from that amount the sums needed to increase the legal reserve to one-tenth of capital after each increase,
- make any adjustments required in accordance with applicable legal and contractual provisions and determine the arrangements, as the case may be, for maintaining the rights of the holders of securities or rights giving access to capital,
- in turn delegate the powers needed to carry out the issue, or to refrain therefrom, within the limits and according to the terms and conditions that the Board of Directors may set down beforehand, to the Chief Executive Officer or, in agreement with him, to one or more delegate Chief Executive Officers,
- and, more generally, take any measures, enter into any agreements, carry out any formalities and do what is necessary for the satisfactory completion of the issues under consideration;

6) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation, which renders null and void, for the unused part, any previous delegation granted to the Board of Directors for the same purposes.

FOURTEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing the share capital by the issue of common shares or securities giving access immediately or in the future to capital, with cancellation of the preemptive subscription right

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-129-2, L. 225-135, L. 225-135-1, L. 225-136 and L. 228-91 et seq. of the French Code of Commerce:

1) delegates to the Board of Directors its authority to decide the capital increase of the Company, in one or more times, in the proportions and at the times that it sees fit, on the French market and/or the international market, by making a public offering by the issue in euros or any other currency of common shares and/or any other securities in the Company, which may or not represent debt, giving access by any means, immediately or in the future, at any time or on set dates, to common shares in the Company existing or to be issued or, in accordance with article L. 228-93 of the French Code of Commerce, in a company that directly or indirectly owns more than half of its capital or of which it directly or indirectly owns more than half the capital, whether by subscription, conversion, exchange, redemption, presentation of a warrant of in any other way, such securities being issued in euros or in any monetary unit determined by reference to several currencies;

2) resolves to limit the amounts of issues authorized in the event of the Board of Directors using the present delegation of authority:

- the total nominal amount of the shares that may be issued, whether directly or on presentation of securities, pursuant to the present delegation shall not be greater than 30 million euros, i.e., for guidance only, approximately 20% of the Company's capital as on December 31, 2012, it being specified that the nominal amount of these issues shall be charged against the overall ceiling for capital issues set down in the twenty-first resolution, and that any additional nominal amount of shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or of rights giving access to capital shall be added to that amount,

- the total nominal amount of the debt securities that may be issued pursuant to the present delegation and which give access, whether immediately or in the future, to the Company's capital shall not be greater than 1 billion euros or the equivalent amount on the date of the issue decision, it being stipulated that the nominal amount of these issues shall be charged against the overall ceiling for debt securities set down in the twenty-first resolution;

3) resolves to cancel the preemptive subscription right of shareholders to the securities concerned by the present resolution, while however giving the Board of Directors the possibility, in accordance with the provisions of article L. 225-135 of the French Code of Commerce, to grant shareholders, for a period and at the terms and conditions that it shall set and for all or part of an issue, a subscription priority that does not give the right to the creation of negotiable rights, which must be exercised in proportion to the number of shares owned by each shareholder;

4) acknowledges that the present delegation entails the waiver by the shareholders of their preemptive subscription right to the shares in the Company to which the securities issued pursuant to the present delegation may give the right;

5) decides that:

- the issue price of the common shares issued pursuant to the present delegation shall be determined by the Board of Directors in accordance with the provisions of articles L. 225-136 1° and R. 225-119 of the French Code of Commerce and shall be at least equal to the weighted average price of the Imerys share for the three trading sessions prior to the determination of that price, minus a maximum possible discount of 5%,

- the issue price of the securities giving access to the Company's capital shall be such that the sum immediately received, plus, as the case may be, the sum that may to be received later, shall, for each common share in the Company issued as a result of the issue of those securities, be at least equal to the minimum price defined in the previous paragraph after correcting, if need be, that amount to take into account the difference in dated date;

6) resolves that the Board of Directors may, within the limit of the overall issue amount authorized in paragraph 2) above, issue common shares and/or securities giving access, whether immediately or in the future, to the Company's capital, in compensation for the securities contributed to the Company with respect to a public exchange offer within the limits and under the conditions provided by article L. 225-148 of the French Code of Commerce;

7) resolves that the Board of Directors shall, within the limits set down above, have the necessary powers to:

- set the terms and conditions of the issue or issues, particularly the forms and characteristics of the securities to be issued, set the subscription opening and closing dates, acknowledge the completion of the resulting capital increases and amend the by-laws accordingly,

- in the event of the issue of securities intended as compensation for securities contributed with respect to a public exchange offer: draw up the number and characteristics of securities contributed in exchange, set the terms and conditions of the issue, the exchange rate and, as the case may be, the amount of the balancing cash adjustment to be made in cash, and determine the arrangements for the issue,

- charge, on its sole initiative, the capital increase expenses to the amount of related premiums and take from that amount the sums needed to increase the legal reserve to one-tenth of capital after each increase,

- make any adjustments required in accordance with applicable legal and contractual provisions and determine the arrangements, as the case may be, for maintaining the rights of the holders of securities or rights giving access to capital,

- in turn delegate the powers needed to carry out the issue, or to refrain therefrom, within the limits and according to the terms and conditions that the Board of Directors may set down beforehand, to the Chief Executive Officer or, in agreement with him, to one or more delegate Chief Executive Officers,

- and, more generally, take any measures, enter into any agreements, carry out any formalities and do what is necessary for the satisfactory completion of the issues under consideration;

8) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

FIFTEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing capital by the issue of shares or securities giving access, immediately or in the future, to capital without preemptive subscription right, under an offering by private investment with respect to section II of article L. 411-2 of the French Monetary and Financial Code

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-91 et seq. of the French Code of Commerce and article L. 411-2 of the French Monetary and Financial Code:

1) delegates to the Board of Directors its authority to decide the capital increase of the Company, in one or more times, in the proportions and at the times that it sees fit, with respect to an offering by private investment as provided by section II of article L. 411-2 of the Monetary and Financial Code, carried out in France or another country, concerning common shares and/or any other securities in the Company giving access, whether immediately or in the future, at any time or on set dates, to common shares, whether in existence or to be issued, in the Company, whether by subscription, conversion, exchange, retirement, presentation of a warrant or in any other way, with the possibility of stating the securities thus issued in foreign currencies or any monetary unit established in reference to several currencies;

2) acknowledges that the issues that may be made pursuant to the present delegation are, in accordance with the law, limited to 15%

of capital per year, it being stipulated that this period of one year runs from each issue made pursuant to the present delegation,

3) resolves to set as follows the amount of authorized issues in the event of the Board of Directors' use of the present delegation of authority:

- the total nominal amount of shares that may be issued pursuant to the present delegation shall not be greater than 15% of the Company's capital on the day of issue, it being stipulated that the nominal amount of these issues shall be charged against the specific capital increase ceiling provided by paragraph 2 of the fourteenth resolution below, and that any additional nominal amount of shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or of rights giving access to capital shall be added to that amount,
- the total nominal amount of debt securities that may be issued pursuant to the present delegation and which give access, whether immediately or in the future, to the Company's capital shall not be greater than 1 billion euros or the equivalent amount on the date of the issue decision, it being stipulated that the nominal amount of these issues shall be charged against the overall ceiling for issues of debt securities set down in the twenty-first resolution;

4) resolves to cancel the preemptive subscription right for shareholders to the securities coming under the present resolution;

5) acknowledges that the present delegation entails the waiver by the shareholders of their preemptive subscription right to the shares in the Company to which the securities issued pursuant to the present delegation may give the right;

6) resolves that:

- the issue price of the common shares issued pursuant to the present delegation shall be set by the Board of Directors in accordance with the provisions of articles L. 225-136 1° and R. 225-119 of the French Code of Commerce and shall be at least equal to the weighted average of Imerys share prices for the last three trading sessions prior to its definition, reduced as the case may be by a maximum 5% discount,
- the issue price of the securities giving access to the Company's capital shall be such that the sum received immediately, plus, as the case may be, the sum to received later, shall, for every common share in the Company issued as a result of the issue of those securities, be at least equal to the minimum price defined in the previous paragraph after correcting, if need be, that amount to take into account the difference in dated date;

7) resolves that the Board of Directors shall, within the limits set down above, have the necessary powers to:

- set the conditions of the issue(s), particularly the forms and characteristics of the securities to be created, set the subscription opening and closing dates, acknowledge the completion of the resulting capital increases, and amend the by-laws accordingly,
- charge, on its sole initiative, capital increase expenses against the amount of related premiums and take from that amount the sums needed to increase the legal reserves to one-tenth of capital after each increase,
- make any adjustments required in compliance with applicable legal and contractual provisions and set down the arrangements, as the case may be, for maintaining the rights of bearers of securities or rights giving access to capital,
- itself delegate to the Chief Executive Officer, or with his agreement to one or more delegate Chief Executive Officers, the powers needed to complete the capital increase and to delay it within the limits and according to the arrangements that Board of Directors may set down beforehand,
- and, more generally, take any measures, enter into any agreements, carry out any formalities and do whatever is necessary to complete the issues under consideration successfully;

8) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation.

SIXTEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing the number of shares to be issued under increases of share capital with or without shareholders' preemptive subscription right

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of article L. 225-135-1 of the French Code of Commerce:

1) delegates to the Board of Directors, with the possibility of sub-delegating in the conditions provided by law, its authority to increase the number of securities to be issued under in the initial issue that may be decided under the thirteenth, fourteenth or fifteenth resolutions of the present Shareholders' General Meeting, within the percentage limit of the initial issue provided for by the legal and regulatory provisions in force at the time of issue, it being understood that the issue price shall be the same as that of the initial issue;

2) decides that the nominal amount of the issues that may be decided under the present resolution shall be charged to the specific ceiling applicable to the initial issue amount set up by the thirteenth, fourteenth or fifteenth resolutions of the present Shareholders' General Meeting, as the case may be, and to the overall ceiling set down in the twenty-first resolution;

3) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation.

SEVENTEENTH RESOLUTION

Authorization to the Board of Directors for the purposes of setting the issue price of common shares and securities giving access to capital, in the event of cancellation of the preemptive subscription right of shareholders and within the limit of 10% of share capital per year

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-129-2 and L. 225-136, 2° of paragraph 1 of the French Code of Commerce:

1) authorizes the Board of Directors, in the event of an issue of common shares and/or securities giving access to capital without preemptive subscription rights, in the conditions provided by the fourteenth and fifteenth resolutions, within the annual limit of 10% of the Company's capital as it exists at the end of the month prior to the issue date, to derogate from the price-setting conditions and set the issue price of common shares or securities giving access to capital at an amount that shall be at the least equal to:

- in the case of the issue price of common shares, the closing price of Imerys stock on the Euronext Paris market on the trading day prior to the date of setting the issue price, possibly reduced by a maximum 10% discount, and
- in the case of the issue price of securities giving access to capital, the amount such that the sum immediately received by the Company, plus, as the case may be, the amount to be perceived at a later date by the Company, i.e. for every common share issued as a result of the issue of those securities, at least equal to the issue price referred to in the previous paragraph;

2) states, as need be, that the amount of the issues made with respect to the present delegation shall be charged against the specific ceiling for capital increases referred to in paragraph 2 of the fourteenth resolution above;

3) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

EIGHTEENTH RESOLUTION

Authorization to the Board of Directors for the purposes of increasing the share capital in compensation for contributions in kind made up of securities representing shares in or giving access to capital, within the limit of 10% of the share capital per year, without shareholders' preemptive subscription right

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-147 and L. 228-91 et seq. of the French Code of Commerce:

1) delegates to the Board of Directors the powers needed for the purposes of carrying out, upon the report of one or more capital contributions auditors, within the limit of 10% of the Company's capital, as it exists on the date on which the present delegation is used, the issue of common shares and/or any other securities, whether or not debt securities, which give access by any means, whether immediately or in the future, at any time or at set dates, to common shares, whether in existence or to be created, in the Company, in compensation for the contributions in kind made to the Company and made up of securities representing shares in or giving access to capital, if the provisions of article L. 225-148 of the French Code of Commerce do not apply;

2) resolves, as need be, to cancel the preemptive subscription right for shareholders to the securities issued with respect to the present delegation for the benefit of the bearers of the securities representing shares in or giving access to capital which make up the contributions in kind;

3) resolves that the nominal amount of the issues carried out pursuant to the present delegation shall be charged against the specific ceiling for capital increases referred to in paragraph 2 of the fourteenth resolution, and that any additional nominal amount of shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or of rights giving access to capital shall be added to that amount;

4) acknowledges that the present delegation entails the waiver by the shareholders of their preemptive subscription right to the shares in the Company to which the securities issued pursuant to the present delegation may give the right;

5) resolves that the Board of Directors shall have, within the limits set above, the powers needed, with the possibility of sub-delegating in the conditions provided by law, to rule on the appraisal of the contributions and the report of the capital contributions auditor(s), set down the arrangements and conditions for the authorized operations and, in particular, the appraisal of the contributions and, as the case may be, the grant of special advantages, set down the number and characteristics of the securities to be issued in compensation for the contributions, make any charges, as the case may be, to the share premiums, amend the by-laws accordingly, carry out any formalities, make any statements and do what is necessary to complete successfully the operations thus authorized;

6) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

NINETEENTH RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing the share capital by capitalization of premiums, reserves, income or other items

The Shareholders' Meeting, ruling in the quorum and majority conditions required for ordinary general meetings, after examining the Board of Directors' report and in accordance with the provisions of articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Code of Commerce:

1) delegates to the Board of Directors its authority to decide the capital increase of the Company, in one or more times, in the proportions and at the times that it sees fit, by capitalization of all or part of premiums, reserves, income or other items which incorporation to the capital would be admitted, in the form of a free share grant or an increase in the par value of existing shares or by the combined use of those processes;

2) resolves that the total nominal amount of the common shares that may be issued under the present delegation, shall not be greater than the specific ceiling of capital increase set at paragraph 2 of the thirteenth resolution above, it being specified that to such amount shall be added, as the case may be, the additional amount of any shares to be issued to maintain, in accordance with the applicable law and contractual terms, the rights of the holders of securities or rights giving access to capital that shall exist on the issue date;

3) resolves that the Board of Directors shall, within the limits set down above, have the necessary powers to:

- set the terms and conditions of the issue or issues, in particular set the amount and the nature of the reserves or premiums to be incorporated to the share capital, set the number of new shares to be issued or the amount by which the par value of the shares that make up the share capital shall be increased, set the date, even retrospectively, from which the new shares shall give entitlement or from which the increase in nominal amount shall take effect, and acknowledge the completion of the resulting capital increases and amend the by-laws accordingly,
- charge, on its sole initiative, the capital increase expenses to the amount of related premiums and take from that amount the sums needed to increase the legal reserve to one-tenth of capital after each increase,
- make any adjustments required in accordance with applicable legal and contractual provisions and determine the arrangements, as the case may be, for maintaining the rights of the holders of securities or rights giving access to capital,
- resolve, as the case may be, that any rights forming odd lots shall not be negotiable and that the corresponding shares shall be sold, with the sums resulting from the sale allocated to the holders of rights within the timeframe set by legal provisions,
- in turn delegate the powers needed to carry out the issue, or to refrain there from, within the limits and according to the terms and conditions that the Board of Directors may set down beforehand, to the Chief Executive Officer or, in agreement with him, to one or more deputy Chief Executive Officers,
- and, more generally, take any measures, enter into any agreements, carry out any formalities and do what is necessary for the satisfactory completion of the issues under consideration;

4) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

TWENTIETH RESOLUTION

Delegation of authority to the Board of Directors to issue securities giving entitlement to an allotment of debt instruments

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report and in accordance with the provisions of articles L. 225-129-2 to L. 225-129-6 and L. 228-91 et seq. of the French Code of Commerce:

1) delegates to the Board of Directors its authority to issue, in one or more times, on its sole decisions, in the proportion and at the dates that it shall determine, on the French market and/or the international market, in euros or any other currency, any securities (other than shares) giving entitlement, immediately or in the future, to an allotment of debt instruments, including bonds or related securities, subordinated securities for a determinate or indeterminate period and any other securities giving, in the same issue, a debt right in the Company;

2) resolves that the maximum nominal amount of the issues, in the event of the Board of Directors using the present delegation of authority, shall not exceed the ceiling of €1 billion or the equivalent amount in any other currency at the issue date, it being specified that the nominal amount of the securities to be issued shall be charged against the overall ceiling for issues of debt securities set in the twenty-first resolution;

3) resolves that the Board of Directors shall have, within the limits set down above, the necessary powers, with the possibility of sub-delegating in the conditions provided by law, to:

- set down the conditions and arrangements for each issue and all the characteristics of the securities to be issued and of the debt securities to which they would give the right of grant and, in particular, their par value, dated date, issue price, with premium as the case may be (said premium being charged against the maximum amount referred to in paragraph 2) above), interest rate, whether fixed or variable, and its date of payment, the arrangements as the case may be for the subordination of the principal and/or interest, the arrangements for depreciation and/or early repayment, as the case may be with or without premium, or even buyback by the Company, their duration and any other characteristics,
- resolve, as the case may be, to allocate a guarantee or security interests to the securities to be issued, and to the debt securities to which those securities may give the right of grant, and set down the nature and characteristics thereof,
- in general, set down all the arrangements for each issue, enter into any agreements, take any measures, carry out any formalities and do what is necessary for the satisfactory completion of the issues under consideration;

4) sets at twenty-six months as from the date of the present Shareholders' Meeting the duration of the present delegation.

TWENTY-FIRST RESOLUTION

Overall limitation of the nominal amount of issues of common shares and debt securities that may result from the above delegations and authorizations

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report decides to set:

- at 1 billion euros, or the equivalent amount on the date of the issue decision, the maximum nominal amount of the debt securities that may be issued pursuant to the delegations and authorizations relating to the issue of securities giving access, whether immediately or in the future, to a share of capital or securities giving the right to the grant of debt securities, given by the thirteenth, fourteenth, fifteenth, sixteenth, eighteenth and twentieth resolutions of the present Meeting;
- at 75 million euros the maximum nominal amount of the capital increase, whether immediate or in the future, that may be carried out pursuant to the delegations and authorizations given by the thirteenth, fourteenth, fifteenth, sixteenth, eighteenth and nineteenth resolutions of the present Meeting, with any additional nominal amount of shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or of rights giving access to capital to be added to that amount.

TWENTY-SECOND RESOLUTION

Delegation of authority to the Board of Directors for the purposes of increasing the share capital by the issue of shares or securities giving access to capital reserved for members of a company savings plan of the Company or its Group

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report, with respect to the provisions of articles L. 3332-1 et seq. of the French Labor Code concerning employee shareholding and pursuant to articles L. 225-129-2 to L. 225-129-6 and article L. 225-138-1 of the French Code of Commerce:

1) delegates to the Board of Directors its authority to decide the capital increase of the Company,, in one or more times, in the proportions and at the times that is sees fit, by the issue of common shares in the Company and/or any other securities giving access by any means, immediately or in the future to the capital of the Company reserved for members of a company or a group savings plan of the Company and/or of the French or foreign companies or groups affiliated to it in the sense of articles L. 225-180 of the French Code of Commerce and article L. 3344-1 of the French Labor Code, who also meet any other conditions imposed by the Board of Directors;

2) resolves that the nominal amount of the share capital increases that may be carried out pursuant to the present delegation shall not be greater than 1.6 million euros, i.e. for guidance only, approximately 1% of the Company's capital as on December 31, 2012, it being specified that this ceiling is autonomous and separate from the overall capital increase ceiling set by the twenty-first resolution of the present Meeting, and that, as the case may be, the nominal amount of the shares to be issued to maintain, in accordance with the law and applicable contractual stipulations, the rights of bearers of securities or rights giving access to capital, shall be added to that amount;

3) resolves that the subscription price of the shares issued pursuant to the present delegation shall not be less than the average of the last prices listed for the twenty stock market trading days leading up to the date of the Board of Directors' decision setting the subscription opening date, minus, as the case may be, the maximum discount allowed by law on the date of the Board of Directors' decision;

4) resolves to cancel shareholders' pre-emptive subscription right to the securities to be issued in favor of the beneficiaries mentioned above;

5) grants all powers, with the possibility of sub-delegating in the conditions provided by the law, to the Board of Directors to implement the present delegation and, in particular, for the purposes of:

- determining the companies of which the employees and officers may benefit from the subscription offer for the issues coming under the present delegation,
- set down the conditions, particularly as regards length of service, that the beneficiaries of those subscription offers must meet,
- set down the conditions of the issues, acknowledge the capital increase or increases resulting from any issue made using the present delegation, amend the by-laws accordingly,
- set the subscription opening and closing dates, the price and dated date of the issued securities, and the share paying-up arrangements,
- decide whether the subscriptions may be carried out directly and/or indirectly through mutual funds,
- set the arrangements and conditions for joining company or group savings plan, draw up their regulations or, in the event of preexisting plans, modify the regulations, if needed,
- make, as the case may be, on its sole decision and if it sees fit, any charges to the premium or premiums related to the capital increases, particularly for the expenses, fees and duties arising from the completion of the issues, and take from these premiums the sums needed to increase the legal reserve to one-tenth of the new share capital after each capital increase,
- make any adjustments required in accordance with applicable legal and contractual provisions and determine the arrangements, as the case may be, for maintaining the rights of the holders of securities or rights giving access to capital,
- generally take any useful measures, enter into any agreements, carry out or have carried out any acts or formalities and do the necessary to complete successfully the planned issues;

6) sets at twenty-six months as from the date of the present Shareholders' Meeting the term of validity of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

TWENTY-THIRD RESOLUTION

Delegation of authority to the Board of Directors for the purposes of issuing share subscription and/or acquisition warrants reserved for the employees and corporate officers of the Company and/or its subsidiaries, or for specific categories thereof, without shareholders' preemptive subscription right

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the provisions of articles L. 225-129 et seq., L. 225-138 and L. 228-91 et seq. of the French Code of Commerce:

1) delegates its authority to the Board of Directors, with the possibility of sub-delegating, to decide on the issue, in one or more times, of share subscription and/or acquisition warrants ("BSA") that may or may not be redeemable by the Company;

2) resolves that the overall nominal amount of the capital increases that may be carried out pursuant to the present delegation may not be greater than 5% of the Company's capital on the day of the issue, it being specified that (i) this ceiling is common to the present resolution and the twenty-second and twenty-third resolutions approved by the Shareholders' General Meeting of April 28, 2011 and that (ii) this amount does not take into account the shares to be issued, as the case may be, to maintain, in accordance with the law, the rights of the bearers of securities or rights giving access to capital;

3) resolves to cancel the shareholders' preemptive subscription right to the share subscription and/or acquisition warrants to be issued and to reserve that right for employees and corporate officers of the Company and/or its French and foreign subsidiaries in the sense of articles L. 225-180 and L. 233-3 of the French Code of Commerce, or for specific categories thereof;

4) duly notes that, in accordance with the provisions of the last paragraph of article L. 225-132 of the French Code of Commerce, the present delegation entails ipso jure the waiver by the shareholders of their preemptive subscription right to the shares to be issued by the exercise of the BSA in favor of the holders of those warrants;

5) resolves that the Board of Directors shall have, with the option of subdelegating in the conditions provided by law and under the conditions and within the limits set down above, the necessary powers to:

- determine the list and, as the case may be, the categories of individual authorized to subscribe to the BSA among the employees and corporate officers of the Company and/or its subsidiaries, as well as the terms and conditions and, as the case may be, subscription criteria,
- determine the number of BSA to be granted to each beneficiary and the number of shares to which each warrant shall give the right,
- determine whether the BSA issued shall be redeemable or not by the Company,
- set all the characteristics of the BSA, in particular their subscription price that shall be determined after obtaining the opinion of an independent expert and according to parameters affecting their value (in particular the restriction period, the exercise period, the trigger threshold and period of redemption of the BSA, the dividend policy of the Company, the price and volatility of the shares) and, more generally, all the terms, conditions and arrangements for the issue,
- set the subscription or acquisition price of the shares to which the BSA shall give the right, it being precised that a BSA shall give the right to subscribe or acquire one share of the Company at a price equal at least to 110% of the average closing price for shares in the Company for the twenty stock market trading days prior to the day of the decision to issue the BSA,
- acknowledge the completion of the share capital increase that may arise from the exercise of the BSA and make the corresponding amendments to the by-laws,
- charge, at its sole initiative, the share capital increase expenses to the amount of related premiums and take from that amount the sums needed to raise the legal reserve to one tenth of capital after each increase,
- make any adjustments required in compliance with legal and/or contractual provisions and set the arrangements for ensuring that any rights of bearers of securities or rights giving access to capital that may exist on the day of the issue in question are upheld,
- and, more generally, take any measures, enter into any agreements, carry out any formalities and do what is necessary to see the present delegation completed correctly;

6) sets at eighteen months as from the date of the present Shareholders' Meeting the term of validity of the present delegation, which renders null and void any previous delegation granted to the Board of Directors for the same purposes.

TWENTY-FOURTH RESOLUTION

Authorization to the Board of Directors to reduce the share capital by canceling self-held shares

The Shareholders' Meeting, ruling in the quorum and majority conditions required for extraordinary general meetings, after examining the Board of Directors' report and the Auditors' special report:

1) authorizes the Board of Directors, with the possibility of sub-delegating in the conditions provided by the law, to cancel, in one or more times, the shares held by the Company in itself within the limit of 10% of capital per twenty-four month period, and to reduce the share capital accordingly by charging the difference between the purchase value and the nominal value of the cancelled shares to available premiums and reserves;

2) grants all powers to the Board of Directors for the purposes of setting the definitive amount of the capital reduction within the limits provided by law and by the present resolution, to set its arrangements, acknowledge its completion, charge the difference between the purchase value and the nominal value of the cancelled shares to the available premiums and reserves of its choice, carry out all acts, formalities or declarations in order to make the capital increases carried out pursuant to the present authorization definitive and amend the by-laws accordingly;

3) sets at twenty-six months from the date of the present Shareholders' Meeting the duration of the present authorization, which renders null and void, any previous delegation granted to the Board of Directors for the same purposes.

TWENTY-FIFTH RESOLUTION

Powers

The Shareholders' Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, fully empowers the bearer of a duplicate or an extract of the minutes of the present Meeting to carry out any formalities with respect to registration or publication.

PERSONS RESPONSIBLE 9

FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF ACCOUNTS

9.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Gilles Michel, Chairman and Chief Executive Officer

9.2 CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I certify, after taking every reasonable measure for that purpose, that the information contained in the present Registration Document is, to the best of my knowledge, accurate and does not contain any omission that could make it misleading.

I certify, to my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and profit and loss of the Company and all undertakings included in the consolidation, and that the Board of Directors' Management's discussion and analysis appearing on pages 52 to 63 presents a fair picture of the development and performance of the business and financial position of the Company and all undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a letter of completion from the Statutory Auditors in which they state that they have checked the information on the financial position and the financial statements given in this Registration Document and that they have read the Document in its entirety.

The financial information presented in the Registration Document is the subject of the Statutory Auditors' reports appearing on pages 64 to 66. The reports on the consolidated statements for the period ending December 31, 2011 and December 31, 2010, incorporated by reference to the corresponding historical financial statements as specified on page 286 of the present Registration Document, respectively contain an observation concerning the financial year's changes of method.

Paris, March 21, 2013

Gilles Michel

Chairman and Chief Executive Officer

9.3 AUDITORS

STATUTORY AUDITORS

Deloitte & Associés

represented by Arnaud de Planta
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex - France

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of May 5, 2003 and renewed by the Extraordinary and Ordinary Shareholders' General Meeting of April 29, 2010

ERNST & YOUNG et Autres

represented by Jean-Roch Varon
1/2, place des Saisons
92400 Courbevoie - Paris La Défense 1 - France

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of April 29, 2010 in replacement of Ernst & Young Audit

Deloitte & Associés and ERNST & YOUNG et Autres are members of the Auditors' Regional Company of Versailles.

ALTERNATE AUDITORS

BEAS

7-9 Villa Houssay
92524 Neuilly-sur-Seine Cedex - France
part of the Deloitte network

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of May 5, 2003

Auditex

Faubourg de l'Arche
1/2, place des Saisons
92400 Courbevoie - Paris La Défense 1 - France
part of the Ernst & Young network

first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of April 29, 2010 in replacement of Mr. Jean-Marc Montserrat

9.4 INFORMATION INCLUDED IN THE REGISTRATION DOCUMENT BY REFERENCE

Pursuant to article 28 of EC Regulation 809/2004 of April 29, 2004, the following information is included in the present Registration Document by Registration:

- with respect to the financial year ending on December 31, 2011, the consolidated financial statements, annual financial statements, the related Auditors' reports, the Auditors' special report on regulated agreements and the Board of Directors' management report appearing respectively on pages 134 to 203, 204 to 224, 77 to 79, 80 to 82 and 66 to 76 of the 2011 Registration Document filed with Autorité des marchés financiers (French Securities Regulator) on March 22, 2012 under number D. 12-0193;
- with respect to the financial year ending on December 31, 2010, the consolidated financial statements, annual financial statements, the related Auditors' reports, the Auditors' special report on regulated agreements and the Board of Directors' management report appearing respectively on pages 126 to 190, 191 to 211, 70 to 72, 73 and 74 and 60 to 69 of the 2010 Registration Document filed with Autorité des marchés financiers (French Securities Regulator) on March 31, 2011 under number D. 11-0205.

Any other information that is not included in the present Document is either of no relevance to investors or mentioned in another part of the Registration Document.

9.5 PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Michel Delville
Group Chief Financial Officer

CROSS REFERENCE AND RECONCILIATION TABLES 10

10.1 CROSS REFERENCE TABLE

In order to facilitate the reading of this Registration Document, the subject index can be used to identify the main information required by the Autorité des marchés financiers (the French Securities Regulator) with respect to its regulations and instructions.

Items of Annex 1 to the EC Regulations 809/2004 of April 29, 2004		References	Pages
9	**Operating and financial review**	**Chapters 1; 2; 6**	
9.1	Financial position	6	144-150
9.2	Operating results	1; 2; 6	6-8; 52-55; 186-187; 200-206
	9.2.1 Information regarding significant factors materially affecting the Issuer's income from operations	6	186-187; 200-206
	9.2.2 Reasons for material changes in net sales or revenues	2	52-55
	9.2.3 Strategy and external factors	1	6-8
10	**Capital resources**	**Chapter 6**	
10.1	Information concerning the Issuer's capital resources	6	188
10.2	Explanation of the source and amounts of the Issuer's cash flows	6	148-150
10.3	Borrowing and funding structure of the Issuer	6	195-200
10.4	Restriction on use of capital resources	6	204
10.5	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3 and 8.1	6	195-200; 205
11	**Research and development, patents and licenses**	**Chapter 1**	**46-50**
12	**Information on trends**	**Chapter 2**	
12.1	Most significant recent trends in production, sales, inventory, costs and selling prices	2	52-59
12.2	Information on any known trends that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year	2	60
13	**Profit forecasts or estimates**	**n.a.**	
13.1	A statement setting out the main assumptions upon which the Issuer has based its forecast, or estimate		n.a.
13.2	A report prepared by independent accountants or Auditors		n.a.
13.3	Profit forecast or estimate prepared on a basis comparable with the historical financial information		n.a.
13.4	Statement setting out whether or not that forecast is still correct as at the time of the Registration Document		n.a.
14	**Management and supervisory bodies**	**Chapter 3**	
14.1	Names, business address and functions in the Issuer, and indication of the main activities performed outside the Issuer; nature of any family relationship, details of relevant management expertise; any convictions in relation to fraudulent offences; bankruptcies, receiverships or liquidations; public incriminations, sanctions by statutory or regulatory authorities	3	71-82; 91-92
14.2	Conflict of interests	3	81
15	**Remuneration and benefits**	**Chapters 3; 6**	
15.1	Amount of remuneration paid and benefits in kind granted to such persons by the Issuer and its subsidiaries	3	93-97
15.2	Total amount set aside or accrued to provide pensions, retirements or similar benefits	3; 6	96-97; 211-212
16	**Management and supervisory body practices**	**Chapter 3**	
16.1	Date of expiration of the current term of office	3	71; 91
16.2	Information about members of the management and supervisory bodies' service contracts with the Issuer or any of its subsidiaries	3	82
16.3	Audit Committee and Remuneration Committee	3	86-90
16.4	A statement on Corporate Governance	3	70
17	**Employees**	**Chapters 1; 3; 5; 7**	
17.1	Number of employees	1; 5	4; 135-136
17.2	Shareholdings and stock-options	3; 5; 7	71; 98-104; 138; 247
17.3	Description of any arrangement for involving the employees in the capital of the Issuer	5; 7	138; 247
18	**Major shareholders**	**Chapter 7**	
18.1	Name of any person who has more than 5% of interest in the Issuer's capital or voting rights	7	248-249
18.2	Whether the Issuer's major shareholders have different voting rights	7	240
18.3	State whether the Issuer is directly or indirectly owned or controlled	7	248-250
18.4	Description of any arrangement, known to the Issuer, the operation of which may at a subsequent date result in a change of control of the Issuer	7	249; 251

Items of Annex 1 to the EC Regulations 809/2004 of April 29, 2004		References	Pages
19	**Related party transactions**	**Chapter 6**	**211-212**
20	**Financial information concerning the Company's assets and liabilities, financial positions, profits and losses**	**Chapters 1; 2; 4; 6; 7; 9**	
20.1	Historical financial Information	1; 9	4; 284; 286
20.2	Pro forma financial Information		n.a.
20.3	Statutory and consolidated financial statements	6	144-234
20.4	Auditing of historical annual information	2; 9	64-66; 284; 286
	20.4.1 Statement that the historical financial information has ben audited	9	284
	20.4.2 Indication of other information in the Registration Document which has been audited by the Auditors		n.a.
	20.4.3 Source and nature of the financial data stated in the Registration Document but not extracted from the Issuer's audited financial statements		n.a.
20.5	Age of latest audited financial information	2; 9	64-66; 284
20.6.	Interim and other information		n.a.
20.7	Dividend policy	7	254
	20.7.1 Dividend per share	1; 2; 6; 7	4; 52; 147; 254
20.8	Legal and arbitration proceedings	4; 6	111; 194
20.9	Significant change in the Issuer's financial or trading position	6	213
21	**Additional information**	**Chapters 3; 7**	
21.1	Share capital	7	242-246
	21.1.1 Amount of issued capital, number of shares, par value per share, reconciliation of the number of shares outstanding at the beginning and end of the year	7	242
	21.1.2 Shares not representing capital		n.a.
	21.1.3 Shares owned by the Issuer itself	7	246-247
	21.1.4 Convertible securities, exchangeable securities or securities with warrants	7	242-245
	21.1.5 Information about and terms of any acquisition rights and or obligation over authorized but non issued capital or an undertaking to increase the capital	7	242-245
	21.1.6 Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option		n.a.
	21.1.7 History of share capital	7	242
21.2	Memorandum and Articles of Association	7	238-241
	21.2.1 The Issuer's scope of business	7	239
	21.2.2 Members of the management and supervisory bodies	3	71-81; 91-92
	21.2.3 Description of rights, preferences and restrictions attaching to the existing shares	7	240-241
	21.2.4 Changes of the rights of holders of the shares	7	240
	21.2.5 Description of the conditions governing the manner in which Annual General Meeting of Shareholders are called including the conditions of admission	7	240
	21.2.6 Change in control of the Issuer		n.a.
	21.2.7 An indication of the Articles of Association provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed	7	241; 248
	21.2.8 Changes in the capital		n.a.
22	**Material contracts**	**Chapter 4**	**111**
23	**Third party information and statement by experts and declaration of any interest**	**n.a.**	
23.1	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the Issuer		n.a.
23.2	Confirmation that this information has been accurately reproduced		n.a.
24	**Documents on display**	**Chapter 7**	**241; 254-255**
25	**Information on holdings**	**Chapter 6**	**208-210; 234**

10.2 TABLE OF RECONCILIATION WITH THE ANNUAL FINANCIAL REPORT

This Registration Document includes all information of the Annual Financial Report provided for in I of article L. 451-1-2 of the French Monetary and Financial Code and in article 222-3 of the general regulations of the Autorité des marchés financiers.

The table below sets out the references to the extracts from the Registration Document that correspond to the various items comprising the Annual Financial Report.

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