IMERYS,

THE WORLD LEADER
IN MINERAL-BASED SPECIALTY
SOLUTIONS FOR INDUSTRY

_ HALF-YEAR FINANCIAL REPORT 2014

IMERYS
TRANSFORM TO PERFORM

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In the 1st half of 2014, the economic environment was characterized by marked disparities between the three major geographic zones where the Group operates. In North America, activity remained firm despite harsh weather conditions early in the year. In Europe some signs of improvement appeared, particularly in Northern Europe, but at this point they are uneven and remain fragile. Activity levels vary and growth is weaker overall in emerging countries.

Compared with the 1st half of 2013, the euro appreciated significantly compared with a large number of currencies, particularly the US dollar, the Japanese yen, the Brazilian real, the Indian rupee and the South African rand.

In this context, Imerys' results improved in 1st half 2014. Revenue rose + 4.4% at comparable Group structure and exchange rates compared to the same period in 2013. The new plants that came on stream in late 2013 continued to ramp up (proppants in Wrens, USA, carbon black in Belgium and lime in Brazil). They contributed positively over the period. Revenue of the four business groups grew on a comparable basis and profitability increased. The Group achieved a higher operating margin at 13.5% (13.0% in the 1st half 2013). Net income from current operations increased + 1.6% and stood at €158 million.

(€ millions)	06.30.2014	06.30.2013	% current change
Consolidated results			
Revenue	1,837.9	1,880.7	**- 2.3%**
Current operating income (1)	247.7	244.0	**+ 1.5%**
Operating margin	*13.5%*	*13.0%*	*+ 0.5 point*
Net income from current operations, Groupe share (2)	157.5	155.0	**+ 1.6%**
Net income, Group share	131.5	128.7	**n.a.**
Financing			
Paid capital expenditure	106.6	119.5	**- 10.8%**
Current free operating cash flow (3)	105.7	129.0	**- 18.1%**
Shareholders' equity	2,311.5	2,287.6	**+ 1.0%**
Net financial debt	878.0	1,054.5	**- 16.7%**
Data per share			
Net income from current operations, Group share, per share (2) & (4)	€2.06	2.06 €	**n.s.**

(1) Throughout the present activity report, "Current operating income" means operating income before other operating revenue and expenses. On a comparable basis, the change in current operating income is + 3.8% (change in revenue + 4.4%).

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

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

(4) The weighted average number of outstanding shares increased + 1.3% to 76,329,586 in the 1st half 2014 (75,365,106 in the 1st half 2013).

On January 31, 2014, Imerys divested four calcium carbonate industrial units serving the paper market that posted total revenue of approximately €75 million in 2012.

Two acquisitions were completed during the half: the Finnish company Termorak strengthened the Monolithic Refractories activity and Kinta Powdertec Sdn Bhd will expand the Carbonates footprint in Asia (see section on the Energy Solutions & Specialties business group).

On March 10, the Group decided not to raise further the offer it launched one month earlier to acquire AMCOL International Corporation, judging that the operation could not be carried out in accordance with its value creation objectives.

Finally, the construction of the fused alumina plant in Bahrain was completed during the 1st half. It went into operation in early July 2014.

DETAILED REVIEW OF THE GROUP'S RESULTS

REVENUE

Non-audited quaterly data	Revenue 2014 (€ millions)	Revenue 2013 (€ millions)	Change in revenue (% previous year)	Comparable change [(1)] (% previous year)	of which Volume	of which Price/Mix
1st quarter	904.1	929.3	- 2.7%	+ 5.0%	+ 3.3%	+ 1.7%
2nd quarter	933.8	951.4	- 1.9%	+ 3.7%	+ 2.0%	+ 1.7%
1st half	**1,837.9**	**1,880.7**	**- 2.3%**	**+ 4.4%**	**+ 2.7%**	**+ 1.7%**

Revenue for the 1st half of 2014 totals €1,837.9 million, a - 2.3% change on a current basis from the same period in 2013. This decrease results from:

- A negative foreign exchange effect of - €67.2 million (- 3.6%), due to the euro's appreciation against a large number of currencies, particularly the US dollar; this impact is mainly explained by the effect of converting revenue achieved in the other currencies into euros;
- A negative Group structure effect of - €57.6 million (- 3.1%). It corresponds to the impact of the divestments of Imerys Structure, the four calcium carbonate plants and the shutdown of the Ardoisières d'Angers activity (roofing slates in France), mitigated by the contribution of the acquisitions in Monolithic Refractories (Indoporlen, Tokai and Termorak).

At comparable Group structure and exchange rates, 1st half revenue for 2014 rose + 4.4% compared with the same period in 2013. All business groups contribute to this increase. Volumes recovered + 2.7% (+ €49.9 million) compared with the low levels of the 1st half of 2013. Imerys benefited from a relative improvement in European demand, particularly in the automotive sector, construction and some industrial segments, as well as from the ramp-up of production in new plants. Sales from the new facilities totaled almost €30 million. The price/mix component was positive in all four business groups and represented + 1.7% for the Group as a whole (+ €32.0 million).

Revenue by geographic zone of destination (current change)

(€ millions)	Revenue H1 2014	% change H1 14 vs. H1 13	% of consolidated revenue as of 06.30.2014	% of consolidated revenue as of 06.30.2013
Western Europe	836.6	- 5.4%	46%	47%
of which France	*244.4*	*- 16.6%*	*13%*	*16%*
United States / Canada	425.5	+ 1.5%	23%	22%
Emerging countries	481.3	- 1.1%	26%	26%
Others (Japan / Australia)	94.5	+ 4.2%	5%	5%
Total	**1,837.9**	**- 2.3%**	**100%**	**100%**

In Western Europe, changes in scope explain the decrease in revenue recorded between 1st half 2013 and 1st half 2014. France now represents 13% of the Group's total revenue, following the divestment of clay brick activities and a carbonates for paper plant in the country.

In North America, revenue was supported by vibrant traditional markets (consumer goods, construction, etc.) and the launch of the Wrens plant (USA). They increased by more than + 5%, excluding the foreign exchange effect (US dollar: - 4%; Canadian dollar - 13% against the euro compared with 1st half 2013). In emerging countries, growth is hidden by the continued significant depreciation of many currencies (Indian rupee - 15%; Brazilian real: - 18%; South African rand: - 21%).

(1) Throughout the present activity report, "comparable change" or "on a comparable basis" mean "at comparable Group structure and exchange rates".

CURRENT OPERATING INCOME

Non-audited quarterly data **(€ millions)**	**2014**	**2013**	**% Change**	**% Comparable change**
1st quarter	117.3	117.0	+ 0.3%	+ 3.7%
Operating margin	*13.0%*	*12.6%*	*+ 0.4 point*	
2nd quarter	130.4	127.0	+ 2.7%	+ 3.9%
Operating margin	*14.0%*	*13.3%*	*+ 0.7 point*	
1er semestre	**247.7**	**244.0**	**+ 1.5%**	**+ 3.8%**
Operating margin	*13.5%*	*13.0%*	*+ 0.5 point*	

Current operating income stood at €247.7 million in the 1st half of 2014. The + 1.5% rise compared with the same period in 2013 takes the following items into account:

- Negative Group structure impact of - €5.1 million (- 2.1%), relating to the divestments of the Imerys Structure activity and of the four calcium carbonate plants. The effect of these operations was partly offset by the contribution of Tokai, Indoporlen and Termorak (Monolithic Refractories) and the shutdown of the Ardoisières d'Angers activity;
- An unfavorable foreign exchange effect of - €0.5 million (- 0.2%), reflecting the conversion into euros of income achieved in other currencies, mitigated by a transactional effect: the cost base in the countries from which Imerys exports its specialties benefited from the depreciation of those currencies.

On a comparable basis, current operating income increased + 3.8% compared with the 1st half of 2013. In a low-inflation environment, the product price/mix effect (+ €24.0 million) covers the rise in variable costs (- €4.7 million, mainly concerning energy in the USA and Brazil). Growth in volumes, which contributed + €21.5 million, partly explains the rise in fixed production costs and general expenses. Almost two-thirds of the total increase (+ €24.4 million) relates to the launch of new production capacities. The increase in fixed costs and general expenses is therefore under control.

Consequently, the Group's **operating margin** stood at 13.5% in the 1st half of 2014, a + 0.5 point improvement on the 1st half of 2013.

NET INCOME FROM CURRENT OPERATIONS

In the 1st half of 2014, **net income from current operations** increased + 1.6% to €157.5 million (€155.0 million in 1st half 2013). It takes the following items into account:

- Financial expense for - €27.9 million (- €27.8 million in 1st half 2013), comprises of the following three components:
    - net interest expense on financial debt stood at - €20.1 million in the 1st half of 2014 (compared with - €25.4 million in 1st half 2013). The decrease in interest expense is due to the reduction in the average financial debt over the period, combined with lower cost of debt ;
    - net financial cost of pensions and other changes in provisions decreased slightly compared with the 1st half of 2013 (- €5.0 million in 1st half 2014 vs. - €6.9 million in 1st half 2013) as new market parameters were taken into account;
    - the net impact of foreign exchange and financial instruments constituted an expense of - €2.8 million in the 1st half of 2014 (compared with gains of + €4.5 million in 1st half 2013).

    The order of magnitude of the first two components of financial expense can be extrapolated over full-year 2014, all else being equal. The exchange rate and financial instruments component is unpredictable by nature.
- A - €62.1 million current tax charge (- €60.1 million in 1st half 2013). The effective tax rate increased, as expected, to 28.3% (27.8% in 1st half 2013), particularly as a result of the heavier taxes in France.

NET INCOME

Other operating income and expenses, net of tax and the **Net income of assets held for sale** amounted to - €26.0 million in the 1st half of 2014 (- €26.3 million in 1st half 2013) and included the following items:

- Income of + €37.0 million after tax, comprised in particular of gains from the disposal of four calcium carbonate units serving the paper market, including the results of these assets for the month of January 2014 *(2)*, acquisition costs (Indoporlen, Tokai, Termorak, Kinta Powdertec Sdn Bhd, etc.) and termination fees under the AMCOL acquisition contract, minus the expenses incurred by Imerys with respect to this operation;
- Restructuring charges (- €32.9 million after tax), mostly made of additional expenses related to the programs initiated in 2013 (closure of Venezuelan activities, shutdown of the Ardoisières d'Angers activity, restructuring of kaolin for paper and some activities in China) and the reorganization of European Refractory Minerals activities, which was launched in early 2014.
- Impairment of goodwill on the Chinese zirconium activity in the High Resistance Minerals business group (- €30.1 million, net of tax). Within its zirconium business portfolio, the Group opted to focus on more technical products in China. Pursuant to the Group's accounting principles, the resulting decrease in forecasted cash flow for this entity led to an impairment of €30.1 million being recorded on June 30, 2014. The net goodwill assigned to the zirconium activity now totals €58.2 million. This impairment has no impact on the Group's cash position.

After taking other operating income and expenses into consideration, net of tax, the **Group's share of net income** stood at €131.5 million in the 1st half of 2014 (€128.7 million in 1st half 2013).

CASH FLOW

(€ millions)	06.30.2014	12.31.2013	06.30.2013
EBITDA	**338.4**	**650.4**	**335.8**
Changes in operating working capital requirement	(57.4)	32.0	(23.5)
Paid capital expenditure	(106.6)	(253.1)	(119.5)
Current free operating cash flow*	**105.7**	**306.4**	**129.0**
Financial cash flow financier (net of tax)	(20.0)	(38.0)	(20.1)
Other working capital requirement items	8.5	19.8	5.7
Current free cash flow	**94.2**	**288.2**	**114.6**
* including subsidies, value of divested assets and misc.	1.4	9.8	4.1

At 22.4% of annualized sales for the last quarter, the **operating working capital requirement** *(3)* was stable compared with the same period in 2013. The change in operating working capital requirement (- €57.4 million) results from the build-up of inventories in new plants.

(2) As of December 31, 2013, these plants have been classified as "Assets held for sale", the actual disposal being completed on January 31, 2014. Accordingly, the net income from these sites for the month of January 2014 was recognized as 'Income from assets held for sale".

(3) Continuation of factoring contract signed on July 23, 2009 under which transferred receivables are deconsolidated, with the risks and benefits related to receivables transferred to the factor bank. €51 million in receivables was factored as of June 30, 2014.

Paid capital expenditure stood €106.6 million in the 1st half of 2014. The booked amount (€88.9 million) represents 89% of depreciation, a comparable percentage to the 1st half of 2013 (92%). Maintenance and overburden capital expenditure were in line with previous half-year periods and development capital expenditure totaled €36.5 million. New projects were launched to support the Group's growth potential. Details of these projects are given for the relevant business group.

In that context, Imerys generated healthy **current free operating cash flow** (€105.7 million in 1st half 2014 vs. €129.0 million one year earlier).

FINANCIAL STRUCTURE

(€ millions)	06.30.2014	12.31.2013	06.30.2013
Paid dividends	(123.7)	(119.2)	(117.5)
Net financial debt, end of period	878.0	885.4	1,054.5
Average net debt	839.1	971.0	984.0
Shareholders' equity	2,311.5	2,271.7	2,287.6
EBITDA	338.4	650.4	335.8
Net debt / Shareholders' equity	38.0%	39.0%	46.1%
Net debt / EBITDA [(4)]	1.3x	1.4x	1.6x

As of June 30, 2014, Imerys' financial structure remains robust, with no significant change in the Group's **net financial debt** during the 1st half.

During this period, Imerys paid €123.7 million in dividends to its shareholders, representing a distribution rate of around 40% of net income from current operations. Imerys also realized gains from disposal of four calcium carbonate units, acquired Termorak (Monolithic Refractories activity) and paid part of the earn-out for the acquisition of PyraMax Ceramics, LLC for USD42.5 million. Imerys' financial indebtedness ratios remain sound (net debt: 38.0% of shareholders' equity, 1.3 times EBITDA).

As regards financing, Imerys' **total financial resources** stood at €2.2 billion as of June 30, 2014, with an average maturity of 3.9 years. On April 25, 2014 the Group repaid a €300 million bond issue bearing interest at a nominal rate of 5.125% at its maturity. This repayment was refinanced early on November 14, 2013 on very favorable terms. Imerys carried out a €300 million bond issue maturing in November 2020, with a 2.5% annual coupon. As of June 30th, 2014, available financial resources excluding cash totaled more than €920 million.

On May 14, 2014, Moody's confirmed the long-term credit rating (unsecured senior debt) assigned to Imerys in 2011, "Baa-2" with a stable outlook. The short-term rating "P-2", also with a stable outlook, was also reaffirmed.

(4) EBITDA on 12 rolling months.

EVENTS AFTER THE END OF THE PERIOD

The consolidated half-year financial statements as of June 30, 2014 were closed by the Board of Directors at its meeting on July 30, 2014. No significant event is to be reported between the closing date and that of the Board of Directors.

OUTLOOK

For Imerys, the 2nd half of 2014 begins in a macroeconomic environment that is comparable to the first six months of the year. Assuming that these market conditions continue to prevail, Imerys should achieve an increase in net income from current operations in 2014 compared to the previous year. The diversification of the business portfolio, the ramp-up of new capacities and the contribution of new products, together with cost control efforts, will contribute to that result, notwithstanding the adverse effect of exchange rates and changes in the scope of business.

In addition, as part of the implementation of its 2012 - 2016 strategy, the Group is continuing its R&D, innovation and capital expenditure programs with a view to taking advantage of the robust demand, particularly in the United States, supporting new product launches and expanding its geographic footprint.

REVIEW BY BUSINESS GROUP

REVENUE BY BUSINESS GROUP

(€ millions)	Revenue H1 2014	Revenue H1 2013	% Current change	% Structure effect	% Exchange Rate effect	% Comparable change
Revenue of which :	**1,837.9**	**1 880.7**	**- 2.3%**	**- 3.1%**	**- 3.6%**	**+ 4.4%**
Energy Solutions & Specialties	624.1	620.6	+ 0.6%	- 3.5%	- 5.2%	+ 9.3%
Filtration & Performance Additives	558.6	573.8	- 2.6%	- 0.7%	- 3.1%	+ 1.2%
Ceramic Materials	345.7	369.0	- 6.3%	- 8.6%	- 0.7%	+ 3.0%
High Resistance Minerals	328.9	337.5	- 2.6%	+ 0.1%	- 3.9%	+ 1.3%
Holding Company & Eliminations	(19.4)	(20.2)	n.s.	n.s.	n.s.	n.s.

ENERGY SOLUTIONS & SPECIALITIES

(34% of consolidated revenue in 1st half 2014)

Non-audited quarterly data (€ millions)	2014	2013	% Current change	% Comparable change
1st quarter revenue	303.1	306.7	- 1.2%	+ 8.3%
2nd quarter revenue	321.0	313.9	+ 2.3%	+ 10.3%
1st half revenue	**624.1**	**620.6**	**+ 0.6%**	**+ 9.3%**
Current operating income	74.4	68.4	+ 8.8%	+ 22.9%
Operating margin	*11.9%*	*11.0%*	*+ 0.9 point*	
Booked capital expenditure	32.5	32.6	- 0.3%	
As of % depreciation	*119%*	*122%*		

The high-temperature industries (steel, metallurgy, power generation, incineration, casting, cement, petrochemicals etc.) served by **Monolithic Refractories** and some **Graphite & Carbon** applications were slightly up compared with the low levels of activity in the 1st half of 2013. Global steel production grew + 2.5% over the first six months of 2014 compared with the same period in the previous year, with a + 3.8% rise in Europe (source: World Steel Association). Growth was firm in the mobile energy sector (**Graphite & Carbon**), particularly in the Li-ion battery segment. The rise in the non-conventional oilfield sector continued in the United States (**Oilfield Solutions**). **Carbonates** markets were healthy overall, except for printing & writing paper in North America and Europe. Consumer sectors held out well, while construction (new buildings and renovation) remained buoyant in North America and showed some signs of improvement in Northern Europe and the United Kingdom.

On February 14, 2014, Calderys (Monolithic Refractories) acquired Termorak, a Finnish company specialized in the design, sourcing and installation of refractory materials that achieved revenue of €17 million in 2012. The acquisition broadens Calderys' offering for the petrochemicals, paper and thermal industry sectors and enlarges its footprint in Northern and Eastern Europe.

The acquisition of Kinta Powdertec Sdn Bhd, a producer of ground calcium carbonate (GCC) for the plastic, polymer and coatings industries, bolsters this activity's position in Asia. Based in Malaysia, Kinta Powdertec Sdn Bhd achieved revenue of approximately €5 million in 2013. The operation was completed on June 30 and became effective on July 2, 2014.

First-half **revenue**, at €624.1 million (+ 0.6% on a current basis), takes the following items into account:

- Negative foreign exchange impact of - €32.2 million (appreciation of the euro, mainly against the US dollar);
- An unfavorable structure effect (- €22.0 million) relating to the divestment in late January 2014 of the four calcium carbonate for paper plants (- €38.7 million in 1st half [(5)]). This impact was partly offset (by + €16.7 million) by the contribution of the acquisitions made in Monolithic Refractories (Indoporlen in June 2013, Tokai in July 2013 and Termorak in February 2014).

On a comparable basis, revenue grew significantly (+ 9.3%), driven in particular by a slight improvement in demand and the first sales from the plants that recently came on stream. The second proppant plant in the United States, the new carbon black for Li-ion batteries line in Belgium and the lime unit in Brazil together generated almost €30 million in revenue in the 1st half of 2014.

Current operating income follows the same trend, climbing + 8.8% to €74.4 million (+ €6.0 million). Excluding foreign exchange (- €5.3 million) and Group structure (- €4.4 million) effects, it increased + 22.9% thanks to significant growth in volumes. Fixed costs and general expenses include costs for the launch of new activities, which were gradually absorbed by the sales generation. The product price/mix effect was firm.

Taking those factors into account, the business group's **operating margin** improved + 0.9 point to 11.9%.

Capital expenditure remained high in the 1st half of 2014 with the launch of capacity extensions, particularly in the United States where the Carbonates activity is building a new production line to supply the plastic packaging industry. In India, Calderys is starting a construction project for its third plant.

FILTRATION & PERFORMANCE ADDITIVES

(30% of consolidated revenue in 1st half 2014)

Non-audited quarterly data **(€ millions)**	**2014**	**2013**	**% Current change**	**% Comparable change**
1st quarter revenue	273.6	281.3	- 2.8%	+ 1.7%
2nd quarter revenue	285.0	292.5	- 2.5%	+ 0.7%
1st half revenue	**558.6**	**573.8**	**- 2.6%**	**+ 1.2%**
Current operating income	77.4	79.1	- 2.2%	- 7.9%
Operating margin	*13.9%*	*13.8%*	*+ 0.1 point*	
Booked capital expenditure	28.1	24.3	+ 15.6%	
As of % depreciation	*73%*	*57%*		

The **Filtration & Performance Additives** business group is a supplier to a great number of industries (agri-food, plastics, paint, rubber, catalysts, paper, pharma, personal care & beauty etc.). Its activity is driven by trends in consumer goods (beverages, food, magazines, packaging, etc.), capital goods (particularly automotive) and construction (new buildings and renovation).

In the 1st half of 2014, trends were positive overall on the business group's main markets. Demand was firm in North America, particularly in the automotive and construction sectors, despite the adverse weather conditions that disrupted industrial activity early in the year. The demand trend was more positive in Europe. Production of printing & writing paper continued to decrease in mature regions (- 2% - RISI and Imerys estimates) and grow in emerging countries (+ 2%).

(5) As of December 31, 2013, these plants have been classified as "Assets held for sale", the actual disposal being completed on January 31, 2014. Accordingly, the net income from these sites for the month of January 2014 was recognized as 'Income from assets held for sale". The Group structure impact on revenue and current operating income consequently relates to full 1st half 2014.

Revenue totaled €558.6 million in the 1st half of 2014 (- 2.6% compared with the 1st half of 2013). This change factors in a negative foreign exchange impact of - €18.0 million and a limited structure effect (- €4.0 million, relating to the transfer of Goonvean's revenue (UK) in ceramic markets to the Ceramic Materials business group).

On a comparable basis, sales grew +1.2%, thanks to buoyant conditions in North America, where the business group achieved almost a third of its revenue, the growing use of minerals (e.g. talc for automotive polymers) and the first sales of new products (e.g. ImerPlast™, a mineral solution which allows for polymer recycling). However, the business group's volumes decreased slightly overall because of the continued rationalization of papermaking capacities in Europe and North America, which affected the Kaolins activity.

Current operating income, at €77.4 million, decreased slightly (- 2.2%, i.e. - €1.7 million) in the 1st half of 2014. It includes a very limited structure effect and a favorable foreign exchange effect (+ €4.6 million), with the depreciation of the Brazilian real easily offsetting cost inflation in the country (taxes and purchases in other currencies). For the business group as a whole, the product price/mix effect outweighed the rise in variable costs. Fixed costs and general expenses increased. They included expenses for the launch of FiberLean™, an innovative micro-fibrillated cellulose (MFC) composite for which Imerys has patented the manufacturing process. By increasing the proportion of mineral filler in paper, FiberLean™ improves its properties and enables papermakers to save costs and increase productivity.

In this context, the **operating margin** worked out at 13.9% (13.8% in 1st half of 2013).

The business group launched new **capital expenditure** programs with the aim of increasing its production capacities for Celpure™, an edible or pharmaceutical liquid filtration agent (USA), and supporting the launch of innovations (ImerPlast™ production line in the UK and the first facility for FiberLean™ in the USA).

CERAMIC MATERIALS

(19% of consolidated revenue in 1st half 2014)

Non-audited quarterly data **(€ millions)**	**2014**	**2013**	**% Current change**	**% Comparable change**
1st quarter revenue	173.8	188.8	- 7.9%	+ 4.6%
2nd quarter revenue	171.9	180.2	- 4.6%	+ 1.3%
1st half revenue	**345.7**	369.0	**- 6.3%**	**+ 3.0%**
Current operating income	82.6	80.1	+ 3.2%	+ 4.1%
Operating margin	*23.9%*	*21.7%*	*+ 2.2 points*	
Booked capital expenditure	8.7	12.8	- 32.0%	
As of % depreciation	*43%*	*58%*		

In **Building Materials** in France (supply of clay roof tiles and roofing accessories by Imerys Toiture), a resilient roofing renovation segment partly offset the slump in new single-family housing starts (- 13.9% over 12 sliding months to end June 2014 - source: French sustainable development commission (CGDD)). Good weather conditions in the 1st quarter of 2014 supported sales of clay roof tiles, which grew + 2% compared with the 1st half of 2013 for the industry as a whole (source: French roof tiles & bricks federation (FFRB)).

The **Minerals for Ceramics** activity was driven by the construction sector, which grew in most geographic areas, including Northern Europe and the United Kingdom.

In the 1st half of 2014, **revenue** totaled €345.7 million. The - 6.3% decrease compared with the 1st half of 2013 is entirely due to the negative effect of changes in scope (- €31.7 million, i.e. - 8.6%). It includes the divestment of Imerys Structure (May 2013), the shutdown of Ardoisières d'Angers (December 2013) and a positive internal structure effect of + €4.0 million (transfer of Goonvean's ceramic activities revenue from the Filtration & Performance Additives business group). The foreign exchange effect is also negative at - €2.6 million (Minerals for Ceramics).

At comparable structure and exchange rates, first-half revenue increased + 3.0% against a favorable basis of comparison for Building Materials. Geographic repositioning (Mediterranean Basin, Middle East, Asia) and adjustments of the product range enables the Minerals for Ceramics activity to seize market growth.

Current operating income rose + 3.2% to €82.6 million in the 1st half of 2014 (+ €2.5 million) and includes a Group structure effect of - €1.4 million. On a comparable basis, the + 4.1% increase in current operating income was supported by the contribution of volumes and the product price/mix component, as well as tight cost control.

The business group's **operating margin** stood at 23.9% in the 1st half of 2014 (21.7% in 1st half 2013).

Capital expenditure mainly focused on the efficiency of industrial assets.

HIGH RESISTANCE MINERALS

(17% of consolidated revenue in 1st half 2014)

Non-audited quarterly data **(€ millions)**	**2014**	**2013**	**% Current change**	**% Comparable change**
1st quarter revenue	163.3	162.5	+ 0.5%	+ 4.4%
2nd quarter revenue	165.6	175.0	- 5.4%	- 1.7%
1st half revenue	**328.9**	**337.5**	**- 2.6%**	**+ 1.3%**
Current operating income	36.5	37.4	- 2.7%	- 2.9%
Operating margin	*11.1%*	*11.1%*	*stable*	
Booked capital expenditure	19.0	24.6	- 22.8%	
As of % depreciation	*138%*	*184%*		

Through **Fused Minerals** and **Refractory Minerals** specialties, the business group is exposed to the high-temperature industry (steel, metal casting, glass, aluminum, etc.), industrial equipment and capital goods markets (machine tools, automotive, etc.). In the 1st half of 2014, manufacturing activity held out well despite adverse weather conditions in North America, while a slight improvement was observed on some segments in Europe (automotive casting, etc.). In China, industrial output grew but the construction segment slowed down.

At €328.9 million, the business group's **revenue** (- 2.6% vs. 1st half 2013) includes a negative currency translation effect for - €13.2 million (- 3.9%, relating to the euro against US dollar and South African rand).

On a comparable basis, revenue increased + 1.3%. The slight decrease in volumes relates to the refocusing of the Chinese zirconium activity on more technical products. In the business group's other activities, volumes held out well.

The business group's **current operating income** was €36.5 million (including a - €0.7 exchange rate effect). At comparable structure and exchange rates, the - 2.9% decrease in current operating income results from the evolution of Fused Minerals activities in China. The firm product price/mix effect covered the increase in costs.

In that context, the business group's **operating margin** was stable at 11.1%.

Development **capital expenditure** mainly concerned the end of construction of the fused alumina plant in Bahrain.

RELATED PARTIES AND RISK FACTORS

RELATED PARTIES

Related parties disclosures in the 1st half of 2014 are detailed in the present Half-Year Financial Report: Chapter 2 - Financial Statements - *Note 23*.

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 2013 Registration Document. The main risks and risk factors the Group is facing and their management as well as associated control methods are presented in section 4.1 of the 2013 Registration Document. The main category of identified risks in chapter 4, section 1 of the 2013 Registration Document are : *Risks Related to Imerys' Business, Industrial and Environmental Risks, Legal Risks, Risk Relating to Financial Markets.*

Information related to Management of risks arising from financial liabilities in the 1st half of 2014 are detailed in the present Half-Year Financial Report: Chapter 2 - Financial Statements - *Note 20.3*.

Management considers that assessment of main risks and uncertainties for the last six months of the year 2014 is unchanged with respect to the description provided in chapter 4, section 1 of the 2013 Registration Document.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	06.30.2014	06.30.2013	2013
Revenue	4	**1,837.9**	**1,880.7**	**3,697.6**
Current income and expenses		**(1,590.2)**	**(1,636.7)**	**(3,220.6)**
Raw materials and consumables used	5	(601.9)	(651.3)	(1,273.8)
External expenses	6	(491.5)	(495.0)	(975.1)
Staff expenses	7	(381.1)	(385.5)	(753.1)
Taxes and duties		(23.9)	(25.2)	(50.3)
Amortization, depreciation and impairment losses		(100.5)	(105.5)	(207.8)
Other current income and expenses		8.7	25.8	39.5
Current operating income		**247.7**	**244.0**	**477.0**
Other operating income and expenses	8	**(28.7)**	**(33.4)**	**(80.1)**
Gain or loss from obtaining or losing control		54.4	(3.7)	(0.9)
Other non-recurring items		(83.1)	(29.7)	(79.2)
Operating income		**219.0**	**210.6**	**396.9**
Net financial debt expense		**(20.1)**	**(25.4)**	**(46.6)**
Income from securities		3.0	0.2	4.5
Gross financial debt expense		(23.1)	(25.6)	(51.1)
Other financial income and expenses		**(7.8)**	**(2.4)**	**(6.1)**
Other financial income		52.9	96.9	159.9
Other financial expenses		(60.7)	(99.3)	(166.0)
Financial income (loss)	10	**(27.9)**	**(27.8)**	**(52.7)**
Income taxes	11	(60.4)	(53.0)	(100.1)
Net income of assets held for sale		1.0	-	-
Net income		**131.7**	**129.8**	**244.1**
Net income, Group share (1) & (2)	12	131.5	128.7	242.0
Net income, share of non-controlling interests		0.2	1.1	2.1

(1) Net income per share				
Basic net income per share (in €)	*13*	*1.72*	*1.71*	*3.20*
Diluted net income per share (in €)	*13*	*1.70*	*1.69*	*3.17*
(2) Net income from current operations, Group share	*12*	*157.5*	*155.0*	*304.2*
Basic net income from current operations per share (in €)	*13*	*2.06*	*2.06*	*4.03*
Diluted net income from current operations per share (in €)	*13*	*2.03*	*2.03*	*3.98*
Other operating income and expenses net of income taxes, Group share	*8*	*(27.0)*	*(26.3)*	*(62.2)*
Net income of assets held for sale		*1.0*	*-*	*-*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	06.30.2014	06.30.2013	2013
Net income		**131.7**	**129.8**	**244.1**
Items never reclassified subsequently to profit or loss				
Post-employment employee benefits		**(45.0)**	**96.7**	**74.8**
Actuarial gains and (losses), excess of the actual return on assets over their normative return in profit or loss and assets limitations		(45.0)	96.7	74.8
Income taxes on items never reclassified	11	**11.0**	**(21.9)**	**(18.6)**
Other comprehensive income of assets and liabilities held for sale		**-**	**(0.7)**	**-**
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges		**3.9**	**(5.6)**	**(0.8)**
Recognition in equity	20.2	3.8	(5.1)	(8.3)
Reclassification in profit or loss	20.2	0.1	(0.5)	7.5
Translation reserve		**55.1**	**(74.9)**	**(215.7)**
Recognition in equity		54.9	(75.3)	(215.2)
Reclassification in profit or loss		0.2	0.4	(0.5)
Income taxes on items that may be reclassified	11	**(1.2)**	**5.0**	**0.7**
Other comprehensive income		**23.8**	**(1.4)**	**(159.6)**
Total comprehensive income		**155.5**	**128.4**	**84.5**
Total comprehensive income, Group share		154.8	128.6	86.0
Total comprehensive income, share of non-controlling interests		0.7	(0.2)	(1.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	06.30.2014	06.30.2013	2013
Non-current assets		**3,182.1**	**3,300.3**	**3,156.3**
Goodwill	14	1,053.2	1,098.1	1,060.5
Intangible assets	15	72.9	65.5	72.6
Mining assets	16	425.0	459.9	428.2
Property, plant and equipment	16	1,423.3	1,456.0	1,404.8
Joint ventures and associates		81.0	83.0	83.1
Other financial assets		25.8	24.9	27.7
Other receivables		41.6	56.1	37.1
Derivative financial assets	20.2	11.8	6.4	7.5
Deferred tax assets		47.5	50.4	34.8
Current assets		**1,768.2**	**1,808.3**	**1,677.3**
Inventories	18	631.8	637.5	588.3
Trade receivables		577.9	575.2	512.3
Other receivables		187.6	198.0	144.9
Derivative financial assets	20.2	5.9	0.9	4.4
Other financial assets (1)	20.1	35.7	65.4	81.5
Cash and cash equivalents (1)	20.1	329.3	331.3	345.9
Assets held for sale	21	**-**	**97.0**	**39.3**
Consolidated assets		**4,950.3**	**5,205.6**	**4,872.9**
Equity, Group share		**2,287.3**	**2,260.0**	**2,247.5**
Capital		153.5	151.2	152.5
Premiums		386.0	333.4	362.1
Reserves		1,616.4	1,646.7	1,490.9
Net income, Group share		131.4	128.7	242.0
Equity, share of non-controlling interests		**24.2**	**27.6**	**24.2**
Equity		**2,311.5**	**2,287.6**	**2,271.7**
Non-current liabilities		**1,487.4**	**1,682.8**	**1,799.4**
Employee benefit liabilities		279.1	217.3	227.1
Other provisions	19	250.5	232.3	239.3
Loans and financial debts (1)	20.1	893.2	1,009.2	1,190.3
Other debts		14.0	136.2	88.3
Derivative financial liabilities	20.2	0.5	1.7	0.5
Deferred tax liabilities		50.1	86.1	53.9
Current liabilities		**1,151.4**	**1,191.7**	**793.3**
Other provisions	19	20.4	17.4	18.3
Trade payables		435.4	412.6	376.3
Income taxes payable		56.2	44.8	26.7
Other debts		274.8	262.1	236.0
Derivative financial liabilities	20.2	4.4	8.7	6.3
Loans and financial debts (1)	20.1	355.7	436.1	124.0
Bank overdrafts (1)	20.1	4.5	10.0	5.7
Liabilities related to assets held for sale	21	**-**	**43.5**	**8.5**
Consolidated equity and liabilities		**4,950.3**	**5,205.6**	**4,872.9**
(1) Net financial debt	*20.1*	*878.0*	*1,054.5*	*885.4*

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, 2013	**150.7**	**326.2**	**(7.0)**	**(2.5)**	**(184.0)**	**1,662.3**	**1,468.8**	**291.3**	**2,237.0**	**24.0**	**2,261.0**
Total comprehensive income	**-**	**-**	**-**	**(3.7)**	**(70.4)**	**74.0**	**(0.1)**	**128.7**	**128.6**	**(0.2)**	**128.4**
Transactions with shareholders	**0.5**	**7.2**	**1.9**	**0.0**	**0.0**	**176.1**	**178.0**	**(291.3)**	**(105.6)**	**3.8**	**(101.8)**
Allocation of 2012 net income	-	-	-	-	-	291.3	291.3	(291.3)	0.0	-	0.0
Dividend (€1.55 per share)	-	-	-	-	-	(116.9)	(116.9)	-	(116.9)	(0.6)	(117.5)
Capital increases	0.5	7.2	-	-	-	-	0.0	-	7.7	2.6	10.3
Transactions on treasury shares	-	-	1.9	-	-	(2.8)	(0.9)	-	(0.9)	-	(0.9)
Share-based payments	-	-	-	-	-	4.2	4.2	-	4.2	-	4.2
Transactions with non-controlling interests	-	-	-	-	-	0.3	0.3	-	0.3	1.8	2.1
Equity as of June 30, 2013	**151.2**	**333.4**	**(5.1)**	**(6.2)**	**(254.4)**	**1,912.4**	**1,646.7**	**128.7**	**2,260.0**	**27.6**	**2,287.6**
Total comprehensive income	**-**	**-**	**-**	**3.3**	**(141.3)**	**(17.9)**	**(155.9)**	**113.3**	**(42.6)**	**(1.3)**	**(43.9)**
Transactions with shareholders	**1.3**	**28.7**	**(1.8)**	**0.0**	**0.0**	**1.9**	**0.1**	**0.0**	**30.1**	**(2.1)**	**28.0**
Dividend	-	-	-	-	-	-	0.0	-	0.0	(1.7)	(1.7)
Capital increases	1.3	30.9	-	-	-	-	0.0	-	32.2	-	32.2
Capital decreases	-	(2.0)	-	-	-	-	0.0	-	(2.0)	-	(2.0)
Transactions on treasury shares	-	-	(1.8)	-	-	(2.3)	(4.1)	-	(4.1)	-	(4.1)
Share-based payments	-	-	-	-	-	4.1	4.1	-	4.1	-	4.1
Transactions with non-controlling interests	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)	(0.4)	(0.5)
Reclassification	-	(0.2)	-	-	-	0.2	0.2	-	0.0	-	0.0
Equity as of December 31, 2013	**152.5**	**362.1**	**(6.9)**	**(2.9)**	**(395.7)**	**1,896.4**	**1,490.9**	**242.0**	**2,247.5**	**24.2**	**2,271.7**
Total comprehensive income	**-**	**-**	**-**	**2.5**	**55.1**	**(34.2)**	**23.4**	**131.4**	**154.8**	**0.7**	**155.5**
Transactions with shareholders	**1.0**	**23.9**	**(12.1)**	**0.0**	**0.0**	**114.2**	**102.1**	**(242.0)**	**(115.0)**	**(0.7)**	**(115.7)**
Allocation of 2013 net income	-	-	-	-	-	242.0	242.0	(242.0)	0.0	-	0.0
Dividend (€1.60 per share)	-	-	-	-	-	(122.4)	(122.4)	-	(122.4)	(1.3)	(123.7)
Capital increases	1.0	23.9	-	-	-	-	0.0	-	24.9	-	24.9
Transactions on treasury shares	-	-	(12.1)	-	-	(10.2)	(22.3)	-	(22.3)	-	(22.3)
Share-based payments	-	-	-	-	-	4.8	4.8	-	4.8	-	4.8
Transactions with non-controlling interests	-	-	-	-	-	-	0.0	-	0.0	0.6	0.6
Equity as of June 30, 2014	**153.5**	**386.0**	**(19.0)**	**(0.4)**	**(340.6)**	**1,976.4**	**1,616.4**	**131.4**	**2,287.3**	**24.2**	**2,311.5**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	06.30.2014	06.30.2013	2013
Cash flow from operating activities		**165.9**	**180.9**	**463.4**
Cash flow generated by current operations	Appendix 1	276.2	311.2	702.8
Interests paid		(41.9)	(46.0)	(53.7)
Income taxes on current operating income and financial income (loss)		(59.9)	(62.5)	(131.5)
Dividends received from available-for-sale financial assets		-	0.2	0.3
Cash flow generated by other operating income and expenses	Appendix 2	(8.5)	(22.0)	(54.5)
Cash flow from investing activities		**(64.5)**	**(242.4)**	**(362.8)**
Acquisitions of intangible assets and property, plant and equipment	Appendix 3	(106.6)	(119.5)	(252.7)
Acquisitions of investments in consolidated entities after deduction of cash acquired		(35.8)	(127.0)	(176.4)
Disposals of intangible assets and property, plant and equipment	Appendix 3	2.8	5.2	12.0
Disposals of investments in consolidated entities after deduction of cash disposed of		70.4	0.5	58.5
Disposals of available-for-sale financial assets		0.4	-	-
Net change in financial assets		1.4	(1.7)	(8.5)
Paid-in interests		2.9	0.1	4.3
Cash flow from financing activities		**(122.8)**	**149.6**	**25.3**
Capital increases and decreases		24.9	10.3	40.5
Disposals (acquisitions) of treasury shares		(22.3)	(0.9)	(5.0)
Dividends paid to shareholders		(122.4)	(116.9)	(116.9)
Dividends paid to non-controlling interests		(1.3)	(0.6)	(2.3)
Acquisitions of investments in consolidated entities from non-controlling interests		-	(3.6)	(2.9)
Loan issues [(1)]		92.7	194.9	329.9
Loan repayments [(2)]		(301.6)	(23.8)	(142.9)
Net change in other debts [(3)]		207.2	90.2	(75.1)
Cash flow from assets held for sale		**0.6**	**-**	**-**
Change in cash and cash equivalents		**(20.8)**	**88.1**	**125.9**

(€ millions)	06.30.2014	06.30.2013	2013
Opening cash and cash equivalents	**340.2**	**241.3**	**241.3**
Change in cash and cash equivalents	(20.8)	88.1	125.9
Impact of changes due to exchange rate fluctuations	5.4	(8.1)	(27.0)
Closing cash and cash equivalents	**324.8**	**321.3**	**340.2**
Cash [(4)]	251.2	219.1	228.8
Cash equivalents [(5)]	78.1	112.2	117.1
Bank overdrafts	(4.5)	(10.0)	(5.7)

(1) Of which, as of December 31, 2013, a €300.0 million bond issue as part of the new Euro Medium Term Note program (EMTN) (Note 20.3 - Borrower's liquidity risk).

(2) Of which, as of June 30, 2014, a repayment of a bond issue of €300.0 million.

(3) Of which, as of June 30, 2014, a €163.0 million commercial papers issue (Note 20.3 - Market liquidity risk).

(4) As of June 30, 2014, cash comprises a balance of €6.0 million (€6.6 million as of June 30, 2013 and €6.2 million as of December 31, 2013) not available for Imerys SA and its subsidiaries, of which €0.9 million (€1.5 million as of June 30, 2013 and €1.1 million as of December 31, 2013) with respect to foreign exchange control legislations and €5.1 million (€5.1 million as of June 30, 2013 and €5.1 million as of December 31, 2013) with respect to statutory requirements.

(5) Cash equivalents are highly liquid investments indexed on a monetary market rate and whose amount is known or subject to insignificant uncertainty.

Appendix 1: cash flow generated by current operations

(€ millions)	Notes	06.30.2014	06.30.2013	2013
Net income		**131.7**	**129.8**	**244.1**
Adjustments		**205.0**	**207.3**	**414.1**
Income taxes	11	60.4	53.0	100.1
Share in net income of joint ventures and associates		(2.9)	(2.2)	(5.3)
Dividends received from joint ventures and associates		0.9	1.2	2.2
Impairment losses on goodwill	8 & 14	30.1	-	-
Share in net income of associates out of the recurring business		0.4	-	(0.2)
Other operating income and expenses excluding impairment losses on goodwill		(1.8)	33.4	80.3
Net operating amortization and depreciation	Appendix 3	100.3	105.4	207.5
Net operating impairment losses on assets		3.6	(3.8)	(6.4)
Net operating provisions		(5.7)	(1.6)	(10.2)
Dividends receivable from available-for-sale financial assets		-	(0.2)	(0.1)
Net interest income and expenses		19.7	24.8	46.7
Share-based payments expense		4.8	4.2	8.3
Change in fair value of hedge instruments		(2.3)	(5.8)	(6.6)
Income from current disposals of intangible assets and property, plant and equipment		(1.5)	(1.1)	(2.2)
Net income of assets held for sale		(1.0)	-	-
Change in the working capital requirement		**(60.5)**	**(25.9)**	**44.6**
Inventories		(42.5)	(1.5)	25.8
Trade accounts receivable, advances and down payments received		(70.4)	(70.5)	(23.6)
Trade accounts payable, advances and down payments paid		55.5	48.5	29.8
Other receivables and debts		(3.1)	(2.4)	12.6
Cash flow generated by current operations		**276.2**	**311.2**	**702.8**

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

(€ millions)	Notes	06.30.2014	06.30.2013	2013
Other operating income and expenses	8	**(28.7)**	**(33.4)**	**(80.1)**
Adjustments		**20.2**	**11.4**	**25.6**
Impairment losses on goodwill	8 & 14	30.1	-	-
Other net operating amortization and depreciation	Appendix 3	9.1	1.8	9.9
Other net operating provisions	8	24.2	4.4	22.4
Income from disposals of consolidated investments and available-for-sale financial assets	8	(40.3)	0.8	(5.3)
Share in net income of associates out of the recurring business		0.4	-	(0.2)
Income taxes paid on other operating income and expenses		(3.3)	4.4	(1.2)
Cash flow generated by other operating income and expenses		**(8.5)**	**(22.0)**	**(54.5)**

Appendix 3: table of indirect references to the notes

	Notes	06.30.2014	06.30.2013	2013
Consolidated statement of cash flows				
Acquisitions of intangible assets and property, plant and equipment		(106.6)	(119.5)	(252.7)
Intangible assets	15	(3.4)	(3.9)	(18.0)
Property, plant and equipment	16	(85.5)	(93.2)	(232.0)
Neutralization of activated restoration provisions	20.1	-	(0.3)	(0.3)
Neutralization of finance lease acquisitions		-	-	0.4
Change in payables on acquisitions of intangible assets and property, plant and equipment		(17.7)	(22.1)	(2.8)
Disposals of intangible assets and property, plant and equipment		2.8	5.2	12.0
Property, plant and equipment	16	1.2	5.0	9.8
Intangible assets and property, plant and equipment disposed of as part of a business disposal		-	(1.0)	-
Income on asset disposals		1.5	1.1	2.2
Change in receivables on disposals of intangible assets and property, plant and equipment		0.1	0.1	-
Appendix 1				
Net operating amortization and depreciation		100.3	105.4	207.5
Increases in amortization - intangible assets	15	4.0	2.9	6.4
Increases in depreciation - property, plant and equipment	16	96.6	104.5	204.9
Amortization of prepaid expenses		-	-	0.1
Amortization and depreciation reversals - intangible assets and property, plant and equipment		(0.1)	(1.9)	(3.5)
Neutralization of finance leases depreciation		(0.2)	(0.1)	(0.4)
Appendix 2				
Other net operating amortization and depreciation		9.1	1.8	9.9
Impairment losses - intangible assets	15	0.4	0.1	0.1
Impairment losses - property, plant and equipment	16	8.7	2.2	11.3
Reversal of impairment losses - property, plant and equipment	16	-	(0.5)	(1.5)

INFORMATION BY SEGMENTS

The reported segments correspond to the four business groups of Imerys: Energy Solutions & Specialties (ESS); Filtration & Performance Additives (FPA); Ceramic Materials (CM) and High Resistance Minerals (HRM). Each of the reported segments is thus 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 followed each month by the Executive Management in its business reporting. The Executive Management considers that the holding structures dedicated to the centralized financing of the Group are no segments. Their aggregates are thus presented in a reconciliation column with inter-segment eliminations (IS&H).

Consolidated income statement

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

As of June 30, 2014

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
External revenue	**623.5**	**552.5**	**343.0**	**318.9**	**0.0**	**1,837.9**
Sales of goods	495.8	466.3	311.4	309.7	-	1,583.2
Rendering of services	127.7	86.2	31.6	9.2	-	254.7
Inter-segment revenue	**0.6**	**6.1**	**2.7**	**10.0**	**(19.4)**	**0.0**
Revenue	**624.1**	**558.6**	**345.7**	**328.9**	**(19.4)**	**1,837.9**
Current operating income	**74.4**	**77.4**	**82.6**	**36.5**	**(23.2)**	**247.7**
of which amortization, depreciation and impairment losses	(27.4)	(38.3)	(20.0)	(13.8)	(1.0)	(100.5)
Other operating income and expenses	**23.0**	**(14.1)**	**(11.9)**	**(43.2)**	**17.5**	**(28.7)**
Operating income	**97.4**	**63.3**	**70.7**	**(6.7)**	**(5.7)**	**219.0**
Financial income (loss)	**(1.4)**	**0.1**	**(0.8)**	**(2.7)**	**(23.1)**	**(27.9)**
Interest income	-	2.4	0.1	0.2	0.4	3.1
Interest expenses	(0.3)	(0.1)	(0.3)	(0.6)	(21.2)	(22.5)
Income taxes	**(25.1)**	**(18.3)**	**(22.7)**	**(7.8)**	**13.5**	**(60.4)**
Net income of assets held for sale	**1.1**	**-**	**-**	**(0.1)**	**-**	**1.0**
Net income	**72.0**	**45.1**	**47.2**	**(17.3)**	**(15.3)**	**131.7**

As of June 30, 2013

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
External revenue	**619.6**	**566.8**	**366.2**	**327.6**	**0.5**	**1,880.7**
Sales of goods	510.3	481.0	335.0	316.7	0.5	1,643.5
Rendering of services	109.3	85.8	31.2	10.9	-	237.2
Inter-segment revenue	**1.0**	**7.0**	**2.8**	**9.9**	**(20.7)**	**0.0**
Revenue	**620.6**	**573.8**	**369.0**	**337.5**	**(20.2)**	**1,880.7**
Current operating income	**68.4**	**79.1**	**80.1**	**37.4**	**(21.0)**	**244.0**
of which amortization, depreciation and impairment losses	(26.7)	(42.2)	(22.3)	(13.4)	(0.9)	(105.5)
Operating income	**61.0**	**72.8**	**71.0**	**21.5**	**(15.7)**	**210.6**
Financial income (loss)	**(4.1)**	**0.6**	**(1.0)**	**(4.2)**	**(19.1)**	**(27.8)**
Interest income	-	(0.2)	0.1	0.2	0.1	0.2
Interest expenses	(0.3)	(0.3)	(0.2)	(0.4)	(23.9)	(25.1)
Income taxes	**(16.7)**	**(13.4)**	**(23.9)**	**(6.0)**	**7.0**	**(53.0)**
Net income	**40.2**	**60.0**	**46.1**	**11.3**	**(27.8)**	**129.8**

As of December 31, 2013

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
External revenue	**1,246.6**	**1,122.7**	**697.8**	**635.3**	**(4.8)**	**3,697.6**
Sales of goods	1,015.1	951.2	637.7	620.2	(4.6)	3,219.6
Rendering of services	231.5	171.5	60.1	15.1	(0.2)	478.0
Inter-segment revenue	**1.6**	**9.5**	**4.8**	**18.5**	**(34.4)**	**0.0**
Revenue	**1,248.2**	**1,132.2**	**702.6**	**653.8**	**(39.2)**	**3,697.6**
Current operating income	**129.4**	**159.2**	**160.0**	**70.1**	**(41.7)**	**477.0**
of which amortization, depreciation and impairment losses	(54.2)	(83.7)	(39.8)	(29.2)	(0.9)	(207.8)
Other operating income and expenses	**(7.8)**	**(18.1)**	**(39.9)**	**(19.8)**	**5.5**	**(80.1)**
Operating income	**121.6**	**141.1**	**120.1**	**50.3**	**(36.2)**	**396.9**
Financial income (loss)	**(8.1)**	**8.3**	**(3.2)**	**(8.0)**	**(41.7)**	**(52.7)**
Interest income	0.1	3.7	0.2	0.3	0.3	4.6
Interest expenses	(0.8)	(0.3)	(0.5)	(0.9)	(48.7)	(51.2)
Income taxes	**(34.7)**	**(17.8)**	**(51.7)**	**(14.7)**	**18.8**	**(100.1)**
Net income	**78.8**	**131.6**	**65.2**	**27.6**	**(59.1)**	**244.1**

Consolidated statement of financial position

As of June 30, 2014

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,491.9**	**1,475.5**	**671.7**	**821.7**	**33.9**	**4,494.7**
Goodwill (1)	344.3	304.1	145.0	259.0	0.8	1,053.2
Intangible assets and property, plant and equipment (2)	668.9	724.3	303.6	217.7	6.7	1,921.2
Inventories	171.9	179.5	81.8	198.6	-	631.8
Trade receivables	230.0	162.8	81.4	110.4	(6.7)	577.9
Other receivables - non-current and current	65.5	67.5	33.3	33.0	30.3	229.6
Joint ventures and associates	11.3	37.3	26.6	3.0	2.8	81.0
Unallocated assets						**455.6**
Total assets						**4,950.3**
Capital employed - Liabilities	**264.3**	**209.3**	**142.4**	**113.4**	**51.0**	**780.4**
Trade payables	161.4	125.2	77.2	88.3	(16.7)	435.4
Other debts - non-current and current	84.0	72.5	61.7	21.0	49.6	288.8
Income taxes payable	18.9	11.6	3.5	4.1	18.1	56.2
Provisions	**103.6**	**226.5**	**120.0**	**68.0**	**31.9**	**550.0**
Unallocated liabilities						**1,308.4**
Total non-current and current liabilities						**2,638.8**
Total capital employed	**1,227.6**	**1,266.2**	**529.3**	**708.3**	**(17.1)**	**3,714.3**
(1) Increases in goodwill	*5.9*	*-*	*-*	*3.8*	*-*	*9.7*
(2) Acquisitions of intangible assets and property, plant and equipment	*37.0*	*35.5*	*13.8*	*19.4*	*0.9*	*106.6*

As of June 30, 2013

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,488.7**	**1,552.4**	**675.5**	**869.9**	**43.3**	**4,629.8**
Goodwill (1)	356.3	314.2	134.5	292.3	0.8	1,098.1
Intangible assets and property, plant and equipment (2)	697.0	748.9	315.2	203.1	17.2	1,981.4
Inventories	149.5	187.1	90.1	210.8	-	637.5
Trade receivables	218.2	151.3	77.7	122.7	5.3	575.2
Other receivables - non-current and current	55.9	114.1	31.0	36.2	17.4	254.6
Joint ventures and associates	11.8	36.8	27.0	4.8	2.6	83.0
Unallocated assets						**575.8**
Total assets						**5,205.6**
Capital employed - Liabilities	**258.2**	**222.4**	**137.9**	**116.6**	**121.0**	**856.1**
Trade payables	150.5	104.8	76.5	87.6	(6.8)	412.6
Other debts - non-current and current	89.0	106.4	59.4	24.7	119.2	398.7
Income taxes payable	18.7	11.2	2.0	4.3	8.6	44.8
Provisions	**97.6**	**247.6**	**94.6**	**64.0**	**(36.8)**	**467.0**
Unallocated liabilities						**1,551.5**
Total non-current and current liabilities						**2,874.5**
Total capital employed	**1,230.5**	**1,330.0**	**537.6**	**753.3**	**(77.7)**	**3,773.7**
(1) Increases in goodwill	*107.7*	*0.8*	*0.1*	*-*	*-*	*108.6*
(2) Acquisitions of intangible assets and property, plant and equipment	*35.4*	*36.0*	*19.8*	*24.3*	*4.0*	*119.5*

As of December 31, 2013

(€ millions)	ESS	FPA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,401.1**	**1,445.2**	**648.1**	**822.5**	**15.3**	**4,332.2**
Goodwill (1)	333.1	299.0	142.7	284.9	0.8	1,060.5
Intangible assets and property, plant and equipment (2)	656.7	718.4	306.4	213.5	10.6	1,905.6
Inventories	153.5	178.2	76.8	179.8	-	588.3
Trade receivables	199.4	149.7	67.7	102.8	(7.3)	512.3
Other receivables - non-current and current	47.1	63.1	27.4	36.3	8.5	182.4
Joint ventures and associates	11.3	36.8	27.1	5.2	2.7	83.1
Unallocated assets						**540.7**
Total assets						**4,872.9**
Capital employed - Liabilities	**236.3**	**194.6**	**150.9**	**84.2**	**61.3**	**727.3**
Trade payables	150.2	100.9	72.8	68.4	(16.0)	376.3
Other debts - non-current and current	78.1	84.2	76.6	14.5	70.9	324.3
Income taxes payable	8.0	9.5	1.5	1.3	6.4	26.7
Provisions	**85.0**	**210.7**	**111.5**	**60.1**	**17.4**	**484.7**
Unallocated liabilities						**1,380.7**
Total non-current and current liabilities						**2,592.7**
Total capital employed	**1,164.8**	**1,250.6**	**497.2**	**738.3**	**(46.0)**	**3,604.9**
(1) Increases in goodwill	*108.2*	*(4.8)*	*10.2*	*(1.6)*	*-*	*112.0*
(2) Acquisitions of intangible assets and property, plant and equipment	*77.7*	*75.0*	*34.3*	*58.1*	*7.6*	*252.7*

Information by geographical location

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

(€ millions)	06.30.2014	06.30.2013	2013
France	339.2	371.6	705.1
Other European countries	702.2	702.1	1,391.8
North America	479.8	476.1	937.8
Asia - Oceania	236.5	242.8	493.1
Other countries	80.2	88.1	169.8
Revenue by geographical location of the businesses of the Group	**1,837.9**	**1,880.7**	**3,697.6**

The following table presents revenue by geographical location of customers:

(€ millions)	06.30.2014	06.30.2013	2013
France	244.4	293.0	549.3
Other European countries	699.6	695.0	1,370.3
North America	450.5	445.4	876.7
Asia - Oceania	307.5	301.2	612.0
Other countries	135.9	146.1	289.3
Revenue by geographical location of customers	**1,837.9**	**1,880.7**	**3,697.6**

The following tables present the carrying amount of goodwill, intangible assets and property, plant and equipment by geographical zone:

As of June 30, 2014

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	211.5	255.6	467.1
Other European countries	345.8	443.9	789.7
North America	248.6	703.2	951.8
Asia - Oceania	178.9	167.1	346.0
Other countries	68.4	351.4	419.8
Total	**1,053.2**	**1,921.2**	**2,974.4**

As of June 30, 2013

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

As of December 31, 2013

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	203.1	255.3	458.4
Other European countries	345.2	461.9	807.1
North America	239.3	694.4	933.7
Asia - Oceania	207.8	160.9	368.7
Other countries	65.1	333.1	398.2
Total	**1,060.5**	**1,905.6**	**2,966.1**

NOTES TO THE FINANCIAL STATEMENTS

2014 HALF-YEAR SIGNIFICANT EVENTS

This paragraph aims at enabling the reader identify easily the main notes addressing the significant events of the period.

- Imerys disposes of four Carbonates sites: *Note 8, Other operating income and expenses; Note 21, Changes in the scope of consolidation.*
- Imerys withdraws its offer for the acquisition of Amcol: *Note 8, Other operating income and expenses; Note 21, Changes in the scope of consolidation*.
- Impairment loss on the goodwill of the Zirconia Cash Generating Unit: *Note 8, Other operating income and expenses*; *Note 17, Impairment tests*.

ACCOUNTING PRINCIPLES AND POLICIES

Note 1 Accounting principles

The June 30, 2014 half-year financial statements are intended to provide an update on the complete set of annual financial statements as of December 31, 2013 compliant with IFRSs adopted within the European Union (hereafter “the Referential”). They are established in a condensed form in compliance with IAS 34, Interim financial information and do not include all disclosures for a complete set of financial statements as published for the annual closing. They shall thus be reviewed in relation with the Group annual financial statements published as of December 31, 2013. The adoption process within the European Union may create temporary time-lags at the closing date between the Referential and IFRSs. Thus, interpretation IFRIC 21, Levies applicable as of January 1, 2014 according to the IASB (*International Accounting Standards Board*) is only mandatorily applicable as of January 1, 2015 within the European Union *(Note 3)*. As of June 30, 2014, this temporary time-lag thus creates a difference between the Referential and IFRSs. The financial statements have been closed on July 30, 2014 by the Board of Directors of Imerys SA, the Parent Company of the Group.

Note 2 Changes in accounting policies and errors

2.1 Mandatory changes

Anticipated application

Imerys is applying by anticipation no standard or interpretation on January 1, 2014. In 2013, Imerys had applied standards IFRS 10, 11 and 12 on January 1, 2013 in accordance with the IASB agenda. Since these standards were mandatorily applicable within the European Union only on January 1, 2014, that application on January 1, 2013 was considered as an anticipated application.

Application upon effective date

Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets. These amendments require the disclosure of the recoverable amount of each asset or cash-generating unit for which an impairment loss has been recognized or reversed over the period *(Note 17)*. These amendments also require the disclosure of information about fair value, where the latter is used in the measurement of the recoverable amount. Fair value is rarely used in the tests performed at Imerys.

Amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting. The objective of these amendments is to allow hedge accounting to continue in case of counterparty novation, i.e. where the original counterparty of a derivative designated as hedging instrument is replaced, further to new laws or regulations, by a new counterparty. Imerys did not encounter any novation of derivatives, either in 2014, nor in 2013.

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

2.2 Voluntary changes

The Group did not perform any voluntary change in accounting policy in the 1st half of 2014. In 2013, Imerys had modified the segments reported within the information by segments. These segments correspond to the four business groups of Imerys as organized as of July 1, 2013: Energy Solutions & Specialties (ESS); Filtration & Performance Additives (FPA); Ceramic Materials (CM) and High Resistance Minerals (HRM) *(Information by segments)*.

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 July 24, 2014 published by the EFRAG (European Financial Reporting Advisory Group), Imerys will apply the following standards and interpretations after June 30, 2014.

3.1 Application in 2015

Amendments to IAS 19, Employee Contributions. This amendment, whose adoption process is in progress within the European Union as of June 30, 2014, simplifies the recognition of contributions paid independently of the number of years of service by employees with respect to defined benefit plans. Imerys anticipates an immaterial impact with regard to the extremely limited amount of contributions directly paid by employees.

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

3.2 Application in 2016

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization. Intangible assets and property, plant and equipment standards provide that amortization and depreciation represent the consumption of the economic benefits embodied in an asset. These amendments, whose adoption process is in progress within the European Union as of June 30, 2014, clarify that the level of revenue generated by such assets cannot be considered as an appropriate basis to measure that consumption. The intangible assets and items of property, plant and equipment of Imerys are generally amortized and depreciated on a straight-line basis and by exception, mainly for mining assets, in accordance with the units of production method. These amendments thus do not apply within the Group.

Besides, the amendments to standards IAS 16 and IAS 41 on bearer plants, the amendments to standard IFRS 11 concerning those agreements under which the rights held by a venturer do not apply to the net asset of a business, but to shares of specific assets and liabilities, as well as standard IFRS 14, Regulatory Deferral Accounts do not apply to the transactions, events or conditions existing within the Group.

3.3 Application in 2017

IFRS 15, Revenue from Contracts with Customers. This new standard, whose adoption process is in progress within the European Union as of June 30, 2014 and whose objective is to replace the current standard on revenue, is based upon two principles: recognition of the sale when the customer obtains control over the good or service and measurement for the amount of the expected payment. Considering the nature of the contracts between Imerys and its customers, the Group anticipates impacts limited to sales of goods performed under some specific incoterms, as well as certain service contracts.

3.4 Application in 2018

As of June 30, 2014, the adoption process of the following standard and amendments is in progress within the European Union.

IFRS 9, Financial Instruments. As of July 30, 2014, 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, 2018. 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, 2018. IFRS 9 is intended to replace current standard IAS 39 on financial instruments. The improvements introduced by IFRS 9 include a model for classification and measurement of financial instruments, an impairment loss model based upon expected losses and no longer upon past credit events, as well as a new approach to hedge accounting. Imerys is investigating the impacts related to these changes.

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

Amendments to IFRS 9, Financial Instruments. These amendments state in particular that the entities that will adopt IFRS 9 as of January 1, 2018 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, 2018.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 4 Revenue

(€ millions)	06.30.2014	06.30.2013	2013
Sales of goods	1,583.2	1,643.6	3,219.6
Rendering of services	254.7	237.1	478.0
Total	**1,837.9**	**1,880.7**	**3,697.6**

Revenue is made up of sales of goods and rendering of services whose greater part corresponds to the reinvoicing of the freight cost of the product. Revenue amounts to €1,837.9 million in the 1st half of 2014 (€1,880.7 million in the 1st half of 2013 and €3,697.6 million in 2013), i.e. a decrease of - 2.3% (- 5.3% in the 1st half of 2013 and - 4.8% in 2013), including a negative effect of - €67.2 million due to foreign currency changes (- €29.5 million in the 1st half of 2013 and - €115.9 million in 2013) and a negative structure impact of - €57.6 million (+ €1.1 million in the 1st half of 2013 and - €21.4 million in 2013). At comparable structure and foreign currency rates, it increases by + 4.4% (- 3.9% in the 1st half of 2013 and - 1.3% in 2013).

Note 5 Raw materials and consumables used

(€ millions)	06.30.2014	06.30.2013	2013
Raw materials	(284.4)	(286.6)	(539.2)
Energy	(186.3)	(193.7)	(377.0)
Chemicals	(34.9)	(38.6)	(78.5)
Other consumables	(80.2)	(91.7)	(168.7)
Merchandises	(62.5)	(47.4)	(100.0)
Change in inventories	42.6	1.5	(25.8)
Internally generated property, plant and equipment	3.8	5.2	15.4
Total	**(601.9)**	**(651.3)**	**(1,273.8)**

Note 6 External expenses

(€ millions)	06.30.2014	06.30.2013	2013
Freight	(230.1)	(224.7)	(454.6)
Operating leases	(31.5)	(31.2)	(62.0)
Subcontracting	(55.8)	(50.8)	(107.0)
Maintenance and repair	(50.7)	(49.1)	(100.5)
Fees	(32.4)	(41.2)	(69.8)
Other external expenses	(91.0)	(98.0)	(181.2)
Total	**(491.5)**	**(495.0)**	**(975.1)**

Note 7 Staff expenses

(€ millions)	06.30.2014	06.30.2013	2013
Salaries	(285.2)	(282.9)	(569.1)
Social security contributions	(59.9)	(64.6)	(121.7)
Net change in employee benefit liabilities	6.3	1.5	15.3
Contributions to defined employee benefit plans	(16.4)	(11.9)	(24.0)
Contributions to defined contribution plans	(9.4)	(11.3)	(21.7)
Profit-sharing	(11.6)	(11.3)	(21.9)
Other employee benefits	(4.9)	(5.0)	(10.0)
Total	**(381.1)**	**(385.5)**	**(753.1)**

Note 8 Other operating income and expenses

(€ millions)	06.30.2014	06.30.2013	2013
Gain or loss from obtaining or losing control	**54.4**	**(3.7)**	**(0.9)**
Transaction costs	14.1	(3.0)	(6.1)
Changes in estimate of the contingent remuneration of the seller	-	-	(0.1)
Income from disposal of consolidated businesses	40.3	(0.7)	5.3
Other non-recurring items	**(83.1)**	**(29.7)**	**(79.2)**
Impairment losses on goodwill	(30.1)	-	-
Impairment losses on restructuring	(9.1)	(1.8)	(9.9)
Restructuring expenses paid	(19.3)	(23.5)	(47.1)
Change in provisions	(24.2)	(4.4)	(22.4)
Share in net income of associates out of the recurring business	(0.4)	-	0.2
Other operating income and expenses	**(28.7)**	**(33.4)**	**(80.1)**
Income taxes	1.7	7.1	17.9
Other operating income and expenses net of income taxes, Group share	**(27.0)**	**(26.3)**	**(62.2)**

Other operating income and expenses in the 1st half of 2014

The “Other operating income and expenses - gross” amount to - €28.7 million: + €23.0 million in the Energy Solutions & Specialties business group (of which mainly the income on disposal of four industrial sites specialized in the transformation of calcium carbonate *(Note 21)*); - €14.1 million in the Filtration & Performance Additives business group (of which mainly - €6.8 million of restructuring expenses paid); - €11.9 million in the Ceramic Materials business group (of which mainly - €8.9 million of restructuring expenses paid); - €43.2 million in the High Resistance Minerals business group (of which mainly - €30.1 million of impairment loss on the goodwill of the Zirconia Cash Generating Unit *(Note 17)*); and + €17.5 million in the holdings (of which mainly + €21.4 million related to the friendly takeover bid of Imerys over the American group Amcol and including mainly a termination indemnity received from the former *(Note 21)*). Income taxes gains and losses on “Other operating income and expenses" amount to + €1.7 million. “Other operating income and expenses net of income taxes, Group share” thus amount to - €27.0 million, of which - €90.8 million with no cash impact and + €63.8 million in cash.

Other operating income and expenses in the 1st half of 2013

The "Other operating income and expenses - gross" amounted to - €33.4 million: - €7.4 million in the Energy Solutions & Specialties business group (of which mainly - €7.6 million of restructuring expenses paid); - €6.2 million in the Filtration & Performance Additives business group (of which mainly - €9.9 million of restructuring expenses paid); - €9.1 million in the Ceramic Materials business group (of which mainly - €9.0 million of provisions, impairment losses and restructuring expenses paid); - €15.9 million in the High Resistance Minerals business group (of which mainly - €9.4 million of provisions and restructuring expenses paid related to the closure of the business group's activities in Venezuela); and + €5.2 million in the holdings (of which mainly - €2.6 million of transaction costs on acquisitions and disposals of businesses). Income taxes gains and losses on "Other operating income and expenses" amounted to €7.1 million. 2013 "Other operating income and expenses net of income taxes, Group share" thus amounted to - €26.3 million, of which - €4.3 million with no cash impact and - €22.0 million in cash.

2013 other operating income and expenses

The "Other operating income and expenses - gross" amounted to - €80.1 million: - €7.8 million in the Energy Solutions & Specialties business group (of which mainly - €7.6 million of restructuring expenses paid); - €18.1 million in the Filtration & Performance Additives business group (of which mainly - €20.6 million of restructuring expenses paid); - €39.9 million in the Ceramic Materials business group (of which mainly - €41.8 million of provisions, impairment losses and restructuring expenses paid and + €4.7 million of income on disposal of the clay bricks, walls and chimney blocks business); - €19.8 million in the High Resistance Minerals business group (of which mainly - €10.0 million of provisions and restructuring expenses paid related to the closure of the business group's activities in Venezuela); and + €5.5 million in the holdings (of which mainly - €2.3 million of transaction costs on acquisitions and disposals of businesses). Income taxes gains and losses on "Other operating income and expenses" amounted to €17.9 million. 2013 "Other operating income and expenses net of income taxes, Group share" thus amounted to - €62.2 million, of which - €67.3 million with no cash impact and + €5.1 million in cash.

Note 9 Financial instruments

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

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

- non IAS 39 financial assets and liabilities: short-term employee benefit 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 benefit 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 expenses” are further analyzed in *Note 10*.

As of June 30, 2014

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss: Non derivative	Fair value through profit or loss: Non hedge derivatives	Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Operating income									
Revenue	-	-	-	1,837.9	-	-	-	-	1,837.9
Raw materials and consumables used	-	-	-	-	(659.0)	-	(0.1)	57.2	(601.9)
External expenses	-	-	-	-	(491.5)	-	-	-	(491.5)
Other operational income and expenses	-	-	-	13.8	(15.1)	-	0.4	9.6	8.7
Financial income (loss)									
Income from securities	-	3.0	-	-	-	-	-	-	3.0
Gross financial debt expense	-	-	1.9	-	(25.0)	-	-	-	(23.1)
Other financial income and expenses	0.2	-	0.1	0.8	(4.0)	-	-	(4.9)	(7.8)
Equity									
Recognition in equity	-	-	-	-	-	-	3.8	-	3.8
Reclassification in profit or loss	-	-	-	-	-	-	0.1	-	0.1
Total financial instruments	**0.2**	**3.0**	**2.0**	**1,852.5**	**(1,194.6)**	**0.0**	**4.2**	**-**	**-**
of which impairment losses in profit or loss	-	-	-	(2.9)	-	-	-	(2.7)	-
of which reversals of impairment losses in profit or loss	-	-	-	0.8	-	-	-	1.9	-

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

(€ millions)	Fair value: Change in fair value of hedged items	Fair value: Effective portion of hedges	Fair value: Ineffective portion of hedges	Total	Cash flow: Effective portion of hedges	Cash flow: Ineffective portion of hedges	Total
Operating income							
Revenue	-	-	-	0.0	-	-	0.0
Raw materials and consumables used	-	-	-	0.0	(0.1)	-	(0.1)
Other operational income and expenses	-	-	-	0.0	-	0.4	0.4
Financial income (loss)							
Gross financial debt expense	-	-	-	0.0	-	-	0.0
Other financial income and expenses	(2.0)	2.0	-	0.0	-	-	0.0
Profit or loss	**(2.0)**	**2.0**	**0.0**	**0.0**	**(0.1)**	**0.4**	**0.3**
Equity							
Recognition in equity	-	-	-	-	3.8	-	3.8
Reclassification in profit or loss	-	-	-	-	0.1	-	0.1
Total financial instruments	**-**	**-**	**-**	**0.0**	**-**	**-**	**4.2**

As of June 30, 2013

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss: Non derivative	Fair value through profit or loss: Non hedge derivatives	Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Operating income									
Revenue	-	-	-	1,880.2	-	-	0.5	-	1,880.7
Raw materials and consumables used	-	-	-	-	(664.0)	-	-	12.7	(651.3)
External expenses	-	-	-	-	(495.0)	-	-	-	(495.0)
Other operational income and expenses	-	-	-	28.8	(17.4)	-	0.5	13.9	25.8
Financial income (loss)									
Income from securities	-	0.2	-	-	-	-	-	-	0.2
Gross financial debt expense	-	-	1.6	-	(27.2)	-	-	-	(25.6)
Other financial income and expenses	0.2	-	1.0	2.6	0.4	-	0.3	(6.9)	(2.4)
Equity									
Recognition in equity	-	-	-	-	-	-	(5.1)	-	(5.1)
Reclassification in profit or loss	-	-	-	-	-	-	(0.5)	-	(0.5)
Total financial instruments	**0.2**	**0.2**	**2.6**	**1,911.6**	**(1,203.2)**	**0.0**	**(4.3)**	-	**-**
of which impairment losses in profit or loss	-	-	-	(2.8)	-	-	-	(2.8)	-
of which reversals of impairment losses in profit or loss	-	-	-	5.3	-	-	-	4.6	-

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

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

As of December 31, 2013

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss: Non derivative	Fair value through profit or loss: Non hedge derivatives	Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Operating income									
Revenue	-	-	-	3,701.6	-	-	(4.0)	-	3,697.6
Raw materials and consumables used	-	-	-	-	(1,284.2)	-	(1.1)	11.5	(1,273.8)
External expenses	-	-	-	-	(975.1)	-	-	-	(975.1)
Other operational income and expenses	-	-	-	44.6	(31.4)	-	1.1	25.2	39.5
Financial income (loss)									
Income from securities	-	4.5	-	-	-	-	-	-	4.5
Gross financial debt expense	-	-	4.7	-	(56.8)	3.4	(2.4)	-	(51.1)
Other financial income and expenses	(0.3)	-	1.4	3.0	3.2	-	0.3	(13.7)	(6.1)
Equity									
Recognition in equity	-	-	-	-	-	-	(8.3)	-	(8.3)
Reclassification in profit or loss	-	-	-	-	-	-	7.5	-	7.5
Total financial instruments	**(0.3)**	**4.5**	**6.1**	**3,749.2**	**(2,344.3)**	**3.4**	**(6.9)**	-	-
of which impairment losses in profit or loss	(0.5)	-	-	(3.6)	-	-	-	(7.1)	-
of which reversals of impairment losses in profit or loss	-	-	-	8.1	-	-	-	10.6	-

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

(€ millions)	Fair value: Change in fair value of hedged items	Fair value: Effective portion of hedges	Fair value: Ineffective portion of hedges	Total	Cash flow: Effective portion of hedges	Cash flow: Ineffective portion of hedges	Total
Operating income							
Revenue	-	-	-	0.0	(4.0)	-	(4.0)
Raw materials and consumables used	-	-	-	0.0	(1.1)	-	(1.1)
Other operational income and expenses	-	-	-	0.0	-	1.1	1.1
Financial income (loss)							
Gross financial debt expense	-	3.4	-	3.4	(2.4)	-	(2.4)
Other financial income and expenses	3.2	(3.2)	-	0.0	-	0.3	0.3
Profit or loss	**3.2**	**0.2**	**0.0**	**3.4**	**(7.5)**	**1.4**	**(6.1)**
Equity							
Recognition in equity	-	-	-	0.0	(8.3)	-	(8.3)
Reclassification in profit or loss	-	-	-	0.0	7.5	-	7.5
Total financial instruments	**-**	**-**	**-**	**3.4**	**-**	**-**	**(6.9)**

Note 10 Financial income (loss)

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

As of June 30, 2014

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss: Non derivative	Fair value through profit or loss: Non hedge derivatives	Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Net financial debt expense	**0.0**	**3.0**	**1.9**	**0.0**	**(25.0)**	**0.0**	**0.0**	**0.0**	**(20.1)**
Income from securities	-	3.0	-	-	-	-	-	-	3.0
Gross financial debt expense	-	-	1.9	-	(25.0)	-	-	-	(23.1)
Other financial income and expenses	**0.2**	**0.0**	**0.1**	**0.8**	**(4.0)**	**0.0**	**0.0**	**(4.9)**	**(7.8)**
Net exchange rate differences	-	-	-	-	(2.9)	-	1.4	0.2	(1.3)
Expense and income on derivative instruments	-	-	0.1	-	-	-	(1.4)	-	(1.3)
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(3.7)	(3.7)
Unwinding of other provisions	-	-	-	-	-	-	-	(1.4)	(1.4)
Other financial income and expenses	0.2	-	-	0.8	(1.1)	-	-	-	(0.1)
Financial income (loss)	**0.2**	**3.0**	**2.0**	**0.8**	**(29.0)**	**0.0**	**0.0**	**(4.9)**	**(27.9)**

As of June 30, 2013

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss: Non derivative	Fair value through profit or loss: Non hedge derivatives	Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Net financial debt expense	**0.0**	**0.2**	**1.6**	**0.0**	**(27.2)**	**0.0**	**0.0**	**0.0**	**(25.4)**
Income from securities	-	0.2	-	-	-	-	-	-	0.2
Gross financial debt expense	-	-	1.6	-	(27.2)	-	-	-	(25.6)
Other financial income and expenses	**0.2**	**0.0**	**1.0**	**2.5**	**0.3**	**0.0**	**0.3**	**(6.7)**	**(2.4)**
Dividends	0.2	-	-	-	-	-	-	-	0.2
Net exchange rate differences	-	-	-	-	1.3	-	(0.9)	-	0.4
Expense and income on derivative instruments	-	-	1.0	-	-	-	1.2	-	2.2
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(5.2)	(5.2)
Unwinding of other provisions	-	-	-	-	-	-	-	(1.5)	(1.5)
Other financial income and expenses	-	-	-	2.5	(1.0)	-	-	-	1.5
Financial income (loss)	**0.2**	**0.2**	**2.6**	**2.5**	**(26.9)**	**0.0**	**0.3**	**(6.7)**	**(27.8)**

As of December 31, 2013

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss: Non derivative	Fair value through profit or loss: Non hedge derivatives	Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives: Fair value	Hedge derivatives: Cash flow	Non IAS 39	Total
Net financial debt expense	**0.0**	**4.5**	**4.7**	**0.0**	**(56.8)**	**3.4**	**(2.4)**	**0.0**	**(46.6)**
Income from securities	-	4.5	-	-	-	-	-	-	4.5
Gross financial debt expense	-	-	4.7	-	(56.8)	3.4	(2.4)	-	(51.1)
Other financial income and expenses	**(0.3)**	**0.0**	**1.4**	**3.0**	**3.2**	**0.0**	**0.3**	**(13.7)**	**(6.1)**
Dividends	0.1	-	-	-	-	-	-	-	0.1
Net exchange rate differences	-	-	(2.0)	-	5.4	-	-	(0.1)	3.3
Expense and income on derivative instruments	-	-	3.4	-	-	-	0.3	-	3.7
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(10.6)	(10.6)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.0)	(3.0)
Other financial income and expenses	(0.4)	-	-	3.0	(2.2)	-	-	-	0.4
Financial income (loss)	**(0.3)**	**4.5**	**6.1**	**3.0**	**(53.6)**	**3.4**	**(2.1)**	**(13.7)**	**(52.7)**

Note 11 Income taxes

Income taxes recognized in profit or loss

(€ millions)	06.30.2014	06.30.2013	2013
Payable and deferred income taxes			
Income taxes payable	**(65.5)**	**(45.7)**	**(107.3)**
Income taxes payable for the period	(66.0)	(49.1)	(109.5)
Income taxes payable - Prior period adjustments	0.5	3.4	2.2
Deferred taxes	**5.1**	**(7.3)**	**7.2**
Deferred taxes due to changes in temporary differences	5.1	(7.8)	5.2
Deferred taxes due to changes in income tax rates	-	0.5	2.0
Total	**(60.4)**	**(53.0)**	**(100.1)**
Income taxes by level of income			
Income taxes on current operating and financial income (loss)	**(62.1)**	**(60.1)**	**(118.0)**
Current operating and financial income (loss) taxes payable	(62.2)	(51.0)	(107.0)
Current operating and financial income (loss) deferred taxes	0.1	(9.1)	(11.0)
Income taxes on other operating income and expenses	**1.7**	**7.1**	**17.9**
Income taxes payable on other operating income and expenses	(3.3)	5.3	(0.3)
Deferred taxes on other operating income and expenses	5.0	1.8	18.2
Total	**(60.4)**	**(53.0)**	**(100.1)**

Income taxes recognized in equity

(€ millions)	06.30.2014	06.30.2013	2013
Actuarial gains and (losses), assets limitations and excess of the actual return on assets over their normative return in profit or loss	**11.0**	**(22.2)**	**(18.6)**
Other comprehensive income of assets and liabilities held for sale	**-**	**0.3**	**-**
Cash flow hedges	**(1.3)**	**1.9**	**0.3**
Income taxes recognized in equity	(1.3)	1.7	2.9
Income taxes reclassified in profit or loss	-	0.2	(2.6)
Translation reserve	**0.1**	**3.1**	**0.4**
Income taxes recognized in equity	0.1	3.1	0.4
Income taxes reclassified in profit or loss	-	-	-
Total	**9.8**	**(16.9)**	**(17.9)**

Income taxes paid

The amount of income taxes paid in the 1st half of 2014 amounts to €63.2 million (€58.1 million in the 1st half of 2013 and €132.7 million in 2013).

Tax reconciliation excluding non-recurring items

(€ millions)	06.30.2014	06.30.2013	2013
Legal tax rate in France	**34.4%**	**34.4%**	**34.4%**
National rates differences	(6.3)%	(6.5)%	(6.1)%
Europe	(3.3)%	(3.1)%	(2.6)%
North America	(2.6)%	(2.5)%	(2.6)%
Asia - Oceania	(0.6)%	(0.7)%	(0.7)%
Other countries	0.2%	(0.2)%	(0.2)%
Permanent differences (including tax incentives)	(1.6)%	(0.9)%	(1.0)%
3.0% contribution on the Imerys SA dividend	0.8%	0.8%	0.8%
Impact of tax losses	0.6%	0.2%	0.1%
Income taxes at different rates and bases	1.7%	1.6%	1.3%
Impact of investments under the equity method	(0.5)%	(0.3)%	(0.4)%
Others (tax credits, reassessments and tax provisions, deferred taxes adjustments in bases and rates, etc.)	(0.8)%	(1.5)%	(1.3)%
Effective tax rate on current operating and financial income (loss) [(1)]	**28.3%**	**27.8%**	**27.8%**

(1) 28.3% = €62.1 million (income taxes on current operating income) / [€247.7 million (current operating income) - €27.9 million (financial income (loss))].

Tax reconciliation including non-recurring items

(€ millions)	06.30.2014	06.30.2013	2013
Legal tax rate in France	**34.4%**	**34.4%**	**34.4%**
Impact of national rate differences	(8.0)%	(6.3)%	(6.8)%
Europe	(3.0)%	(2.8)%	(3.0)%
North America	(6.5)%	(2.6)%	(2.9)%
Asia - Oceania	1.4%	(0.7)%	(0.9)%
Other countries	0.1%	(0.2)%	(0.1)%
Permanent differences (including tax incentives)	(0.7)%	(0.8)%	3.4%
3.0% contribution on the Imerys SA dividend	1.0%	1.0%	1.0%
Impact of tax losses	2.6%	0.9%	1.1%
Income taxes at different rates and bases	3.2%	1.8%	1.6%
Impact of investments under the equity method	(0.5)%	(0.4)%	(0.5)%
Others (tax credits, reassessments and tax provisions, deferred taxes adjustments in bases and rates, etc.)	(0.5)%	(1.6)%	(5.0)%
Effective tax rate on operating and financial income (loss) [(1)]	**31.5%**	**29.0%**	**29.1%**

(1) 31.5% = €60.4 million (income taxes) / [€219.0 million (operating income) - €27.9 million (financial income (loss))].

Deferred taxes

As of June 30, 2014

(€ millions)	01.01.2014	Profit or loss	Scope, equity and others	06.30.2014
Deferred tax assets	34.8	(2.3)	15.0	47.5
Deferred tax liabilities	(53.9)	7.4	(3.6)	(50.1)
Net deferred tax position	**(19.1)**	**5.1**	**11.4**	**(2.6)**

As of June 30, 2013

(€ millions)	01.01.2013	Profit or loss	Scope, equity and others	06.30.2013
Deferred tax assets	64.0	9.3	(22.9)	50.4
Deferred tax liabilities	(91.9)	(16.6)	22.4	(86.1)
Net deferred tax position	**(27.9)**	**(7.3)**	**(0.5)**	**(35.7)**

As of December 31, 2013

(€ millions)	01.01.2013	Profit or loss	Scope, equity and others	12.31.2013
Deferred tax assets	64.0	2.5	(31.7)	34.8
Deferred tax liabilities	(91.9)	4.7	33.3	(53.9)
Net deferred tax position	**(27.9)**	**7.2**	**1.6**	**(19.1)**

Note 12 Net income from current operations and net income, Group share

(€ millions)	06.30.2014	06.30.2013	2013
Current operating income	247.7	244.0	477.0
Financial income (loss)	(27.9)	(27.8)	(52.7)
Income taxes on current operating income	(62.1)	(60.1)	(118.0)
Non-controlling interests	(0.2)	(1.1)	(2.1)
Net income from current operations, Group share	**157.5**	**155.0**	**304.2**
Other operating income and expenses - gross	(28.7)	(33.4)	(80.1)
Income taxes	1.7	7.1	17.9
Net income of assets held for sale	**1.0**	**-**	**-**
Net income, Group share	**131.5**	**128.7**	**242.0**

Note 13 Earnings per share

(€ millions)	06.30.2014	06.30.2013	2013
Numerator			
Net income, Group share	131.5	128.7	242.0
Net income from current operations, Group share	157.5	155.0	304.2
Denominator			
Weighted average number of shares used for the calculation of the basic income per share	76,329,586	75,365,106	75,551,408
Impact of share option conversion	1,219,119	941,539	888,822
Weighted average number of shares used for the calculation of the diluted income per share	77,548,705	76,306,645	76,440,230
Basic income per share, Group share (in €)			
Basic net income per share	1.72	1.71	3.20
Basic net income from current operations per share	2.06	2.06	4.03
Diluted income per share, Group share (in €)			
Diluted net income per share	1.70	1.69	3.17
Diluted net income from current operations per share	2.03	2.03	3.98

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 (€63.06 in the 1st half of 2014). Potentially dilutive options of the plans of May 2006 and May 2007 are thus excluded from the calculation of the diluted earnings per share as of June 30, 2014. No significant transaction has changed the number of ordinary shares and potential ordinary shares between June 30, 2014 and July 30, 2014, date of authorization of issue of the financial statements by the Board of Directors.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 14 Goodwill

Table of changes

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

(€ millions)	06.30.2014	06.30.2013	2013
Opening carrying amount	**1,060.5**	**1,003.0**	**1,003.0**
Gross amount	1,091.2	1,034.2	1,034.2
Impairment losses	(30.7)	(31.2)	(31.2)
Incoming entities	9.7	108.6	112.0
Outgoing entities	-	(0.1)	(0.5)
Adjustments and reclassifications	-	-	(9.3)
Impairment losses (1)	(30.1)	-	-
Exchange rate differences	13.1	(13.4)	(44.7)
Closing carrying amount	**1,053.2**	**1,098.1**	**1,060.5**
Gross amount	1,113.8	1,130.0	1,091.2
Impairment losses	(60.6)	(31.9)	(30.7)

(1) Impairment losses on goodwill are disclosed in Note 17.

Purchase accounting finalized in the 1st half of 2014

Pyramax. On April 10, 2013, Imerys acquired in the United States (Wrens, Georgia) an industrial complex under construction specialized in the manufacturing of ceramic proppants used locally in the drilling and completion of non-conventional oil and gas wells. Control was obtained by acquisition of 100.00% of the voting rights of the American company Pyramax Ceramics for a total amount of USD 309.6 million (€234.6 million), of which USD 152.1 million of cash remitted to the seller when control was obtained and USD 157.5 million of contingent consideration, of which USD 55.0 million paid in September 2013 and USD 42.5 million paid over the 1st half of 2014. In accordance with the agreements concluded between Imerys and the seller, an additional contingent consideration based upon the future industrial and commercial performance of the plant could be paid over the 2nd half of 2014 for a maximum amount of USD 60.0 million. After fair value measurement of mainly property, plant and equipment (€155.7 million) and mineral reserves (€2.5 million), final goodwill amounts to €97.4 million.

Others. On June 3, 2013, Imerys acquired 70.00% of the voting rights of Indoporlen, the Indonesian leader in the production and installation of refractory products. This acquisition, paid in cash for an amount of €14.7 million generates a final goodwill of €10.3 million out of the €11.1 million of the final goodwill of other 2013 acquisitions.

(€ millions)	Pyramax	Others	Total
Consideration transferred by the Group	**234.6**	**15.5**	**250.1**
Cash remitted to the seller when control was obtained	116.4	15.5	131.9
Contingent consideration of the seller	118.2	-	118.2
Investment of non-controlling interests	**-**	**2.0**	**2.0**
Shareholders' investment	**234.6**	**17.5**	**252.1**
Assets - non-current	**158.3**	**6.3**	**164.6**
Intangible assets	0.1	-	0.1
Property, plant and equipment	158.2	5.8	164.0
Deferred tax assets	-	0.5	0.5
Assets - current	**12.7**	**13.1**	**25.8**
Inventories	2.8	4.8	7.6
Trade receivables	-	4.7	4.7
Other receivables	9.8	2.2	12.0
Cash and cash equivalents	0.1	1.4	1.5
Liabilities - non-current	**(2.7)**	**(5.7)**	**(8.4)**
Employee benefit liabilities	-	(2.6)	(2.6)
Other provisions	(2.7)	(3.1)	(5.8)
Liabilities - current	**(31.1)**	**(7.3)**	**(38.4)**
Trade payables	-	(3.5)	(3.5)
Income taxes payable	-	(0.1)	(0.1)
Other debts	(9.8)	(3.3)	(13.1)
Loans and financial debts	(21.3)	-	(21.3)
Bank overdrafts	-	(0.4)	(0.4)
Identifiable net asset	**137.2**	**6.4**	**143.6**
Goodwill	**97.4**	**11.1**	**108.5**
Goodwill, Group share	97.4	11.1	108.5

Provisional purchase accounting in the 1st half of 2014

Imerys did not perform any significant acquisition over the 1st half of 2014. These acquisitions, paid in cash for an amount of €6.4 million generate a provisional goodwill of €6.3 million.

Note 15 Intangible assets

(€ millions)	Software	Trademarks, patents and licenses	Mining and use rights	Other intangible assets	Total
Carrying amount as of January 1, 2013	**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)
Incoming entities	0.1	-	-	-	0.1
Acquisitions	(0.4)	(0.1)	-	-	(0.5)
Disposals	1.5	0.4	0.2	15.9	18.0
Increases in amortization	(2.9)	(1.3)	(0.3)	(1.9)	(6.4)
Impairment losses	-	-	-	(0.1)	(0.1)
Reclassification and other	4.7	(0.3)	0.1	13.0	17.5
Exchange rate differences	(0.3)	(0.2)	(2.5)	(1.0)	(4.0)
Carrying amount as of January 1, 2014	**9.9**	**4.1**	**12.4**	**46.2**	**72.6**
Gross amount	64.8	16.3	14.0	73.7	168.8
Amortization and impairment losses	(54.9)	(12.2)	(1.6)	(27.5)	(96.2)
Incoming entities	-	-	-	(0.3)	(0.3)
Acquisitions	1.1	0.2	0.1	2.0	3.4
Increases in amortization	(1.5)	(0.6)	(0.2)	(1.7)	(4.0)
Impairment losses	-	-	(0.4)	-	(0.4)
Reclassification and other	0.3	-	-	0.4	0.7
Exchange rate differences	0.1	-	0.2	0.6	0.9
Carrying amount as of June 30, 2014	**9.9**	**3.7**	**12.1**	**47.2**	**72.9**
Gross amount	66.8	17.9	14.4	77.4	176.5
Amortization and impairment losses	(56.9)	(14.2)	(2.3)	(30.2)	(103.6)

Note 16 Property, plant and equipment

(€ millions)	Mining assets	Land and buildings	Plant and equipment	Down payments and assets under construction	Other property, plant and equipment	Total
Carrying amount as of January 1, 2013	**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
Depreciation and impairment losses	(254.9)	(225.2)	(2,110.2)	(2.0)	(158.4)	(2,750.7)
Incoming entities	10.7	4.0	(4.8)	149.0	1.7	160.6
Outgoing entities	(35.6)	(7.3)	(37.9)	(0.4)	(0.2)	(81.4)
Acquisitions	39.5	5.9	54.6	123.6	8.4	232.0
Disposals	(0.2)	(2.3)	(3.7)	(2.1)	(1.5)	(9.8)
Increases in depreciation	(48.0)	(12.5)	(130.5)	0.1	(14.0)	(204.9)
Impairment losses	(3.6)	(1.1)	(6.2)	(0.2)	(0.2)	(11.3)
Reversals of impairment losses	-	-	1.5	-	-	1.5
Reclassification and other	2.4	24.7	92.8	(155.2)	5.1	(30.2)
Exchange rate differences	(30.4)	(19.1)	(52.7)	(20.3)	(2.6)	(125.1)
Carrying amount as of January 1, 2014	**428.2**	**278.9**	**791.3**	**283.2**	**51.4**	**1,833.0**
Gross amount	699.2	493.9	2,813.0	285.3	207.4	4,498.8
Depreciation and impairment losses	(271.0)	(215.0)	(2,021.7)	(2.1)	(156.0)	(2,665.8)
Incoming entities	(7.0)	4.6	0.7	5.1	(0.1)	3.3
Outgoing entities	-	-	(0.5)	-	(0.2)	(0.7)
Acquisitions	15.2	2.4	13.4	51.3	3.2	85.5
Disposals	-	(0.6)	(0.3)	(0.1)	(0.2)	(1.2)
Increases in depreciation	(21.9)	(6.4)	(61.6)	-	(6.7)	(96.6)
Impairment losses	-	(0.7)	(7.9)	-	(0.1)	(8.7)
Reversals of impairment losses	-	-	0.1	-	-	0.1
Reclassification and other	(0.2)	23.0	211.7	(238.7)	4.0	(0.2)
Exchange rate differences	10.7	5.7	13.9	3.0	0.5	33.8
Carrying amount as of June 30, 2014	**425.0**	**306.9**	**960.8**	**103.8**	**51.8**	**1,848.3**
Gross amount	692.7	530.1	3,085.7	105.5	215.8	4,629.8
Depreciation and impairment losses	(267.7)	(223.2)	(2,124.9)	(1.7)	(164.0)	(2,781.5)

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

Note 17 Impairment tests

The impairment test on the Cash Generating Units (CGUs) performed systematically on the annual closing is only renewed on the half-year closing where an impairment loss indicator is identified. The sensitivity tests performed as of December 31, 2013 *(Note 19, Chapter 6 of the 2013 Registration Document)* had evidenced that an unfavorable evolution of some assumptions of the tests and in particular of forecasted cash flows could require the recognition of a goodwill impairment on the Zirconia CGU of the High Resistance Minerals business group. As of June 30, 2014, the revision of the perspectives of that business as part of the 2014 - 2018 plan results in the recognition of an impairment loss of €30.1 million in other operating revenue and expenses *(Note 8)*. As of June 30, 2014, the recoverable amount of the Zirconia CGU is valued at €122.5 million on the basis of its value in use and the residual carrying amount of that CGU's goodwill amounts to €58.2 million.

Note 18 Inventories

(€ millions)	06.30.2014 Gross amount	06.30.2014 Write-down	06.30.2014 Carrying amount	06.30.2013 Gross amount	06.30.2013 Write-down	06.30.2013 Carrying amount	2013 Gross amount	2013 Write-down	2013 Carrying amount
Raw materials	280.9	(12.8)	268.1	273.3	(12.3)	261.0	250.7	(12.2)	238.5
Work in progress	65.4	(0.4)	65.0	66.5	(1.2)	65.3	62.5	(0.4)	62.1
Finished goods	268.1	(10.3)	257.8	279.4	(9.4)	270.0	258.5	(8.7)	249.8
Merchandises	43.9	(3.0)	40.9	42.9	(1.7)	41.2	41.0	(3.1)	37.9
Total	**658.3**	**(26.5)**	**631.8**	**662.1**	**(24.6)**	**637.5**	**612.7**	**(24.4)**	**588.3**

Note 19 Provisions

(€ millions)	06.30.2014	06.30.2013	2013
Other non-current provisions	250.5	232.3	239.3
Other current provisions	20.4	17.4	18.3
Total	**270.9**	**249.7**	**257.6**

Other provisions are analyzed as follows:

(€ millions)	Products warranties	Environ-mental and dismantling obligations	Mine sites restoration	Legal, social and regulatory risks	Total
Balance as of January 1, 2013	**27.2**	**54.7**	**97.0**	**83.2**	**262.1**
Changes in the scope of consolidation	(1.0)	1.8	(1.2)	1.9	1.5
Increases	8.1	1.9	5.0	43.9	58.9
Utilizations	(5.6)	(6.1)	(6.7)	(19.2)	(37.6)
Non-utilized decreases	(2.1)	(2.9)	(0.3)	(13.7)	(19.0)
Unwinding expense	-	0.7	2.3	-	3.0
Reclassification and other	0.1	0.2	(0.4)	(0.3)	(0.4)
Exchange rate differences	(0.3)	(2.1)	(3.6)	(4.9)	(10.9)
Balance as of January 1, 2014	**26.4**	**48.2**	**92.1**	**90.9**	**257.6**
Changes in the scope of consolidation	-	2.7	-	(1.6)	1.1
Increases	1.9	0.7	2.0	29.2	33.8
Utilizations	(1.4)	(1.7)	0.5	(16.7)	(19.3)
Non-utilized decreases	(2.2)	(0.3)	-	(2.3)	(4.8)
Unwinding expense	-	0.3	1.1	-	1.4
Reclassification and other	-	(0.8)	(2.5)	0.9	(2.4)
Exchange rate differences	-	1.0	1.2	1.3	3.5
Balance as of June 30, 2014	**24.7**	**50.1**	**94.4**	**101.7**	**270.9**

Note 20 Financial liabilities

20.1 Financial debt

The net financial debt is the net position of Imerys towards the market and the financial institutions, i.e. the total of financing liabilities subscribed towards the market and the financial institutions in the form of bonds, bank credits and finance leases, decreased by cash, cash equivalents and other current financial assets. The net financial debt is used in the management of the financial resources of the Group. This indicator is used in particular in the calculation of financial ratios that Imerys has to comply with under financing agreements entered into with financial markets *(Note 20.3 - Borrower's liquidity risk)*.

The present note analyses the change in the net financial debt in two steps: from current operating income to current free operating cash flow; and from current free operating cash flow to the change in net financial debt. The following table presents the link between the net financial debt and the consolidated statement of financial position with a distinction between non-derivative and derivative financial instruments. Derivative financial instruments included in the calculation of the net financial debt correspond to financing hedge instruments assets and liabilities since they are part of the future cash outflows of this aggregate *(Note 20.3 - Borrower's liquidity risk)*. The operational hedge instruments *(Note 20.2 - Derivative instruments in the financial statements)* are not included in the calculation of the net financial debt.

(€ millions)	Notes	06.30.2014	06.30.2013	2013
Non-derivative financial liabilities		**1,253.4**	**1,455.3**	**1,320.0**
Loans and financial debts - non-current		893.2	1,009.2	1,190.3
Loans and financial debts - current		355.7	436.1	124.0
Bank overdrafts		4.5	10.0	5.7
Non-derivative financial assets		**(365.0)**	**(396.7)**	**(427.4)**
Other financial assets		(35.7)	(65.4)	(81.5)
Cash and cash equivalents		(329.3)	(331.3)	(345.9)
Hedge derivatives		**(10.4)**	**(4.1)**	**(7.2)**
Financing hedge instruments - liabilities	20.2	1.8	2.4	2.7
Financing hedge instruments - assets	20.2	(12.2)	(6.5)	(9.9)
Net financial debt		**878.0**	**1,054.5**	**885.4**

Current free operating cash flow

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

(€ millions)	**06.30.2014**	**06.30.2013**	**2013**
Current operating income	247.7	244.0	477.0
Operating amortization, depreciation and impairment losses (1)	100.5	105.5	207.8
Net change in operating provisions	(7.8)	(12.7)	(31.3)
Share in net income of joint ventures and associates	(2.9)	(2.2)	(5.3)
Dividends received from joint ventures and associates	0.9	1.2	2.2
Operating cash flow before taxes (current EBITDA)	**338.4**	**335.8**	**650.4**
Notional taxes on current operating income (2)	(70.0)	(67.9)	(132.7)
Current net operating cash flow	**268.4**	**267.9**	**517.7**
Paid capital expenditures (3) & (4)	**(106.6)**	**(119.5)**	**(253.1)**
Intangible assets	(3.4)	(3.9)	(18.0)
Property, plant and equipment	(71.0)	(74.0)	(192.9)
Overburden mining assets (5)	(14.5)	(19.5)	(39.4)
Debts on acquisitions	(17.7)	(22.1)	(2.8)
Carrying amount of current asset disposals	**1.3**	**4.1**	**9.8**
Change in the operational working capital requirement	**(57.4)**	**(23.5)**	**32.0**
Inventories	(42.5)	(1.5)	25.8
Trade accounts receivable, advances and down payments received	(70.4)	(70.5)	(23.6)
Trade accounts payable, advances and down payments paid	55.5	48.5	29.8
Current free operating cash flow	**105.7**	**129.0**	**306.4**

(1) Operating amortization, depreciation and impairment losses	*-*	*105.5*	*207.8*
Net operating amortization and depreciation (Appendix 1 of the consolidated statement of cash flows)	*100.3*	*105.4*	*207.5*
Finance leases depreciation (Appendix 3 of the consolidated statement of cash flows)	*0.2*	*0.1*	*0.4*
(2) Effective tax rate on current operating income	*28.3%*	*27.8%*	*27.8%*
(3) Paid capital expenditure	*-*	*(119.5)*	*(253.1)*
Acquisitions of intangible assets and property, plant and equipment (Consolidated statement of cash flows)	*(106.6)*	*(119.5)*	*(252.7)*
Finance lease acquisitions (Appendix 3 of the consolidated statement of cash flows)	*-*	*-*	*(0.4)*
(4) Recognized capital expenditures / asset depreciation ratio	*88.5%*	*92.3%*	*120.5%*
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	*100.5*	*105.5*	*207.8*
(5) Overburden mining assets	*(14.5)*	*(19.5)*	*(39.4)*
Overburden mining assets - capital expenditure	*(14.5)*	*(19.2)*	*(39.1)*
Neutralization of activated restoration provisions	*-*	*(0.3)*	*(0.3)*

Change in net financial debt

(€ millions)	06.30.2014	06.30.2013	2013
Current free operating cash flow	**105.7**	**129.0**	**306.4**
Financial income (loss)	(27.9)	(27.8)	(52.7)
Financial impairment losses and unwinding of the discount	5.0	6.7	13.8
Income taxes on financial income (loss)	7.9	7.7	14.6
Change in income tax debt	2.7	(11.5)	(24.5)
Change in deferred taxes on current operating income	(0.5)	9.1	11.0
Change in other items of working capital	(3.1)	(2.4)	12.6
Share-based payments expense	4.8	4.2	8.3
Change in fair value of operational hedge instruments	(0.4)	(0.5)	(1.4)
Change in dividends receivable from available-for-sale financial assets	-	0.1	0.1
Current free cash flow	**94.2**	**114.6**	**288.2**
External growth	**(36.4)**	**(151.9)**	**(202.1)**
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(36.4)	(148.3)	(199.2)
Acquisitions of investments in consolidated entities from non-controlling interests	-	(3.6)	(2.9)
Disposals	**71.3**	**0.5**	**58.5**
Disposals of investments in consolidated entities after deduction of the net debt disposed of	70.9	0.5	58.5
Disposals of available-for-sale financial assets	0.4	-	-
Cash flow from other operating income and expenses	**(8.5)**	**(22.0)**	**(54.5)**
Dividends paid to shareholders and non-controlling interests	**(123.7)**	**(117.5)**	**(119.2)**
Financing requirement	**(3.1)**	**(176.3)**	**(29.1)**
Transactions on equity	2.6	9.4	35.5
Net change in financial assets	1.0	(1.0)	(4.6)
Cash flow from assets held for sale	**0.6**	**-**	**1.4**
Change in net financial debt	**1.1**	**(167.9)**	**3.2**

(€ millions)	06.30.2014	06.30.2013	2013
Opening net financial debt	**(885.4)**	**(874.8)**	**(874.8)**
Change in net financial debt	1.1	(167.9)	3.2
Impact of changes due to exchange rate fluctuations	6.7	(13.7)	(15.8)
Impact of changes in fair value of interest rate hedges	(0.4)	1.9	2.0
Closing net financial debt	**(878.0)**	**(1,054.5)**	**(885.4)**

20.2 Derivative instruments

The following table presents the derivative instruments recognized in the assets and liabilities in accordance with the hedged risks: foreign exchange, interest rate, energy price and conversion of financial statements 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 rate risk, interest rate risk and conversion of financial statements risk).

	06.30.2014			06.30.2013			2013		
(€ millions)	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
Foreign exchange risk	**5.0**	**2.1**	**2.9**	**0.7**	**8.0**	**(7.3)**	**3.4**	**6.1**	**(2.7)**
Forward derivative instruments	5.0	2.1	2.9	0.7	8.0	(7.3)	3.4	6.1	(2.7)
Optional derivative instruments	-	-	0.0	-	-	0.0	-	-	0.0
Interest rate risk	**8.4**	**0.4**	**8.0**	**6.4**	**0.4**	**6.0**	**6.1**	**0.4**	**5.7**
Forward derivative instruments	8.4	0.4	8.0	6.4	-	6.4	6.1	0.4	5.7
Optional derivative instruments	-	-	0.0	-	0.4	(0.4)	-	-	0.0
Energy price risk	**0.9**	**2.3**	**(1.4)**	**0.2**	**0.7**	**(0.5)**	**1.0**	**0.2**	**0.8**
Forward derivative instruments	-	-	0.0	-	-	0.0	-	-	0.0
Optional derivative instruments	0.9	2.3	(1.4)	0.2	0.7	(0.5)	1.0	0.2	0.8
Conversion of financial statements risk	**3.4**	**0.1**	**3.3**	**0.0**	**1.3**	**(1.3)**	**1.4**	**0.1**	**1.3**
Forward derivative instruments	3.4	0.1	3.3	-	1.3	(1.3)	1.4	0.1	1.3
Optional derivative instruments	-	-	0.0	-	-	0.0	-	-	0.0
Total	**17.7**	**4.9**	**12.8**	**7.3**	**10.4**	**(3.1)**	**11.9**	**6.8**	**5.1**
Non-current	11.8	0.5	11.3	6.4	1.7	4.7	7.5	0.5	7.0
Current	5.9	4.4	1.5	0.9	8.7	(7.8)	4.4	6.3	(1.9)
Operational hedge instruments	5.5	3.1	2.4	0.8	8.0	(7.2)	2.0	4.1	(2.1)
Financing hedge instruments	12.2	1.8	10.4	6.5	2.4	4.1	9.9	2.7	7.2

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

(€ millions)	Foreign exchange rate risk	Interest rate risk	Energy price risk	Total
Balance as of January 1, 2013	**(0.7)**	**(2.0)**	**(0.7)**	**(3.4)**
Recognition in equity	(7.3)	1.9	0.3	(5.1)
Reclassification in profit or loss	(0.3)	-	(0.2)	(0.5)
Balance as of June 30, 2013	**(8.3)**	**(0.1)**	**(0.6)**	**(9.0)**
Recognition in equity	(2.1)	(2.3)	1.2	(3.2)
Reclassification in profit or loss	5.3	2.4	0.3	8.0
Balance as of December 31, 2013	**(5.1)**	**0.0**	**0.9**	**(4.2)**
Recognition in equity	6.1	(0.4)	(1.9)	3.8
Reclassification in profit or loss	0.4	-	(0.3)	0.1
Balance as of June 30, 2014	**1.4**	**(0.4)**	**(1.3)**	**(0.3)**
of which reclassification to profit or loss expected within 12 months	1.4	(0.4)	(1.3)	(0.3)

20.3 Management of risks arising from financial liabilities

Transactional currency risk

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

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

Interest rate risk

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

Management of the risk. The objective of the management of the interest rate risk consists in guaranteeing its medium-term cost. The net financial debt is known through a reporting that describes the financial debt of each entity and indicates its components and characteristics. This reporting, reviewed monthly by the Financial Department and quarterly by the Board of Directors, enables the situation to be monitored and the management policy to be adjusted as necessary. The management policy is drawn up by the Group Treasury Department and approved every year by the Financial Department and the Board of Directors. As part of this process, the Group Treasury Department works with first-rank banking institutions and obtains financial data and pricing from information providers. The policy of Imerys is to obtain financing mainly in Euro, the most accessible financial resource and at a fixed rate. Medium-term fixed-rate bond issues are converted to floating rates using interest rate swaps. Given anticipated trends in interest rates in 2014, the Group fixed the interest rate for part of its future financial debt on various terms.

As of June 30, 2014, 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. Furthermore, Imerys holds as of June 30, 2014 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

The table hereafter provides a breakdown of the financial net debt between floating and fixed rate by currency as of June 30, 2014.

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Debt at fixed rate	**809.5**	**22.6**	**0.1**	**0.0**	**832.2**
Debt at fixed rate on issue	809.5	22.6	50.7	-	882.8
Swap fixed rate into floating rate	-	-	(50.6)	-	(50.6)
Debt at floating rate	**162.1**	**151.5**	**14.3**	**(282.1)**	**45.8**
Debt at floating rate on issue	303.7	19.0	2.1	30.9	355.7
Net cash and marketable securities	(85.8)	(85.2)	(13.0)	(176.5)	(360.5)
Swap fixed rate into floating rate	-	-	50.6	-	50.6
Exchange rate swap	(55.8)	217.7	(25.4)	(136.5)	0.0
Net financial debt as of June 30, 2014	**971.6**	**174.1**	**14.4**	**(282.1)**	**878.0**

The following table provides a breakdown of interest rate hedging transactions by foreign currency as of June 30, 2014:

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Exposure at floating rate before hedging	**162.1**	**151.5**	**14.3**	**(282.1)**	**45.8**
Fixed rate hedges	(50.0)	(14.6)	-	-	(64.6)
Swap at average rate of	0.48%	1.55%	-	-	-
Exposure at floating rate after hedging	**112.1**	**136.9**	**14.3**	**(282.1)**	**(18.8)**

The following table presents an evolution of interest rate hedging transactions as of June 30, 2014 and after by maturity dates:

(€ millions)	2014	2015-2019	2020 and later
Total exposure before hedging	**45.8**	**45.8**	**45.8**
Fixed rate hedges	(64.6)	(64.6)	-
Swap at average rate of	0.72%	0.72%	-
Total exposure after hedging	**(18.8)**	**(18.8)**	**45.8**

Energy price risk

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

Management of the risk. Confronted with the energy price risk, the geographical locations and supply sources of Imerys are diversified. The Group strives to pass on energy price increases to the selling price of its products. Furthermore, the management of the price risk of natural gas, both in Europe and the United States is centralized, the Group Treasury Department being responsible for implementing the framework and resources needed for the application of a common management policy, which includes appropriate use of the financial instruments available in those markets. Since 2006, the Group has strengthened its research programs on alternative energy sources as well as its projects on the reduction of energy consumption under the supervision of a Group Energy Supervisor. Since 2008, energy managers are designated at site level as well as at activity levels. The energy price risk is hedged by forward and option contracts. These instruments qualify as cash flow hedges. The following table summarizes the main positions taken as of Juen 30, 2014 to hedge the energy price risk.

	Net notional amounts (in MWh)	Maturities
Underlying position	5,645,296	< 12 months
Management transactions	1,308,285	< 12 months

Borrower's liquidity risk

Description of the risk. The borrower's liquidity risk is the risk whereby Imerys would not be in a position to meet the repayment obligations of its financial liabilities. The maturity on issue as of June 30, 2014 presented hereafter enables to assess the exposure of the Group to this risk.

	2014		2015 - 2019		2020 and later		
(€ millions)	**Capital**	**Interests**	**Capital**	**Interests**	**Capital**	**Interests**	**Total**
Non-derivative financial liabilities	**363.0**	**8.9**	**525.0**	**125.8**	**350.6**	**31.6**	**1,404.9**
Eurobond / EMTN	-	7.5	503.0	112.6	300.0	7.5	930.6
Private placements	-	1.4	22.0	13.2	50.6	24.1	111.3
Commercial paper issues	223.0	-	-	-	-	-	223.0
Bilateral facilities	94.6	-	-	-	-	-	94.6
Facilities due within one year	45.4	-	-	-	-	-	45.4
Hedge derivatives	**(10.4)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(10.4)**
Financing hedge instruments - liabilities	1.8	-	-	-	-	-	1.8
Financing hedge instruments - assets	(12.2)	-	-	-	-	-	(12.2)
Future cash outflows with respect to gross financial debt	**352.6**	**8.9**	**525.0**	**125.8**	**350.6**	**31.6**	**1,394.5**
Non-derivative financial liabilities	**4.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**4.5**
Bank overdrafts	4.5	-	-	-	-	-	4.5
Non-derivative financial assets	**(365.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(365.0)**
Other current financial assets	(35.7)	-	-	-	-	-	(35.7)
Cash and cash equivalents	(329.3)	-	-	-	-	-	(329.3)
Future cash outflows with respect to net financial debt	**(7.9)**	**8.9**	**525.0**	**125.8**	**350.6**	**31.6**	**1,034.0**
of which items recognized as of June 30, 2014 (net financial debt)	(7.9)	10.3	525.0	-	350.6	-	878.0
Non-derivative financial liabilities	**710.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**710.2**
Trade payables	435.4	-	-	-	-	-	435.4
Other debts	274.8	-	-	-	-	-	274.8
Hedge derivatives	**(2.4)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(2.4)**
Operational hedge instruments - liabilities	3.1	-	-	-	-	-	3.1
Operational hedge instruments - assets	(5.5)	-	-	-	-	-	(5.5)
Future cash outflows	**699.9**	**8.9**	**525.0**	**125.8**	**350.6**	**31.6**	**1,741.8**

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)	**2014**	**2015 - 2019**	**2020 and later**	**Total**
Debt at fixed rate	**10.2**	**522.0**	**300.0**	**832.2**
Debt at fixed rate on issue	10.2	522.0	350.6	882.8
Swap fixed rate into floating rate	-	-	(50.6)	(50.6)
Debt at floating rate	**(7.8)**	**3.0**	**50.6**	**45.8**
Debt at floating rate on issue	352.7	3.0	-	355.7
Net cash and other current financial assets	(360.5)	-	-	(360.5)
Swap fixed rate into floating rate	-	-	50.6	50.6
Net financial debt	**2.4**	**525.0**	**350.6**	**878.0**

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 and to part of the bond issues under private placements are as follows:

- purpose: general corporate financing requirement;
- obligations in terms of financial ratio compliance:
  - the ratio consolidated net financial debt / consolidated equity shall, in accordance with the related financing contracts, be inferior or equal to 1.50 or 1.60 at each half-year or annual closing of consolidated financial statements. As of June 30, 2014, the ratio amounts to 0.38 (0.46 as of June 30, 2013 and 0.39 as of December 31, 2013);
  - 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 at each half-year or annual closing of consolidated financial statements. As of June 30, 2014, the ratio amounts to 1.34 (1.64 as of June 30, 2013 and 1.36 as of December 31, 2013).
- absence of any lien in favor of lenders.

The failure to comply with the above obligations on one of the related financing contracts could lead to the cancellation of its available amount and, upon demand of the related creditor(s), make the amount of the corresponding financial debt immediately callable. Apart from two exceptions, the financing contracts of the Group do not provide for any cross default with each other in case of breach of a mandatory covenant applicable to one of these contracts. As of June 30, 2014, Imerys has a long-term rating of Baa2 outlook Stable by Moody's (Baa2 outlook Stable as of June 30, 2013 and Baa2 outlook Stable as of December 31, 2013).

As of May 15, 2014, Imerys has updated its new Euro Medium Term Note program (EMTN) with the Commission de Surveillance du Secteur Financier (Luxemburg). The program amounts to €1.0 billion and enables the issue of notes considered as ordinary bonds of a maturity of one month to thirty years. As of June 30, 2014, outstanding securities total €350.6 million (€54.1 million as of June 30, 2013 and €348.4 million as of December 31, 2013). Imerys also has a commercial paper program limited to €800.0 million (€800.0 million as of June 30, 2013 and €800.0 million as of December 31, 2013) rated P-2 by Moody's (P-2 as of June 30, 2013 and P-2 as of December 31, 2013). As of June 30, 2014, outstanding securities total €223.0 million (€221.5 million as of June 30, 2013 and €60.0 million as of December 31, 2013). As of June 30, 2014, Imerys has access to €1,285.0 million of bank facilities (€1,755.3 million as of June 30, 2013 and €1,270.5 million as of December 31, 2013) 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 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 €2,160.5 million as of June 30, 2014 (€2,922.1 million as of June 30, 2013 and €2,458.1 million as of December 31, 2013). 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:

	06.30.2014	06.30.2013	2013
Financial resources by maturity (€ millions)			
Maturity less than one year	-	1,157.1	300.0
Maturity from one to five years	1,809.9	1,688.0	1,809.7
Maturity beyond five years	350.6	77.0	348.4
Total	**2,160.5**	**2,922.1**	**2,458.1**
Financial resources by nature (€ millions)			
Bond resources	**875.5**	**987.1**	**1173.1**
Eurobond / EMTN	803.0	803.0	1,103.0
Private placements	72.5	184.1	70.1
Bank resources	**1,285.0**	**1,935.0**	**1,285.0**
Syndicated credit	-	750.0	-
Miscellaneous bilateral facilities	1,285.0	1,185.0	1,285.0
Total	**2,160.5**	**2,922.1**	**2,458.1**
Average maturity of financial resources (in years)			
Bond resources	5.0	3.4	4.2
Bank resources	3.1	2.0	3.6
Total	**3.9**	**2.5**	**3.9**

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 June 30, 2014, available financial resources, after repayment of uncommitted resources, total €922.0 million (€1,480.9 million as of June 30, 2013 and €1,151.0 million as of December 31, 2013), which gives the Group substantial room to maneuver and a guarantee of financial stability.

	06.30.2014			06.30.2013			2013		
(€ millions)	**Resources**	**Utilization**	**Available**	**Resources**	**Utilization**	**Available**	**Resources**	**Utilization**	**Available**
Bonds	875.5	875.5	0.0	987.1	987.1	0.0	1,173.1	1,173.1	0.0
Commercial papers	-	223.0	(223.0)	-	221.5	(221.5)	-	60.0	(60.0)
Committed bank facilities	1,285.0	94.6	1,190.4	1,935.0	179.7	1,755.3	1,285.0	14.5	1,270.5
Bank facilities and accrued interests	-	9.0	(9.0)	-	11.5	(11.5)	-	28.6	(28.6)
Other debts and facilities	-	36.4	(36.4)	-	41.4	(41.4)	-	30.9	(30.9)
Total	**2,160.5**	**1,238.5**	**922.0**	**2,922.1**	**1,441.2**	**1,480.9**	**2,458.1**	**1,307.1**	**1,151.0**

Conversion of financial statements risk

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

Management of the risk. Imerys hedges part of its net investments in foreign operations through loans specifically allocated to their long term financing and by the proportion of its financial debt stated in foreign currencies. The foreign exchange differences generated by these loans and financings qualified as hedges of net investments in foreign entities, are recognized in equity so as to neutralize, to a certain extent, the gains or losses of translation of the hedged net investments. As of June 30, 2014, the loans and exchange rate swaps hedging net investments in foreign entities are the following: USD 370.9 million, CHF 47.5 million, GBP 20.0 million and SGD 5.5 million (USD 262.9 million, CHF 47.5 million, GBP 5.0 million, SGD 5.4 million as of June 30, 2013 and USD 370.9million, CHF 47.4 million, GBP 10.0 million and SGD 5.5 million as of December 31, 2013).

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

	06.30.2014			06.30.2013			2013		
(€ millions)	**Before exchange rate swap**	**Exchange rate swap**	**After exchange rate swap**	**Before exchange rate swap**	**Exchange rate swap**	**After exchange rate swap**	**Before exchange rate swap**	**Exchange rate swap**	**After exchange rate swap**
Euro	1,113.2	(55.8)	1,057.4	1,035.2	172.7	1,207.9	1,191.0	(84.9)	1,106.1
US Dollar	41.6	217.7	259.3	328.6	13.8	342.4	26.6	245.6	272.2
Japanese Yen	52.8	(25.4)	27.4	61.5	(32.7)	28.8	50.9	(25.3)	25.6
Other foreign currencies	30.9	(136.5)	(105.6)	15.9	(153.8)	(137.9)	38.6	(135.4)	(96.8)
Total	**1,238.5**	**0.0**	**1,238.5**	**1,441.2**	**0.0**	**1,441.2**	**1,307.1**	**0.0**	**1,307.1**

As of June 30, 2014, 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	1,057.4	259.3	27.4	(105.6)	1,238.5
Net cash and marketable securities	(85.8)	(85.2)	(13.0)	(176.5)	(360.5)
Net financial debt as of June 30, 2014	**971.6**	**174.1**	**14.4**	**(282.1)**	**878.0**

OTHER INFORMATION

Note 21 Changes in the scope of consolidation

Energy Solutions & Specialties (ESS). The Energy Solutions & Specialties have acquired the company Pyramax on April 10, 2013, an industrial complex specialized in the manufacturing of proppants used in the non-conventional extraction of oil and gas *(Note 14)*. On June 3, 2013, the business group acquired 70.00% of Indoporlen, the Indonesian leader in the production and installation of refractory products. On January 31, 2014, the business group disposed of four industrial sites specialized in the transformation of calcium carbonate for the paper market in France, in Sweden, in Italy and in the United States. As of December 31, 2013, the assets and liabilities of the four sites had been classified as assets (and liabilities related to assets) held for sale for respectively €39.3 and €8.5 million.

Filtration & Performance Additives (FPA). The scope of consolidation of the Filtration & Performance Additives business group has not significantly changed since the acquisition on May 24, 2012 of the Brazilian company Itatex specialized in the production and sale of specialties based upon kaolin and clay for paints, polymers and rubbers.

Ceramic Materials (CM). On September 30, 2013, the Ceramic Materials business group has sold 100.00% of the voting rights of its clay bricks, walls and chimney blocks business to the Bouyer Leroux group. The transaction was performed on the basis of a valuation closed as of April 30, 2013. The resulting income on disposal was recognized in other operating revenue and expenses *(Note 8)*. As of June 30, 2013, the assets and liabilities of that business had been classified as assets (and liabilities related to assets) held for sale for respectively €97.0 and €43.5 million.

High Resistance Minerals (HRM). The High Resistance Minerals did not perform any significant integration since that of Astron China, a major producer of zircon-based products, acquired over on February 5, 2008.

Holdings. On February 12, 2014, Imerys had announced the launch, within 10 working days, of a friendly cash takeover bid over Amcol, a global leader in bentonite listed on the New York Stock Exchange, with revenue over USD 1.0 billion generated in 26 countries. Imerys' offer, initially set at USD 41.00 per share and unanimously recommended by Amcol's Board of Directors, had been, further to the publication of a competing bid, raised to USD 42.75 on February 26, 2014 and to USD 45.25 on March 4, 2014. On March 10, 2014, Imerys decided not to raise its last bid and the agreements entered into with Amcol were terminated, giving right to the payment by Amcol of a termination indemnity whose amount, reduced by the other costs of the transaction, amounts to €21.4 million *(Note 8).*

Note 22 Currency rates

(€1 =)	Foreign currencies	06.30.2014 Closing	06.30.2014 Average	06.30.2013 Closing	06.30.2013 Average	2013 Closing	2013 Average
Australia	AUD	1.4537	1.4989	1.4171	1.2961	1.5423	1.3771
Brazil	BRL	3.0082	3.1482	2.8980	2.6700	3.2307	2.8681
Canada	CAD	1.4589	1.5029	1.3714	1.3346	1.4671	1.3686
Chile	CLP (100)	7.5201	7.5768	6.5905	6.2877	7.2190	6.5812
China	CNY	8.4035	8.4149	8.0817	8.2005	8.4082	8.2292
Hungary	HUF (100)	3.0930	3.0693	2.9485	2.9616	2.9704	2.9695
India	INR	82.0754	83.3015	78.0869	72.3021	85.3622	77.9272
Indonesia	IDR (100)	162.4815	160.5825	129.8041	127.9054	167.6478	138.5982
Japan	JPY (100)	1.3844	1.4040	1.2939	1.2528	1.4472	1.2956
Malaysia	MYR	4.3854	4.4777	4.1566	4.0431	4.5272	4.1876
Mexico	MXN	17.7124	17.9747	17.0413	16.5199	18.0731	16.9750
Russia	RUB	46.3779	47.9924	42.8450	40.7538	45.3246	42.3281
Singapore	SGD	1.7047	1.7279	1.6545	1.6334	1.7414	1.6621
South Africa	ZAR	14.4597	14.6758	13.0704	12.1195	14.5660	12.8320
Sweden	SEK	9.1762	8.9535	8.7773	8.5289	8.8591	8.6503
Switzerland	CHF	1.2156	1.2215	1.2338	1.2297	1.2276	1.2309
Taiwan	TWD	40.8929	41.4003	38.9929	38.9862	41.1160	39.4443
Turkey	TRY	2.8969	2.9678	2.5210	2.3817	2.9605	2.5334
Ukraine	UAH	16.0839	14.3641	10.6064	10.6831	11.3583	10.8355
United Kingdom	GBP	0.8015	0.8213	0.8572	0.8511	0.8337	0.8493
United States	USD	1.3658	1.3703	1.3080	1.3138	1.3791	1.3285

Note 23 Related parties

External related parties of Imerys

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

Key management personnel of Imerys

The managers qualifying as related parties as of June 30, 2014 are the 15 members of the Board of Directors (15 members as of June 30, 2013 and 15 members as of December 31, 2013) and the 8 members of the Executive Committee (7 members as of June 30, 2013 and 8 members as of December 31, 2013) *(Note 27, Chapter 6 of the 2013 Registration Document)*.

Post-employment benefits for Imerys employees

The post-employment benefit plans for the benefit of Imerys employees are related parties. The amount of the contributions to external funds recognized as an expense in the 1st half of 2014 amounts to €14.5 million (€7.8 million as of June 30, 2013 and €17.5 million in 2013), of which mainly €6.4 million to Imerys UK Pension Fund Trustees Ltd., United Kingdom (€4.8 million as of June 30, 2013 and €10.2 million in 2013) and €6.4 million to Sun Trust Bank, United States (€1.4 million as of June 30, 2013 and €4.0 million in 2013).

FCPE Imerys Actions

The FCPE Imerys Actions is managed by BNP Paribas Asset Management SAS. Its management is controlled by a Supervisory Board of 8 members, equally made up of shareholders' and Imerys representatives. As Imerys exercises together with the shareholders a joint control over the FCPE Imerys Actions, the FCPE Imerys Actions is a related party. The amounts recognized in the 1st half of 2014 (in the 1st half of 2013 and in 2013) for the FCPE Imerys Actions are immaterial.

Note 24 Events after the end of the period

The consolidated half-year financial statements as of June 30, 2014 were closed by the Board of Directors at its meeting on July 30, 2014. No significant event is to be reported between the closing date and that of the Board of Directors.

Deloitte & Associés
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S.A. au capital de € 1.723.040

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

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

For the period from January 1 to June 30, 2014

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

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Imerys, for the period from January 1 to June 30, 2014;
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

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

2. Specific verification

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

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

Neuilly-sur-Seine and Paris-La Défense, July 30, 2014
The Statutory Auditors
French original signed by

Deloitte & Associés
Arnaud de Planta

Ernst & Young et Autres
Jean-Roch Varon

1 - Person responsible for the Half-Year Financial Report

Gilles Michel, Chairman and Chief Executive Officer

2 - Certificate of the person responsible for the Half-Year Financial Report

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

Paris, July 30, 2014

Gilles Michel
Chairman and Chief Executive Officer

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French limited liability company
(Société Anonyme)
Share capital €152,476,528
Trade register RCS Paris B 562 008 151

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