MINERAL SOLUTIONS FOR A CHANGING WORLD

2016 HALF-YEAR FINANCIAL REPORT

IMERYS

TRANSFORM TO PERFORM

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1 Half-Year Activity Report

In the 1st half of 2016, Imerys continued to improve its operating performance on markets that decreased less than last year overall. Revenue were up + 1.9% year-on-year to €2,097 million on a current basis, reflecting the contribution of acquisitions completed in 2015. At comparable Group structure and exchange rates, revenue were down - 2.2% compared to the same period in 2015, with the slump on steel and paper markets. The current operating income increased by + 6.9% to €293 million with an operating margin which improves 70 basis points to 14.0%. The net income from current operations rose + 5.2% to €184 million.

(€ millions)	06.30.2016	06.30.2015	% current change
Consolidated results			
Revenue	2,096.7	2,057.3	+ 1.9%
Current EBITDA[(1)]	416.9	381.2	+ 9.4%
Current operating income[(1)]	293.0	274.0	+ 6.9%
Operating margin	*14.0%*	*13.3%*	*+ 0.7 point*
Net income from current operations, Groupe share[(1)]	183.9	174.7	+ 5.2%
Net income, Group share	158.1	145.2	+ 8.8%
Financing			
Paid capital expenditure	116.7	121.5	- 4.0%
Current free operating cash flow[(1) & (2)]	176.7	141.4	+ 24.9%
Shareholders' equity	2,644.2	2,936.9	- 10.0%
Net financial debt	1,524.1	1,487.9	+ 2.4%
Data per share			
Net income from current operations, Group share, per share[(1) & (3)]	2.33 €	2.22 €	+ 5.0%

(1) Throughout this present activity report, "Current" means "before other operating revenue and expenses".

(2) Current free operating cash flow: EBITDA after deduction of notional tax, changes in working capital requirement and paid capital expenditure.

(3) The weighted average number of outstanding shares was 78,909,966 in H1 2016 compared with 78,736,146 in H1 2015.

DETAILED REVIEW OF THE GROUP'S RESULTS

■ INCREASE IN REVENUE TO €2,097 MILLION

Non-audited quaterly data	Revenue 2016 (€ millions)	Revenue 2015 (€ millions)	Change in revenue (% previous year)	Comparable Change[(1)] (% previous year)	of which Volume	of which Price/Mix
1st quarter	1,038.1	973.6	+ 6.6%	- 1.8%	- 2.6%	+ 0.8%
2nd quarter	1,058.6	1,083.7	- 2.3%	- 2.6%	- 3.3%	+ 0.8%
1st half	**2,096.7**	**2,057.3**	**+ 1.9%**	**- 2.2%**	**- 3.0%**	**+ 0.8%**

Revenue for the 1st half of 2016 totaled €2,096.7 million, up + 1.9% year-on-year on a current basis. This improvement is due to:

- a positive Group structure effect of + €112.1 million (+ 5.4%), which takes into account the consolidation of the acquisitions completed in 2015 (S&B as of March 2015, as well as precipitated calcium carbonates, hydrous kaolin for paper and roofing accessories as of November 2015);
- a negative exchange rate effect of - €27.2 million (- 1.3%), mainly resulting from the appreciation of the euro against several other currencies.

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

At comparable Group structure and exchange rates, revenue decreased - 2.2% compared with the 1st half of 2015, reflecting a relative improvement in the economic environment, with however a continued slump on certain markets (steel, paper, etc.). It benefitted from a positive price-mix effect of + 0.8%, supported by new products. The revenue trend in the 2nd quarter of 2016 is mainly due to an unfavorable basis of comparison, particularly in certain business groups, and does not signal a change in trend compared with the 1st quarter.

Revenue by geographic zone of destination (current change)

(€ millions)	Revenue H1 2016	% change H1 16 vs. H1 15	% of consolidated revenue as of 06.30.2016	% of consolidated revenue as of 06.30.2015
Western Europe	921.7	+ 2.2%	44%	44%
of which France	*249.6*	*+ 3.4%*	*12%*	*12%*
United States / Canada	514.1	+ 1.2%	25%	25%
Emerging countries	549.9	+ 0.3%	26%	26%
Others (Japan / Australia)	111.0	+ 11.8%	5%	5%
Total	**2,096.7**	**+ 1.9%**	**100%**	**100%**

■ CURRENT OPERATING INCOME UP + 6.9%

Non-audited quarterly data (€ millions)	2016	2015	% Change
1st quarter	135.4	123.2	+ 9.9%
Operating margin	13.0%	*12.7%*	*+ 0.3 point*
2nd quarter	157.7	150.8	+ 4.5%
Operating margin	14.9%	*13.9%*	*+ 1.0 point*
1er semestre	**293.0**	**274.0**	**+ 6.9%**
Operating margin	*14.0%*	*13.3%*	*+ 0.7 point*

Current operating income totaled €293.0 million in the 1st half of 2016, a + 6.9% increase compared with the 1st half of 2015. It includes a + €12.2 million Group structure effect resulting from S&B and the other acquisitions completed at the end of 2015. It also takes into account a favorable exchange rate effect of + €16.6 million, particularly due to the devaluation of the Brazilian real. This aspect should be viewed together with the - €7.6 million negative impact on costs due to high inflation in Brazil, from where the Group exports. Current operating income also benefits from acquisitions gradually delivering synergies, a favorable trend in the business mix and from effective management measures, such as:

- evolution of product price/mix component (+ €15.6 million);
- + €7.2 million improvement in fixed and variable costs, supported by the operating excellence program and procurement management.

In this context, the Group's **operating margin** improved by + 70 basis points to 14.0% (13.3% in 1st half 2015).

+ 5.2% INCREASE IN NET INCOME FROM CURRENT OPERATIONS

Net income from current operations increased + 5.2% to €183.9 million (€174.7 million in 1st half 2015). It includes the following items:

- financial expense of - €29.1 million, compared with - €23.5 million in the 1st half of 2015 due to a lower contribution from foreign exchange and financial instruments (+ €2.0 million vs. + €10.2 million in 1st half 2015). Interest expense decreased slightly to - €24.9 million, compared with - €26.7 million in the 1st half of 2015;
- a - €78.1 million tax charge (- €74.1 million in 1st half 2015), i.e. an effective tax rate of 29.6%, in line with the 1st half 2015 rate.

Net income from current operations per share rose + 5.0% to €2.33.

NET INCOME

Other operating income and expenses, net of tax, totaled - €25.8 million in the 1st half of 2016, compared with - €29.5 million in the 1st half of 2015.

After taking other operating income and expenses, net of tax, into account, the Group's **share of net income** totaled €158.1 million (€145.2 million in 1st half 2015).

ROBUST CURRENT FREE OPERATING CASH FLOW

(€ millions)	06.30.2016	06.30.2015
EBITDA	**416.9**	**381.2**
Changes in operating working capital requirement	(48.3)	(38.3)
Paid capital expenditure	(116.7)	(121.5)
Notional tax	(86.8)	(81,0)
Subsidies, value of divested assets and miscellaneous	11.6	1.0
Current free operating cash flow	**176.7**	**141.4**
Paid financial expenses	(14.4)	(10.5)
Other working capital requirement items	15.4	11.1
Current free cash flow	**177.7**	**142.0**

Imerys generated a robust **current free operating cash flow** in the 1st half of 2016 (€176.7 million vs. €141.4 million one year earlier). It mainly results from the following items:

- higher **EBITDA**, up + 9.4% to €416.9 million in the 1st half of 2016;
- a - €48.3 million **change in operating working capital requirement** in the 1st half 2016, compared with - €38.3 million in the 1st half of 2015, with operating working capital requirement representing 23.4% of annualized sales;
- **paid capital expenditure**, totaling €116.7 million in the 1st half of 2016. The booked amount (€92.1 million) represents 81% of depreciation expense, in line with 1st half of 2015 (86%).

SOUND FINANCIAL STRUCTURE

(€ millions)	06.30.2016	12.31.2015	06.30.2015
Paid dividends	(138.9)	(132,6)	(132.6)
Net financial debt, end of period	1,524.1	1,480.4	1,487.9
Average net debt	1,556.3	1,467.0	1,379.3
Shareholders' equity	2,644.2	2,671.8	2,936.9
EBITDA(2)	416.9	745.4	381.2
Net debt / Shareholders' equity	57.6%	55,4%	50.7%
Net debt / EBITDA	1.8x	2,0x	2.1x

The Group's **net financial debt** amounts to €1,524.1 million as of the end of June 2016. Current cash flow generation of €177.7 million in the 1st half of 2016 covered the dividend payout (€138.9 million) and most of the share repurchases under the Group's buyback program (€62.0 million).

Moody's long-term credit for Imerys has been Baa-2 with a stable outlook since 2011. The short-term rating P-2, also with a stable outlook, was also reaffirmed.

On March 23, Imerys placed a €600 million bond issue in 2 tranches: a €300 million six-year tranche with a 0.875% annual coupon and, for the first time, a 12-year tranche of €300 million with a 1.875% annual coupon. This issue supports the Group's strategy of actively managing its debt and strengthening its liquidity. More specifically, it allows Imerys to anticipate the repayment of the €500 million bond maturing in April 2017, with an annual coupon of 5.0%, while benefiting from very favorable market conditions. It also lengthens the average maturity of its bond financing from 5.5 to 8.0 years.

EVENTS AFTER THE END OF THE PERIOD

The consolidated half-year financial statements as of June 30, 2016 were closed by the Board of Directors at its meeting on July 27, 2016. No significant event is to be reported between the closing date and that of the Board of Directors.

OUTLOOK

2016 will be another year of progress, with the Group's full year growth in net income from current operations likely to be comparable to the 1st half, assuming unchanged markets conditions and environment.

REVIEW BY BUSINESS GROUP

REVENUE BY BUSINESS GROUP

(€ millions)	Revenue H1 2016	Revenue H1 2015	% Current change	% Structure effect	% Exchange Rate effect	% Comparable change
Revenue of which:	**2,096.7**	**2,057.3**	**+ 1.9%**	**+ 5.4%**	**- 1.3%**	**- 2.2%**
Energy Solutions & Specialties	617.0	636.0	- 3.0%	+ 4.2%	- 2.3%	- 4.8%
Filtration & Performance Additives	570.3	525.1	+ 8.6%	+ 10.1%	- 1.5%	- 0.0%
Ceramic Materials	634.6	592.4	+ 7.1%	+ 7.5%	- 0.5%	+ 0.2%
High Resistance Minerals	299.8	330.3	- 9.2%	- 3.5%	- 0.3%	- 5.4%
Holding Company & Eliminations	(25.0)	(26.5)	n.s.	n.s.	n.s.	n.s.

(2) EBITDA rolling 12 months.

ENERGY SOLUTIONS & SPECIALITIES

(29% of consolidated revenue in 1st half 2016)

Non-audited quarterly data **(€ millions)**	**2016**	**2015**	**% Current change**	**% Comparable change**
1st quarter revenue	300.8	312.5	- 3.7%	- 6.8%
2nd quarter revenue	316.2	323.5	- 2.3%	- 2.9%
1st half revenue	**617.0**	**636.0**	**- 3.0%**	**- 4.8%**
Current operating income	67.0	64.4	+ 4.1%	+ 3.5%
Operating margin	*10.9%*	*10.1%*	*+ 0.8 point*	
Booked capital expenditure	32.7	39.0	- 16.2%	
As of % depreciation	*109%*	*157%*		

The **Energy Solutions & Specialties** business group's **revenue** totaled €617.0 million in the 1st half of 2016 (- 3.0% on a current basis). This change takes into account a positive structure effect of + €26.5 million due to the integration of Solvay's precipitated calcium carbonate activities and an unfavorable exchange rate effect of - €14.9 million. At comparable structure and exchange rates, revenue decreased - 4.8% compared with the same period in 2015, mainly because of a weak steel market, particularly in Europe.

Thanks to its capacity capital expenditure and the extension of its specialty offering, the **Carbonates** division took advantage of vibrant North American and Asian markets, while the paper market in Europe remained depressed.

The **Monolithic Refractories** division faced a difficult environment due to poor steel demand and the slowdown on many industrial markets. It continued to expand in India and Asia while adjusting its industrial footprint and costs.

The **Graphite & Carbon** division's sales increased, driven by fast growth in lithium-ion batteries for mobile energy. In addition, Imerys created a company in partnership with Gecko Namibia and in which it has a majority share, to develop its natural graphite offering for European and Asian markets. The company, which should start production in 2017, owns mineral resources and a processing plant in Namibia.

In the **Oilfield Solutions** division, the Group maintained an active industrial and commercial presence on a market that remained weak. For the year as a whole, at unchanged market conditions, the Group confirms that the division's negative contribution to the Group's operating income should not be higher than in 2015 (- €27 million).

In addition, in the 1st half of 2016 Imerys created FiberLean™ Technologies, a technological joint venture held 50/50 with Omya, to promote research & development on microfibrillated cellulose (MFC) across multiple applications and sectors.

Current operating income rose + 4.1% to €67.0 million thanks to a positive price-mix effect and good control over fixed and overhead costs.

Given these elements, the business group's **operating margin** improved + 0.8 point to 10.9%.

FILTRATION & PERFORMANCE ADDITIVES

(27% of consolidated revenue in 1st half 2016)

Non-audited quarterly data **(€ millions)**	**2016**	**2015**	**% Current change**	**% Comparable change**
1st quarter revenue	278.2	218.9	+ 27.1%	+ 2.3%
2nd quarter revenue	292.1	306.2	- 4.6%	- 1.7%
1st half revenue	**570.3**	**525.1**	**+ 8.6%**	**+ 0.0%**
Current operating income	105.0	88.0	+ 19.4%	+ 11.5%
Operating margin	*18.4%*	*16.8%*	*+ 1.6 point*	
Booked capital expenditure	18.9	21.5	- 12.1%	
As of % depreciation	*67%*	*80%*		

The **Filtration & Performance Additives** business group's **revenue** totaled €570.3 million in the 1er half of 2016, an increase of + 8.6%. It includes a structure effect of + €53.0 million, mainly from the acquisition of S&B, for which the cost and income synergy plan is progressing in line with the provisional schedule, as well as a foreign exchange impact of - €7.8 million.

At comparable structure and exchange rates, the - 1.7% decrease in revenue in the 2nd quarter of 2016 mainly corresponds to an unfavorable basis of comparison.

Sales of **Performance Minerals** were supported by the development of wollastonite (from S&B) and talc, particularly for automotive polymers. **Minerals for Filtration** benefited from developments on new segments. **Performance Additives for Metallurgy** held out well in the context of a global fall in steel production.

Current operating income rose + 19.4% in the 1st half of 2016 to €105.0 million, which includes a + €6.4 million structure effect. It benefited from the ramp-up of synergies at S&B and a positive price-mix component driven by the new product development strategy.

Operating margin improved by + 1.6 point to 18.4% as a result.

Capital expenditure programs continued in the 1st half of 2016 to support the Group's developments on the food, pharma and automotive markets in particular.

CERAMIC MATERIALS

(30% of consolidated revenue in 1st half 2015)

Non-audited quarterly data **(€ millions)**	**2016**	**2015**	**% Current change**	**% Comparable change**
1st quarter revenue	323.2	291.0	+ 11.1%	+ 2.8%
2nd quarter revenue	311.4	301.4	+ 3.3%	- 2.3%
1st half revenue	**634.6**	**592.4**	**+ 7.1%**	**+ 0.2%**
Current operating income	113.7	106.8	+ 6.5%	- 11.7%
Operating margin	*17.9%*	*18.0%*	*- 0.1 point*	
Booked capital expenditure	27.3	21.4	+ 27.6%	
As of % depreciation	*69%*	*48%*		

The **Ceramic Materials** business group's **revenue** amounted to €634.6 million in the 1st half of 2016. The + 7.1% current change from the 1st half of 2015 factors in a + €44.2 million structure effect, mainly resulting from the acquisitions of BASF's hydrous kaolin activities in the United States and of Matisco's metal accessories business in the Roofing division. It takes into account a - €3.1 million exchange rate effect.

At comparable structure and exchange rates, revenue was stable in the 1st half of 2016 despite downward trends on the paper market.

In the **Roofing** division, the French clay roof tiles market was virtually stable in the 1st half of 2016 (+ 0.4%(3)). New single-family housing starts decreased slightly and the renovation market showed no signs of recovery during the period.

With difficult conditions continuing on the paper market, the **Kaolin** division benefited from a favorable product mix thanks to further developments in specialty applications.

On conventional markets that showed positive overall trends (floor tiles, tableware, sanitary ware), the **Ceramics** division continued its geographic repositioning strategy by entering into a partnership agreement with Samca, a diversified Spanish industrial group with activities in mining, agriculture, energy and plastics. Under this agreement, Samca acquired Imerys Ceramics Espana (ICES), which operates 2 plants in Spain and several clay, quartz and feldspar mines. Samca will also become the exclusive distributor of Imerys products in Spain for the ceramics industry. Similarly, Imerys will become Samca's exclusive distributor for ceramic materials sold in the rest of the world.

Current operating income increased + 6.5% to €113.7 million in the 1st half of 2016, taking into account an exchange rate effect of + €13.7 million, mainly relating to Kaolin activities in Brazil. It reflects the firmness of both the price/mix component and variable costs.

The business group's **operating margin,** at 17.9%, was stable in relation to the 1st half of 2015 (18.0%).

▪ HIGH RESISTANCE MINERALS

(14% of consolidated revenue in 1st half 2015)

Non-audited quarterly data **(€ millions)**	**2016**	**2015**	**% Current change**	**% Comparable change**
1st quarter revenue	148.3	165.3	- 10.3%	- 6.4%
2nd quarter revenue	151.5	165.0	- 8.1%	- 4.4%
1st half revenue	299.8	**330.3**	**- 9.2%**	**- 5.4%**
Current operating income	40.0	41.4	- 3.5%	- 7.8%
Operating margin	*13.3%*	*12.5%*	*+ 0.8 point*	
Booked capital expenditure	12.6	14.1	- 10.6%	
As of % depreciation	*87%*	*87%*		

The **High Resistance Minerals** business group's **revenue** totaled €299.8 million in the 1st half of 2016. On a current basis, one third of the - 9.2% decline from the 1st half of 2015 can be attributed to a structure effect resulting from the divestment of a mineral trading activity in the United States at the end of June 2015. At comparable structure and exchange rates, the - 5.4% decrease in revenue is mainly due to the refractories market.

In this context, the **Refractory Minerals** division continued to restructure its industrial assets.

The **Fused Minerals** division kept up its strategy: it developed specialty products with the first sales of Sol Gel for high-performance abrasives, expanded internationally with the ramp-up of its fused alumina plant in Bahrain, and rolled out its operating excellence program.

The business group's **current operating income,** at €40.0 million (including a + €3.1 million exchange rate effect), is comparable to the 1st half 2015 figure. The business group's **operating margin** improved + 0.8 point to 13.3%.

Finally, Imerys has signed an exclusive negotiation agreement with Alteo for the acquisition of a specialty alumina activity (fused and tabular alumina for multiple applications including refractories, abrasives and ceramics) with three manufacturing sites (La Bâthie and Beyrède, France, and Teutschenthal, Germany).This business, which had sales of €80 million in 2015, with sales in Europe, North America and Asia-Pacific, employs 290 persons.

This operation would enable Imerys to broaden and optimize its product offering. It is subject to consultation with the relevant personnel representation bodies and to the approval of the relevant regulatory authorities. It could be completed in the 2nd half of 2016.

(3) Source: French roof tiles & bricks federation (FFTB), June 2016 newsflash

RELATED PARTIES AND RISK FACTORS

▪ RELATED PARTIES

Related parties disclosures in the 1st half of 2016 are detailed in the present Half-Year Financial Report: Chapter 2 - Financial Statements - *Note 21*.

▪ 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 2015 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 2015 Registration Document. The main categories of identified risks in chapter 4, section 1 of the 2015 Registration Document are risks related to Imerys' business, industrial and environmental risks, legal risks and risks relating to financial markets.

Information related to the management of risks arising from financial liabilities in the 1st half of 2016 are detailed in the present Half-Year Financial Report: Chapter 2 - Financial Statements - *Note 18.2*.

Management considers that assessment of main risks and uncertainties for the last six months of the year 2016 is unchanged with respect to the description provided in chapter 4, section 1 of the 2015 Registration Document.

2 Condensed financial statements

FINANCIAL STATEMENTS

■ CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	06.30.2016	06.30.2015	2015
Revenue	**4**	**2,096.7**	**2,057.3**	**4,086.7**
Current income and expenses		**(1,803.7)**	**(1,783.3)**	**(3,548.6)**
Raw materials and consumables used	5	(655.9)	(665.6)	(1,299.5)
External expenses	6	(563.7)	(545.1)	(1,117.8)
Staff expenses	7	(446.9)	(431.5)	(877.7)
Taxes and duties		(27.1)	(28.7)	(51.9)
Amortization, depreciation and impairment losses		(113.2)	(113.4)	(225.5)
Other current income and expenses		3.1	1.0	23.8
Current operating income		**293.0**	**274.0**	**538.1**
Other operating income and expenses	**8**	**(33.4)**	**(42.4)**	**(357.2)**
Gain or loss from obtaining or losing control		(1.9)	(5.9)	(8.4)
Other non-recurring items		(31.5)	(36.5)	(348.8)
Operating income		**259.6**	**231.6**	**180.9**
Net financial debt expense		**(24.9)**	**(26.7)**	**(49.1)**
Income from securities		6.0	4.5	9.5
Gross financial debt expense		(30.9)	(31.2)	(58.6)
Other financial income and expenses		**(4.2)**	**3.2**	**(6.4)**
Other financial income		126.0	136.0	241.8
Other financial expenses		(130.2)	(132.8)	(248.2)
Financial income (loss)	**9**	**(29.1)**	**(23.5)**	**(55.5)**
Income taxes	10	(70.5)	(61.2)	(56.3)
Net income		**160.0**	**146.9**	**69.1**
Net income, Group share(1) & (2)	11	158.1	145.2	68.4
Net income, share of non-controlling interests		1.9	1.7	0.7
(1) Net income per share				
Basic net income per share (in €)	12	*2.00*	*1.84*	*0.86*
Diluted net income per share (in €)	12	*1.97*	*1.82*	*0.85*
(2) Net income from current operations, Group share	11	*183.9*	*174.7*	*341.5*
Basic net income from current operations per share (in €)	12	*2.33*	*2.22*	*4.31*
Diluted net income from current operations per share (in €)	12	*2.30*	*2.19*	*4.24*
Other operating income and expenses net of income taxes, Group share	8	*(25.8)*	*(29.5)*	*(273.1)*

■ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	06.30.2016	06.30.2015	2015
Net income		**160.0**	**146.9**	**69.1**
Items never reclassified subsequently to profit or loss				
Post-employment employee benefits		**(59.5)**	**64.6**	**32.0**
Actuarial gains and (losses), excess of the actual return on assets over their normative return in profit or loss and assets limitations		(59.5)	64.6	32.0
Income taxes on items never reclassified	**10**	**13.1**	**(12.7)**	**(6.7)**
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges		**24.3**	**(0.9)**	**(1.9)**
Recognition in equity		15.1	(13.7)	(36.5)
Reclassification in profit or loss		9.2	12.8	34.6
Translation reserve		**13.3**	**100.7**	**(4.1)**
Recognition in equity		13.5	103.7	(7.9)
Reclassification in profit or loss		(0.2)	(3.0)	3.8
Income taxes on items that may be reclassified	**10**	**(6.8)**	**10.2**	**10.7**
Other comprehensive income		**(15.6)**	**161.9**	**30.0**
Total comprehensive income		**144.4**	**308.8**	**99.1**
Total comprehensive income, Group share		142.1	306.2	98.4
Total comprehensive income, share of non-controlling interests		2.3	2.6	0.7

▪ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	06.30.2016	06.30.2015	2015
Non-current assets		**4,140.1**	**4,284.4**	**4,189.1**
Goodwill	13	1,619.1	1,738.1	1,631.3
Intangible assets	14	72.9	96.0	105.1
Mining assets	15	570.4	497.2	552.3
Property, plant and equipment	15	1,561.2	1,685.1	1,589.6
Joint ventures and associates		144.5	137.1	126.2
Other financial assets		27.3	30.1	31.6
Other receivables		37.5	39.0	33.5
Derivative financial assets		24.7	11.2	15.0
Deferred tax assets		82.5	50.6	104.5
Current assets		**2,462.7**	**2,137.9**	**1,979.7**
Inventories	17	722.5	781.8	738.3
Trade receivables		638.4	657.0	578.1
Other receivables		259.5	250.8	223.6
Derivative financial assets		20.9	4.2	5.0
Other financial assets(1)	18.1	11.3	21.1	19.6
Cash and cash equivalents(1)	18.1	810.1	423.0	415.1
Consolidated assets		**6,602.8**	**6,422.3**	**6,168.8**
Equity, Group share		**2,602.8**	**2,907.8**	**2,644.1**
Capital		159.4	161.0	159.2
Premiums		536.6	586.3	530.2
Reserves		1,748.7	2,015.3	1,886.3
Net income, Group share		158.1	145.2	68.4
Equity, share of non-controlling interests		**41.4**	**29.1**	**27.8**
Equity		**2,644.2**	**2,936.9**	**2,671.9**
Non-current liabilities		**2,877.9**	**2,176.4**	**2,224.2**
Employee benefit liabilities		372.5	285.3	322.9
Other provisions		310.0	279.3	304.2
Loans and financial debts(1)	18.1	2,115.9	1,500.8	1,500.0
Other debts		40.9	40.8	42.4
Derivative financial liabilities		5.7	3.6	1.9
Deferred tax liabilities		32.9	66.6	52.8
Current liabilities		**1,080.7**	**1,309.0**	**1,272.7**
Other provisions		21.2	20.9	19.2
Trade payables		448.7	492.2	441.0
Income taxes payable		84.2	67.8	50.4
Other debts		266.3	272.8	315.6
Derivative financial liabilities		7.6	15.9	19.2
Loans and financial debts(1)	18.1	214.3	436.4	423.8
Bank overdrafts(1)	18.1	38.4	3.0	3.5
Consolidated equity and liabilities		**6,602.8**	**6,422.3**	**6,168.8**
(1) Positions included in the calculation of the net financial debt	*18.1*	*1,524.1*	*1,487.9*	*1,480.4*

CONSOLICATED STATEMENT OF CHANGES IN EQUITY

(€ millions)	Equity, Group share									Equity, share of non-controlling interests	Total
			Reserves					Net income, Group share			
	Capital	Premiums	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal		Subtotal		
Equity as of January 1, 2015	**151.8**	**334.1**	**(10.4)**	**(10.9)**	**(236.0)**	**1,944.2**	**1,686.9**	**271.6**	**2,444.4**	**26.1**	**2,470.5**
Total comprehensive income	**-**	**-**	**-**	**0.3**	**108.4**	**52.3**	**161.0**	**145.2**	**306.2**	**2.6**	**308.8**
Transactions with shareholders	**9.2**	**252.2**	**(3.6)**	**0.0**	**0.0**	**171.0**	**167.4**	**(271.6)**	**157.2**	**0.4**	**157.6**
Allocation of 2014 net income	-	-	-	-	-	271.6	271.6	(271.6)	0.0	-	0.0
Dividend (€1.65 per share)	-	-	-	-	-	(132.5)	(132.5)	-	(132.5)	(0.1)	(132.6)
Capital increases in kind(1)	7.5	206.9	-	-	-	34.4	34.4	-	248.8	-	248.8
Capital increases in cash	1.7	45.9	-	-	-	-	0.0	-	47.6	-	47.6
Transactions on treasury shares	-	-	(3.6)	-	-	(7.0)	(10.6)	-	(10.6)	-	(10.6)
Share-based payments	-	-	-	-	-	3.7	3.7	-	3.7	-	3.7
Transactions with non-controlling interests	-	-	-	-	-	0.2	0.2	-	0.2	0.5	0.7
Reclassification	-	(0.6)	-	-	-	0.6	0.6	-	0.0	-	0.0
Equity as of June 30, 2015	**161.0**	**586.3**	**(14.0)**	**(10.6)**	**(127.6)**	**2,167.5**	**2,015.3**	**145.2**	**2,907.8**	**29.1**	**2,936.9**
Total comprehensive income	**-**	**-**	**-**	**(0.6)**	**(103.6)**	**(26.8)**	**(131.0)**	**(76.8)**	**(207.8)**	**(1.9)**	**(209.7)**
Transactions with shareholders	**(1.8)**	**(56.1)**	**(0.3)**	**0.0**	**(0.2)**	**2.5**	**2.0**	**0.0**	**(55.9)**	**0.6**	**(55.3)**
Capital increases in cash	0.3	4.4	-	-	-	-	0.0	-	4.7	0.2	4.9
Capital decreases in cash	(2.1)	(60.4)	-	-	-	-	0.0	-	(62.5)	-	(62.5)
Transactions on treasury shares	-	-	(0.3)	-	-	(0.9)	(1.2)	-	(1.2)	-	(1.2)
Share-based payments	-	-	-	-	-	3.6	3.6	-	3.6	-	3.6
Transactions with non-controlling interests	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)	0.4	(0.1)
Reclassification	-	(0.1)	-	-	(0.2)	0.3	0.1	-	0.0	-	0.0
Equity as of December 31, 2015	**159.2**	**530.2**	**(14.3)**	**(11.2)**	**(231.4)**	**2,143.2**	**1,886.3**	**68.4**	**2,644.1**	**27.8**	**2,671.9**
Total comprehensive income	**-**	**-**	**-**	**15.9**	**14.4**	**(46.3)**	**(16.0)**	**158.1**	**142.1**	**2.3**	**144.4**
Transactions with shareholders	**0.2**	**6.4**	**(54.7)**	**0.0**	**0.0**	**(66.9)**	**(121.6)**	**(68.4)**	**(183.4)**	**11.3**	**(172.1)**
Allocation of 2015 net income	-	-	-	-	-	68.4	68.4	(68.4)	0.0	-	0.0
Dividend (€1.75 per share)	-	-	-	-	-	(137.5)	(137.5)	-	(137.5)	(1.5)	(139.0)
Capital increases in cash	0.2	6.4	-	-	-	-	0.0	-	6.6	-	6.6
Transactions on treasury shares(2)	-	-	(54.7)	-	-	(3.0)	(57.7)	-	(57.7)	-	(57.7)
Share-based payments	-	-	-	-	-	5.3	5.3	-	5.3	-	5.3
Transactions with non-controlling interests	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)	12.8	12.7
Equity as of June 30, 2016	**159.4**	**536.6**	**(69.0)**	**4.7**	**(217.0)**	**2,030.0**	**1,748.7**	**158.1**	**2,602.8**	**41.4**	**2,644.2**

(1) Capital increase related to the acquisition of S&B (Note 13).

(2) €57.7 million = €61.7 million (total Imerys shares acquired in the 1st half of 2016) - €4.0 million (Imerys shares remitted to the S&B group former shareholders in the 1st half of 2016 (Note 13)).

■ CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	06.30.2016	06.30.2015	2015
Cash flow from operating activities		**241.4**	**229.1**	**544.5**
Cash flow generated by current operations	Appendix 1	346.3	320.7	760.4
Interests paid		(31.2)	(37.2)	(61.7)
Income taxes on current operating income and financial income (loss)		(50.0)	(31.7)	(105.8)
Dividends received from available-for-sale financial assets		(0.2)	0.2	0.3
Cash flow generated by other operating income and expenses	Appendix 2	(23.5)	(22.9)	(48.7)
Cash flow from investing activities		**(92.6)**	**(404.3)**	**(610.5)**
Acquisitions of intangible assets and property, plant and equipment	Appendix 3	(116.7)	(121.5)	(271.6)
Acquisitions of investments in consolidated entities after deduction of cash acquired		(15.3)	(286.6)	(351.0)
Transaction costs		(2.8)	(7.0)	(10.6)
Changes in estimate of the contingent remuneration of the seller		-	(0.6)	(0.2)
Acquisitions of available-for-sale financial assets		-	-	(0.4)
Disposals of intangible assets and property, plant and equipment	Appendix 3	23.3	2.3	7.2
Disposals of investments in consolidated entities after deduction of cash disposed of		8.1	2.7	6.7
Net change in financial assets		4.7	2.3	0.2
Paid-in interests		6.1	4.1	9.2
Cash flow from financing activities		**191.3**	**(61.6)**	**(154.4)**
Capital increases and decreases in cash		6.6	47.6	(10.0)
Disposals (acquisitions) of treasury shares		(61.7)	(10.6)	(11.8)
Dividends paid to shareholders		(137.5)	(132.5)	(132.5)
Dividends paid to non-controlling interests		(1.5)	(0.1)	(0.1)
Acquisitions of investments in consolidated entities from non-controlling interests		(0.1)	-	-
Loan issues(1)		611.8	116.9	23.5
Loan repayments(2)		(1.8)	(327.3)	(342.8)
Net change in other debts(3)		(224.5)	244.4	319.3
Change in cash and cash equivalents		**340.1**	**(236.8)**	**(220.4)**

(€ millions)	06.30.2016	06.30.2015	2015
Opening cash and cash equivalents	**411.6**	**654.5**	**654.5**
Change in cash and cash equivalents	340.1	(236.8)	(220.4)
Impact of changes due to exchange rate fluctuations	20.0	2.3	(22.5)
Closing cash and cash equivalents(4)	**771.7**	**420.0**	**411.6**
Cash	382.2	272.8	286.8
Cash equivalents	427.9	150.2	128.3
Bank overdrafts	(38.4)	(3.0)	(3.5)

(1) Of which as of June 30, 2016, a €600.0 million bond issue and as of June 30, 2015, a €110.0 million bilateral credit lines utilization.

(2) Of which in 2015, the repayment for an amount of €314.6 million of the high yield bond of the S&B group (Note 13).

(3) Of which as of June 30, 2016, a - €217.6 million net change in commercial papers (+ €266.5 million as of June 30, 2015 and + €347.6 million as of December 31, 2015).

(4) As of June 30 2016, the position "Closing cash and cash equivalents" comprises a balance of €3.4 million (€2.4 million as of June 30, 2015 and €3.3 million as of December 31, 2015) not available for Imerys SA and its subsidiaries, of which €1.3 million (€1.6 million as of June 30, 2015 and €3.1 million as of December 31, 2015) with respect to foreign exchange control legislations and €2.1 million (€0.8 million as of June 30, 2015 and €0.2 million as of December 31, 2015) with respect to statutory requirements. As of June 30, 2016, foreign exchange control legislation applies in particular to the Greek entities controlled as a result of the S&B group acquisition (Notes 13 and 19).

Appendix 1: cash flow generated by current operations

(€ millions)	Notes	06.30.2016	06.30.2015	2015
Net income		**160.0**	**146.9**	**69.1**
Adjustments		**254.4**	**246.6**	**683.3**
Income taxes	10	70.5	61.2	56.3
Share in net income of joint ventures and associates		(2.7)	(3.7)	(8.1)
Dividends received from joint ventures and associates		4.3	3.8	7.4
Impairment losses on goodwill	8 & 13	0.5	0.5	118.8
Share in net income of associates out of the recurring business		(0.8)	-	0.1
Other operating income and expenses excluding impairment losses on goodwill		33.7	41.9	238.3
Net operating amortization and depreciation	Appendix 3	113.0	113.2	225.1
Net operating impairment losses on assets		4.0	(0.8)	-
Net operating provisions		11.5	0.8	(9.4)
Dividends receivable from available-for-sale financial assets		-	-	(0.1)
Net interest income and expenses		26.3	26.8	49.1
Share-based payments expense		5.3	3.7	7.3
Change in fair value of hedge instruments		(0.4)	0.5	2.2
Income from current disposals of intangible assets and property, plant and equipment		(10.8)	(1.3)	(3.7)
Change in the working capital requirement		**(68.1)**	**(72.8)**	**8.0**
Inventories		12.9	(25.7)	6.1
Trade accounts receivable, advances and down payments received		(75.4)	(33.1)	41.2
Trade accounts payable, advances and down payments paid		14.2	20.5	(25.5)
Other receivables and debts		(19.8)	(34.5)	(13.8)
Cash flow generated by current operations		**346.3**	**320.7**	**760.4**

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

(€ millions)	Notes	06.30.2016	06.30.2015	2015
Other operating income and expenses	**8**	**(33.4)**	**(42.4)**	**(357.2)**
Adjustments		**9.9**	**19.5**	**308.5**
Transaction costs		2.8	7.0	10.6
Changes in estimate of the contingent remuneration of the seller		-	0.6	0.2
Income from disposals of consolidated investments and available-for-sale financial assets	8	(0.9)	(1.8)	(2.4)
Impairment losses on goodwill	8 & 13	0.5	0.5	118.8
Income from non-recurring disposals of intangible assets and property, plant and equipment	8	(1.0)	0.1	0.1
Other net operating amortization and depreciation	Appendix 3	6.5	12.0	153.0
Other net operating provisions	8	(5.1)	(6.2)	15.0
Share in net income of associates out of the recurring business		(0.8)	-	0.1
Income taxes paid on other operating income and expenses		7.9	7.3	13.1
Cash flow generated by other operating income and expenses		**(23.5)**	**(22.9)**	**(48.7)**

Appendix 3: table of indirect references to the notes

	Notes	06.30.2016	06.30.2015	2015
Consolidated statement of cash flows				
Acquisitions of intangible assets and property, plant and equipment		(116.7)	(121.5)	(271.6)
Intangible assets	14	(3.1)	(7.2)	(48.9)
Property, plant and equipment	15	(89.1)	(90.5)	(225.3)
Change in payables on acquisitions of intangible assets and property, plant and equipment		(24.5)	(23.8)	2.6
Disposals of intangible assets and property, plant and equipment		23.3	2.3	7.2
Intangible assets	14	13.2	-	0.1
Property, plant and equipment	15	(1.7)	0.8	3.2
Income on asset disposals		10.8	1.3	3.7
Income on non-recurring asset disposals	8	1.0	(0.1)	(0.1)
Change in receivables on disposals of intangible assets and property, plant and equipment		-	0.3	0.3
Appendix 1				
Net operating amortization and depreciation		113.0	113.2	225.1
Increases in amortization - intangible assets	14	4.9	5.3	13.6
Increases in depreciation - property, plant and equipment	15	112.0	109.7	215.6
Amortization and depreciation reversals - intangible assets and property, plant and equipment		(3.7)	(1.6)	(3.7)
Neutralization of finance leases depreciation		(0.2)	(0.2)	(0.4)
Appendix 2				
Other net operating amortization and depreciation		6.5	12.0	153.0
Impairment losses - intangible assets	14	0.1	0.1	36.1
Impairment losses - property, plant and equipment	15	7.8	11.9	119.0
Reversal of impairment losses - property, plant and equipment	15	(1.4)	-	(2.1)

NOTES TO THE FINANCIAL STATEMENTS

▪ BASIS OF PREPARATION

Note 1 Referential

The June 30, 2016 half-year financial statements are intended to provide an update on the complete set of annual financial statements as of December 31, 2015 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, 2015. The adoption process within the European Union may create temporary time-lags at the closing date between the Referential and IFRSs, but such a time-lag does not exist as of June 30, 2016. The financial statements have been closed on July 27, 2016 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 did not apply by anticipation any standard or interpretation in 2015 and 2016.

Application upon effective date

Amendments to IAS 1: Disclosure Initiative. These amendments aim at improving the relevance of disclosures through increased focus on the issuer’s professional judgment and materiality.

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 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 *(Notes 14 and 15)*. These amendments thus have no impact for the Group.

Amendments to IAS 19, Employee Contributions. This amendment simplifies the recognition of contributions paid independently of the number of years of service by employees with respect to defined benefit plans. This amendment has no significant impact on the financial statements of Imerys.

Besides, the amendments to standards IFRS 10, IFRS 12 and IAS 28 related to consolidation exceptions granted to investment entities, the amendments to standard IFRS 11 concerning the acquisitions of interests in agreements under which the parties are not holding rights into the net asset of a business, but shares of specific assets and liabilities, standard IFRS 14, Regulatory Deferral Accounts, the amendments to standard IAS 27 on the equity method in separate financial statements, as well as the amendments to standards IAS 16 and IAS 41 on bearer plants, do not apply to the transactions, events or conditions existing within the Group.

2.2 Voluntary changes

Imerys did not perform any voluntary change in accounting policy in 2015 and 2016.

2.3 Errors

No correction of error was performed in 2015 and 2016.

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 6, 2016 published by the EFRAG (European Financial Reporting Advisory Group), Imerys will apply the following standards and interpretations after June 30, 2016.

3.1 Application in 2017

As of June 30, 2016, the adoption process of the following amendments is in progress within the European Union.

Amendments to IAS 7: Disclosure Initiative. The objective of this amendment is to improve the disclosures on changes in liabilities arising from financing activities.

Besides, the amendments to IAS 12, Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses, do not apply at Imerys. Indeed, these amendments clarify the conditions to recognize deferred tax assets related to debt instruments measured at fair value, a measurement basis that is not used by the Group for this type of liabilities.

3.2 Application in 2018

As of June 30, 2016, the adoption process of the following standards and amendments is in progress within the European Union.

Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions. This amendment is providing clarifications on equity-settled share-based payments. It specifies that such a transaction is fully addressed as an equity-settled payment, even if it is incidentally resulting into a cash settlement with respect to a tax obligation. Besides, the amendment is providing clarifications on a type of transaction that is not in use at Imerys: cash-settled share-based payments.

IFRS 9, Financial Instruments. IFRS 9 is intended to replace current standard IAS 39 on financial instruments. The improvements introduced by IFRS 9 include a classification and measurement model 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. The classification and measurement model of financial instruments introduced by IFRS 9, simpler than that of current standard IAS 39, shall improve the readability of disclosures in *Note 9*. Besides, no material impact is expected from the change from an incurred loss model to an expected loss model as a consequence of the limited exposure of Imerys to credit risk. In terms of hedge accounting, Imerys could consider the possibility to expand the scope of hedged items beyond its current state. Indeed, IFRS 9 is offering broader possibilities than IAS 39 in terms of designation of items eligible to hedge accounting. At last, as a result of the derivative instruments used as part of its hedging policy, the Group shall be affected by the new recognition requirements applicable to changes in the time value of options. The latter shall be recognized in equity instead of profit or loss as is currently the case. Amendments to IFRS 7, Financial Instruments: Disclosures, state 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 state 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.

IFRS 15, Revenue from Contracts with Customers. This new standard, 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. On this last item, Imerys is examining in particuliar to what extent the notion of control influences the recognition pattern of revenue from service contracts, considering if the customer obtains control over the service at a point in time or throughout time.

3.3 Application in 2019

IFRS 16, Leases. This standard abolishes for the lessee the current distinction between operating leases, recognized as expenses *(Note 6)* and finance leases, recognized as property, plant and equipment *(Note 15)* against a financial debt *(Note 18.1)* to require, for all leases, the recognition of a use right against a financial debt. This standard, whose application shall have an impact, mainly on the level of capital employed *(Information by segments)*, the depreciation expense recognized in Current Operating Income, the interest expense recognized in Financial Income (Loss) *(Note 9)*, the impairment tests *(Note 16)* and the financial ratios that the Group is required to comply with for part of its financing *(Note 18.2)*, is monitored by the Group since the first Exposure Draft was released in August 2010. The works performed until now aim at identifying the contracts included in the scope of the standard.

▪ INFORMATION BY SEGMENTS

The reported segments correspond to the four business groups of Imerys: Energy Solutions & Specialties (ESS); Filtration & Performance Additives (F&PA); 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, 2016

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	**617.2**	**567.0**	**625.1**	**289.7**	**(2.3)**	**2,096.7**
Sales of goods	521.2	513.8	541.6	282.7	(2.3)	1,857.0
Rendering of services	96.0	53.2	83.5	7.0	-	239.7
Inter-segment revenue	**(0.1)**	**3.3**	**9.5**	**10.1**	**(22.8)**	**0.0**
Revenue	**617.1**	**570.3**	**634.6**	**299.8**	**(25.1)**	**2,096.7**
Current operating income	**67.0**	**104.8**	**113.7**	**40.0**	**(32.5)**	**293.0**
of which amortization, depreciation and impairment losses	(29.9)	(28.3)	(39.7)	(14.3)	(1.0)	(113.2)
Other operating income and expenses	**(14.7)**	**(9.9)**	**(6.1)**	**(4.3)**	**1.6**	**(33.4)**
Operating income	**52.3**	**94.9**	**107.6**	**35.7**	**(30.9)**	**259.6**
Financial income (loss)	**(1.9)**	**(4.5)**	**9.2**	**(1.8)**	**(30.1)**	**(29.1)**
Interest income	0.1	0.1	5.4	0.3	0.2	6.1
Interest expenses	(0.2)	(0.1)	(0.1)	(1.2)	(30.7)	(32.3)
Income taxes	**(23.1)**	**(25.6)**	**(29.6)**	**(10.5)**	**18.3**	**(70.5)**
Net income	**27.3**	**64.8**	**87.2**	**23.4**	**(42.7)**	**160.0**

As of June 30, 2015

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	**635.9**	**523.0**	**587.8**	**320.6**	**(10.0)**	**2,057.3**
Sales of goods	521.5	473.6	510.0	312.7	(10.1)	1,807.7
Rendering of services	114.4	49.4	77.8	7.9	0.1	249.6
Inter-segment revenue	**0.1**	**2.1**	**4.6**	**9.7**	**(16.5)**	**0.0**
Revenue	**636.0**	**525.1**	**592.4**	**330.3**	**(26.5)**	**2,057.3**
Current operating income	**64.4**	**88.0**	**106.8**	**41.4**	**(26.6)**	**274.0**
of which amortization, depreciation and impairment losses	(20.0)	(28.4)	(45.7)	(16.3)	(0.7)	(111.1)
Other operating income and expenses	**(10.9)**	**(17.0)**	**(9.7)**	**(1.8)**	**(3.0)**	**(42.4)**
Operating income	**53.5**	**71.0**	**97.1**	**39.6**	**(29.6)**	**231.6**
Financial income (loss)	**(3.0)**	**3.0**	**11.5**	**(1.3)**	**(33.7)**	**(23.5)**
Interest income	0.1	0.1	3.5	0.3	0.5	4.5
Interest expenses	(0.6)	(2.4)	(0.3)	(1.0)	(26.7)	(31.0)
Income taxes	**(18.7)**	**(23.5)**	**(32.8)**	**(8.6)**	**22.4**	**(61.2)**
Net income	**31.8**	**50.5**	**75.8**	**29.7**	**(40.9)**	**146.9**

As of December 31, 2015

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	**1,254.8**	**1,079.6**	**1,169.7**	**610.7**	**(28.1)**	**4,086.7**
Sales of goods	1,018.1	982.1	1,013.8	595.8	(28.3)	3,581.5
Rendering of services	236.7	97.5	155.9	14.9	0.2	505.2
Inter-segment revenue	**(1.7)**	**1.9**	**2.7**	**18.7**	**(21.6)**	**0.0**
Revenue	**1,253.1**	**1,081.5**	**1,172.4**	**629.4**	**(49.7)**	**4,086.7**
Current operating income	**119.7**	**178.1**	**210.1**	**81.6**	**(51.4)**	**538.1**
of which amortization, depreciation and impairment losses	(50.2)	(58.6)	(84.7)	(29.8)	(2.2)	(225.5)
Other operating income and expenses	**(301.9)**	**(29.9)**	**(21.7)**	**(8.7)**	**5.0**	**(357.2)**
Operating income	**(182.2)**	**148.2**	**188.4**	**72.9**	**(46.4)**	**180.9**
Financial income (loss)	**(0.4)**	**0.9**	**30.3**	**(8.2)**	**(78.1)**	**(55.5)**
Interest income	0.2	0.1	7.9	0.9	0.6	9.7
Interest expenses	(1.4)	(1.3)	(0.4)	(2.1)	(53.6)	(58.8)
Income taxes	**30.7**	**(46.4)**	**(66.4)**	**(20.1)**	**45.9**	**(56.3)**
Net income	**(151.9)**	**102.7**	**152.3**	**44.6**	**(78.6)**	**69.1**

Consolidated statement of financial position

As of June 30, 2016

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,495.2**	**1,796.9**	**1,389.0**	**849.5**	**95.4**	**5,626.0**
Goodwill[(1)]	279.1	790.3	273.4	275.5	0.8	1,619.1
Intangible assets and property, plant and equipment[(2)]	711.7	582.0	654.2	251.0	5.6	2,204.5
Inventories	169.9	154.2	204.9	193.5	-	722.5
Trade receivables	220.6	192.0	147.8	83.0	(5.0)	638.4
Other receivables - non-current and current	80.8	42.4	79.0	46.5	48.3	297.0
Joint ventures and associates	33.1	36.0	29.7	-	45.7	144.5
Unallocated assets						**976.8**
Total assets						**6,602.8**
Capital employed - Liabilities	**257.3**	**208.4**	**224.0**	**111.0**	**39.4**	**840.1**
Trade payables	163.9	107.6	127.0	62.3	(12.1)	448.7
Other debts - non-current and current	75.7	81.1	87.7	36.5	26.2	307.2
Income taxes payable	17.7	19.7	9.3	12.2	25.3	84.2
Provisions	**133.0**	**201.4**	**226.4**	**68.9**	**74.0**	**703.7**
Unallocated liabilities						**2,414.8**
Total non-current and current liabilities						**3,958.6**
Total capital employed	**1,237.9**	**1,588.5**	**1,165.0**	**738.5**	**56.0**	**4,785.9**
(1) Increases in goodwill	*(0.4)*	*-*	*3.2*	*-*	*-*	*2.8*
(2) Acquisitions of intangible assets and property, plant and equipment	*39.6*	*23.7*	*37.5*	*15.0*	*0.9*	*116.7*

As of June 30, 2015

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,723.8**	**1,775.9**	**1,434.3**	**903.3**	**44.8**	**5,882.1**
Goodwill[(1)]	385.9	804.1	262.7	284.7	0.7	1,738.1
Intangible assets and property, plant and equipment[(2)]	826.6	509.9	689.6	243.9	8.3	2,278.3
Inventories	199.9	170.4	191.3	220.2	-	781.8
Trade receivables	224.4	195.7	147.0	97.7	(7.8)	657.0
Other receivables - non-current and current	75.0	43.3	75.2	55.8	40.5	289.8
Joint ventures and associates	12.0	52.5	68.5	1.0	3.1	137.1
Unallocated assets						**540.2**
Total assets						**6,422.3**
Capital employed - Liabilities	**282.7**	**214.4**	**231.3**	**131.0**	**14.2**	**873.6**
Trade payables	178.7	112.1	140.7	76.3	(15.6)	492.2
Other debts - non-current and current	79.7	76.0	89.9	46.3	21.7	313.6
Income taxes payable	24.3	26.3	0.7	8.4	8.1	67.8
Provisions	**114.3**	**171.5**	**229.6**	**72.8**	**(2.7)**	**585.5**
Unallocated liabilities						**2,026.3**
Total non-current and current liabilities						**3,485.4**
Total capital employed	**1,441.1**	**1,561.5**	**1,203.0**	**772.3**	**30.6**	**5,008.5**
(1) Increases in goodwill	*-*	*590.3*	*-*	*-*	*-*	*590.3*
(2) Acquisitions of intangible assets and property, plant and equipment	*50.3*	*25.0*	*29.4*	*14.4*	*2.4*	*121.5*

As of December 31,2015

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	**1,466.6**	**1,795.6**	**1,429.4**	**854.5**	**31.9**	**5,578.0**
Goodwill(1)	280.1	790.8	277.9	281.7	0.8	1,631.3
Intangible assets and property, plant and equipment(2)	719.9	598.6	666.4	253.5	8.6	2,247.0
Inventories	176.4	161.0	202.7	198.1	0.1	738.3
Trade receivables	202.4	168.5	140.1	75.3	(8.2)	578.1
Other receivables - non-current and current	75.4	38.4	70.7	45.0	27.6	257.1
Joint ventures and associates	12.4	38.3	71.6	0.9	3.0	126.2
Unallocated assets						**590.8**
Total assets						**6,168.8**
Capital employed - Liabilities	**274.8**	**197.3**	**237.2**	**123.3**	**17.0**	**849.6**
Trade payables	171.9	93.6	123.1	63.9	(11.5)	441.0
Other debts - non-current and current	85.2	93.6	106.7	53.5	19.2	358.2
Income taxes payable	17.7	10.1	7.4	5.9	9.3	50.4
Provisions	**118.3**	**196.5**	**216.6**	**72.7**	**42.2**	**646.3**
Unallocated liabilities						**2,001.1**
Total non-current and current liabilities						**3,497.0**
Total capital employed	**1,191.8**	**1,598.3**	**1,192.2**	**731.2**	**14.9**	**4,728.4**
(1) Increases in goodwill	*14.4*	*577.0*	*24.8*	*-*	*-*	*616.2*
(2) Acquisitions of intangible assets and property, plant and equipment	*90.5*	*63.1*	*74.6*	*40.2*	*3.2*	*271.6*

Information by geographical location

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

(€ millions)	06.30.2016	06.30.2015	2015
France	352.7	320.9	628.8
Other European countries	804.5	790.4	1,598.9
North America	595.1	584.5	1,150.9
Asia - Oceania	270.0	278.7	549.5
Other countries	74.4	82.8	158.6
Revenue by geographical location of the businesses of the Group	**2,096.7**	**2,057.3**	**4,086.7**

The following table presents revenue by geographical location of customers:

(€ millions)	06.30.2016	06.30.2015	2015
France	249.6	241.3	464.3
Other European countries	786.0	766.9	1,549.3
North America	548.5	543.8	1,067.6
Asia - Oceania	376.2	365.9	727.6
Other countries	136.4	139.4	277.9
Revenue by geographical location of customers	**2,096.7**	**2,057.3**	**4,086.7**

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

As of June 30,2016

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	817.5	255.4	1,072.9
Other European countries	327.9	612.3	940.2
North America	203.8	789.8	993.6
Asia - Oceania	210.2	204.4	414.6
Other countries	59.7	342.6	402.3
Total	**1,619.1**	**2,204.5**	**3,823.6**

As of June 30,2015

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	211.1	248.8	459.9
Other European countries	950.0	588.0	1,538.0
North America	295.1	909.9	1,205.0
Asia - Oceania	219.2	202.4	421.6
Other countries	62.7	329.2	391.9
Total	**1,738.1**	**2,278.3**	**4,016.4**

As of December 31,2015

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	804.7	269.4	1,074.1
Other European countries	355.0	679.7	1,034.7
North America	204.2	811.9	1,016.1
Asia - Oceania	215.0	201.1	416.1
Other countries	52.4	284.9	337.3
Total	**1,631.3**	**2,247.0**	**3,878.3**

▪ NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 4 Revenue

(€ millions)	06.30.2016	06.30.2015	2015
Sales of goods	1,857.0	1,807.7	3,581.5
Rendering of services	239.7	249.6	505.2
Total	**2,096.7**	**2,057.3**	**4,086.7**

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 €2,096.7 million the 1st half of 2016 (€2,057.3 million in the 1st half of 2015 and €4,086.7 million in 2015), i.e. an increase of + 1.9% (+ 11.9% in the 1st half of 2015 and + 10.8% in 2015), including a ngative effect of - €27.2 million due to foreign currency changes (+ €147.4 million in the 1st half of 2015 and + €218.2 million in 2015) and a positive structure impact of + €112.1 million (+ €143.2 million in the 1st half of 2015 and + €350.3 million in 2015). At comparable structure and foreign currency rates, revenue decreases by - 2.2% (- 3.9% in the 1st half of 2015 and - 4.6% in 2015).

Note 5 Raw materials and consumables used

(€ millions)	06.30.2016	06.30.2015	2015
Raw materials	(281.3)	(298.3)	(552.6)
Energy	(166.3)	(189.7)	(362.0)
Chemicals	(34.9)	(34.4)	(65.4)
Other consumables	(98.2)	(108.9)	(188.5)
Merchandises	(69.2)	(63.9)	(135.7)
Change in inventories	(12.9)	25.7	(6.1)
Internally generated property, plant and equipment	6.9	3.9	10.8
Total	**(655.9)**	**(665.6)**	**(1,299.5)**

Note 6 External expenses

(€ millions)	06.30.2016	06.30.2015	2015
Freight	(250.4)	(253.2)	(502.3)
Operating leases	(39.6)	(30.5)	(77.1)
Subcontracting	(59.6)	(61.1)	(125.0)
Maintenance and repair	(54.0)	(57.1)	(116.2)
Fees	(56.1)	(44.7)	(95.8)
Other external expenses	(104.0)	(98.5)	(201.4)
Total	**(563.7)**	**(545.1)**	**(1,117.8)**

Note 7 Staff expenses

(€ millions)	06.30.2016	06.30.2015	2015
Salaries	(341.7)	(336.1)	(673.3)
Social security contributions	(68.9)	(61.6)	(137.1)
Net change in employee benefit liabilities	1.5	4.0	9.3
Contributions to defined employee benefit plans	(7.1)	(10.2)	(18.6)
Contributions to defined contribution plans	(11.4)	(11.1)	(22.9)
Profit-sharing	(14.1)	(12.7)	(26.6)
Other employee benefits	(5.2)	(3.8)	(8.5)
Total	**(446.9)**	**(431.5)**	**(877.7)**

Note 8 Other operating income and expenses

(€ millions)	06.30.2016	06.30.2015	2015
Gain or loss from obtaining or losing control	**(1.9)**	**(5.9)**	**(8.4)**
Transaction costs	(2.8)	(7.0)	(10.6)
Changes in estimate of the contingent remuneration of the seller	-	(0.6)	(0.2)
Income from disposal of consolidated businesses	0.9	1.7	2.4
Other non-recurring items	**(31.5)**	**(36.5)**	**(348.8)**
Impairment losses on goodwill(1)	(0.5)	(0.5)	(118.8)
Impairment losses on the annual test of Cash Generating Units(2)	-	-	(155.9)
Impairment losses on restructuring	(6.5)	(12.0)	(19.2)
Income on non-recurring asset disposals	1.0	(0.1)	(0.1)
Restructuring expenses paid	(31.4)	(30.1)	(61.8)
Change in provisions	5.1	6.2	7.1
Share in net income of associates out of the recurring business	0.8	-	(0.1)
Other operating income and expenses	**(33.4)**	**(42.4)**	**(357.2)**
Income taxes	7.6	12.9	84.1
Other operating income and expenses net of income taxes, Group share	**(25.8)**	**(29.5)**	**(273.1)**

(1) Of which as of December 31, 2015, €117.6 million related to the goodwill of the Oilfield Solutions Cash Generating Unit (Note 16).

(2) Impairment losses excluding goodwill of the Oilfield Solutions Cash Generating Unit (Note 16) as of December 31, 2015.

Other operating income and expenses in the 1st half of 2016

Gross “Other operating income and expenses” amount to - €33.4 million: - €14.7 million in the Energy Solutions & Specialties business group (of which mainly - €12.5 million of restructuring expenses paid); - €9.9 million in the Filtration & Performance Additives business group (of which mainly - €8.8 million of restructuring expenses paid); - €6.1 million in the Ceramic Materials business group (of which mainly - €10.8 million of restructuring expenses paid and + €6.9 million of change in restructuring provisions); - €4.3 million in the High Resistance Minerals business group (of which mainly - €3.8 million of restructuring expenses paid); and + €1.6 million in the holdings (of which mainly - €2.5 million related to transaction costs). Income taxes gains and losses on “Other operating income and expenses" amount to + €7.6 million. “Other operating income and expenses net of income taxes, Group share” thus amount to - €25.8 million, of which - €11.4 million with no cash impact and - €14.4 million in cash.

Other operating income and expenses in the 1st half of 2015

Gross "Other operating income and expenses" amounted to - €42.4 million: - €10.9 million in the Energy Solutions & Specialties business group (of which mainly - €10.6 million of restructuring expenses paid); - €17.0 million in the Filtration & Performance Additives business group (of which mainly - €9.2 million of restructuring provisions); - €9.7 million in the Ceramic Materials business group (of which mainly - €12.2 million of restructuring expenses paid); - €1.8 million in the High Resistance Minerals business group; and - €3.0 million in the holdings (of which mainly - €6.7 million related to transaction costs). Income taxes gains and losses on "Other operating income and expenses" amounted to + €12.9 million. "Other operating income and expenses net of income taxes, Group share" thus amounted to - €29.5 million, of which - €4.6 million with no cash impact and - €24.9 million in cash.

2015 other operating income and expenses

The gross "Other operating income and expenses" amounted to - €357.2 million: - €302.0 million in the Energy Solutions & Specialties business group (of which - €20.7 million of restructuring expenses paid, - €143.3 million of impairment losses related to restructurings, - €20.4 million of change in restructuring provisions and - €117.6 million of impairment loss on the goodwill of the Oilfield Solutions CGU *(Note 16)*); - €29.8 million in the Filtration & Performance Additives business group (of which mainly - €20.6 million of restructuring expenses paid, - €3.4 million of impairment losses related to restructurings and - €4.8 million of change in restructuring provisions); - €21.7 million in the Ceramic Materials business group (of which mainly - €24.7 million of restructuring expenses paid, - €5.3 million of impairment losses related to restructurings and + €10.2 million of change in restructuring provisions); - €8.7 million in the High Resistance Minerals business group (of which mainly - €9.4 million of restructuring expenses paid); and + €5.0 million in the holdings (of which mainly - €9.1 million of transaction costs). Income taxes gains and losses on "Other operating income and expenses" amounted to + €84.1 millon. 2015 "Other operating income and expenses net of income taxes, Group share" thus amounted to - €273.1 million, of which - €222.7 million with no cash impact and - €50.4 million in cash.

Note 9 Financial income (loss)

The tables hereafter disclose the financial income (loss) by categories of financial instruments. These 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. This note presents 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. 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).

As of June 30, 2016

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Net financial debt expense	**0.0**	**6.0**	**(0.5)**	**0.0**	**(30.4)**	**0.0**	**0.0**	**0.0**	**(24.9)**
Income from securities	-	6.0	-	-	-	-	-	-	6.0
Gross financial debt expense	-		(0.5)	-	(30.4)	-	-	-	(30.9)
Other financial income and expenses	**(1.4)**	**0.0**	**2.0**	**(3.9)**	**5.4**	**0.0**	**0.0**	**(6.3)**	**(4.2)**
Net exchange rate differences	-	-	2.0	-	4.4	-	(4.9)	-	1.5
Expense and income on derivative instruments	-	-		-	-	-	4.9	-	4.9
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(4.4)	(4.4)
Unwinding of other provisions	-	-	-	-	-	-	-	(1.9)	(1.9)
Other financial income and expenses	(1.4)	-	-	(3.9)	1.0	-	-	-	(4.3)
Financial income (loss)	**(1.4)**	**6.0**	**1.5**	**(3.9)**	**(25.0)**	**0.0**	**0.0**	**(6.3)**	**(29.1)**

As of June 30, 2015

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Net financial debt expense	**0.0**	**4.5**	**(0.3)**	**0.0**	**(30.9)**	**0.0**	**0.0**	**0.0**	**(26.7)**
Income from securities	-	4.5	-	-	-	-	-	-	4.5
Gross financial debt expense	-	-	(0.3)	-	(30.9)	-	-	-	(31.2)
Other financial income and expenses	**0.0**	**0.0**	**(0.1)**	**1.4**	**8.6**	**0.0**	**0.3**	**(7.0)**	**3.2**
Net exchange rate differences	-	-	2.2	-	8.7	-	0.7	-	11.6
Expense and income on derivative instruments	-	-	(2.3)	-	-	-	(0.4)	-	(2.7)
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(5.1)	(5.1)
Unwinding of other provisions	-	-	-	-		-	-	(1.9)	(1.9)
Other financial income and expenses	-	-	-	1.4	(0.1)	-	-	-	1.3
Financial income (loss)	**0.0**	**4.5**	**(0.4)**	**1.4**	**(22.3)**	**0.0**	**0.3**	**(7.0)**	**(23.5)**

As of December 31, 2015

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Net financial debt expense	**0.0**	**9.5**	**(1.0)**	**0.0**	**(57.6)**	**0.0**	**0.0**	**0.0**	**(49.1)**
Income from securities	-	9.5	-	-	-	-	-	-	9.5
Gross financial debt expense	-	-	(1.0)	-	(57.6)	-	-	-	(58.6)
Other financial income and expenses	**0.5**	**0.0**	**0.1**	**1.4**	**7.7**	**0.0**	**0.0**	**(16.1)**	**(6.4)**
Dividends	0.1	-	-	-	-	-	-	-	0.1
Net exchange rate differences	-	-	0.1	-	10.1	-	4.2	(1.1)	13.3
Expense and income on derivative instruments	-	-	-	-	-	-	(4.2)	-	(4.2)
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(11.0)	(11.0)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.9)	(3.9)
Other financial income and expenses	0.4	-	-	1.4	(2.4)	-	-	(0.1)	(0.7)
Financial income (loss)	**0.5**	**9.5**	**(0.9)**	**1.4**	**(49.9)**	**0.0**	**0.0**	**(16.1)**	**(55.5)**

Note 10 Income taxes

Half-year income taxes rate

The tax rate applied to the half-year income from current operations *(Note 11)* is obtained from an estimate of the rate applicable to the annual income from current operations. The latter is calculated from the average of legal rates, weighted by forecasted incomes from current operations. This weighted average is adjusted by the incidence of item without impact over the 1st half-year, i.e. permanent differences and events whose triggers are expected over the 2nd half-year. The tax rate applicable to items recognized over the half-year as other operating income and expenses *(Note 8)* cannot be obtained from an annual estimate, for they correspond to limited number of well identified, non-recurring and significant items. As a consequence, these are taxed on an actual basis.

Income taxes recognized in profit or loss

(€ millions)	06.30.2016	06.30.2015	2015
Payable and deferred income taxes			
Income taxes payable	**(56.9)**	**(66.6)**	**(128.6)**
Income taxes payable for the period	(56.8)	(66.2)	(127.0)
Income taxes payable - Prior period adjustments	(0.1)	(0.4)	(1.6)
Deferred taxes	**(13.6)**	**5.4**	**72.3**
Deferred taxes due to changes in temporary differences	(16.6)	5.4	72.5
Deferred taxes due to changes in income tax rates	-	-	(0.2)
Total	**(70.5)**	**(61.2)**	**(56.3)**
Income taxes by level of income			
Income taxes on current operating and financial income (loss)	**(78.1)**	**(74.1)**	**(140.5)**
Current operating and financial income (loss) taxes payable	(64.8)	(73.9)	(142.0)
Current operating and financial income (loss) deferred taxes	(13.3)	(0.2)	1.5
Income taxes on other operating income and expenses	**7.6**	**12.9**	**84.2**
Income taxes payable on other operating income and expenses	7.9	7.3	13.4
Deferred taxes on other operating income and expenses	(0.3)	5.6	70.8
Total	**(70.5)**	**(61.2)**	**(56.3)**

Income taxes recognized in equity

(€ millions)	06.30.2016	06.30.2015	2015
Actuarial gains and (losses), excess of the actual return on assets over their normative return in profit or loss and assets limitations	13.1	(12.7)	(6.7)
Income taxes on items never reclassified	**13.1**	**(12.7)**	**(6.7)**
Cash flow hedges	**(8.4)**	**1.2**	**1.5**
Income taxes recognized in equity	(5.2)	5.7	13.4
Income taxes reclassified in profit or loss	(3.2)	(4.5)	(11.9)
Translation reserve	**1.6**	**9.0**	**9.2**
Income taxes recognized in equity	1.6	9.0	9.2
Other comprehensive income	**(6.8)**	**10.2**	**10.7**
Total	**6.3**	**(2.5)**	**4.0**

Income taxes paid

The amount of income taxes paid in the 1st half of 2016 amounts to €42.2 million (€24.4 million in the 1st half of 2015 and €92.7 million in 2015).

Note 11 Net income from current operations and net income, Group share

(€ millions)	06.30.2016	06.30.2015	2015
Current operating income	293.0	274.0	538.1
Financial income (loss)	(29.1)	(23.5)	(55.5)
Income taxes on current operating income and financial income (loss)	(78.1)	(74.1)	(140.4)
Non-controlling interests	(1.9)	(1.7)	(0.7)
Net income from current operations, Group share	**183.9**	**174.7**	**341.5**
Other operating income and expenses - gross	(33.4)	(42.4)	(357.2)
Income taxes on other operating income and expenses	7.6	12.9	84.1
Net income, Group share	**158.1**	**145.2**	**68.4**

Note 12 Earnings per share

(€ millions)	06.30.2016	06.30.2015	2015
Numerator			
Net income, Group share	158.1	145.2	68.4
Net income from current operations, Group share	183.9	174.7	341.5
Denominator			
Weighted average number of shares used for the calculation of the basic income per share	78,909,966	78,736,146	79,275,846
Impact of share option conversion	1,145,936	1,238,816	1,179,193
Weighted average number of shares used for the calculation of the diluted income per share	80,055,902	79,974,962	80,455,039
Basic income per share, Group share *(in €)*			
Basic net income per share	2.00	1.84	0.86
Basic net income from current operations per share	2.33	2.22	4.31
Diluted income per share, Group share *(in €)*			
Diluted net income per share	1.97	1.82	0.85
Diluted net income from current operations per share	2.30	2.19	4.24

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 13 Goodwill

Table of changes

(€ millions)	06.30.2016	06.30.2015	2015
Opening carrying amount	**1,631.3**	**1,106.8**	**1,106.8**
Gross amount	1,702.8	1,174.0	1,174.0
Impairment losses	(71.5)	(67.2)	(67.2)
Incoming entities	2.8	590.3	616.2
Outgoing entities	-	-	(3.6)
Impairment losses(1)	(0.5)	(0.5)	(118.8)
Exchange rate differences	(14.5)	41.5	30.7
Closing carrying amount	**1,619.1**	**1,738.1**	**1,631.3**
Gross amount	1,688.4	1,811.2	1,702.8
Impairment losses	(69.3)	(73.1)	(71.5)

(1) Impairment losses on goodwill are disclosed in Note 16.

Final purchase accounting in the 1st half of 2016

S&B. On February 26, 2015, Imerys acquired 100.00% of the voting rights corresponding to the major industrial minerals businesses of the Greek S&B group, mainly in bentonite (binders for foundry, sealing solutions, additives for drilling and for consumer products), continuous casting fluxes for the steel industry, wollastonite (functional additives for polymers and paints) and perlite (mineral solutions used in building materials and horticulture). These businesses were acquired from the Kyriacopoulos family and the investment fund Rhône Capital for €623.8 million, of which €339.8 million paid in cash, €263.0 million in Imerys shares and €21.0 million to be paid as performance-related contingent consideration. The cash and shares remitted to the seller when control was obtained were financed respectively by the bond issue completed by Imerys in December 2014 and by the issue of 3.7 million Imerys shares on a preemptive basis for an amount of €248.8 million. After this transaction, the interest of the Kyriacopoulos family in the capital of Imerys SA amounts to 4.70% approximately. The fair value measurement of most assets and liabilities identifiable at the date control was obtained was entrusted to independent experts. As of February 26, 2016, the mineral reserves, intangible assets, property, plant and equipment, inventories, high yield bond (level 1 fair value), employee benefits, provisions and income tax assets and liabilities were remeasured. The final goodwill amounts to €577.0 million as of June 30, 2016 without any significant change from its provisional value published as of December 31, 2015.

Provisional purchase accounting in the 1st half of 2016

Solvay. On October 30, 2015, Imerys acquired 100.00% of the voting rights corresponding to the four European industrials sites (Germany, Austria, France and the United Kingdom) of the PCC (Precipitated Calcium Carbonate) business of the Belgian Solvay group. As the European leader for fine and ultra-fine PCC products used as functional additives, this business mainly serves the automotive (polymers), building (paints, coatings, sealants) and consumer goods markets (food and pharma). The acquisition price amounts to €29.0 million, of which €27.6 million paid in cash at the date control was obtained. The fair value measurement of most assets and liabilities identifiable at the date control was obtained was entrusted to independent experts. As of June 30, 2016, employee benefits and emission rights were recognized on the basis of final evaluation reports. The measurements of intangible assets, property, plant and equipment, inventories, provisions and income tax assets and liabilities are in progress. Pending the results, the corresponding positions were temporarily maintained at their historical values. The goodwill resulting from the difference between that partially remeasured net asset and the value of the investment thus amounts to a provisional value of €14.0 million as of June 30, 2016.

Others. Besides, the Group performed other minor acquisitions in the 2nd half of 2015 and in the 1st half of 2016. These acquisitions, paid in cash for an amount of €48.2 million generate a provisional goodwill of €28.3 million.

Note 14 Intangible assets

(€ millions)	Software	Trademarks, patents and licenses	Industrial processes and others	Total
Carrying amount as of January 1, 2015	**21.1**	**3.4**	**41.9**	**66.4**
Gross amount	84.6	18.5	63.7	166.8
Amortization and impairment losses	(63.5)	(15.1)	(21.8)	(100.4)
Incoming entities	0.3	24.5	10.0	34.8
Acquisitions	2.9	(0.1)	46.1	48.9
Disposals	(0.1)	-	-	(0.1)
Increases in amortization	(6.3)	(1.6)	(5.7)	(13.6)
Impairment losses	(0.5)	-	(35.6)	(36.1)
Reclassification and other	1.6	3.3	(3.5)	1.4
Exchange rate differences	1.6	0.3	1.5	3.4
Carrying amount as of January 1, 2016	**20.6**	**29.8**	**54.7**	**105.1**
Gross amount	84.3	48.1	123.6	256.0
Amortization and impairment losses	(63.7)	(18.3)	(68.9)	(150.9)
Incoming entities	-	(0.4)	(0.3)	(0.7)
Outgoing entities	-	-	(0.1)	(0.1)
Acquisitions	0.6	-	2.5	3.1
Disposals	-	-	(13.2)	(13.2)
Increases in amortization	(3.0)	(0.7)	(1.2)	(4.9)
Impairment losses	-	-	(0.1)	(0.1)
Reclassification and other	0.2	0.4	(15.6)	(15.0)
Exchange rate differences	(0.2)	(0.1)	(1.0)	(1.3)
Carrying amount as of June 30, 2016	**18.2**	**29.0**	**25.7**	**72.9**
Gross amount	73.1	47.9	92.0	213.0
Amortization and impairment losses	(54.9)	(18.9)	(66.3)	(140.1)

Note 15 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, 2015	**471.6**	**304.6**	**1,016.2**	**124.6**	**57.8**	**1,974.8**
Gross amount	790.8	539.8	3,258.6	126.4	231.0	4,946.6
Depreciation and impairment losses	(319.2)	(235.2)	(2,242.4)	(1.8)	(173.2)	(2,971.8)
Incoming entities	81.6	36.9	121.3	9.1	5.1	254.0
Outgoing entities	-	-	(2.3)	-	-	(2.3)
Acquisitions	53.8	4.3	28.7	134.5	4.0	225.3
Disposals	-	(0.7)	(1.4)	(0.7)	(0.4)	(3.2)
Increases in depreciation	(51.2)	(16.0)	(129.4)	-	(19.0)	(215.6)
Impairment losses	(4.8)	(19.0)	(90.3)	(0.9)	(4.0)	(119.0)
Reversals of impairment losses	-	0.1	2.0	-	-	2.1
Reclassification and other	0.2	11.7	55.0	(83.1)	18.3	2.1
Exchange rate differences	1.1	-	21.1	0.6	0.9	23.7
Carrying amount as of January 1, 2016	**552.3**	**321.9**	**1,020.9**	**184.1**	**62.7**	**2,141.9**
Gross amount	891.3	598.1	3,573.5	186.7	276.9	5,526.5
Depreciation and impairment losses	(339.0)	(276.2)	(2,552.6)	(2.6)	(214.2)	(3,384.6)
Incoming entities	10.0	(0.1)	7.9	(0.2)	0.2	17.8
Outgoing entities	-	(2.0)	(1.4)	-	(0.3)	(3.7)
Acquisitions	25.2	1.0	15.4	45.4	2.1	89.1
Disposals	0.1	(0.1)	(5.8)	8.1	(0.6)	1.7
Increases in depreciation	(23.3)	(7.6)	(72.5)	(0.1)	(8.5)	(112.0)
Impairment losses	-	(2.1)	(5.6)	(0.1)	-	(7.8)
Reversals of impairment losses	-	-	1.4	-	-	1.4
Reclassification and other	3.6	7.3	76.7	(97.2)	5.3	(4.3)
Exchange rate differences	2.5	3.7	0.6	0.8	(0.1)	7.5
Carrying amount as of June 30, 2016	**570.4**	**322.0**	**1,037.6**	**140.8**	**60.8**	**2,131.6**
Gross amount	889.5	599.0	3,516.4	143.4	262.5	5,410.8
Depreciation and impairment losses	(319.1)	(277.0)	(2,478.8)	(2.6)	(201.7)	(3,279.2)

Note 16 Impairment tests

The impairment test on the Cash Generating Units (CGUs) performed systematically on the annual closing is only renewed on the half-year closing where an impairment loss indicator is identified. Since no impairment loss indicator has been identified, the impairment test on the CGUs is not renewed as of June 30, 2016. As of December 31, 2015, this test had required the recognition of an impairment loss of €251.4 million on the goodwill (€117.6 million) and industrial production tool (€133.8 million) of the Oilfiled Solutions CGU of the Energy Solutions & Specialties (ESS) business group (€273.5 million including the inventories write-downs). The sensitivity tests performed as of December 31, 2015 *(Note 19, Chapter 6 of the 2015 Registration Document)* evidenced that an unfavorable evolution of forecasted cash flows, discount rates or perpetual growth rates could require the recognition of a new impairment of the industrial production tool of the Oilfiled Solutions CGU of the Energy Solutions & Specialties (ESS) business group. As of June 30, 2016, the evolution of these assumptions does not require the recognition of any impairment. However, this CGU continue to be subject to careful surveillance.

Note 17 Inventories

(€ millions)	06.30.2016 Gross amount	Write-down	Carrying amount	06.30.2015 Gross amount	Write-down	Carrying amount	2015 Gross amount	Write-down	Carrying amount
Raw materials	320.2	(26.7)	293.5	338.6	(12.4)	326.2	329.0	(27.4)	301.6
Work in progress	69.3	(0.9)	68.4	81.5	(0.4)	81.1	78.4	(0.4)	78.0
Finished goods	328.0	(18.8)	309.2	325.0	(8.8)	316.2	323.5	(21.7)	301.8
Merchandises	53.6	(2.2)	51.4	60.6	(2.3)	58.3	59.1	(2.2)	56.9
Total	**771.1**	**(48.6)**	**722.5**	**805.7**	**(23.9)**	**781.8**	**790.0**	**(51.7)**	**738.3**

Note 18 Financial liabilities

18.1. 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, finance lease credits and bank overdrafts, 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 18.2)*.

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 18.2)*. The operational hedge instruments are not included in the calculation of the net financial debt. The financial assets and liabilities used in the calculation of the net financial debt correspond to the amounts of cash to be received or paid. To that extent, their carrying amounts are representative of fair value except for bonds, whose fair value amounts to €2,261.0 million for a carrying amount of €2,108.2 as of June 30, 2016. For listed bonds, fair value qualifies as a directly observable data since it corresponds to the market value at the closing date (level 1 fair value). For unlisted bonds, fair value including accrued interests results from a model using observable data, i.e. a revaluation of discounted future contractual flows (level 2 fair value).

(€ millions)	06.30.2016	06.30.2015	2015
Non-derivative financial liabilities	**2,368.6**	**1,940.2**	**1,927.3**
Loans and financial debts - non-current	2,115.9	1,500.8	1,500.0
Loans and financial debts - current	214.3	436.4	423.8
Bank overdrafts	38.4	3.0	3.5
Non-derivative financial assets	**(821.4)**	**(444.1)**	**(434.7)**
Other financial assets	(11.3)	(21.1)	(19.6)
Cash and cash equivalents	(810.1)	(423.0)	(415.1)
Hedge derivatives	**(23.1)**	**(8.2)**	**(12.2)**
Financing hedge instruments - liabilities	8.2	4.7	3.8
Financing hedge instruments - assets	(31.3)	(12.9)	(16.0)
Net financial debt	**1,524.1**	**1,487.9**	**1,480.4**

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)	06.30.2016	06.30.2015	2015
Current operating income	293.0	274.0	538.1
Operating amortization, depreciation and impairment losses(1)	113.2	113.4	225.5
Net change in operating provisions	9.1	(6.3)	(17.5)
Share in net income of joint ventures and associates	(2.7)	(3.7)	(8.1)
Dividends received from joint ventures and associates	4.3	3.8	7.4
Operating cash flow before taxes (current EBITDA)	**416.9**	**381.2**	**745.4**
Notional taxes on current operating income(2)	(86.7)	(81.0)	(156.7)
Current net operating cash flow	**330.2**	**300.2**	**588.7**
Paid capital expenditures(3) & (4)	**(116.7)**	**(121.5)**	**(271.6)**
Intangible assets	(3.1)	(7.2)	(48.9)
Property, plant and equipment	(65.3)	(72.4)	(174.4)
Overburden mining assets(5)	(23.8)	(18.1)	(50.9)
Debts on acquisitions	(24.5)	(23.8)	2.6
Carrying amount of current asset disposals	**11.5**	**1.0**	**3.6**
Change in the operational working capital requirement	**(48.3)**	**(38.3)**	**21.8**
Inventories	12.9	(25.7)	6.1
Trade accounts receivable, advances and down payments received	(75.4)	(33.1)	41.2
Trade accounts payable, advances and down payments paid	14.2	20.5	(25.5)
Current free operating cash flow	**176.7**	**141.4**	**342.5**

(1) Operating amortization, depreciation and impairment losses	*113.2*	*113.4*	*225.5*
Net operating amortization and depreciation (Appendix 1 of the consolidated statement of cash flows)	*113.0*	*113.2*	*225.1*
Finance leases depreciation (Appendix 3 of the consolidated statement of cash flows)	*0.2*	*0.2*	*0.4*
(2) Effective tax rate on current operating income	*29.6%*	*29.6%*	*29.1%*
(3) Paid capital expenditure	*(116.7)*	*(121.5)*	*(271.6)*
Acquisitions of intangible assets and property, plant and equipment (Consolidated statement of cash flows)	*(116.7)*	*(121.5)*	*(271.6)*
(4) Recognized capital expenditures / asset depreciation ratio	*81.4%*	*86.2%*	*121.6%*
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	*113.2*	*113.4*	*225.5*
(5) Overburden mining assets	*(23.9)*	*(18.3)*	*(51.0)*
Overburden mining assets - capital expenditure	*(23.8)*	*(18.1)*	*(50.9)*
Neutralization of activated restoration provisions	*(0.1)*	*(0.2)*	*(0.1)*

Change in net financial debt

(€ millions)	06.30.2016	06.30.2015	2015
Current free operating cash flow	**176.7**	**141.4**	**342.5**
Financial income (loss)	(29.1)	(23.5)	(55.5)
Financial impairment losses and unwinding of the discount	6.1	6.1	7.5
Income taxes on financial income (loss)	8.6	7.0	16.2
Change in income tax debt	16.7	42.2	36.6
Change in deferred taxes on current operating income	11.5	0.1	(1.9)
Change in other items of working capital	(19.8)	(34.5)	(13.8)
Share-based payments expense	5.3	3.7	7.3
Change in fair value of operational hedge instruments	1.9	(0.7)	(0.7)
Change in dividends receivable from available-for-sale financial assets	(0.2)	0.2	0.2
Current free cash flow	**177.7**	**142.0**	**338.4**
External growth	**(16.0)**	**(868.9)**	**(950.5)**
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(15.9)	(868.9)	(950.1)
Acquisitions of investments in consolidated entities from non-controlling interests	(0.1)	-	-
Acquisitions of available-for-sale financial assets	-	-	(0.4)
Disposals	**9.1**	**2.7**	**6.7**
Disposals of investments in consolidated entities after deduction of the net debt disposed of	8.1	2.7	6.7
Non-recurring disposals of intangible assets and property plant and equipment	1.0	-	-
Transaction costs	**(2.8)**	**(7.0)**	**(10.6)**
Changes in estimate of the contingent remuneration of the seller	**-**	**(0.6)**	**(0.2)**
Cash flow from other operating income and expenses	**(23.5)**	**(22.9)**	**(48.7)**
Dividends paid to shareholders and non-controlling interests	**(139.0)**	**(132.6)**	**(132.6)**
Financing requirement	**5.5**	**(887.3)**	**(797.5)**
Transactions on equity	(55.1)	285.8	227.0
Net change in financial assets	0.4	2.6	0.6
Change in net financial debt	**(49.2)**	**(598.9)**	**(569.9)**

(€ millions)	06.30.2016	06.30.2015	2015
Opening net financial debt	**(1,480.4)**	**(869.9)**	**(869.9)**
Change in net financial debt	(49.2)	(598.9)	(569.9)
Impact of changes due to exchange rate fluctuations	5.5	(19.1)	(40.6)
Closing net financial debt	**(1,524.1)**	**(1,487.9)**	**(1,480.4)**

18.2. 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, 2016 presented hereafter enables to assess the exposure of the Group to this risk.

	2016		2017 - 2021		2022 and later		
(€ millions)	**Capital**	**Interests**	**Capital**	**Interests**	**Capital**	**Interests**	**Total**
Non-derivative financial liabilities	**215.9**	**31.8**	**933.1**	**169.6**	**1,161.4**	**97.0**	**2,608.8**
Eurobond / EMTN	2.9	28.3	900.0	156.3	1,100.0	72.0	2,259.5
Private placements	-	3.5	27.0	13.3	61.4	25.0	130.2
Commercial paper issues	130.0	-	-	-	-	-	130.0
Bilateral facilities	-	-	-	-	-	-	0.0
Facilities due within one year	83.0	-	6.1	-	-	-	89.1
Hedge derivatives	**(23.1)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(23.1)**
Financing hedge instruments - liabilities	8.2	-	-	-	-	-	8.2
Financing hedge instruments - assets	(31.3)	-	-	-	-	-	(31.3)
Future cash outflows with respect to gross financial debt	**192.8**	**31.8**	**933.1**	**169.6**	**1,161.4**	**97.0**	**2,585.7**
Non-derivative financial liabilities	**38.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**38.4**
Bank overdrafts	38.4	-	-	-	-	-	38.4
Non-derivative financial assets	**(821.4)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(821.4)**
Other current financial assets	(11.3)	-	-	-	-	-	(11.3)
Cash and cash equivalents	(810.1)	-	-	-	-	-	(810.1)
Future cash outflows with respect to net financial debt	**(590.2)**	**31.8**	**933.1**	**169.6**	**1,161.4**	**97.0**	**1,802.7**
of which items recognized as of June 30, 2016 (net financial debt)	(590.2)	19.8	933.1	-	1,161.4	-	1,524.1
Non-derivative financial liabilities	**715.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**715.0**
Trade payables	448.7	-	-	-	-	-	448.7
Other debts	266.3	-	-	-	-	-	266.3
Hedge derivatives	**(9.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(9.2)**
Operational hedge instruments - liabilities	5.1	-	-	-	-	-	5.1
Operational hedge instruments - assets	(14.3)	-	-	-	-	-	(14.3)
Future cash outflows	**115.6**	**31.8**	**933.1**	**169.6**	**1,161.4**	**97.0**	**2,508.5**

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

(€ millions)	**2016**	**2017 - 2021**	**2022 and later**	**Total**
Debt at fixed rate	**19.7**	**927.0**	**1,100.0**	**2,046.7**
Debt at fixed rate on issue	19.7	927.0	1,161.4	2,108.1
Swap fixed rate into floating rate	-	-	(61.4)	(61.4)
Debt at floating rate	**(590.1)**	**6.1**	**61.4**	**(522.6)**
Debt at floating rate on issue	193.0	6.1	-	199.1
Net cash and other current financial assets	(783.1)	-	-	(783.1)
Swap fixed rate into floating rate	-	-	61.4	61.4
Net financial debt	**(570.4)**	**933.1**	**1,161.4**	**1,524.1**

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, 2016, the ratio amounts to 0.58 (0.51 as of June 30, 2015 and 0.55 as of December 31, 2015);
  - 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, 2016, the ratio amounts to 1.83 (2.08 as of June 30, 2015 and 1.99 as of December 31, 2015).
- 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, 2016, Imerys has a long-term rating of Baa2 outlook Stable by Moody’s (Baa2 outlook Stable as of June 30, 2015 and Baa2 outlook Stable as of December 31, 2015).

As of June 10, 2016, Imerys has updated its new Euro Medium Term Note program (EMTN) with the Commission de Surveillance du Secteur Financier (Luxemburg). The program amounts to €2.5 billion and enables the issue of notes considered as ordinary bonds of a maturity of one month to thirty years. As of June 30, 2016, outstanding securities total €1,561.4 million (€951.1 million as of June 30, 2015 and 953.4 million as of December 31, 2015). Imerys also has a commercial paper program limited to €800.0 million (€800.0 million as of June 30, 2015 and €800.0 million as of December 31, 2015) rated P-2 by Moody's (P-2 as of June 30, 2015 and P-2 as of December 31, 2015). As of June 30, 2016, outstanding securities total €130.0 million (€266.5 million as of June 30, 2015 and €347.6 million as of December 31, 2015). As of June 30, 2016, Imerys has access to €1,405.0 million of bank facilities (€1,405.0 million as of June 30, 2015 and €1,425.0 million as of December 31, 2015) part of which secures the issued commercial paper in accordance with the financial policy of the Group.

■ OTHER INFORMATION

Note 19 Changes in the scope of consolidation

Energy Solutions & Specialties (ESS). On October 30, 2015, Imerys acquired the PCC (Precipitated Calcium Carbonate) business of the Belgian Solvay group, the European leader for fine and ultra-fine PCC products.

Filtration & Performance Additives (F&PA). On February 26, 2015, the Filtration & Performance Additives business group acquired the bentonite, continuous casting fluxes for the steel industry, wollastonite and perlite businesses of the S&B group *(Note 13)*.

Ceramic Materials (CM). The last significant change in the scope of the Ceramic Materials business group corresponds to the disposal to the Bouyer Leroux group of the clay bricks, walls and chimney blocks business on September 30, 2013.

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.

Note 20 Currency rates

	Foreign	06.30.2016		06.30.2015		2015	
(€1 =)	currencies	Closing	Average	Closing	Average	Closing	Average
Argentina	ARS	16.5642	16.0130	10.1669	9.8421	14.1585	10.2823
Australia	AUD	1.4929	1.5220	1.4550	1.4261	1.4897	1.4778
Brazil	BRL	3.5635	4.1297	3.4715	3.3057	4.2512	3.6981
Canada	CAD	1.4384	1.4844	1.3839	1.3774	1.5116	1.4185
Chile	CLP (100)	7.3439	7.6958	7.1003	6.9323	7.7315	7.2609
China	CNY	7.3620	7.2812	6.8405	6.8394	7.0696	6.9122
Hungary	HUF (100)	3.1706	3.1271	3.1493	3.0757	3.1598	3.1000
India	INR	75.0679	74.9931	71.3354	70.2013	72.2091	71.2346
Indonesia	IDR (100)	146.0170	149.6345	149.3843	144.7077	150.3999	148.7343
Japan	JPY (100)	1.1405	1.2441	1.3701	1.3423	1.3107	1.3435
Malaysia	MYR	4.4636	4.5782	4.2362	4.0624	4.6704	4.3368
Mexico	MXN	20.6347	20.1731	17.5332	16.8909	18.9145	17.6161
Russia	RUB	71.5200	78.2968	62.3550	64.6810	80.6736	68.0639
Singapore	SGD	1.4957	1.5400	1.5068	1.5064	1.5417	1.5258
South Africa	ZAR	16.4461	17.1983	13.6416	13.3043	16.9530	14.1635
South Korea	KRW (100)	12.7962	13.1872	12.5127	12.2692	12.7596	12.5619
Sweden	SEK	9.4242	9.3019	9.2150	9.3417	9.1895	9.3548
Switzerland	CHF	1.0867	1.0960	1.0413	1.0569	1.0835	1.0679
Taiwan	TWD	35.8583	36.5648	34.4436	34.8728	35.7695	35.3060
Thailand	THB	39.0070	39.5590	37.7960	36.8010	39.2480	38.0389
Turkey	TRY	3.2060	3.2593	2.9953	2.8613	3.1765	3.0250
Ukraine	UAH	27.5750	28.4444	23.4309	23.9922	26.1087	24.3353
United Kingdom	GBP	0.8265	0.7788	0.7114	0.7326	0.7340	0.7261
United States	USD	1.1102	1.1159	1.1189	1.1164	1.0887	1.1101

Note 21 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, 2016 are the 17 members of the Board of Directors (17 members as of June 30, 2015 and 18 members as of December 31, 2015) and the 8 members of the Executive Committee (8 members as of June 30, 2015 and 8 members as of December 31, 2015) *(Note 27, Chapter 6 of the 2015 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 2016 amounts to €8.9 million (€8.8 million as of June 30, 2015 and €18.1 million in 2015), of which mainly €3.7 million to Imerys UK Pension Fund Trustees Ltd., United Kingdom (€5.0 million as of June 30, 2015 and €9.0 million in 2015) and €2.3 million to Comerica, United States (€1.8 million as of June 30, 2015 and €4.5 million in 2015).

FCPE Imerys Actions

The FCPE Imerys Actions is managed by BNP Paribas Asset Management SAS. Its management is controlled by a Supervisory Board of 12 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 2016 (the 1st half of 2015 and 2015) for the FCPE Imerys Actions are immaterial.

Note 22 Events after the end of the period

The annual consolidated financial statements as of June 30, 2016 were closed by the Board of Directors at its meeting on July 27, 2016. No significant event is to be reported between the closing date and that of the Board of Directors.

3 Statutory auditors' review report

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

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

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

For the period from January 1 to June 30, 2016

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, 2016;
- 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 27, 2016
The Statutory Auditors
French original signed by

Deloitte & Associés
Frédéric Gourd

ERNST & YOUNG et Autres
Jean-Roch Varon Sébastien Huet

4 | Person responsible for the Half-Year Financial Report

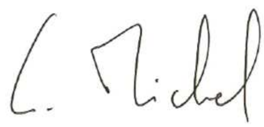
1 - Person responsible for the Half-Year Financial Report

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 27, 2016



Gilles Michel
Chairman and Chief Executive Officer

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TRANSFORM TO PERFORM

Imerys - French limited liability company
(Société Anonyme)
Share capital €159,144,982
Trade Register RCS Paris 562 008 151

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