

Mineral solutions to create tomorrow's world



2017 HALF-YEAR FINANCIAL REPORT



IMERYS
TRANSFORM TO PERFORM

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1 | Half-Year Activity Report

In the 1st half of 2017, Imerys improved its results in a market environment that was positive overall. Revenue were up +5.9% year-on-year to €2,220 million on a current basis, reflecting the contribution of acquisitions completed since 2016 and to the positive impact of exchange rates. At comparable Group structure and exchange rates, revenue are up +1.8% compared to the same period in 2016. The current operating income increased by +6.7% to €313 million with an operating margin which improves +10 basis points to 14.1%. The net income from current operations rose +3.2% to €190 million.

(€ millions)	06.30.2017	06.30.2016	% current change
Consolidated results			
Revenue	2,220.3	2,096.7	+5.9%
Current EBITDA ⁽¹⁾	428.3	416.9	+2.7%
Current operating income ⁽¹⁾	312.6	293.0	+6.7%
Operating margin	14.1%	14.0%	+10 bp
Net income from current operations, Groupe share ⁽¹⁾	189.7	183.9	+3.2%
Net income, Group share	172.2	158.1	+8.9%
Financing			
Paid capital expenditure	144.8	116.7	+24.1%
Current free operating cash flow ^{(1) (2)}	150.6	176.7	-14.7%
Shareholders' equity	2,833.9	2,644.2	+7.2%
Net financial debt	1,508.8	1,524.1	-1.0%
Data per share			
Net income from current operations, Group share, per share ^{(1) (3)}	€2.40	€2.33	+3.0%

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

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

(3) The weighted average number of outstanding shares was 79,035,849 in the 1st half of 2017 compared with 78,909,966 in the 1st half of 2016.

DETAILED REVIEW OF THE GROUP'S RESULTS

■ INCREASE IN REVENUE TO €2,220 MILLION

Non-audited quarterly data	Revenue 2017 (€ millions)	Revenue 2016 (€ millions)	Change in revenue (% previous year)	Comparable Change ⁽¹⁾ (% previous year)	of which Volume	of which Price/Mix
1 st quarter	1,113.2	1,038.1	+7.2%	+2.4%	+2.4%	+0.0%
2 nd quarter	1,107.1	1,058.6	+4.6%	+1.2%	+0.2%	+1.0%
1st half	2,220.3	2,096.7	+5.9%	+1.8%	+1.4%	+0.5%

Revenue for the 1st half of 2017 totaled €2,220.3 million, a +5.9% increase on a reported basis from the same period in 2016. This improvement results from:

- A +1.8% organic growth. Increase in revenue at comparable Group structure and exchange rates reflects an overall improvement in activity in the 1st half of 2017, with the significant exception of the kaolin market for the paper industry. Excluding the Ceramic Materials business group, which includes the Kaolin division, volumes rose +3.9%. As previously stated, the 1st quarter was marked by significant inventory rebuilding in the downstream supply chain of the High Resistance Minerals business group. The price-mix component was positive at +0.5% (of which +1.0% in the 2nd quarter) thanks to new products, in particular;
- A +€51.8 million positive Group structure effect (+2.5%), which includes the consolidation of the acquisitions completed in 2016 (such as Alteo and SPAR) and early 2017 (Damolin in particular);
- A +€33.7 million positive exchange rate effect (+1.6%), mainly due to the appreciation of the US dollar in the 1st quarter.

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

Revenue by geographic zone of destination (current change)

(€ millions)	Revenue H1 2017	% change H1 17 vs. H1 16	% of consolidated revenue as of 06.30.2017	% of consolidated revenue as of 06.30.2016
Western Europe	954.0	+3.5%	43%	44%
<i>of which France</i>	251.8	+0.9%	11%	12%
United States / Canada	559.5	+8.8%	25%	25%
Emerging countries	603.7	+9.8%	27%	26%
Others (Japan / Australia)	103.1	-7.1%	5%	5%
Total	2,220.3	+5.9%	100%	100%

■ CURRENT OPERATING INCOME UP +6.7%

Non-audited quarterly data (€ millions)	2017	2016	% Change
1 st quarter	147.2	135.4	+8.7%
Operating margin	13.2%	13.0%	+0.2 point
2 nd quarter	165.4	157.7	+4.9%
Operating margin	14.9%	14.9%	stable
1st half	312.6	293.0	+6.7%
Operating margin	14.1%	14.0%	+0.1 point

Current operating income totaled €312.6 million in the 1st half of 2017, a +6.7% increase against the 1st half of 2016. The Group's **operating margin** improved by +10 basis points to 14.1% even though several small bolt-on acquisitions with which synergies will gradually ramp up over the next three years have been completed since 2016.

Imerys' profitability benefited from a positive contribution from volumes (+€19.3 million), the price-mix component (+€8.8 million) and variable costs, which improved by €0.5 million thanks to operating excellence programs and efficient procurement. Fixed costs and overheads increased by €20.9 million, due on one hand to the increase in production and, on the other, the gradual setup of the human and industrial resources needed to ensure the Group's future growth (excellence programs, development teams, additional production capacities, etc.).

■ +3.2% INCREASE IN NET INCOME FROM CURRENT OPERATIONS

Net income from current operations rose +3.2% to €189.7 million (€183.9 million in 1st half of 2016). It takes the following into account:

- Financial expense of -€42.2 million, which was mostly driven up by an increase in interest expense following two bond issues completed in March 2016 and January 2017 for a total amount of €1.2 billion. Thanks to these, the Group was able to anticipate its financing needs, such as for the acquisition of Kerneos, on favorable terms.
- A -€79.8 million tax charge (-€78.1 million in 1st half of 2016), reflecting an effective tax rate of 29.5% (29.6% in 1st half of 2016).

The Group's share of net income from current operations per share rose +3.0% to €2.40.

■ NET INCOME UP +8.9%

Other operating income and expenses, net of tax, most of which correspond to transaction costs, totaled -€17.5 million in the 1st half of 2017 compared with -€25.8 million in the 1st half of 2016. After taking these other operating income and expenses, **the Group's share of net income reached** €172.2 million (€158.1 million in 1st half of 2016).

■ ROBUST CURRENT FREE OPERATING CASH FLOW

(€ millions)	06.30.2017	06.30.2016
Current EBITDA	428.3	416.9
Changes in operating working capital requirement	(44.4)	(48.3)
Paid capital expenditure	(144.8)	(116.7)
Notional tax	(92.2)	(86.8)
Subsidies, value of divested assets and miscellaneous	3.7	11.6
Current free operating cash flow	150.6	176.7
Paid financial expenses	(30.4)	(14.4)
Other working capital requirement items	(7.3)	15.4
Current free cash flow	113.0	177.7

Imerys generated high **current free operating cash flow** at €150.6 million in the 1st half of 2017, compared with €176.7 million in the 1st half 2016. It mainly results from the following items:

- A +€11.4 million increase in current **EBITDA**;
- a -€44.4 million **change in operating working capital requirement**, compared with -€48.3 million in the 1st half of 2016, with operating working capital requirement representing 22.5% of annualized sales;
- **Paid capital expenditure**, which totaled €144.8 million. The booked amount (€118.4 million) represents 96% of the depreciation charge.

■ FINANCIAL STRUCTURE

(€ millions)	06.30.2017	12.31.2016	06.30.2016
Paid dividends	(149.2)	(139.0)	(138.9)
Net financial debt, end of period	1,508.8	1,366.5	1,524.1
Average net debt	1,489.2	1,516.5	1,556.3
Shareholders' equity	2,833.9	2,914.2	2,644.2
Current EBITDA ⁽²⁾	428.3	818.9	416.9
Net debt / Shareholders' equity	53.2%	46.9%	57.6%
Net debt / Current EBITDA	1.8 x	1.7 x	1.8x

The Group's net financial debt amounts to €1,508.8 million as of the end of June 2017, representing 53% of shareholders' equity and 1.8x current EBITDA. Generation of €150.6 million in current free operating cash flow in the 1st half of 2017 covered the dividend distribution (€149.2 million).

Thanks to the €600 million bond with a 10-year maturity and an annual coupon of 1.5% issued in January 2017 and the reimbursement, in April 2017, of an outstanding €500 million bond with an annual coupon of 5%, the Group was able to extend its average debt maturity to 7.5 years and reduce its average financial cost to 2.2%.

Following the announcement of the Kerneos acquisition project, Moody's long-term credit rating for Imerys, which has been Baa 2 since 2011, was confirmed and with a stable outlook. Standard & Poors' credit rating for the Group is BBB, also with a stable outlook.

(2) EBITDA rolling 12 months.

EVENTS AFTER THE END OF THE PERIOD

On July 18, Imerys closed the acquisition of Kerneos, the world leader in high-performance calcium aluminate binders. With revenue of €417 million and EBITDA of €99 million in 2016, Kerneos develops high performance binders that contribute key properties (rapid hardening, self-leveling, sealing and wear, corrosion or heat resistance), to its customers' innovative solutions for the construction (screed and adhesive tiles mortars, etc.), civil engineering (sewage system infrastructure, etc.) or refractories (protection of blast furnaces, thermal power plant, etc.) sectors.

With this operation, the Group enhances its specialty offering in high-potential markets and improves its growth and profitability profile while creating value.

This transaction is expected to have a positive impact on net income from current operations per share from the first full year of consolidation and to rapidly create value, notably thanks to synergies estimated at €23 million in third full year of consolidation.

Kerneos is consolidated in Imerys' accounts since July 18, 2017, and will be part of the High Resistance Minerals business group.

The acquisition is entirely funded from the Group's available resources; it preserves Imerys' sound financial situation, while complying with its goal of maintaining an "investment grade" credit rating.

OUTLOOK

In the second half of the year, while the Group will continue to benefit from its development strategy and from its operating excellence and innovation programs, it will also start to reap the profits from the integration of its recent acquisitions, particularly Kerneos. In this context and at constant market conditions and exchange rates, the Group is confident in its ability to grow its net income from current operations in 2017 by more than +7% compared to last year.

REVIEW BY BUSINESS GROUP

■ REVENUE BY BUSINESS GROUP

(€ millions)	Revenue H1 2017	Revenue H1 2016	% Current change	% Structure effect	% Exchange Rate effect	% Comparable change
Revenue of which:	2,220.3	2,096.7	+5.9%	+2.5%	+1.6%	+1.8%
Energy Solutions & Specialties	653.6	617.0	+5.9%	+3.0%	+2.1%	+0.9%
Filtration & Performance Additives	629.4	570.3	+10.4%	+3.3%	+1.9%	+5.2%
Ceramic Materials	611.8	634.6	-3.6%	-0.5%	+0.7%	-3.8%
High Resistance Minerals	355.7	299.8	+18.6%	+7.2%	+2.0%	+9.5%
Holding & Eliminations	(30.2)	(25.0)	n.s.	n.s.	n.s.	n.s.

■ ENERGY SOLUTIONS & SPECIALITIES

(29% of consolidated revenue in 1st half 2017)

Non-audited quarterly data (€ millions)	2017	2016	% Current change	% Comparable change
1 st quarter revenue	321.6	300.8	+6.9%	+1.0%
2 nd quarter revenue	332.0	316.2	+5.0%	+0.7%
1st half revenue	653.6	617.0	+5.9%	+0.9%
Current operating income	68.8	67.0	+2.6%	
Operating margin	10.5%	10.9%	-0.4 point	

The **Energy Solutions & Specialities** business group's **revenue** totaled €653.6 million in the 1st half of 2017 (+5.9% on a reported basis). This change takes into account a +€18.5 million positive structure effect, mainly resulting from the acquisitions in the Monolithic Refractories division (in particular SPAR in the United States and several smaller acquisitions) and an exchange rate impact of +€12.7 million. At comparable structure and exchange rates, revenue increased +0.9% from the same period in 2016.

The **Carbonates** division's sales benefited from the favourable trend in the construction and packaging markets, while the paper market remained weak.

In the **Monolithic Refractories** division, activity was stable in the 1st half of 2017. While sales held out well in India and Asia-Pacific, they decreased slightly in Europe.

The **Graphite & Carbon** division's sales remained vibrant in the 1st half of 2017. The Group continued to implement its investment program (R&D, industrial capacities and mineral resources), through the acquisition of Nippon Power Graphite (NPG), a technology development company which is active in materials for lithium-ion battery anodes, and the startup of the new natural graphite production unit in Namibia.

In the **Oilfield Solutions** division, the Group maintained an active industrial and commercial presence on a ceramic proppant market that remained as weak as in the previous year. Over the year as a whole, at unchanged market conditions and foreign exchanges, the Group confirms that this division's negative contribution to the Group's operating income should not be greater than in 2016 (-€23 million).

Current operating income rose +2.6% to €68.9 million, particularly thanks to a positive price-mix effect and lower variable costs.

Given these items, the business group's **operating margin** is 10.5%.

■ FILTRATION & PERFORMANCE ADDITIVES

(28% of consolidated revenue in 1st half 2017)

Non-audited quarterly data (€ millions)	2017	2016	% Current change	% Comparable change
1 st quarter revenue	312.4	278.2	+12.3%	+6.5%
2 nd quarter revenue	317.0	292.1	+8.5%	+4.0%
1st half revenue	629.4	570.3	+10.4%	+5.2%
Current operating income	125.0	105.0	+19.0%	
Operating margin	19.9%	18.4%	+1.5 point	

The **Filtration & Performance Additives** business group's **revenue** totaled €629.4 million in the 1st half of 2017, a +10.4% increase. It takes into account a structure effect of +€18.8 million related to the acquisition of Damolin, and an exchange rate effect of +€10.6 million.

At comparable structure and exchange rates, revenue increased +5.2% in the 1st half of 2017.

On robust markets, particularly polymers for the automotive sector, the **Performance Additives** division's sales continued to grow, despite a strike at one of the main production sites in the 2nd quarter of 2017.

The **Filtration** division benefited from the growth of its markets in the 1st half of 2017 (filtration of edible or industrial liquids, etc.). The Group continued its developments, particularly in the health & beauty, construction and agriculture markets.

The **Metallurgy** division enjoyed a healthy sales momentum, the upturn on steel markets and the integration of Damolin's specialty offering (industrial absorbents, etc.).

The business group's **operating income** grew +19.0% to €125 million in the 1st half of 2017. **Operating margin** improved +1.5 point to 19.9%.

Furthermore, Imerys appointed an independent international organization⁽³⁾ to conduct an audit on the supply chain of its Pakistani supplier of talc from Afghanistan. The audit's findings showed that, given changes in these supply conditions, compliance with the Group's requirements of its suppliers could no longer be guaranteed. Consequently, the Group has discontinued the purchases in question, which represent less than 1% of its talc sales, and alternative sourcing has been set up.

■ CERAMIC MATERIALS

(27% of consolidated revenue in 1st half 2017)

Non-audited quarterly data (€ millions)	2017	2016	% Current change	% Comparable change
1 st quarter revenue	310.9	323.2	-3.8%	-4.7%
2 nd quarter revenue	300.9	311.4	-3.3%	-2.9%
1st half revenue	611.8	634.6	-3.6%	-3.8%
Current operating income	107.0	113.7	-5.9%	
Operating margin	17.5%	17.9%	-0,4 point	

The **Ceramic Materials** business group's **revenue** amounted to €611.8 million in the 1st half of 2017. The -3.6% change compared with the 1st half of 2016 factors in a +€4.5 million exchange rate effect and a slight structure impact of -€3.2 million (divestment of a site). It can be primarily attributed to the slump in the paper market and to an unfavorable basis of comparison related to the one-time volumes that the Kaolin division had benefited from in the early months of 2016, as it was integrating BASF's paper hydrous kaolin acquired at the end of 2015.

(3) ACAS Consulting

In the **Roofing** division, the clay roof tile market was down -2.0% in the first half year, according to FFTB (Fédération française de tuiles et briques), particularly due to a lackluster renovation market, while new construction continued its growth momentum. The trend, however, improved in the 2nd quarter 2017.

The **Ceramics** division's sales showed healthy trends on the floor tile, sanitary ware and technical ceramics markets, and were particularly driven by emerging countries.

In this context, **current operating income** fell -5.9% to €107.0 million in the 1st half of 2017 and **operating margin** was 17.5%, a -0.4 point decrease compared with the 1st half of 2016.

■ HIGH RESISTANCE MINERALS

(16% of consolidated revenue in 1st half 2017)

Non-audited quarterly data (€ millions)	2017	2016	% Current change	% Comparable change
1 st quarter revenue	184.2	148.3	+24.2%	+14.6%
2 nd quarter revenue	171.5	151.5	+13.2%	+4.4%
1st half revenue	355.7	299.8	+18.6%	+9.5%
Current operating income	47.5	40.0	+18.8%	
Operating margin	13.4%	13.3%	+0.1 pt	

The **High Resistance Minerals** business group's **revenue** totaled €355.7 million in the 1st half of 2017. On a reported basis, it increased +18.6% compared with the 1st half of 2016. It includes a structure effect of +€21.6 million relating to the consolidation of the Alteo Group's specialty aluminas and a +€6.0 million exchange rate impact.

At comparable structure and exchange rates, sales growth in the **Fused Minerals** and **Refractory Minerals** divisions, which had been boosted by inventory rebuilding in the 1st quarter (+14.6%) amounted to +4.4% in the 2nd quarter. It was supported by a strong refractory market and industrial output.

The business group's **current operating income** rose 18.8% to €47.5 million in the 1st half of 2017. The business group's **operating margin** increased +0.1 point to 13.4%.

On June 29, 2017, Imerys signed an agreement for the acquisition of Zhejiang Zr-Valley, a leading producer of zirconium oxychloride and high-purity zirconia in China which generate revenue of approximately CNY 220 million (€29 million). With this transaction, Imerys extends its high-purity zirconia specialty offering. The transaction should be closed during the 3rd quarter of 2017.

RELATED PARTIES AND RISK FACTORS

■ RELATED PARTIES

Related parties disclosures in the 1st half of 2017 are detailed in the present 2017 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 2016 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 2016 Registration Document. The main categories of identified risks in chapter 4, section 1 of the 2016 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 2017 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 2017 is unchanged with respect to the description provided in chapter 4, section 1 of the 2016 Registration Document.

2 | Condensed financial statements

FINANCIAL STATEMENTS

■ CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	06.30.2017	06.30.2016	2016
Revenue	4	2,220.3	2,096.7	4,165.2
Current income and expenses		(1,907.7)	(1,803.7)	(3,583.1)
Raw materials and consumables used	5	(687.5)	(655.9)	(1,303.2)
External expenses	6	(605.6)	(563.7)	(1,115.7)
Staff expenses	7	(475.0)	(446.9)	(898.6)
Taxes and duties		(28.6)	(27.1)	(49.1)
Amortization, depreciation and impairment losses		(122.8)	(113.2)	(225.8)
Other current income and expenses		11.8	3.1	9.3
Current operating income		312.6	293.0	582.1
Other operating income and expenses	8	(24.2)	(33.4)	(88.8)
Gain or loss from obtaining or losing control		(14.5)	(1.9)	(14.5)
Other non-recurring items		(9.7)	(31.5)	(74.3)
Operating income		288.4	259.6	493.3
Net financial debt expense		(27.4)	(24.9)	(52.7)
Income from securities		5.3	6.0	12.3
Gross financial debt expense		(32.7)	(30.9)	(65.0)
Other financial income and expenses		(14.8)	(4.2)	(3.7)
Other financial income		111.7	126.0	236.5
Other financial expenses		(126.5)	(130.2)	(240.2)
Financial income (loss)	9	(42.2)	(29.1)	(56.4)
Income taxes	10	(73.1)	(70.5)	(142.2)
Net income		173.1	160.0	294.7
Net income, Group share ⁽¹⁾	11	172.2	158.1	292.8
Net income, share of non-controlling interests		0.9	1.9	1.9

(1) Net income per share

Basic net income per share (in €)

Diluted net income per share (in €)

12 2.18 2.00 3.72

12 2.14 1.97 3.66

■ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	06.30.2017	06.30.2016	2016
Net income		173.1	160.0	294.7
Items never reclassified subsequently to profit or loss				
Post-employment employee benefits		19.0	(59.5)	12.8
Actuarial gains and (losses), excess of the actual return on assets over their normative return in profit or loss		19.0	(59.5)	12.8
Income taxes on items never reclassified	10	(3.2)	13.1	(3.3)
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges		(6.5)	24.3	25.8
Recognition in equity		1.7	15.1	19.1
Reclassification in profit or loss		(8.2)	9.2	6.7
Translation reserve		(132.3)	13.3	68.9
Recognition in equity		(132.0)	13.5	67.9
Reclassification in profit or loss		(0.3)	(0.2)	1.0
Income taxes on items that may be reclassified	10	(8.2)	(6.8)	(3.2)
Other comprehensive income		(131.2)	(15.6)	101.0
Total comprehensive income		41.9	144.4	395.7
Total comprehensive income, Group share		43.0	142.1	390.5
Total comprehensive income, share of non-controlling interests		(1.1)	2.3	5.2

■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	06.30.2017	06.30.2016	2016
Non-current assets		4,309.8	4,140.1	4,343.3
Goodwill	13	1,692.6	1,619.1	1,674.7
Intangible assets	14	72.4	72.9	81.6
Mining assets	15	560.3	570.4	585.4
Property, plant and equipment	15	1,624.2	1,561.2	1,686.5
Joint ventures and associates		115.7	144.5	122.5
Other financial assets		96.8	27.3	40.0
Other receivables		33.5	37.5	40.5
Derivative financial assets		24.8	24.7	17.8
Deferred tax assets		89.5	82.5	94.3
Current assets		2,358.8	2,462.7	2,389.1
Inventories	17	711.3	722.5	712.5
Trade receivables		665.8	638.4	608.1
Other receivables		262.3	259.5	234.4
Derivative financial assets		8.1	20.9	14.9
Other financial assets ⁽¹⁾	18.1	8.5	11.3	9.6
Cash and cash equivalents ⁽¹⁾	18.1	702.8	810.1	809.6
Consolidated assets		6,668.6	6,602.8	6,732.4
Equity, Group share		2,786.9	2,602.8	2,861.5
Capital		159.9	159.4	159.2
Premiums		550.8	536.6	529.7
Reserves		1,904.0	1,748.7	1,879.8
Net income, Group share		172.2	158.1	292.8
Equity, share of non-controlling interests		47.0	41.4	52.7
Equity		2,833.9	2,644.2	2,914.2
Non-current liabilities		2,902.8	2,877.9	2,356.7
Employee benefit liabilities		261.2	372.5	295.4
Other provisions		333.6	310.0	343.8
Loans and financial debts ⁽¹⁾	18.1	2,189.9	2,115.9	1,601.7
Other debts		33.0	40.9	38.5
Derivative financial liabilities		-	5.7	4.6
Deferred tax liabilities		85.1	32.9	72.7
Current liabilities		931.9	1,080.7	1,461.5
Other provisions		22.9	21.2	22.6
Trade payables		460.2	448.7	422.7
Income taxes payable		98.9	84.2	79.1
Other debts		292.0	266.3	336.5
Derivative financial liabilities		6.3	7.6	5.2
Loans and financial debts ⁽¹⁾	18.1	48.3	214.3	584.0
Bank overdrafts ⁽¹⁾	18.1	3.3	38.4	11.4
Consolidated equity and liabilities		6,668.6	6,602.8	6,732.4
<i>(1) Positions included in the calculation of the net financial debt</i>	18.1	1,508.8	1,524.1	1,366.5

■ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions)	Equity, Group share									Equity, share of non-controlling interests	Total
	Capital	Premiums	Reserves					Net income, Group share	Subtotal		
			Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal				
Equity as of January 1, 2016	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 ⁽¹⁾	-	-	(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
Total comprehensive income	-	-	-	1.1	56.8	55.8	113.7	134.7	248.4	2.9	251.3
Transactions with shareholders	(0.2)	(6.9)	12.3	0.0	0.0	5.1	17.4	0.0	10.3	8.4	18.7
Dividend	-	-	-	-	-	-	0.0	-	0.0	(0.4)	(0.4)
Capital increases in cash	0.4	9.2	-	-	-	-	0.0	-	9.6	-	9.6
Capital decreases in cash	(0.6)	(16.1)	-	-	-	-	0.0	-	(16.7)	-	(16.7)
Transactions on treasury shares	-	-	12.3	-	-	-	12.3	-	12.3	-	12.3
Share-based payments	-	-	-	-	-	5.2	5.2	-	5.2	-	5.2
Transactions with non-controlling interests	-	-	-	-	-	-	0.0	-	0.0	8.7	8.7
Reclassification	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)	0.1	0.0
Equity as of December 31, 2016	159.2	529.7	(56.7)	5.8	(160.2)	2,090.9	1,879.8	292.8	2,861.5	52.7	2,914.2
Total comprehensive income	-	-	-	(4.2)	(140.9)	15.9	(129.2)	172.2	43.0	(1.1)	41.9
Transactions with shareholders	0.7	21.1	15.0	0.0	0.0	138.4	153.4	(292.8)	(117.6)	(4.6)	(122.2)
Allocation of 2016 net income	-	-	-	-	-	292.8	292.8	(292.8)	0.0	-	0.0
Dividend (€1.87 per share)	-	-	-	-	-	(148.2)	(148.2)	-	(148.2)	(0.9)	(149.1)
Capital increases in cash	0.7	21.1	-	-	-	-	0.0	-	21.8	2.7	24.5
Transactions on treasury shares	-	-	15.0	-	-	(12.6)	2.4	-	2.4	-	2.4
Share-based payments	-	-	-	-	-	6.7	6.7	-	6.7	-	6.7
Transactions with non-controlling interests	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)	(6.4)	(6.7)
Equity as of June 30, 2017	159.9	550.8	(41.7)	1.6	(301.1)	2,245.2	1,904.0	172.2	2,786.9	47.0	2,833.9

(1) €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	06.30.2017	06.30.2016	2016
Cash flow from operating activities		221.4	241.4	633.6
Cash flow generated by current operations	Appendix 1	345.0	346.3	834.8
Interests paid		(53.9)	(31.2)	(57.1)
Income taxes on current operating income and financial income (loss)		(61.2)	(50.0)	(102.0)
Dividends received from available-for-sale financial assets		0.4	(0.2)	(0.2)
Cash flow generated by other operating income and expenses	Appendix 2	(8.9)	(23.5)	(41.9)
Cash flow from investing activities		(269.6)	(92.6)	(279.2)
Acquisitions of intangible assets and property, plant and equipment	Appendix 3	(144.8)	(116.7)	(278.4)
Acquisitions of investments in consolidated entities after deduction of cash acquired		(75.6)	(15.3)	(44.5)
Transaction costs		(13.7)	(2.8)	(13.5)
Acquisitions of available-for-sale financial assets		-	-	(6.1)
Disposals of intangible assets and property, plant and equipment	Appendix 3	4.1	23.3	27.4
Disposals of investments in consolidated entities after deduction of cash disposed of		3.8	8.1	27.6
Net change in financial assets		(48.8)	4.7	(4.2)
Paid-in interests		5.4	6.1	12.5
Cash flow from financing activities		(38.7)	191.3	6.2
Capital increases and decreases in cash		24.5	6.6	(0.5)
Disposals (acquisitions) of treasury shares		(1.6)	(61.7)	(49.4)
Dividends paid to shareholders		(148.2)	(137.5)	(137.5)
Dividends paid to non-controlling interests		(0.9)	(1.5)	(1.9)
Acquisitions of investments in consolidated entities from non-controlling interests		(0.2)	(0.1)	(0.1)
Loan issues ⁽¹⁾		597.8	611.8	604.0
Loan repayments ⁽²⁾		(532.4)	(1.8)	(4.1)
Net change in other debts ⁽³⁾		22.3	(224.5)	(404.3)
Change in cash and cash equivalents		(86.9)	340.1	360.6

(€ millions)	06.30.2017	06.30.2016	2016
Opening cash and cash equivalents	798.1	411.6	411.6
Change in cash and cash equivalents	(86.9)	340.1	360.6
Impact of changes due to exchange rate fluctuations	(11.7)	20.0	25.9
Closing cash and cash equivalents⁽⁴⁾	699.5	771.7	798.1
Cash	500.1	382.2	568.8
Cash equivalents	202.7	427.9	240.8
Bank overdrafts	(3.3)	(38.4)	(11.5)

(1) Of which as of June 30, 2017, a €600.0 million bond issue as part of the Euro Medium Term Note program (EMTN) (Note 18.2) (€600,0 million as of June 30, 2016 and €600,0 million as of December 31, 2016).

(2) Of which as of June 30, 2017, a €600.0 million matured bond repayment.

(3) Of which as of June 30, 2016, a -€217.6 million net change in short term negotiable debt securities.

(4) As of June 30 2017, the position "Closing cash and cash equivalents" comprises a balance of €2.9 million (€3.4 million as of June 30, 2016 and €2.5 million as of December 31, 2016) not available for Imerys SA and its subsidiaries, of which €1.0 million (€1.3 million as of June 30, 2016 and €1.1 million as of December 31, 2016) with respect to foreign exchange control legislations and €1.9 million (€2.1 million as of June 30, 2016 and €1.4 million as of December 31, 2016) with respect to statutory requirements.

Appendix 1: cash flow generated by current operations

(€ millions)	Notes	06.30.2017	06.30.2016	2016
Net income		173.1	160.0	294.7
Adjustments		249.2	254.4	514.8
Income taxes	10	73.1	70.5	142.2
Share in net income of joint ventures and associates		(0.8)	(2.7)	(1.7)
Dividends received from joint ventures and associates		2.6	4.3	5.6
Impairment losses on goodwill	8 & 13	-	0.5	0.5
Share in net income of associates out of the recurring business		0.1	(0.8)	0.1
Other operating income and expenses excluding impairment losses on goodwill		24.1	33.7	88.2
Net operating amortization and depreciation	Appendix 3	122.8	113.0	225.6
Net operating impairment losses on assets		(2.5)	4.0	7.4
Net operating provisions		(6.1)	11.5	(1.8)
Net interest income and expenses		29.4	26.3	53.7
Share-based payments expense		6.7	5.3	10.5
Change in fair value of hedge instruments		0.2	(0.4)	(2.1)
Income from current disposals of intangible assets and property, plant and equipment		(0.4)	(10.8)	(13.4)
Change in the working capital requirement		(77.3)	(68.1)	25.3
Inventories		(16.9)	12.9	58.5
Trade accounts receivable, advances and down payments received		(63.0)	(75.4)	(25.5)
Trade accounts payable, advances and down payments paid		35.5	14.2	(18.6)
Other receivables and debts		(32.9)	(19.8)	10.9
Cash flow generated by current operations		345.0	346.3	834.8

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

(€ millions)	Notes	06.30.2017	06.30.2016	2016
Other operating income and expenses	8	(24.2)	(33.4)	(88.8)
Adjustments		15.3	9.9	46.9
Transaction costs		13.7	2.8	13.5
Income from disposals of consolidated investments and available-for-sale financial assets	8	0.8	(0.9)	1.0
Impairment losses on goodwill	8 & 13	-	0.5	0.5
Income from non-recurring disposals of intangible assets and property, plant and equipment	8	0.1	(1.0)	(1.0)
Other net operating amortization and depreciation	Appendix 3	0.7	6.5	22.4
Other net operating provisions	8	(4.3)	(5.1)	1.0
Share in net income of associates out of the recurring business		0.1	(0.8)	0.1
Income taxes paid on other operating income and expenses		4.2	7.9	9.4
Cash flow generated by other operating income and expenses		(8.9)	(23.5)	(41.9)

Appendix 3: table of indirect references to the notes

	Notes	06.30.2017	06.30.2016	2016
Consolidated statement of cash flows				
Acquisitions of intangible assets and property, plant and equipment		(144.8)	(116.7)	(278.4)
Intangible assets	14	(2.9)	(3.1)	(9.5)
Property, plant and equipment	15	(115.5)	(89.1)	(279.0)
Neutralization of finance lease acquisitions		-	-	0.1
Change in payables on acquisitions of intangible assets and property, plant and equipment		(26.4)	(24.5)	10.0
Disposals of intangible assets and property, plant and equipment		4.1	23.3	27.4
Intangible assets	14	-	13.2	13.6
Property, plant and equipment	15	3.5	(1.7)	(0.5)
Income on asset disposals		0.4	10.8	13.4
Income on non-recurring asset disposals	8	(0.1)	1.0	1.0
Change in receivables on disposals of intangible assets and property, plant and equipment		0.3	-	(0.1)
Appendix 1				
Net operating amortization and depreciation		122.8	113.0	225.6
Increases in amortization - intangible assets	14	5.2	4.9	9.5
Increases in depreciation - property, plant and equipment	15	118.3	112.0	223.5
Amortization and depreciation reversals - intangible assets and property, plant and equipment		(0.7)	(3.7)	(7.2)
Neutralization of finance leases depreciation		-	(0.2)	(0.2)
Appendix 2				
Other net operating amortization and depreciation		0.7	6.5	22.4
Impairment losses - intangible assets	14	-	0.1	0.7
Impairment losses - property, plant and equipment	15	1.7	7.8	25.2
Reversal of impairment losses - property, plant and equipment	15	(1.0)	(1.4)	(3.5)

NOTES TO THE FINANCIAL STATEMENTS

■ BASIS OF PREPARATION

Note 1 Referential

The June 30, 2017 half-year financial statements are intended to provide an update on the complete set of annual financial statements as of December 31, 2016 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, 2016. The adoption process within the European Union may create temporary time-lags at the closing date between the Referential and IFRSs. As of June 30, 2017, such a temporary time-lag exists for the amendments to IAS 7 and IAS 12 ([Note 2.1](#)) whose application was set by the IASB on January 1, 2017, but whose adoption within the European Union was delayed to the 3rd quarter of 2017. The financial statements have been closed on July 26, 2017 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 2016 and 2017.

Application upon effective date

As of June 30, 2017, the adoption process of these 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. Since these disclosures pertain to a note released on a yearly basis, they shall be provided for the first time as on December 31, 2017.

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.

2.2 Voluntary changes

Imerys did not perform any voluntary change in accounting policy in 2016 and 2017.

2.3 Errors

No correction of error was performed in 2016 and 2017.

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 13, 2017 published by the EFRAG (European Financial Reporting Advisory Group), Imerys will apply the following standards and interpretations after June 30, 2017.

3.1 Application in 2018

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. As of June 30, 2017, the adoption process of these amendments is in progress within the European Union.

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 [Notes 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. For sales of goods, the analysis in progress is particularly focusing on the impacts related to the use of some specific incoterms. For service contracts, the completed analysis specifically examined how the notion of control could influence the recognition pattern of revenue, considering if the customer obtains control over the service at a point in time or throughout time. The analysis of the various contracts types of the Monolithic Refractories business, the main business concerned by this issue, concluded that the requirements of the new standard would not result in any material impact.

IFRIC 22, Foreign Currency Transactions and Advance Consideration. In the absence of indications from standard IAS 21, The Effects of Changes in Foreign Exchange Rates, on the exchange rate applicable to anticipated payments and receipts related to transactions in foreign currencies, interpretation IFRIC 22 specifies that each payment and receipt is measured at the exchange rate at the date of the cash movement. Already facing the absence of indications from standard IAS 21 on this subject, Imerys had integrated that specification into its accounting policies as soon as 2014, based upon the guidance provided by the technical documentation of a first rank accounting firm. The Group is thus anticipating no impact related to the adoption of this interpretation. As of June 30, 2017, the adoption process of this interpretation is in progress within the European Union.

Besides, the amendments to IAS 40, transfers of Investment Property and to IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts do not apply at Imerys.

3.2 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](#)) and the level of the commitments given with respect to the current operating leases contracts ([Note 28, Chapter 6 of the 2016 Registration Document](#)), is monitored by the Group since the first Exposure Draft was released in August 2010. The works performed since 2014 with the intent to define the perimeter of the contracts included in the scope of the standard, were extended in the second half of 2016 to the search for IT solutions to manage the volume of identified contracts. An IT solution was selected in the first half of 2017 and its implementation is in progress. It will be deployed in the second half of 2017 to store the contracts included in the scope of the standard. As of June 30, 2017, the adoption process of this standard is in progress within the European Union.

IFRIC 23, Uncertainty over Income Tax Treatments. This interpretation is clarifying how uncertainties related to the recognition and measurement of income taxes should be addressed. The entity shall presume that a taxation authority has access to all information necessary to carry out its examinations. The interpretation indicates the criteria that shall be examined to determine if several uncertainties shall be addressed together or separately. It requires the entity to assess whether it is probable that a taxation authority accepts an uncertain tax treatment and to draw the resulting consequences. Finally, the interpretation requires judgments and estimates to be reassessed in case of changes in facts and circumstances.

3.3 Application in 2021

Standard IFRS 17, Insurance Contracts does not apply at Imerys.

■ 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, 2017

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	650.8	626.1	597.4	339.4	6.6	2,220.3
Sales of goods	548.5	572.8	517.5	333.5	5.8	1,978.1
Rendering of services	102.3	53.3	79.9	5.9	0.8	242.2
Inter-segment revenue	2.8	3.3	14.4	16.3	(36.8)	0.0
Revenue	653.6	629.4	611.8	355.7	(30.2)	2,220.3
Current operating income	68.8	125.0	107.0	47.5	(35.7)	312.6
of which amortization, depreciation and impairment losses	(30.5)	(30.3)	(41.8)	(19.3)	(0.9)	(122.8)
Other operating income and expenses	(5.0)	(6.3)	(7.2)	(1.0)	(4.7)	(24.2)
Operating income	63.8	118.7	99.8	46.5	(40.4)	288.4
Financial income (loss)	(5.6)	(12.8)	(4.2)	(3.0)	(16.6)	(42.2)
Interest income	1.8	-	3.0	0.4	0.3	5.5
Interest expenses	(0.5)	(0.2)	-	(1.0)	(33.2)	(34.9)
Income taxes	(20.3)	(29.8)	(24.7)	(12.3)	14.0	(73.1)
Net income	37.9	76.1	70.9	31.2	(43.0)	173.1

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 December 31, 2016

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	1,251.5	1,137.7	1,197.4	576.3	2.3	4,165.2
Sales of goods	1,045.1	1,030.0	1,040.4	563.1	1.0	3,679.6
Rendering of services	206.4	107.7	157.0	13.2	1.3	485.6
Inter-segment revenue	(0.8)	6.8	24.6	21.5	(52.1)	0.0
Revenue	1,250.7	1,144.5	1,222.0	597.8	(49.8)	4,165.2
Current operating income	129.9	214.6	223.4	78.0	(63.8)	582.1
of which amortization, depreciation and impairment losses	(58.2)	(57.1)	(81.7)	(28.7)	(10.5)	(236.2)
Other operating income and expenses	(24.5)	0.5	(14.3)	(50.7)	0.2	(88.8)
Operating income	105.4	215.1	209.1	27.3	(63.6)	493.3
Financial income (loss)	(5.1)	(7.6)	6.1	(1.5)	(48.3)	(56.4)
Interest income	0.1	0.1	11.3	0.7	0.4	12.6
Interest expenses	(1.0)	(0.2)	0.4	(2.6)	(62.8)	(66.2)
Income taxes	(43.8)	(58.0)	(60.6)	(11.7)	31.9	(142.2)
Net income	56.5	149.5	154.6	14.1	(80.0)	294.7

Consolidated statement of financial position

As of June 30, 2017

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	1,585.3	1,868.7	1,348.8	858.0	77.3	5,738.1
Goodwill ⁽¹⁾	307.5	842.8	267.8	273.7	0.8	1,692.6
Intangible assets and property, plant and equipment ⁽²⁾	765.7	595.4	632.5	254.0	9.3	2,256.9
Inventories	176.0	153.5	193.7	188.9	(0.8)	711.3
Trade receivables	228.6	199.4	146.4	101.8	(10.4)	665.8
Other receivables - non-current and current	80.6	43.6	77.9	39.6	54.1	295.8
Joint ventures and associates	26.9	34.0	30.5	-	24.3	115.7
Unallocated assets						930.5
Total assets						6,668.6
Capital employed - Liabilities	267.7	223.3	221.0	118.5	53.6	884.1
Trade payables	159.3	111.2	124.5	70.8	(5.6)	460.2
Other debts - non-current and current	85.7	83.3	92.0	35.7	28.3	325.0
Income taxes payable	22.7	28.8	4.5	12.0	30.9	98.9
Provisions	132.8	202.1	175.4	78.7	28.7	617.7
Unallocated liabilities						2,332.9
Total non-current and current liabilities						3,834.7
Total capital employed	1,317.6	1,645.4	1,127.8	739.5	23.7	4,854.0
(1) Increases in goodwill	2.7	57.1	3.1	(9.4)	-	53.5
(2) Acquisitions of intangible assets and property, plant and equipment	55.0	28.8	38.0	18.9	4.1	144.8

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 December 31, 2016

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	1,578.5	1,843.2	1,385.2	897.2	42.1	5,746.2
Goodwill ⁽¹⁾	313.1	794.4	274.9	291.5	0.8	1,674.7
Intangible assets and property, plant and equipment ⁽²⁾	790.9	612.2	673.7	269.7	7.0	2,353.5
Inventories	165.6	159.5	193.4	194.7	(0.7)	712.5
Trade receivables	211.5	181.3	135.1	87.4	(7.2)	608.1
Other receivables - non-current and current	67.8	61.3	76.8	53.8	15.2	274.9
Joint ventures and associates	29.6	34.5	31.3	0.1	27.0	122.5
Unallocated assets						986.2
Total assets						6,732.4
Capital employed - Liabilities	275.0	226.0	215.2	134.2	26.4	876.8
Trade payables	153.9	102.3	116.6	61.7	(11.8)	422.7
Other debts - non-current and current	99.3	97.9	95.7	64.9	17.2	375.0
Income taxes payable	21.8	25.8	2.9	7.6	21.0	79.1
Provisions	134.4	199.6	181.2	86.4	60.2	661.8
Unallocated liabilities						2,279.6
Total non-current and current liabilities						3,818.2
Total capital employed	1,303.5	1,617.2	1,170.0	763.0	15.7	4,869.4
(1) Increases in goodwill	29.7	-	2.4	13.6	-	45.7
(2) Acquisitions of intangible assets and property, plant and equipment	96.4	61.4	79.2	39.2	2.2	278.4

Information by geographical location

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

(€ millions)	06.30.2017	06.30.2016	2016
France	388.2	352.7	689.3
Other European countries	820.6	804.5	1,568.2
North America	635.7	595.1	1,179.1
Asia - Oceania	279.1	270.0	567.0
Other countries	96.7	74.4	161.6
Revenue by geographical location of the businesses of the Group	2,220.3	2,096.7	4,165.2

The following table presents revenue by geographical location of customers:

(€ millions)	06.30.2017	06.30.2016	2016
France	251.7	249.6	473.9
Other European countries	824.6	786.0	1,541.0
North America	595.3	548.5	1,100.9
Asia - Oceania	394.2	376.2	773.5
Other countries	154.5	136.4	275.9
Revenue by geographical location of customers	2,220.3	2,096.7	4,165.2

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

As of June 30, 2017

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	736.3	287.4	1,023.7
Other European countries	383.4	639.3	1,022.7
North America	313.4	778.6	1,092.0
Asia - Oceania	197.5	199.4	396.9
Other countries	62.0	352.2	414.2
Total	1,692.6	2,256.9	3,949.5

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 December 31, 2016

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	743.5	283.9	1,027.4
Other European countries	333.7	635.6	969.3
North America	329.8	853.7	1,183.5
Asia - Oceania	205.2	199.7	404.9
Other countries	62.5	380.6	443.1
Total	1,674.7	2,353.5	4,028.2

■ NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 4 Revenue

(€ millions)	06.30.2017	06.30.2016	2016
Sales of goods	1,978.0	1,857.0	3,679.7
Rendering of services	242.3	239.7	485.5
Total	2,220.3	2,096.7	4,165.2

Revenue is made up of sales of goods and rendering of services whose greater part corresponds to the re-invoicing of the freight cost of the product. Revenue amounts to €2,220.3 million the 1st half of 2017 (€2,096.7 million in the 1st half of 2016 and €4,165.2 million in 2016), i.e. an increase of +5.9% (+1.9% in the 1st half of 2016 and +1.9% in 2016), including a positive effect of +€33.7 million due to foreign currency changes (-€27.2 million in the 1st half of 2016 and -€4.4 million in 2016) and a positive structure impact of +€51.8 million (+€112.1 million in the 1st half of 2016 and +€140.2 million in 2016). At comparable structure and foreign currency rates, revenue increases by +1.8% (-2.2% in the 1st half of 2016 and -1.4% in 2016).

Note 5 Raw materials and consumables used

(€ millions)	06.30.2017	06.30.2016	2016
Raw materials	(342.6)	(281.3)	(538.6)
Energy	(177.9)	(166.3)	(324.1)
Chemicals	(33.3)	(34.9)	(68.8)
Other consumables	(123.0)	(98.2)	(199.3)
Merchandises	(34.1)	(69.2)	(126.8)
Change in inventories	16.9	(12.9)	(58.5)
Internally generated property, plant and equipment	6.5	6.9	12.9
Total	(687.5)	(655.9)	(1,303.2)

Note 6 External expenses

(€ millions)	06.30.2017	06.30.2016	2016
Freight	(269.1)	(250.4)	(497.5)
Operating leases	(41.6)	(39.6)	(79.7)
Subcontracting	(70.6)	(59.6)	(125.9)
Maintenance and repair	(61.1)	(54.0)	(110.5)
Fees	(49.7)	(56.1)	(97.5)
Other external expenses	(113.5)	(104.0)	(204.6)
Total	(605.6)	(563.7)	(1,115.7)

Note 7 Staff expenses

(€ millions)	06.30.2017	06.30.2016	2016
Salaries	(361.2)	(341.7)	(691.1)
Social security contributions	(72.8)	(68.9)	(133.4)
Net change in employee benefit liabilities	2.6	1.5	3.5
Contributions to defined employee benefit plans	(9.0)	(7.1)	(15.0)
Contributions to defined contribution plans	(11.1)	(11.4)	(22.9)
Profit-sharing	(15.9)	(14.1)	(28.6)
Other employee benefits	(7.6)	(5.2)	(11.1)
Total	(475.0)	(446.9)	(898.6)

Note 8 Other operating income and expenses

(€ millions)	06.30.2017	06.30.2016	2016
Gain or loss from obtaining or losing control	(14.5)	(1.9)	(14.5)
Transaction costs	(13.7)	(2.8)	(13.5)
Income from disposal of consolidated businesses	(0.8)	0.9	(1.0)
Other non-recurring items	(9.7)	(31.5)	(74.3)
Impairment losses on goodwill	-	(0.5)	(0.5)
Impairment losses on restructuring	(0.7)	(6.5)	(22.4)
Income on non-recurring asset disposals	(0.1)	1.0	1.0
Restructuring expenses paid	(13.2)	(31.4)	(51.3)
Change in provisions	4.3	5.1	(1.0)
Share in net income of associates out of the recurring business	-	0.8	(0.1)
Other operating income and expenses	(24.2)	(33.4)	(88.8)
Income taxes	6.7	7.6	13.2
Other operating income and expenses net of income taxes, Group share	(17.5)	(25.8)	(75.6)

Other operating income and expenses in the 1st half of 2017

Gross "Other operating income and expenses" amount to -€24.2 million, of which -€5.0 million in the Energy Solutions & Specialties business group; -€6.3 million in the Filtration & Performance Additives business group; -€7.2 million in the Ceramic Materials business group; -€0.9 million in the High Resistance Minerals business group; and -€4.8 million in the holdings. Income taxes gains and losses on "Other operating income and expenses" amount to +€6.7 million. "Other operating income and expenses net of income taxes, Group share" thus amount to -€17.5 million, of which +€3.5 million with no cash impact and -€21.0 million in cash.

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; -€9.9 million in the Filtration & Performance Additives business group; -€6.1 million in the Ceramic Materials business group; -€4.3 million in the High Resistance Minerals business group; and +€1.6 million in the holdings. 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.

2016 other operating income and expenses

The gross “Other operating income and expenses” amount to -€88.8 million: -€19.0 million in the Energy Solutions & Specialties business group; -€17.2 million in the Filtration & Performance Additives business group; -€11.9 million in the Ceramic Materials business group; -€26.3 million in the High Resistance Minerals business group; and -€14.4 million in the holdings. Income taxes gains and losses on “Other operating income and expenses” amount to +€13.2 million. 2016 “Other operating income and expenses net of income taxes, Group share” thus amount to -€75.6 million, of which -€50.1 million with no cash impact and -€25.5 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, 2017

	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		
(€ millions)									
Net financial debt expense	0.0	5.3	(0.2)	0.0	(32.5)	0.0	0.0	0.0	(27.4)
Income from securities	-	5.3	-	-	-	-	-	-	5.3
Gross financial debt expense	-	-	(0.2)	-	(32.5)	-	-	-	(32.7)
Other financial income and expenses	0.4	0.0	(0.1)	2.0	(11.3)	0.0	0.0	(5.8)	(14.8)
Net exchange rate differences	-	-	(0.1)	-	(10.0)	-	1.4	0.1	(8.6)
Expense and income on derivative instruments	-	-	-	-	-	-	(1.4)	-	(1.4)
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	(3.6)	(3.6)
Unwinding of other provisions	-	-	-	-	-	-	-	(2.1)	(2.1)
Other financial income and expenses	0.4	-	-	2.0	(1.3)	-	-	(0.2)	0.9
Financial income (loss)	0.4	5.3	(0.3)	2.0	(43.8)	0.0	0.0	(5.8)	(42.2)

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	-	0.0	-	(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 December 31, 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	12.3	(1.0)	0.0	(64.0)	0.0	0.0	0.0	(52.7)
Income from securities	-	12.3	-	-	-	-	-	-	12.3
Gross financial debt expense	-	-	(1.0)	-	(64.0)	-	-	-	(65.0)
Other financial income and expenses	(1.6)	0.0	0.5	(2.3)	4.6	0.0	0.0	(4.9)	(3.7)
Net exchange rate differences	-	-	0.5	-	6.0	-	1.0	(1.2)	6.3
Expense and income on derivative instruments	-	-	-	-	-	-	(1.0)	-	(1.0)
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	-	-	0.6	0.6
Unwinding of other provisions	-	-	-	-	-	-	-	(3.7)	(3.7)
Other financial income and expenses	(1.6)	-	-	(2.3)	(1.4)	-	-	(0.6)	(5.9)
Financial income (loss)	(1.6)	12.3	(0.5)	(2.3)	(59.4)	0.0	0.0	(4.9)	(56.4)

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)	06.30.2017	06.30.2016	2016
Payable and deferred income taxes			
Income taxes payable	(61.1)	(56.9)	(119.6)
Income taxes payable for the period	(61.5)	(56.8)	(120.9)
Income taxes payable - Prior period adjustments	0.4	(0.1)	1.3
Deferred taxes	(12.0)	(13.6)	(22.6)
Deferred taxes due to changes in temporary differences	(12.0)	(16.6)	(26.5)
Deferred taxes due to changes in income tax rates	-	-	3.9
Total	(73.1)	(70.5)	(142.2)
Income taxes by level of income			
Income taxes on current operating and financial income (loss)	(79.8)	(78.1)	(155.4)
Current operating and financial income (loss) taxes payable	(65.4)	(64.8)	(131.8)
Current operating and financial income (loss) deferred taxes	(14.4)	(13.3)	(23.6)
Income taxes on other operating income and expenses	6.7	7.6	13.2
Income taxes payable on other operating income and expenses	4.3	7.9	12.2
Deferred taxes on other operating income and expenses	2.4	(0.3)	1.0
Total	(73.1)	(70.5)	(142.2)

Income taxes recognized in equity

(€ millions)	06.30.2017	06.30.2016	2016
Actuarial gains and (losses), excess of the actual return on assets over their normative return in profit or loss and assets limitations	(3.2)	13.1	(3.3)
Income taxes on items never reclassified	(3.2)	13.1	(3.3)
Cash flow hedges	2.3	(8.4)	(8.8)
Income taxes recognized in equity	(0.5)	(5.2)	(6.5)
Income taxes reclassified in profit or loss	2.8	(3.2)	(2.3)
Translation reserve	(10.5)	1.6	5.6
Income taxes recognized in equity	(10.5)	1.6	5.6
Income taxes reclassified in profit or loss	-	-	-
Other comprehensive income	(8.2)	(6.8)	(3.2)
Total	(11.4)	6.3	(6.5)

Income taxes paid

The amount of income taxes paid in the 1st half of 2017 in cash and by means of tax credits amounts to €57.0 million (€42.1 million in the 1st half of 2016 and €92.6 million in 2016).

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

(€ millions)	06.30.2017	06.30.2016	2016
Current operating income	312.6	293.0	582.1
Financial income (loss)	(42.2)	(29.1)	(56.4)
Income taxes on current operating income and financial income (loss)	(79.8)	(78.1)	(155.4)
Non-recurring settlement of the Imerys UK closed plan ⁽¹⁾	-	-	(7.5)
Income taxes on the non-recurring settlement of the Imerys UK closed plan ⁽¹⁾	-	-	1.2
Non-controlling interests	(0.9)	(1.9)	(1.9)
Net income from current operations, Group share	189.7	183.9	362.1
Other operating income and expenses - gross	(24.2)	(33.4)	(88.8)
Income taxes on other operating income and expenses	6.7	7.6	13.2
Non-recurring settlement of the Imerys UK closed plan ⁽¹⁾	-	-	7.5
Income taxes on the non-recurring settlement of the Imerys UK closed plan ⁽¹⁾	-	-	(1.2)
Net income, Group share	172.2	158.1	292.8

(1) Since the closure of the Imerys UK retirement plan on April 1, 2015, the net change in its liability is classified in Financial income (loss) (Note 23.1 - Accounting policy), including this gain on liquidation recognized in the fourth quarter of 2016 further to an offer made to its beneficiaries (Note 23.1 - Tables of changes). In the financial communication indicator "Net income from current operations, Group share", this gain is reclassified in "Other net operating revenue and expenses, Group share" so as to stress its non-recurring and significant character.

Note 12 Earnings per share

(€ millions)	06.30.2017	06.30.2016	2016
Numerator			
Net income, Group share	172.2	158.1	292.8
Net income from current operations, Group share	189.7	183.9	362.1
Denominator			
Weighted average number of shares used for the calculation of the basic income per share	79,035,849	78,909,966	78,714,966
Impact of share option conversion	1,322,258	1,145,936	1,169,276
Weighted average number of shares used for the calculation of the diluted income per share	80,358,107	80,055,902	79,884,242
Basic income per share, Group share (in €)			
Basic net income per share	2.18	2.00	3.72
Basic net income from current operations per share	2.40	2.33	4.60
Diluted income per share, Group share (in €)			
Diluted net income per share	2.14	1.97	3.66
Diluted net income from current operations per share	2.36	2.30	4.53

■ NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 13 Goodwill

Table of changes

(€ millions)	06.30.2017	06.30.2016	2016
Opening carrying amount	1,674.7	1,631.3	1,631.3
Gross amount	1,744.5	1,702.8	1,702.8
Impairment losses	(69.8)	(71.5)	(71.5)
Incoming entities	53.5	2.8	45.7
Outgoing entities	-	-	(1.1)
Impairment losses ⁽¹⁾	-	(0.5)	(0.5)
Exchange rate differences	(35.6)	(14.5)	(0.7)
Closing carrying amount	1,692.6	1,619.1	1,674.7
Gross amount	1,776.0	1,688.4	1,744.5
Impairment losses	(83.5)	(69.3)	(69.8)

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

Final purchase accounting in the 1st half of 2017

In the 1st half of 2016, the Group had performed some minor acquisitions whose purchase accountings were finalized in the 1st half of 2017. These acquisitions, paid in cash for an amount of €5.9 million generate a final goodwill of nil.

Provisional purchase accounting in the 1st half of 2017

Alteo. On December 31, 2016, Imerys acquired 100.00% of the voting rights corresponding to three industrial sites of the specialty alumina business of the French group Alteo located in Germany and in France. This business is mainly addressing the refractories, abrasives and ceramics markets. The €34.3 million acquisition price was 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, 2017, the items of property, plant and equipment and dismantling liabilities were remeasured, while the other assets and liabilities of the business were temporarily maintained at their historical values pending the results of purchase accounting works. 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 €4.0 million as of June 30, 2017.

Damolin. On January 4, 2017, Imerys acquired 100.00% of the voting rights of the Danish group Damolin specialized in particular in oil and chemical absorbents. The €62.2 million acquisition price was paid in cash to the seller, the Danish investment fund Erhvervsinvest, 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, 2017, most of the assets and liabilities of the business were temporarily maintained at their historical values pending the results of purchase accounting works. 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 €52.0 million as of June 30, 2017.

Others. Besides, the Group performed other minor acquisitions in the 2nd half of 2016 and in the 1st half of 2017. These acquisitions, paid in cash for an amount of €52.5 million generate a provisional goodwill of €39.9 million.

Note 14 Intangible assets

(€ millions)	Software	Trademarks, patents and licenses	Industrial processes and others	Total
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	-	(0.3)	3.8	3.5
Outgoing entities	-	-	(0.1)	(0.1)
Acquisitions	2.8	0.7	6.0	9.5
Disposals	(0.1)	-	(13.5)	(13.6)
Increases in amortization	(6.3)	(1.3)	(1.9)	(9.5)
Impairment losses	(0.1)	-	(0.6)	(0.7)
Reclassification and other	1.9	0.5	(15.4)	(13.0)
Exchange rate differences	0.4	0.4	(0.4)	0.4
Carrying amount as of January 1, 2017	19.2	29.8	32.6	81.6
Gross amount	78.2	48.5	100.4	227.1
Amortization and impairment losses	(59.0)	(18.7)	(67.8)	(145.5)
Incoming entities	-	0.9	(5.3)	(4.4)
Acquisitions	0.7	-	2.2	2.9
Disposals	-	-	-	0.0
Increases in amortization	(3.2)	(0.7)	(1.3)	(5.2)
Reversals of impairment losses	-	-	0.1	0.1
Reclassification and other	0.4	0.2	(0.4)	0.2
Exchange rate differences	(1.0)	(0.9)	(0.9)	(2.8)
Carrying amount as of June 30, 2017	16.1	29.3	27.0	72.4
Gross amount	74.2	47.1	91.5	212.8
Amortization and impairment losses	(58.1)	(17.8)	(64.5)	(140.4)

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, 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	12.4	14.4	18.9	0.9	2.0	48.6
Outgoing entities	(0.1)	(2.3)	(5.1)	-	(0.3)	(7.8)
Acquisitions	50.7	5.5	59.8	154.1	8.9	279.0
Disposals	-	(1.2)	(6.1)	(0.2)	8.0	0.5
Increases in depreciation	(51.8)	(15.4)	(140.2)	(0.2)	(15.9)	(223.5)
Impairment losses	(1.1)	(2.2)	(20.8)	(0.9)	(0.2)	(25.2)
Reversals of impairment losses	0.1	0.7	2.7	-	-	3.5
Reclassification and other	5.9	21.2	130.3	(159.5)	1.7	(0.4)
Exchange rate differences	17.0	8.3	21.4	7.5	1.1	55.3
Carrying amount as of January 1, 2017	585.4	350.9	1,081.8	185.8	68.0	2,271.9
Gross amount	935.2	642.5	3,640.7	188.9	282.1	5,689.4
Depreciation and impairment losses	(349.8)	(291.6)	(2,558.9)	(3.1)	(214.1)	(3,417.5)
Incoming entities	4.0	4.6	8.1	-	4.9	21.6
Acquisitions	27.8	1.6	19.5	64.0	2.6	115.5
Disposals	-	(2.6)	(0.5)	(0.3)	(0.1)	(3.5)
Increases in depreciation	(28.7)	(8.0)	(72.4)	-	(9.2)	(118.3)
Impairment losses	-	(0.1)	(1.6)	-	-	(1.7)
Reversals of impairment losses	-	-	1.0	-	-	1.0
Reclassification and other	1.3	5.6	40.0	(55.3)	8.8	0.4
Exchange rate differences	(29.5)	(12.5)	(48.6)	(9.3)	(2.5)	(102.4)
Carrying amount as of June 30, 2017	560.3	339.5	1,027.3	184.9	72.5	2,184.5
Gross amount	900.3	616.4	3,572.8	187.6	270.1	5,547.2
Depreciation and impairment losses	(340.0)	(276.9)	(2,545.5)	(2.7)	(197.6)	(3,362.7)

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, 2017. As of December 31, 2016, this test had not required the recognition of any impairment loss.

Note 17 Inventories

(€ millions)	06.30.2017			06.30.2016			2016		
	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount
Raw materials	321.6	(28.7)	292.9	320.2	(26.7)	293.5	320.1	(29.3)	290.8
Work in progress	77.4	(1.2)	76.2	69.3	(0.9)	68.4	76.3	(1.3)	75.0
Finished goods	304.6	(17.1)	287.5	328.0	(18.8)	309.2	316.3	(21.1)	295.2
Merchandises	57.0	(2.3)	54.7	53.6	(2.2)	51.4	53.8	(2.3)	51.5
Total	760.6	(49.3)	711.3	771.1	(48.6)	722.5	766.5	(54.0)	712.5

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.

(€ millions)	06.30.2017	06.30.2016	2016
Non-derivative financial liabilities	2,241.5	2,368.6	2,197.1
Loans and financial debts - non-current	2,189.9	2,115.9	1,601.7
Loans and financial debts - current	48.3	214.3	584.0
Bank overdrafts	3.3	38.4	11.4
Non-derivative financial assets	(711.3)	(821.4)	(819.2)
Other financial assets	(8.5)	(11.3)	(9.6)
Cash and cash equivalents	(702.8)	(810.1)	(809.6)
Hedge derivatives	(21.4)	(23.1)	(11.4)
Financing hedge instruments - liabilities	3.7	8.2	6.9
Financing hedge instruments - assets	(25.1)	(31.3)	(18.3)
Net financial debt	1,508.8	1,524.1	1,366.5

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)	06.30.2017	06.30.2016	2016
Current operating income	312.6	293.0	582.1
Operating amortization, depreciation and impairment losses ⁽¹⁾	122.8	113.2	225.8
Net change in operating provisions	(8.9)	9.1	7.0
Share in net income of joint ventures and associates	(0.8)	(2.7)	(1.7)
Dividends received from joint ventures and associates	2.6	4.3	5.6
Operating cash flow before taxes (current EBITDA)	428.3	416.9	818.8
Notional taxes on current operating income ⁽²⁾	(92.2)	(86.7)	(173.1)
Current net operating cash flow	336.1	330.2	645.7
Paid capital expenditures^{(3) & (4)}	(144.8)	(116.7)	(278.5)
Intangible assets	(2.9)	(3.1)	(9.5)
Property, plant and equipment	(90.1)	(65.3)	(230.1)
Overburden mining assets ⁽⁵⁾	(25.4)	(23.8)	(48.9)
Debts on acquisitions	(26.4)	(24.5)	10.0
Carrying amount of current asset disposals	3.7	11.5	13.0
Change in the operational working capital requirement	(44.4)	(48.3)	14.4
Inventories	(16.9)	12.9	58.5
Trade accounts receivable, advances and down payments received	(63.0)	(75.4)	(25.5)
Trade accounts payable, advances and down payments paid	35.5	14.2	(18.6)
Current free operating cash flow	150.6	176.7	394.6
(1) Operating amortization, depreciation and impairment losses	122.8	113.2	225.8
Net operating amortization and depreciation (Appendix 1 of the consolidated statement of cash flows)	122.8	113.0	225.6
Finance leases depreciation (Appendix 3 of the consolidated statement of cash flows)	-	0.2	0.2
(2) Effective tax rate on current operating income	29.5%	29.6%	29.7%
(3) Paid capital expenditure	(144.8)	(116.7)	(278.5)
Acquisitions of intangible assets and property, plant and equipment (Consolidated statement of cash flows)	(144.8)	(116.7)	(278.4)
Finance lease acquisitions (Appendix 3 of the consolidated statement of cash flows)	-	-	(0.1)
(4) Recognized capital expenditures / asset depreciation ratio	96.4%	81.4%	127.8%
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	122.8	113.2	225.8
(5) Overburden mining assets	(25.4)	(23.9)	(48.9)
Overburden mining assets - capital expenditure	(25.4)	(23.8)	(48.9)
Neutralization of activated restoration provisions	-	(0.1)	-

Change in net financial debt

(€ millions)	06.30.2017	06.30.2016	2016
Current free operating cash flow	150.6	176.7	394.6
Financial income (loss)	(42.2)	(29.1)	(56.4)
Financial impairment losses and unwinding of the discount	(0.7)	6.1	(2.5)
Income taxes on financial income (loss)	12.4	8.6	19.0
Change in income tax debt	4.2	16.7	30.1
Change in deferred taxes on current operating income	14.4	11.5	22.1
Change in other items of working capital	(32.9)	(19.8)	10.7
Share-based payments expense	6.7	5.3	10.5
Change in fair value of operational hedge instruments	-	1.9	0.9
Change in dividends receivable from available-for-sale financial assets	0.4	(0.2)	(0.2)
Current free cash flow	112.9	177.7	428.8
External growth	(84.7)	(16.0)	(84.6)
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(84.5)	(15.9)	(78.5)
Acquisitions of investments in consolidated entities from non-controlling interests	(0.2)	(0.1)	(0.1)
Acquisitions of available-for-sale financial assets	-	-	(6.0)
Disposals	3.8	9.1	28.5
Disposals of investments in consolidated entities after deduction of the net debt disposed of	3.8	8.1	27.5
Non-recurring disposals of intangible assets and property plant and equipment	-	1.0	1.0
Transaction costs	(13.7)	(2.8)	(13.5)
Cash flow from other operating income and expenses	(8.9)	(23.5)	(41.9)
Dividends paid to shareholders and non-controlling interests	(149.1)	(139.0)	(139.4)
Financing requirement	(139.7)	5.5	177.9
Transactions on equity	22.8	(55.1)	(49.8)
Net change in financial assets	(53.1)	0.4	(4.3)
Change in net financial debt	(170.0)	(49.2)	123.8

(€ millions)	06.30.2017	06.30.2016	2016
Opening net financial debt	(1,366.5)	(1,480.4)	(1,480.4)
Change in net financial debt	(170.0)	(49.2)	123.8
Impact of changes due to exchange rate fluctuations	27.7	5.5	(9.9)
Closing net financial debt	(1,508.8)	(1,524.1)	(1,366.5)

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.

(€ millions)	2017		2018 - 2022		2023 and later		Total
	Capital	Interests	Capital	Interests	Capital	Interests	
Non-derivative financial liabilities	32.7	29.8	732.1	169.5	1,454.8	111.8	2,530.7
Eurobond / EMTN	-	27.5	703.0	158.8	1,400.0	91.3	2,380.6
Private placements	-	2.3	26.3	10.7	54.8	20.5	114.6
Short term negotiable debt securities issues	-	-	-	-	-	-	0.0
Bilateral facilities	-	-	-	-	-	-	0.0
Facilities due within one year	32.7	-	2.8	-	-	-	35.5
Hedge derivatives	(21.4)	0.0	0.0	0.0	0.0	0.0	(21.4)
Financing hedge instruments - liabilities	3.7	-	-	-	-	-	3.7
Financing hedge instruments - assets	(25.1)	-	-	-	-	-	(25.1)
Future cash outflows with respect to gross financial debt	11.3	29.8	732.1	169.5	1,454.8	111.8	2,509.3
Non-derivative financial liabilities	3.3	0.0	0.0	0.0	0.0	0.0	3.3
Bank overdrafts	3.3	-	-	-	-	-	3.3
Non-derivative financial assets	(711.3)	0.0	0.0	0.0	0.0	0.0	(711.3)
Other current financial assets	(8.5)	-	-	-	-	-	(8.5)
Cash and cash equivalents	(702.8)	-	-	-	-	-	(702.8)
Future cash outflows with respect to net financial debt	(696.7)	29.8	732.1	169.5	1,454.8	111.8	1,801.3
of which items recognized as of June 30, 2017 (net financial debt)	(696.7)	18.6	732.1	-	1,454.8	-	1,508.8
Non-derivative financial liabilities	752.2	0.0	0.0	0.0	0.0	0.0	752.2
Trade payables	460.2	-	-	-	-	-	460.2
Other debts	292.0	-	-	-	-	-	292.0
Hedge derivatives	(5.2)	0.0	0.0	0.0	0.0	0.0	(5.2)
Operational hedge instruments - liabilities	2.6	-	-	-	-	-	2.6
Operational hedge instruments - assets	(7.8)	-	-	-	-	-	(7.8)
Future cash outflows	50.3	29.8	732.1	169.5	1,454.8	111.8	2,548.3

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)	2017	2018 - 2022	2023 and later	Total
Debt at fixed rate	18.6	726.3	1,400.0	2,144.9
Debt at fixed rate on issue	18.6	726.3	1,454.8	2,199.7
Swap fixed rate into floating rate	-	-	(54.8)	(54.8)
Debt at floating rate	(696.7)	5.8	54.8	(636.1)
Debt at floating rate on issue	11.3	5.8	-	17.1
Net cash and other current financial assets	(708.0)	-	-	(708.0)
Swap fixed rate into floating rate	-	-	54.8	54.8
Net financial debt	(678.1)	732.1	1,454.8	1,508.8

Management of the risk. For part of its financing, Imerys is required to comply with several covenants. The main restrictive terms and conditions attached to certain bilateral facilities 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, 2017, the ratio amounts to 0.54 (0.58 as of June 30, 2016 and 0.47 as of December 31, 2016);
 - 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, 2017, the ratio amounts to 1.82 (1.83 as of June 30, 2016 and 1.67 as of December 31, 2016).
- 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, 2017, Imerys has a long-term rating of Baa2 outlook Stable by Moody's (Baa2 outlook Stable as of June 30, 2016 and Baa2 outlook Stable as of December 31, 2016) and a rating BBB outlook Stable by S&P (Baa2 outlook Stable as of December 31, 2016).

As of June 9, 2017, Imerys has updated its new Euro Medium Term Note program (EMTN) with the Commission de Surveillance du Secteur Financier (Luxembourg) for an amount of €3.0 billion. As of June 30, 2017, outstanding securities total €2,154.8 million (€1,561.4 million as of June 30, 2016 and 1,556.7 million as of December 31, 2016). Imerys also has a short term negotiable debt securities program limited to €1,000.0 million (€800.0 million as of June 30, 2016 and €1,000.0 million as of December 31, 2016) rated P-2 by Moody's (P-2 as of June 30, 2016 and P-2 as of December 31, 2016). As of June 30, 2017, outstanding short term negotiable debt securities total €0.0 million (€1300 million as of June 30, 2016 and €0.0 million as of December 31, 2016). As of June 30, 2017, Imerys has access to €1,330.0 million of bank facilities (€1,405.0 million as of June 30, 2016 and €1,855.0 million as of December 31, 2016) part of which secures the issued short term negotiable debt securities in accordance with the financial policy of the Group.

■ OTHER INFORMATION

Note 19 Changes in the scope of consolidation

Energy Solutions & Specialties (ESS). The previous significant evolution of the consolidation scope of the Energy Solutions & Specialties business group corresponds to the acquisition, on October 30, 2015, of 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 January 4, 2017, the Filtration & Performance Additives business group acquired the Danish group Damolin specialized in particular in oil and chemical absorbents. (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). On December 31, 2016, the High Resistance Minerals business group took control of three industrial sites of the specialty alumina business of the French group Alteo located in Germany and in France and addressing the refractories, abrasives and ceramics markets (Note 13).

Note 20 Currency rates

(€1 =)	Foreign currencies	06.30.2017		06.30.2016		2016	
		Closing	Average	Closing	Average	Closing	Average
Australia	AUD	1.4851	1.4364	1.4929	1.5220	1.4596	1.4883
Bahrain	BHD	0.4311	0.4084	0.4190	0.4211	0.3964	0.4175
Brazil	BRL	3.7753	3.4461	3.5635	4.1297	3.4354	3.8558
Canada	CAD	1.4785	1.4453	1.4384	1.4844	1.4188	1.4659
Chile	CLP (100)	7.5686	7.1480	7.3439	7.6958	7.0339	7.4878
China	CNY	7.7309	7.4362	7.3620	7.2812	7.3123	7.3417
Denmark	DKK	7.4366	7.4368	7.4393	7.4497	7.4344	7.4452
Hungary	HUF (100)	3.0897	3.0942	3.1706	3.1271	3.0983	3.1144
India	INR	73.8789	71.1913	75.0679	74.9931	71.6310	74.3699
Indonesia	IDR (100)	152.0934	144.3418	146.0170	149.6345	141.7343	147.2083
Japan	JPY (100)	1.2775	1.2178	1.1405	1.2441	1.2340	1.2020
Malaysia	MYR	4.9002	4.7511	4.4636	4.5782	4.7280	4.5835
Mexico	MXN	20.5839	21.0441	20.6347	20.1731	21.7719	20.6673
Russia	RUB	67.5449	62.8057	71.5200	78.2968	64.3000	74.1446
Singapore	SGD	1.5710	1.5208	1.4957	1.5400	1.5234	1.5275
South Africa	ZAR	14.9200	14.3063	16.4461	17.1983	14.4570	16.2645
South Korea	KRW (100)	13.0553	12.3653	12.7962	13.1872	12.7388	12.8361
Sweden	SEK	9.6398	9.5968	9.4242	9.3019	9.5525	9.4689
Switzerland	CHF	1.0930	1.0766	1.0867	1.0960	1.0739	1.0902
Taiwan	TWD	34.7201	33.2188	35.8583	36.5648	34.0200	35.6981
Ukraine	UAH	29.8000	29.0004	27.5750	28.4444	28.5428	28.2892
United Kingdom	GBP	0.8793	0.8606	0.8265	0.7788	0.8562	0.8195
United States	USD	1.1412	1.0830	1.1102	1.1159	1.0541	1.1069

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, 2017 are the 17 members of the Board of Directors (17 members as of June 30, 2016 and 17 members as of December 31, 2016) and the 8 members of the Executive Committee (8 members as of June 30, 2016 and 9 members as of December 31, 2016) (*Note 27, Chapter 6 of the 2016 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 2017 amounts to €5.6 million (€8.9 million as of June 30, 2016 and €19.4 million in 2016), of which mainly €3.5 million to Imerys UK Pension Fund Trustees Ltd., United Kingdom (€3.7 million as of June 30, 2016 and €7.4 million in 2016) and €0.5 million to Comerica, United States (€2.3 million as of June 30, 2016 and €5.4 million in 2016).

FCPE Imerys Actions

The FCPE Imerys Actions is managed by BNP Paribas Asset Management SAS. Its management is controlled by a Supervisory Board of 8 members, equally made up of shareholders' and Imerys representatives. As Imerys exercises together with the shareholders a joint control over the FCPE Imerys Actions, the FCPE Imerys Actions is a related party. The amounts recognized in the 1st half of 2017 (the 1st half of 2016 and 2016) 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, 2017 were closed by the Board of Directors at its meeting on July 26, 2017. On July 18, 2017, Imerys acquired 100.00% of Kerneos' voting rights, world leader in high performance calcium aluminate binders (€417.0 million sales in 2016). The acquisition price amounts to €451.0 million.

3 | Statutory auditors' review report

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

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

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

For the period from January 1 to June 30, 2017

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 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, 2017,
- 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.

Paris-La Défense and Neuilly-sur-Seine, July 26, 2017

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres

Jean-Roch Varon Sébastien Huet

Deloitte & Associés

Frédéric Gourd

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 26, 2017

A handwritten signature in blue ink, appearing to read 'G. Michel', is positioned above the printed name and title.

Gilles Michel
Chairman and Chief Executive Officer

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TRANSFORM TO PERFORM

Imerys - French limited liability company
(Société Anonyme)
Share capital €159,135,748
Trade Register RCS Paris 562 008 151



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