



2018

HALF-YEAR
FINANCIAL
REPORT



IMERYS
TRANSFORM TO PERFORM

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1 | Half-Year Activity Report

In the 1st half of 2018, Imerys improved its results in a market environment that was positive overall. Revenue organic growth⁽¹⁾ was up +5.3% year-on-year on a proforma basis⁽²⁾. On a current basis, the revenue is up +11.9% to €2,311 million, reflecting the contribution of acquisition, Kerneos in particular. At comparable Group structure and exchange rates, current operating income increased by +4.7% to €284 million with an operating margin which remained stable. The net income from current operations rose +13.5% to €176 million.

Consolidated results (€ millions)	First half 2017		First half 2018	Proforma ⁽²⁾ change
	Reported	Proforma ⁽²⁾		
Revenue	2,220	2,065	2,311	+11.9 %
Current operating income ⁽³⁾	313	263	284	+7.7 %
Operating margin	14.1%	12.8%	12.3%	-0.5 point
Net income from current operations, Group share ⁽³⁾	190	155	176	+13.5 %
Net income of discontinued activities	-	34	33	-
Net income, Group share	172	172	194	+12.7%
Shareholders equity	2,834	-	2,927	-
Net financial debt	1,509	-	2,315	-
Data per share (euro)				
Net income from current operations, Group's share ^{(3)&(4)}	2.40	1.97	2.23	+13.3 %

(1) Organic growth: growth at comparable Group perimeter and exchange rates, or "like-for-like"

(2) Calculation on proforma basis: Roofing division accounted for as a discontinued activity in first half 2018 and restated in first half 2017 accounts. As a consequence, all financial data throughout this activity report exclude the Roofing division.

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

(4) The weighted average number of outstanding shares was 79,149,662 in the first half of 2018 (79,035,849 in the first half of 2017).

HIGHLIGHTS

■ IMERYS ROOFING ACTIVITY DISPOSAL

Imerys has entered on May 17, 2018 into an exclusivity agreement with an affiliate of Lone Star Funds, a global private equity firm, for the purpose of the sale of its roofing division Imerys Toiture for an enterprise value of €1.0 billion, which implies a transaction multiple of 9 times 2017 EBITDA. Lone Star's offer is firm, binding, and fully financed.

Imerys Toiture, which mainly serves the French construction market, generated revenue of €300 million in 2017 with ca. 1,000 employees and 14 plants located in France (please refer to appendix for key figures).

This agreement follows the strategic review conducted by the Board of Directors on the prospects of Imerys' Roofing division with a view to optimize the Group's business portfolio and growth profile. The disposal would strengthen the Group's balance sheet position, supporting its transition into a performance materials Group.

This operation is expected to be completed by the fourth quarter of 2018 following the customary relevant workers' councils consultations and subject to regulatory authorities' approval.

■ IMERYS TALC AMERICA (ITA) TALC LITIGATION

The US talc subsidiary of the Group (Imerys Talc America, Inc., "ITA") is one of the defendants in a number of actions brought before several US states and federal courts by multiple plaintiffs. These cases concern the potential liability for alleged possible hazards related to the use of talc in certain products manufactured by customers or sold by them, primarily for cosmetic applications. Most of these claims relate to use made prior to the 2011 acquisition by Imerys of its Talc activity and do not provide adequate information to assess their merits or the magnitude of any potential amount of the claimed damages.

The few adverse jury verdicts entered in the recent past against ITA are currently subject to appeal procedures of certain US states. No payment of potential damages awarded to plaintiffs are due until the appeal decisions.

ITA is committed to the quality and safety of its products and is confident its products are safe: ITA follows all Food and Drug Administration (FDA) and other regulatory guidelines and utilizes rigorous testing to ensure that Imerys talc meets the highest quality standards.

Potential liability of ITA, including defense costs, settlements or damage awards, is covered (subject to certain applicable deductibles and limitations) by historical insurance policies issued to ITA or its predecessors and certain specific indemnities or contractual guarantees from third parties.

On the basis of the existing claims or litigation and in the absence of any future adverse legal developments, the Group does not anticipate at this time that the amount of ITA's liability, if any, will have a material effect on the financial position or results of operations of the Group.

DETAILED REVIEW OF THE GROUP'S RESULTS

■ 11.9% REVENUE GROWTH

Unaudited quarterly data (€ millions)	2017 Revenue		2018 Revenue	Actual	Proforma change		
	Reported	Proforma			Organic	Volumes	Price-mix
First quarter	1,113.2	1,034.1	1,129.6	+9.2%	+4.7%	+1.5%	+3.2%
Second quarter	1,107.1	1,030.6	1,180.9	+14.6%	+6.0%	+1.7%	+4.3%
First half	2,220.3	2,064.7	2,310.5	+11.9%	+5.3%	+1.6%	+3.7%

Revenue for the first half ended June 30, 2018 amounts to €2,310.5 million, up +11.9% compared to the same period of 2017. This increase reflects a proforma organic growth of +5.3%, thanks in particular to a price-mix effect in all business groups, up +3.7%. In markets that continue to be overall positive, volumes rose by +1.6%.

Revenue also includes a positive perimeter effect of +€263.7 million (+12.8%), of which €217.9 million from Kerneos in particular, as well as the impact of significant adverse exchange rates for -€128.0 million euros (-6.2%).

Revenue by geographic zone of destination (current change)

Revenue by geographic destination	H1 2018 Revenue	Pro forma change vs. H1 2017	% total proforma H1 2017 revenue	% total H1 2018 revenue
Western Europe	937,0	+17.2%	39%	40%
<i>of which France</i>	130.9	+21.2%	5%	6%
USA / Canada	552.3	-1.3%	27%	24%
Emerging countries	707.4	+17.3%	29%	31%
Other (Japan/ Australia)	113.8	+10.5%	5 %	5%

■ +7.7 % INCREASE IN CURRENT OPERATING INCOME

Unaudited quarterly data (€ millions)	2017		2018	Proforma change	
	Reported	Proforma		Actual	Organic
First quarter	147.2	122.8	129.6	+5.6%	+4.8%
<i>Operating margin</i>	13.2%	11.9%	11.5%	-0.4 point	stable
Second quarter	165.4	140.7	154.2	+9.6%	+4.7%
<i>Operating margin</i>	14.9%	13.6%	13.1%	-0.5 point	stable
First half	312.6	263.4	283.8	+7.7%	+4.7%
<i>Operating margin</i>	14.1%	12.8%	12.3%	-0.5 point	stable

Current operating income totaled €283.8 million in the first half of 2018, up +7.7% compared to the first half of 2017. Excluding the impact of exchange rate fluctuations (-€21.0 million) it is up +17.0% thanks. It benefits from the following factors:

- a positive price-mix effect of +€65.4 million, which is offsetting the increase in variable costs (+€45.2 million, notably raw materials and energy);
- the contribution from recent acquisitions, for +€28.8 million, (notably Kerneos);
- +€18.8 million sales volumes

The +€37.0 million increase in fixed costs and overheads includes further investments to strengthen the Group's competitiveness and support its growth (new production capacity, innovation, human resources and IT systems).

Thus, the Group's **operating margin** remains firm at 12.3% for the first half of 2018, taking into account a -0.3 point unfavorable exchange rate impact. On a like-for-like basis, the consolidated operating margin is stable despite variable costs inflation.

■ NET INCOME FROM CURRENT OPERATIONS UP +13.5%

Net income from current operations rose +13.5% to €176.4 million. It includes a financial result that improves from -€41.7 million in the first half of 2017 to -€33.6 million in the first half of 2018, due to the decrease of financial costs. The tax charge of -€74.0 million (H1 2017: -€ 65.4 million) reflects an effective tax rate of 29.6% (H1 2017: 29.5%).

Net income from current operations, Group share, per share is up +13.3% to €2.23.

■ 12.7% RISE IN NET INCOME

Net income, Group share, increased +12.7% to €194.1 million in the first half of 2018. It takes into account other income and operating expenses, net of taxes of -€14.9 million (-17.0 million in the first half of 2017) and €32.6 million contribution of the Roofing division (€33.8 million in the first half of 2017), accounted for as discontinued activity.

■ SOLID CASH FLOW GENERATION

(€ millions)	H1 2017		H1 2018
	Reported	Proforma	
Current EBITDA	428.3	371.0	393.2
Change in operating working capital requirement (WCR)	(44.4)	(36.8)	(88.1)
Paid capital expenditure	(144.8)	(134.8)	(153.4)
Current notional tax	(92.2)	(77.7)	(84.3)
Subsidies, value of divested assets and miscellaneous	3.7	3.7	8.0
Current free operating cash flow without Roofing	150.6	125.4	75.5
Cash flow from discontinued activities (Roofing division)	-	25.2	25.7
Current free operating cash flow with Roofing	150.6	150.6	101.2
Paid financial expense (net of tax)	(30.4)	(30.4)	(11.4)
Other WCR items	(7.3)	(7.3)	57.6
Current free cash flow with Roofing	113.0	113.0	147.4

Current free operating cash flow excluding Roofing amounts to €75.5 million in the first half of 2018. It includes the following items:

- €153.4 million of paid capital expenditure, up +€18.6 million compared to the first half of 2017 due to the integration of Kerneos;
- a €51.3 million increase in the change in operating working capital requirement reflecting the revenue growth, with operating working capital requirement under control at 24.0% of annualized sales.

The Current free cash flow with Roofing amounts to €147.4 million, up €34.3 million compared to the first half of 2017.

■ FINANCIAL STRUCTURE

(€ millions)	December 31, 2017	June 30, 2018
Net debt, end of period	2,246.4	2,315.0
Shareholders' equity	2,878.2	2,927.3
Net debt / shareholders' equity	78.1%	79.0%
Net debt / current EBITDA	2.5 x	2.5 x

The Group's net financial debt amounts to €2,315.0 million as of the end of June 2018, representing 79.0% of shareholders' equity and 2.5 x EBITDA. Those ratios do not include the proceeds of the Roofing division disposal.

The long-term credit ratings of Imerys attributed by rating agency Moody's ("BAA-2" with a stable outlook) and by Standard & Poors ("BBB", also with a stable outlook) have been confirmed during the first half.

EVENTS AFTER THE END OF THE PERIOD

No significant event after the end of the period is to be reported.

2018 OBJECTIVE

Kerneos was first consolidated into Imerys from July 17, 2017 and will therefore not be included in the scope effect in the second half. For the full-year, the Group is confident to achieve an increase of around +7% in net income from current operations on 2017 on a proforma basis excluding the Roofing division, assuming current markets and exchange rates conditions.

REVIEW BY BUSINESS GROUP

■ ENERGY SOLUTIONS & SPECIALITIES

(28% of consolidated revenue)

Quarterly data (unaudited) (€ millions)	2017	2018	Change	
			Actual	Organic
1st quarter revenue	321.6	319.7	-0.6%	+4.9%
2nd quarter revenue	332.0	327.9	-1.2%	+2.6%
1st half revenue	653.6	647.6	-0.9%	+3.7%
Current Operating Income	68.8	57.1	-17.0%	-0.7%
Operating margin	10.5%	8.8%	-170 bp	-40 bp

The **Energy Solutions & Specialities** business group's revenue totaled €647.6 million in the first half of 2018, down -0.9% on a reported basis. This change takes into account a significant -€37.9 million exchange rate effect (-5.8%) and a perimeter effect of +€7.6 million (+1.2%) due in particular to the acquisitions completed in the Carbonates division (Micronita in Brazil, in November 2017 and Vimal Microns in India, in February 2018) and the Monolithic Refractories division (Set Linings end of March 2017).

On a like-for-like basis, revenue increased +3.7% from the same period in 2017. This growth was primarily driven by the dynamism of refractory and industrial markets in the **Monolithic Refractories** particularly in Europe and Asia. The **Carbonates** division recorded a good level of activity in paints & coatings and board & packaging while the graphic paper market remained weak.

The decline of -0.7% on a like-for-like basis of the **current operating income** to €57.1 million reflects operational issues as regards to the development project of an industrial and mining site of natural graphite in Namibia (**Graphite & Carbon** division).

In the **Oilfield Solutions** division, the ceramic proppants market remained at a low level. In this context, the Group is currently reviewing options regarding this activity, which has a negative annual contribution of approximately € 15 million on the Group current operating income.

■ FILTRATION & PERFORMANCE ADDITIVES

(28% of consolidated revenue)

Quarterly data (unaudited) (€ millions)	2017	2018	Change	
			Actual	Organic
1st quarter revenue	312.4	322.6	+3.3%	+5.8%
2nd quarter revenue	317.0	333.9	+5.3%	+5.3%
1st half revenue	629.4	656.5	+4.3%	+5.5%
Current Operating Income	125.0	121.8	-2.6%	+8.2%
Operating margin	19.9%	18.6%	-130 bp	+60 bp

The **Filtration & Performance Additives** business group's revenue totaled €656.5 million in the 1st half of 2018, a +4.3% year-on-year increase. It includes a -39.6 million exchange rate impact (-6.3%) and a +€31.9 perimeter effect (+5.1%) relating to the acquisition of Regain Polymers (September 2017). On a like-for-like basis, the business group's revenue was up +5.5%.

The **Performance Additives** division activity was supported by firm markets overall through the semester. The **Filtration** division continued its diversification into new segments like cosmetics and agriculture through new product developments. The **Metallurgy** division benefited from share gains and dynamic foundry and industrial markets.

Current operating income improved +8.2% like-for-like resulting in a +60 basis point expansion of the operating margin.

■ CERAMIC MATERIALS

(18% of consolidated revenue)

Quarterly data (unaudited) (€ millions)	2017		2018	Proforma change	
	Reported	Proforma		Actual	Organic
1st quarter revenue	310.9	231.7	208.7	-9.9%	-0.7%
2nd quarter revenue	300.9	224.4	214.6	-4.4%	+3.7%
1st half revenue	611.8	456.2	423.3	-7.2%	+1.5%
Current Operating Income	107.0	57.9	52.1	-10.0%	+5.3%
Operating margin	17.5%	12.7%	12.3%	-40 bp	+50 bp

The **Ceramic Materials** business group's **revenue** totaled €423.3 million in the first half of 2018. The -7.2% year-on-year actual change factors in a significant -€34.9 million negative exchange rate effect (-7.7%), in particular due to the Brazilian real. Revenue is up +1.5% on a like-for-like basis.

The **Ceramics** division benefitted from supportive markets in the first half of 2018. The **Kaolin** division continued to successfully expand in specialty applications, which account for a growing portion of its revenue (mainly paint and plastics), in a context of weak paper markets.

Current operating income improved +5.3% like-for-like thanks to tight cost management and the operating margin improved +50 basis point like-for-like.

■ HIGH RESISTANCE MINERALS

(26% of consolidated revenue)

Quarterly data (unaudited) (€ millions)	2017	2018	Change	
			Actual	Organic
1st quarter revenue	184.2	304.2	+65.1%	+10.3%
2nd quarter revenue	171.5	329.8	+92.3%	+22.7%
1st half revenue	355.7	633.9	+78.2%	+16.3%
Current Operating Income	47.5	82.2	+73.1%	+15.2%
Operating margin	13.4%	13.0%	-40 bp	stable

The **High Resistance Minerals** business group's **revenue** totaled €633.9 million in the first half of 2018. The +78.2% year-on-year reported change in revenue factors in a +€242.0 million significant perimeter effect (+68.0%) relating to the integration of Kerneos in the Aluminates division, and to a lesser extent to Zhejiang in China in the Fused Minerals division. The exchange rate impact was substantial at -€21.6 million (-6.1%). On a like-for-like basis, revenue increased +16.3%, supported by strong markets.

The Aluminates division, which includes Kerneos, continued to grow in the sectors of the construction and civil engineering (building chemistry) and benefited from a buoyant level of activity in refractories. The revenue of the Fused Minerals division was very dynamic in all geographies and markets related to industrial production.

Current operating income improved +15.2% like-for-like leading to a stable operating margin decrease due to strong pressure on certain raw materials.

RELATED PARTIES AND RISK FACTORS

■ RELATED PARTIES

Related parties disclosures in the 1st half of 2018 are detailed in the present 2018 Half-Year Financial Report: Chapter 2 - Financial Statements - [Note 22](#).

■ 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 section 4.2 of the 2017 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 2017 Registration Document. The main categories of identified risks in chapter 4, section 1 of the 2017 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 2018 are detailed in the present Half-Year Financial Report: Chapter 2 - Financial Statements - [Note 19.2](#).

Management considers that assessment of main risks and uncertainties for the last six months of the year 2018 is unchanged with respect to the description provided in chapter 4, section 1 of the 2017 Registration Document.

2 | Condensed financial statements

FINANCIAL STATEMENTS

■ CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	06.30.2018		06.30.2017		2017	
			Discontinued activities ⁽¹⁾		Discontinued activities ⁽¹⁾		Discontinued activities ⁽¹⁾
Revenue	4	2,310.5	154.7	2,064.7	155.6	4,299.0	299.4
Current income and expenses		(2,026.7)	(103.9)	(1,801.3)	(106.4)	(3,747.7)	(202.6)
Raw materials and consumables used	5	(755.3)	(38.6)	(647.8)	(39.6)	(1,351.2)	(78.6)
External expenses	6	(637.4)	(27.2)	(580.9)	(24.7)	(1,205.1)	(46.5)
Staff expenses	7	(503.1)	(30.2)	(445.2)	(29.8)	(930.5)	(56.9)
Taxes and duties		(20.9)	(2.8)	(24.3)	(4.3)	(46.2)	(4.8)
Amortization, depreciation and impairment losses		(125.8)	(5.4)	(115.2)	(7.7)	(251.8)	(13.8)
Other current income and expenses		15.7	0.3	12.1	(0.3)	37.2	(2.0)
Current operating income		283.8	50.8	263.4	49.1	551.2	96.9
Other operating income and expenses	8	(23.7)	(0.6)	(23.5)	(0.7)	(52.2)	(1.4)
Gain or loss from obtaining or losing control		(6.5)	0.0	(14.4)	-	(11.0)	-
Other non-recurring items		(17.1)	(0.6)	(9.0)	(0.7)	(41.2)	(1.4)
Operating income		260.1	50.2	240.0	48.4	499.1	95.5
Net financial debt expense		(21.5)	(0.0)	(27.4)	(0.0)	(46.4)	(0.0)
Income from securities		1.9	-	5.3	-	10.2	-
Gross financial debt expense		(23.3)	-	(32.7)	-	(56.6)	-
Other financial income and expenses		(12.1)	(0.3)	(14.3)	(0.5)	(31.9)	(0.8)
Other financial income		145.5	-	111.7	-	212.1	-
Other financial expenses		(157.6)	(0.3)	(126.0)	(0.4)	(244.0)	(0.8)
Financial income (loss)	9	(33.6)	(0.3)	(41.7)	(0.5)	(78.4)	(0.9)
Income taxes	10	(65.3)	(17.3)	(59.0)	(14.1)	(118.9)	(27.3)
Net result of discontinued activities⁽¹⁾		32.6	32.6	33.8	33.8	67.3	67.3
Net income		193.8	-	173.1	-	369.1	-
Net income, Group share ⁽²⁾	11	194.1	-	172.2	-	368.2	-
Net income, share of non-controlling interests		(0.3)	-	0.9	-	0.9	-

(1) Roofing business (Note 20)

(2) Net income per share

Basic net income per share (in €)	12	2.04	0.41	1.75	0.43	3.81	0.85
Diluted net income per share (in €)	12	2.01	0.41	1.72	0.42	3.75	0.84

■ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	06.30.2018	06.30.2017	2017
Net income		193.8	173.1	369.1
Items never reclassified subsequently to profit or loss				
Post-employment employee benefits		59.2	19.0	(19.6)
Actuarial gains and (losses), excess of the actual return on assets over their normative return in profit or loss		59.2	19.0	(19.6)
Income taxes on items never reclassified	10	(10.9)	(3.2)	4.9
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges		(6.8)	(6.5)	(5.7)
Recognition in equity		(4.5)	1.7	11.2
Reclassification in profit or loss		(2.3)	(8.2)	(16.9)
Translation reserve		(40.6)	(132.3)	(238.7)
Recognition in equity		(40.4)	(132.0)	(238.4)
Reclassification in profit or loss		(0.2)	(0.3)	(0.3)
Income taxes on items that may be reclassified	10	6.9	(8.2)	(11.3)
Other comprehensive income		7.8	(131.2)	(270.4)
Total comprehensive income		201.6	41.9	98.7
Total comprehensive income, Group share		202.3	43.0	100.5
Total comprehensive income, share of non-controlling interests		(0.7)	(1.1)	(1.8)

■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	06.30.2018		06.30.2017	2017
			Discontinued activities ⁽¹⁾		
Non-current assets		5,140.3	158.4	4,309.8	5,251.5
Goodwill	13	2,147.9	11.0	1,692.6	2,135.5
Intangible assets	14	291.8	2.4	72.4	305.5
Mining assets	15	507.5	46.6	560.3	592.6
Property, plant and equipment	15	1,797.8	96.6	1,624.2	1,896.0
Joint ventures and associates		122.9	-	115.7	115.5
Other financial assets		63.6	0.4	96.8	52.1
Other receivables		45.5	1.3	33.5	46.3
Derivative financial assets		18.6	-	24.8	22.5
Deferred tax assets		144.7	-	89.5	85.5
Current assets		2,381.1	74.8	2,358.8	2,216.4
Inventories	17	863.6	52.1	711.3	840.2
Trade receivables		756.9	13.9	665.8	676.1
Other receivables		284.7	6.9	262.3	302.4
Derivative financial assets		10.2	-	8.1	7.0
Other financial assets ⁽²⁾	19.1	8.9	-	8.5	8.8
Cash and cash equivalents ⁽²⁾	19.1	456.8	1.8	702.8	381.9
Assets held for sale		233.1	233.1	-	-
Consolidated assets		7,754.5	-	6,668.6	7,467.9
Equity, Group share		2,878.2	-	2,786.9	2,827.6
Capital		159.4	-	159.9	159.2
Premiums		534.3	-	550.8	529.1
Reserves		1,990.4	-	1,904.0	1,771.0
Net income, Group share		194.1	-	172.2	368.3
Equity, share of non-controlling interests		49.1	0.0	47.0	50.6
Equity		2,927.3	0.0	2,833.9	2,878.2
Non-current liabilities		2,832.2	49.8	2,902.8	2,859.8
Employee benefit liabilities		271.8	9.2	261.2	321.3
Other provisions	18	382.6	25.5	333.6	394.6
Loans and financial debts ⁽²⁾	19.1	1,986.8	0.4	2,189.9	1,986.3
Other debts		19.1	0.3	33.0	20.2
Derivative financial liabilities		-	-	-	2.7
Deferred tax liabilities		171.9	14.4	85.1	134.7
Current liabilities		1,862.2	83.0	931.9	1,729.9
Other provisions	18	28.7	6.4	22.9	27.1
Trade payables		565.4	33.5	460.2	510.9
Income taxes payable		121.0	0.7	98.9	100.9
Other debts		320.4	43.2	292.0	417.2
Derivative financial liabilities		14.1	-	6.3	6.0
Loans and financial debts ⁽²⁾	19.1	800.6	0.1	48.3	664.9
Bank overdrafts ⁽²⁾	19.1	11.1	-	3.3	2.9
Liabilities related to assets held for sale		133.7	133.7	-	-
Consolidated equity and liabilities		7,754.5	-	6,668.6	7,468.0
(1) Roofing business (Note 20)					
(2) Positions included in the calculation of the net financial debt	19.1	2,315.0	-	1,508.8	2,246.4

■ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions)	Equity, Group share										Total
	Reserves							Net income, Group		Equity, share of non-controlling interests	
	Capital	Premiums	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal	share	Subtotal		
Equity as of January 1, 2017	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	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
Total comprehensive income	-	-	-	0.5	(108.3)	(30.7)	(138.5)	196.1	57.6	(0.7)	56.9
Transactions with shareholders	(0.7)	(21.7)	(2.7)	0.0	0.0	8.2	5.5	0.0	(16.9)	4.3	(12.6)
Dividend (€1.87 per share)	-	-	-	-	-	-	0.0	-	0.0	(0.6)	(0.6)
Capital increases	0.1	1.3	-	-	-	-	0.0	-	1.4	-	1.4
Capital decreases	(0.8)	(23.0)	-	-	-	-	0.0	-	(23.8)	-	(23.8)
Transactions on treasury shares	-	-	(2.7)	-	-	1.7	(1.0)	-	(1.0)	-	(1.0)
Share-based payments	-	-	-	-	-	6.7	6.7	-	6.7	-	6.7
Transactions with non-controlling interests	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)	4.9	4.7
Equity as of December 31, 2017	159.2	529.1	(44.4)	2.1	(409.4)	2,222.7	1,771.0	368.3	2,827.6	50.6	2,878.2
Change in accounting method ⁽¹⁾	-	-	-	0.7	-	(0.7)	0.0	-	0.0	-	0.0
Equity as of January 1, 2018 after change in accounting method	159.2	529.1	(44.4)	2.8	(409.4)	2,222.0	1,771.0	368.3	2,827.6	50.6	2,878.2
Total comprehensive income	-	-	-	(4.5)	(35.5)	48.3	8.3	194.1	202.4	(0.8)	201.6
Transactions with shareholders	0.2	5.2	2.8	0.0	0.0	208.3	211.1	(368.3)	(151.8)	(0.7)	(152.5)
Allocation of 2017 net income	-	-	-	-	-	368.3	368.3	(368.3)	0.0	-	0.0
Dividend (€2.075 per share)	-	-	-	-	-	(164.6)	(164.6)	-	(164.6)	(0.9)	(165.5)
Capital increases	0.2	5.2	-	-	-	0.3	0.3	-	5.7	0.1	5.8
Transactions on treasury shares	-	-	2.8	-	-	-	2.8	-	2.8	-	2.8
Share-based payments	-	-	-	-	-	7.8	7.8	-	7.8	-	7.8
Transactions with non-controlling interests	-	-	-	-	-	(3.5)	(3.5)	-	(3.5)	0.1	(3.4)
Equity as of June 30, 2018	159.4	534.3	(41.6)	(1.7)	(444.9)	2,478.6	1,990.4	194.1	2,878.2	49.1	2,927.3

(1) IFRS 9, Financial Instruments: time value of options and forward points of outright contracts (Note 2.1).

■ CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	06.30.2018	06.30.2017	2017
Cash flow from operating activities		289.5	221.4	621.5
of which cash flow of discontinued operations ⁽¹⁾		37.4	35.1	73.0
Cash flow generated by current operations	Appendix 1	355.9	345.0	836.1
Interests paid		(22.6)	(53.9)	(76.8)
Income taxes on current operating income and financial income (loss)		(32.5)	(61.2)	(132.9)
Dividends received from available-for-sale financial assets		(0.2)	0.4	(0.8)
Cash flow generated by other operating income and expenses	Appendix 2	(11.1)	(8.9)	(4.1)
Cash flow from investing activities		(174.8)	(269.6)	(639.6)
of which cash flow of discontinued operations ⁽¹⁾		(6.6)	(8.3)	(20.4)
Acquisitions of intangible assets and property, plant and equipment	Appendix 3	(160.1)	(144.8)	(340.7)
Acquisitions of investments in consolidated entities after deduction of cash acquired		(23.2)	(75.6)	(311.9)
Transaction costs		(8.1)	(13.7)	(19.3)
Acquisitions of available-for-sale financial assets		-	-	(3.2)
Disposals of intangible assets and property, plant and equipment	Appendix 3	11.1	4.1	19.7
Disposals of investments in consolidated entities after deduction of cash disposed of		7.4	3.8	5.1
Net change in financial assets		(4.0)	(48.8)	0.1
Paid-in interests		2.1	5.4	10.6
Cash flow from financing activities		(38.8)	(38.7)	(380.1)
of which cash flow of discontinued operations ⁽¹⁾		(31.8)	(26.8)	(51.9)
Capital increases and decreases in cash		5.7	24.5	2.1
Disposals (acquisitions) of treasury shares		(1.1)	(1.6)	(2.6)
Dividends paid to shareholders		(164.6)	(148.2)	(148.2)
Dividends paid to non-controlling interests		(0.9)	(0.9)	(1.4)
Acquisitions of investments in consolidated entities from non-controlling interests		-	(0.2)	(0.2)
Loan issues ⁽²⁾		5.6	597.8	604.2
Loan repayments ⁽³⁾		(3.7)	(532.4)	(1,136.9)
Net change in other debts		120.2	22.3	302.9
Change in cash and cash equivalents		75.9	(86.9)	(398.2)

(1) Roofing business (Note 20)

(€ millions)	06.30.2017	06.30.2016	2017
Opening cash and cash equivalents	379.0	798.1	798.1
Change in cash and cash equivalents	75.9	(86.9)	(398.1)
Reclassification of discontinued operations	(1.8)	-	-
Impact of changes due to exchange rate fluctuations	(7.3)	(11.7)	(21.0)
Closing cash and cash equivalents⁽⁴⁾	445.8	699.5	379.0
Cash	372.4	500.1	289.7
Cash equivalents	84.4	202.7	92.2
Bank overdrafts	(11.1)	(3.3)	(2.9)

(2) Of which as of June 30, and December 31, 2017, a €600.0 million bond issue as part of the Euro Medium Term Note program (EMTN) (Note 19.2).

(3) Of which as of June 30, and December 31, 2017, a €500.0 million matured bond repayment, increased as of December 31, 2017, by a €176.5 million partial repurchase of a bond issue maturing November 2020 and of a €415.3 million of anticipated repayment on Kerneos fundings.

(4) As of June 30, 2018, the position "Closing cash and cash equivalents" comprises a balance of €1.3 million (€2.9 million as of June 30, 2017 and €1.9 million as of December 31, 2017) not available for Imerys SA and its subsidiaries, of which €0.6 million (€1.0 million as of June 30, 2017 and €1.3 million as of December 31, 2017) with respect to foreign exchange control legislations and €0.7 million (€1.9 million as of June 30, 2017 and €0.6 million as of December 31, 2017) with respect to statutory requirements.

Appendix 1: cash flow generated by current operations

(€ millions)	Notes	06.30.2018	06.30.2017	2017
Net income		193.8	173.1	369.1
Adjustments		266.5	249.2	499.9
Income taxes		82.6	73.1	146.2
Share in net income of joint ventures and associates		(1.3)	(0.8)	(6.0)
Dividends received from joint ventures and associates		3.0	2.6	5.8
Share in net income of associates out of the recurring business		0.1	0.1	0.1
Other operating income and expenses excluding impairment losses on goodwill		24.1	24.1	53.5
Net operating amortization and depreciation	Appendix 3	130.9	122.8	265.5
Net operating impairment losses on assets		6.2	(2.5)	(7.2)
Net operating provisions		(10.3)	(6.1)	(16.7)
Net interest income and expenses		20.0	29.4	48.1
Share-based payments expense		7.8	6.7	13.4
Change in fair value of hedge instruments		(0.1)	0.2	2.6
Income from current disposals of intangible assets and property, plant and equipment		3.5	(0.4)	(5.4)
Change in the working capital requirement		(104.4)	(77.3)	(32.9)
Inventories		(77.7)	(16.9)	(52.9)
Trade accounts receivable, advances and down payments received		(89.4)	(63.0)	(18.9)
Trade accounts payable, advances and down payments paid		73.4	35.5	60.1
Other receivables and debts		(10.7)	(32.9)	(21.2)
Cash flow generated by current operations		355.9	345.0	836.1

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

(€ millions)	Notes	06.30.2018	06.30.2017	2017
Other operating income and expenses		(24.2)	(24.2)	(53.6)
Adjustments		13.1	15.3	49.5
Transaction costs		8.1	13.7	19.3
Income from disposals of consolidated investments and available-for-sale financial assets		(1.6)	0.8	1.3
Income from non-recurring disposals of intangible assets and property, plant and equipment		(6.2)	0.1	1.0
Other net operating amortization and depreciation	Appendix 3	9.0	0.7	13.9
Other net operating provisions		1.6	(4.3)	0.4
Share in net income of associates out of the recurring business		0.1	0.1	0.1
Income taxes paid on other operating income and expenses		2.1	4.2	13.5
Cash flow generated by other operating income and expenses		(11.1)	(8.9)	(4.1)

Appendix 3: table of indirect references to the notes

	06.30.2018	06.30.2017	2017
Consolidated statement of cash flows			
Acquisitions of intangible assets and property, plant and equipment	(160.1)	(144.8)	(340.7)
Intangible assets	(8.3)	(2.9)	(22.8)
Property, plant and equipment	(116.7)	(115.5)	(334.3)
Neutralization of finance lease acquisitions	(0.1)	-	0.2
Change in payables on acquisitions of intangible assets and property, plant and equipment	(35.1)	(26.4)	16.2
Disposals of intangible assets and property, plant and equipment	11.1	4.1	19.7
Intangible assets	0.4	-	0.5
Property, plant and equipment	8.0	3.5	14.9
Income on asset disposals	(3.5)	0.4	5.4
Income on non-recurring asset disposals	6.2	(0.1)	(1.0)
Change in receivables on disposals of intangible assets and property, plant and equipment	0.1	0.3	(0.1)
Appendix 1			
Net operating amortization and depreciation	130.9	122.8	265.5
Increases in amortization - intangible assets	9.1	5.2	13.7
Increases in depreciation - property, plant and equipment	124.1	118.3	252.7
Amortization of prepaid expenses	-	-	(0.1)
Amortization and depreciation reversals - intangible assets and property, plant and equipment	(2.0)	(0.7)	(0.7)
Neutralization of finance leases depreciation	(0.3)	-	(0.1)
Appendix 2			
Other net operating amortization and depreciation	9.0	0.7	13.9
Impairment losses - property, plant and equipment	10.5	1.7	16.8
Reversal of impairment losses - property, plant and equipment	(1.5)	(1.0)	(2.9)

NOTES TO THE FINANCIAL STATEMENTS

■ 2018 SIGNIFICANT EVENTS

The Roofing business offered for sale qualifies as the significant even of the first half of 2018, as described in [Note 20](#). The aggregates of that business are disclosed in the following statements and notes: [Consolidated Income Statement](#), [Consolidated Statement of Financial Position](#), [Consolidated Statement of Cash Flows](#), [Information by Segments](#) and [Notes 11, 12 and 19.1](#).

■ BASIS OF PREPARATION

Note 1 Referential

The June 30, 2018 half-year financial statements are intended to provide an update on the complete set of annual financial statements as of December 31, 2017 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, 2017. The adoption process within the European Union may create temporary time-lags at the closing date between the Referential and IFRSs. However as of June 30, 2018, no difference exists between the Referential and IFRSs. The financial statements have been closed on July 27, 2018 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 2017 and 2018.

Application upon effective date

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

IFRS 9, Financial Instruments. IFRS 9 is replacing on January 1, 2018 standard IAS 39 on financial instruments. The classification model of financial instruments introduced by IFRS 9 has the following consequences on the disclosures provided in [Note 9](#):

- **Former IAS 39 category “Available-for-sale financial assets”.** This IAS 39 category included the investments held by Imerys in non-listed entities over which the Group has neither control, nor joint control, nor significant influence, nor intent to dispose of in the short term. This category represented a carrying amount of €12.0 million as of January 1, 2018. These investments are now classified within the “Non derivative” compartment of the “Fair value through profit or loss” IFRS 9 category.
- **Former IAS 39 categories “Loans and receivables” and “Financial liabilities at amortized cost”.** The greater part of the “Loans and receivables” IAS 39 category corresponded to trade receivables resulting from revenue as well as cash, i.e. cash on hand and demand deposits and cash equivalents. As for the “Financial liabilities at amortized cost” IAS 39 category, it mainly corresponded to loans, trade accounts payable and other financial liabilities. These assets and liabilities now depend upon the “Amortized cost” IFRS 9 category.

The transition provisions provided by standard IFRS 7 do not require, over the reporting period that includes the date of initial application of standard IFRS 9, to modify comparative information in accordance with the new IFRS 9 categories. However, in order to improve the readability of the notes, comparative information disclosed in [Note 9](#) was voluntarily presented in accordance with the new IFRS 9 categories. The measurement model of financial instruments associated with the new classification model has no impact on the value of the financial instruments held at the transition date. The impairment loss model provided by IFRS 9 and based upon expected losses and no longer upon past credit events, has no material impact on the measurement of financial instruments write-downs. In terms of hedge accounting, Imerys is affected by the new recognition requirements applicable to changes in the time value of options and forward points of outright contracts. The latter shall be recognized in equity instead of profit or loss as was the case until December 31, 2017 in IAS 39. The amount of the time value of options and forward points of outright contracts credited to the 2017 profit or loss (€0.7 million) was thus reclassified as of January 1, 2018 to the cash flow hedge reserve ([Consolidated statement of changes in equity](#)).

IFRS 15, Revenue from Contracts with Customers. This standard applicable to 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 provisions of the standard have no material impact on the transactions combining a sale of goods and a freight service. For service contracts, the provisions of the standard have no material impact on the recognition pattern of revenue, considering if the customer obtains control over the service at a point in time or throughout time.

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 that result in the recognition of a non-monetary asset or liability, 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. No impact is thus associated to the adoption of this interpretation.

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.

2.2 Voluntary changes

Imerys did not perform any voluntary change in accounting policy in 2017 and 2018.

2.3 Errors

No correction of error was performed in 2017 and 2018.

Note 3 Standards and interpretations effective after the closing date

On the basis of the last projected adoption agenda of IFRSs within the European Union dated July 6, 2018 published by the EFRAG (European Financial Reporting Advisory Group), Imerys will apply the following standards and interpretations after June 30, 2018.

3.1 Application in 2019

Amendments to IAS 19, Plan Amendment, Curtailment or Settlement. This amendment requires an update of the actuarial assumptions used to calculate the current service cost, the unwinding and the normative return on plan assets and reimbursement rights, after a plan amendment, a curtailment or a settlement. As of June 30, 2018, the adoption process of these amendments is in progress within the European Union.

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 19.1*) to require, for all leases, the recognition of a right of use 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 19.2 - Borrower's liquidity risk*) and the level of the commitments given with respect to the current operating leases contracts (*Note 28, Chapter 6 of the 2017 Registration Document*), is monitored by the Group since the first Exposure Draft was released in August 2010. The works performed between 2014 and 2017 progressively defined the scope of the contracts by reassessing, for each of them, the existence of a lease in accordance with the criteria of the standard and by excluding, in application of the options provided by the standard, leases shorter than twelve months and low value assets leases. The IT solution selected in the first half of 2017 enabled the historical data recovery of contracts in the second half of the year. In the first half of 2018, Imerys elected the simplified transition method, from which the cumulative first application effect shall be recognized as an adjustment to the January 1, 2019 equity, without any retrospective adjustment of the 2018 comparative period. Considering the evolutions identified to date, the Group assesses that the lease commitment as of January 1, 2019 might range from €320.0 to €365.0 million on an undiscounted basis, corresponding to a lease liability of €290.0 to €330.0 million on a discounted basis, in accordance with the assumptions retained in terms of discount rates and lease terms.

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. As of June 30, 2018, the adoption process of this interpretation is in progress within the European Union.

Besides, amendments to IFRS 9, Prepayment Features with Negative Compensation and to IAS 28, Long-term Interests in Associates and Joint Ventures, do not apply at Imerys.

3.2 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, 2018

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	644.9	646.2	411.6	607.9	(0.1)	2,310.5
Sales of goods	534.1	588.6	347.5	601.6	(0.5)	2,071.3
Rendering of services	110.8	57.6	64.1	6.3	0.4	239.2
Inter-segment revenue	2.7	10.3	14.6	26.1	(53.7)	0.0
Revenue	647.6	656.5	426.2	634.0	(53.8)	2,310.5
Current operating income	57.1	121.8	52.1	82.2	(29.4)	283.8
of which amortization, depreciation and impairment losses	(27.3)	(35.5)	(29.3)	(31.9)	(1.8)	(125.8)
Other operating income and expenses	(13.6)	(9.9)	0.8	13.2	(14.2)	(23.7)
Operating income	43.5	111.9	52.9	95.4	(43.6)	260.1
Financial income (loss)	(4.8)	(6.9)	7.7	1.4	(31.0)	(33.6)
Interest income	0.7	0.1	0.9	0.2	0.3	2.2
Interest expenses	(0.4)	(0.1)	-	(1.1)	(20.9)	(22.5)
Income taxes	(17.9)	(29.9)	(8.6)	(28.1)	19.2	(65.3)
Net income from discontinued operations	-	-	32.6	-	-	32.6
Net income	20.8	75.1	84.6	68.7	(55.4)	193.8

As of June 30, 2017

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	650.7	626.1	441.9	339.4	6.6	2,064.7
Sales of goods	548.4	572.8	363.1	333.5	5.8	1,823.6
Rendering of services	102.3	53.3	78.8	5.9	0.8	241.1
Inter-segment revenue	2.8	3.3	17.3	16.3	(39.7)	0.0
Revenue	653.5	629.4	459.2	355.7	(33.1)	2,064.7
Current operating income	68.8	125.0	57.8	47.5	(35.7)	263.4
of which amortization, depreciation and impairment losses	(30.5)	(30.3)	(34.2)	(19.3)	(0.9)	(115.2)
Other operating income and expenses	(5.0)	(6.3)	(6.4)	(1.0)	(4.7)	(23.4)
Operating income	63.8	118.7	51.4	46.5	(40.4)	240.0
Financial income (loss)	(5.6)	(12.8)	(3.7)	(3.0)	(16.6)	(41.7)
Interest income	1.8	0.1	3.0	0.4	0.3	5.6
Interest expenses	(0.5)	(0.2)	0.1	(1.0)	(33.3)	(34.9)
Income taxes	(20.3)	(29.7)	(8.4)	(12.3)	11.7	(59.0)
Net income from discontinued operations	-	-	33.8	-	-	33.8
Net income	37.9	76.2	73.1	31.2	(45.3)	173.1

As of December 31, 2017

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
External revenue	1,319.9	1,230.3	854.9	878.0	15.9	4,299.0
Sales of goods	1,098.1	1,125.4	731.5	865.6	14.8	3,835.4
Rendering of services	221.8	104.9	123.4	12.4	1.1	463.6
Inter-segment revenue	6.7	6.8	33.4	36.5	(83.4)	0.0
Revenue	1,326.6	1,237.1	888.3	914.5	(67.5)	4,299.0
Current operating income	141.1	254.2	115.8	111.5	(71.4)	551.2
of which amortization, depreciation and impairment losses	(60.0)	(62.1)	(68.8)	(58.6)	(2.3)	(251.8)
Other operating income and expenses	(4.3)	8.5	(22.7)	(40.8)	7.2	(52.1)
Operating income	136.8	262.7	93.1	70.7	(64.2)	499.1
Financial income (loss)	(11.5)	(12.0)	(6.9)	(20.8)	(27.2)	(78.4)
Interest income	1.8	0.2	4.5	0.7	3.5	10.7
Interest expenses	(0.9)	(0.5)	(0.1)	(2.6)	(54.8)	(58.9)
Income taxes	(50.7)	(66.9)	(21.7)	(36.3)	56.7	(118.9)
Net income from discontinued operations	-	-	67.3	-	-	67.3
Net income	74.6	183.8	131.8	13.6	(34.7)	369.1

Consolidated statement of financial position**As of June 30, 2018**

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	1,674.5	1,935.1	860.8	2,009.9	338.3	6,818.6
Goodwill ⁽¹⁾	321.1	833.2	243.6	738.2	11.8	2,147.9
Intangible assets and property, plant and equipment ⁽²⁾	790.7	617.2	302.9	698.1	188.2	2,597.1
Inventories	205.3	180.9	97.6	329.1	50.7	863.6
Trade receivables	232.5	213.6	125.9	184.5	0.4	756.9
Other receivables - non-current and current	93.3	56.0	58.7	60.0	62.2	330.2
Joint ventures and associates	31.6	34.2	32.1	-	25.0	122.9
Unallocated assets						702.8
Assets held for sale⁽³⁾						233.1
Total assets						7,754.5
Capital employed - Liabilities	315.1	287.7	114.9	261.2	47.0	1,025.9
Trade payables	177.2	137.5	83.0	141.9	25.8	565.4
Other debts - non-current and current	111.9	103.2	21.7	95.3	7.4	339.5
Income taxes payable	26.0	47.0	10.2	24.0	13.8	121.0
Provisions	144.5	215.7	75.5	126.6	120.8	683.1
Unallocated liabilities						2,984.5
Liabilities related to assets held for sale⁽³⁾						133.7
Total non-current and current liabilities						4,827.2
Total capital employed	1,359.4	1,647.4	745.9	1,748.7	291.3	5,792.7
(1) Increases in goodwill	7.2	0.1	-	21.6	-	28.9
(2) Acquisitions of intangible assets and property, plant and equipment	48.0	34.7	29.2	33.5	14.7	160.1
(3) Capital employed of the disposal group	-	-	-	-	-	153.1

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
<i>(1) Increases in goodwill</i>	<i>2.7</i>	<i>57.1</i>	<i>3.1</i>	<i>(9.4)</i>	<i>-</i>	<i>53.5</i>
<i>(2) Acquisitions of intangible assets and property, plant and equipment</i>	<i>55.0</i>	<i>28.8</i>	<i>38.0</i>	<i>18.9</i>	<i>4.1</i>	<i>144.8</i>

As of December 31, 2017

(€ millions)	ESS	F&PA	CM	HRM	IS&H	Total
Capital employed - Assets	1,605.5	1,885.7	1,321.2	1,966.7	131.1	6,910.2
Goodwill ⁽¹⁾	318.5	839.2	262.6	714.5	0.8	2,135.6
Intangible assets and property, plant and equipment ⁽²⁾	788.1	590.0	623.1	742.4	50.5	2,794.1
Inventories	179.0	166.3	191.8	304.4	(1.3)	840.2
Trade receivables	222.3	189.3	130.2	144.1	(9.8)	676.1
Other receivables - non-current and current	72.4	66.5	83.1	61.2	65.4	348.6
Joint ventures and associates	25.2	34.4	30.4	0.1	25.5	115.6
Unallocated assets						557.8
Total assets						7,468.0
Capital employed - Liabilities	290.2	229.7	230.4	260.4	38.3	1,049.0
Trade payables	170.3	109.1	120.1	117.0	(5.7)	510.8
Other debts - non-current and current	97.8	95.4	105.5	132.4	6.3	437.4
Income taxes payable	22.1	25.2	4.8	11.0	37.7	100.8
Provisions	134.0	198.1	160.8	143.4	106.7	743.0
Unallocated liabilities						2,797.7
Total non-current and current liabilities						4,589.7
Total capital employed	1,315.3	1,656.0	1,090.8	1,706.3	92.8	5,861.2
<i>(1) Increases in goodwill</i>	<i>20.7</i>	<i>58.7</i>	<i>4.3</i>	<i>434.6</i>	<i>-</i>	<i>518.3</i>
<i>(2) Acquisitions of intangible assets and property, plant and equipment</i>	<i>115.6</i>	<i>62.0</i>	<i>87.2</i>	<i>61.3</i>	<i>14.6</i>	<i>340.7</i>

Information by geographical location

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

(€ millions)	06.30.2018	06.30.2017	2017
France	290.2	232.6	650.5
Other European countries	928.6	820.6	1,656.2
North America	631.7	635.7	1,225.6
Asia - Oceania	357.7	279.1	574.7
Other countries	102.3	96.7	192.0
Revenue by geographical location of the businesses of the Group	2,310.5	2,064.7	4,299.0

The following table presents revenue by geographical location of customers:

(€ millions)	06.30.2018	06.30.2017	2017
France	130.9	108.0	200.6
Other European countries	953.1	813.4	1,739.6
North America	585.5	595.3	1,187.6
Asia - Oceania	473.1	393.6	854.2
Other countries	167.9	154.4	317.0
Revenue by geographical location of customers	2,310.5	2,064.7	4,299.0

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

As of June 30, 2018

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	1,190.0	457.4	1,647.4
Other European countries	381.4	749.9	1,131.3
North America	310.7	802.6	1,113.3
Asia - Oceania	195.8	269.4	465.2
Other countries	70.0	317.8	387.8
Total	2,147.9	2,597.1	4,745.0

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 December 31, 2017

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	1,178.3	792.8	1,971.1
Other European countries	383.3	691.6	1,074.9
North America	303.7	744.0	1,047.7
Asia - Oceania	195.1	207.3	402.4
Other countries	75.2	358.4	433.6
Total	2,135.6	2,794.1	4,929.7

■ NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 4 Revenue

(€ millions)	06.30.2018	06.30.2017	2017
Sales of goods	2,071.4	1,823.6	3,835.4
Rendering of services	239.1	241.1	463.6
Total	2,310.5	2,064.7	4,299.0

The above table is disclosing a disaggregation of revenue into sales of goods and rendering of services whose greater part corresponds to the re-invoicing of the freight cost of the product. Other disaggregations of revenue are disclosed in section *Information by segments*: by segments before and after inter-segment eliminations, by geographical location of the businesses of the Group on the one hand and of customers on the other hand. Revenue amounts to €2,310.5 million the 1st half of 2018 (€2,064.7 million in the 1st half of 2017 and €4,229.0 million in 2017), i.e. an increase of +11.9% (+6.6% in the 1st half of 2017 and +11.3% in 2017), including a negative effect of -€128.0 million due to foreign currency changes (+€34.5 million in the 1st half of 2017 and -€33.5 million in 2017) and a positive structure impact of +€263.7 million (+€51.2 million in the 1st half of 2017 and +€326.1 million in 2017). At comparable structure and foreign currency rates, revenue increases by +5.3% (+2.2% in the 1st half of 2017 and +3.7% in 2017).

Note 5 Raw materials and consumables used

(€ millions)	06.30.2018	06.30.2017	2017
Raw materials	(463.2)	(330.8)	(748.5)
Energy	(169.8)	(166.2)	(323.3)
Chemicals	(30.9)	(33.3)	(63.4)
Other consumables	(100.8)	(108.6)	(201.0)
Merchandises	(68.4)	(28.8)	(74.1)
Change in inventories	72.1	13.8	47.6
Internally generated property, plant and equipment	5.7	6.1	11.5
Total	(755.3)	(647.8)	(1,351.2)

Note 6 External expenses

(€ millions)	06.30.2018	06.30.2017	2017
Freight	(303.8)	(266.6)	(553.7)
Operating leases	(39.8)	(39.7)	(82.8)
Subcontracting	(68.8)	(65.9)	(136.0)
Maintenance and repair	(64.7)	(59.4)	(121.5)
Fees	(60.8)	(48.8)	(109.4)
Other external expenses	(99.5)	(100.5)	(201.7)
Total	(637.4)	(580.9)	(1,205.1)

Note 7 Staff expenses

(€ millions)	06.30.2018	06.30.2017	2017
Salaries	(395.1)	(342.1)	(711.0)
Social security contributions	(68.4)	(66.4)	(138.2)
Net change in employee benefit liabilities	8.2	2.5	4.9
Contributions to defined employee benefit plans	(11.9)	(8.7)	(18.1)
Contributions to defined contribution plans	(12.8)	(10.0)	(25.9)
Profit-sharing	(14.6)	(13.2)	(27.2)
Other employee benefits	(8.5)	(7.3)	(15.0)
Total	(503.1)	(445.2)	(930.5)

Note 8 Other operating income and expenses

Other operating income and expenses correspond to items of income and expenses resulting from a limited number of well identified, non-recurring and significant events, such as the profit or loss impacts from obtaining or losing control of a business (Note 20), of a restructuring, including related assets disposals, of an impairment loss on goodwill (Note 16) or of a significant litigation (Note 18).

(€ millions)	06.30.2018	06.30.2017	2017
Gain or loss from obtaining or losing control	(6.5)	(14.5)	(11.0)
Transaction costs	(8.1)	(13.7)	(19.3)
Changes in estimate of the contingent remuneration of the seller	-	-	9.5
Income from disposal of consolidated businesses	1.6	(0.8)	(1.2)
Other non-recurring items	(17.2)	(9.0)	(41.2)
Impairment losses on restructuring	(9.0)	(0.7)	(13.9)
Income on non-recurring asset disposals	6.2	(0.1)	(1.0)
Restructuring expenses paid	(11.8)	(12.2)	(25.0)
Change in provisions	(2.5)	4.0	(1.2)
Share in net income of associates out of the recurring business	(0.1)	-	(0.1)
Other operating income and expenses	(23.7)	(23.5)	(52.2)
Income taxes	8.8	6.5	18.1
Other operating income and expenses net of income taxes, Group share	(14.9)	(17.0)	(34.1)

Other operating income and expenses in the 1st half of 2018

Gross "Other operating income and expenses" amount to -€23.7 million, of which -€13.6 million in the Energy Solutions & Specialties business group; -€9.9 million in the Filtration & Performance Additives business group; +€1.4 million in the Ceramic Materials business group; +€13.2 million in the High Resistance Minerals business group; and -€14.8 million in the holdings. Income taxes gains and losses on "Other operating income and expenses" amount to +€8.8 million. "Other operating income and expenses net of income taxes, Group share" thus amount to -€14.9 million, of which -€12.1 million with no cash impact and -€2.8 million in cash.

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

Gross "Other operating income and expenses" amount to -€23.5 million, of which -€5.0 million in the Energy Solutions & Specialties business group; -€6.3 million in the Filtration & Performance Additives business group; -€5.8 million in the Ceramic Materials business group; -€1.0 million in the High Resistance Minerals business group; and -€5.4 million in the holdings. Income taxes gains and losses on "Other operating income and expenses" amount to +€6.5 million. "Other operating income and expenses net of income taxes, Group share" thus amount to -€17.0 million, of which +€3.3 million with no cash impact and -€20.3 million in cash.

2017 other operating income and expenses

Gross "Other operating income and expenses" amount to -€52.2 million, of which -€4.3 million in the Energy Solutions & Specialties business group; +€8.5 million in the Filtration & Performance Additives business group; -€22.8 million in the Ceramic Materials business group; -€40.8 million in the High Resistance Minerals business group; and +€7.2 million in the holdings. Income taxes gains and losses on "Other operating income and expenses" amount to +€18.1 million. "Other operating income and expenses net of income taxes, Group share" thus amount to -€34.1 million, of which -€25.1 million with no cash impact and -€9.0 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: "Fair value through profit or loss" (investments in non-consolidated entities, other current financial assets and derivatives not eligible to hedge accounting), or "Amortized cost (trade receivables, cash and cash equivalents, 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. In addition, in order to enable the reconciliation between the disclosures and the financial statements, these notes include a column "Non IFRS 9" that includes the following items:

- non IFRS 9 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, 2018

(€ millions)	Fair value through profit or loss		Amortized cost	Hedge derivatives		Non IFRS 9	Total
	Non derivative	Non hedge derivatives		Fair value	Cash flow		
Net financial debt expense	1.8	0.0	(23.3)	0.0	0.0	0.0	(21.5)
Income from securities	1.8	-	-	-	-	-	1.8
Gross financial debt expense	-	-	(23.3)	-	-	-	(23.3)
Other financial income and expenses	(0.3)	0.1	(5.3)	0.0	0.0	(6.6)	(12.1)
Net exchange rate differences	-	0.1	3.4	-	-	(0.3)	3.2
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	(0.3)	-	(8.7)	-	-	-	(9.0)
Financial income (loss)	1.5	0.1	(28.6)	0.0	0.0	(6.6)	(33.6)

As of June 30, 2017

(€ millions)	Fair value through profit or loss		Amortized cost	Hedge derivatives		Non IFRS 9	Total
	Non derivative	Non hedge derivatives		Fair value	Cash flow		
Net financial debt expense	5.3	(0.2)	(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	(0.1)	(9.2)	0.0	0.0	(5.4)	(14.3)
Net exchange rate differences	-	(0.1)	(9.9)	-	1.4	0.1	(8.5)
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	-	-	-	-	-	(1.9)	(1.9)
Other financial income and expenses	0.4	-	0.7	-	-	-	1.1
Financial income (loss)	5.7	(0.3)	(41.7)	0.0	0.0	(5.4)	(41.7)

As of December 31, 2017

(€ millions)	Fair value through profit or loss		Amortized cost	Hedge derivatives		Non IFRS 9	Total
	Non derivative	Non hedge derivatives		Fair value	Cash flow		
Net financial debt expense	10.2	(0.4)	(56.2)	0.0	0.0	0.0	(46.4)
Income from securities	10.2	-	-	-	-	-	10.2
Gross financial debt expense	-	(0.4)	(56.2)	-	-	-	(56.6)
Other financial income and expenses	0.6	(0.1)	(20.9)	0.0	0.0	(11.6)	(32.0)
Net exchange rate differences	-	(0.1)	(10.6)	-	0.9	0.5	(9.3)
Expense and income on derivative instruments	-	-	-	-	(0.9)	-	(0.9)
Financial income and expenses of defined employee benefit plans	-	-	-	-	-	(8.1)	(8.1)
Unwinding of other provisions	-	-	-	-	-	(3.8)	(3.8)
Other financial income and expenses	0.6	-	(10.3)	-	-	(0.2)	(9.9)
Financial income (loss)	10.8	(0.5)	(77.1)	0.0	0.0	(11.6)	(78.4)

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)	06.30.2018	06.30.2017	2017
Payable and deferred income taxes			
Income taxes payable	(57.0)	(44.8)	(90.3)
Income taxes payable for the period	(55.2)	(45.2)	(85.9)
Income taxes payable - Prior period adjustments	(1.8)	0.4	(4.4)
Deferred taxes	(8.3)	(14.2)	(28.6)
Deferred taxes due to changes in temporary differences	(8.3)	(14.2)	(32.3)
Deferred taxes due to changes in income tax rates	-	-	3.7
Total	(65.3)	(59.0)	(118.9)
Income taxes by level of income			
Income taxes on current operating and financial income (loss)	(74.1)	(65.5)	(137.1)
Current operating and financial income (loss) taxes payable	(59.1)	(49.1)	(103.2)
Current operating and financial income (loss) deferred taxes	(15.0)	(16.4)	(33.9)
Income taxes on other operating income and expenses	8.8	6.5	18.2
Income taxes payable on other operating income and expenses	2.1	4.3	12.9
Deferred taxes on other operating income and expenses	6.7	2.2	5.3
Total	(65.3)	(59.0)	(118.9)

Income taxes recognized in equity

(€ millions)	06.30.2018	06.30.2017	2017
Actuarial gains and (losses), excess of the actual return on assets over their normative return in profit or loss	(10.9)	(3.2)	4.9
Income taxes on items never reclassified	(10.9)	(3.2)	4.9
Cash flow hedges	2.3	2.3	2.0
Income taxes recognized in equity	1.5	(0.5)	(3.8)
Income taxes reclassified in profit or loss	0.8	2.8	5.8
Translation reserve	4.6	(10.5)	(13.3)
Income taxes recognized in equity	4.6	(10.5)	(13.3)
Income taxes reclassified in profit or loss	-	-	-
Other comprehensive income	6.9	(8.2)	(11.3)
Total	(4.0)	(11.4)	(6.4)

Income taxes paid

The amount of income taxes paid in the 1st half of 2018 in cash and by means of tax credits amounts to €30.4 million (€57.0 million in the 1st half of 2017 and €119.4 million in 2017).

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

(€ millions)	06.30.2018	06.30.2017	2017
Current operating income	283.8	263.4	551.2
Financial income (loss)	(33.6)	(41.7)	(78.4)
Income taxes on current operating income and financial income (loss)	(74.1)	(65.5)	(137.1)
Non-controlling interests	0.3	(0.9)	(0.9)
Net income from current operations, Group share	176.4	155.4	334.9
Other operating income and expenses - gross	(23.7)	(23.5)	(52.2)
Income taxes on other operating income and expenses	8.8	6.5	18.2
Net income of assets held for sale⁽¹⁾	32.6	33.8	67.3
Net income, Group share	194.1	172.2	368.2

(1) Roofing business (Note 20)

Note 12 Earnings per share

(€ millions)	06.30.2018		06.30.2017		2017	
		Discontinued activities ⁽¹⁾		Discontinued activities ⁽¹⁾		Discontinued activities ⁽¹⁾
Numerator						
Net income of continuing operations, Group share	161.5	-	138.4	-	300.9	-
Net result of discontinued activities	32.6	32.6	33.8	33.8	67.3	67.3
Net income, Group share	194.1	-	172.2	-	368.2	-
Net income from current operations, Group share	176.4	-	155.4	-	334.9	-
Denominator						
Weighted average number of shares used for the calculation of the basic income per share	79,149,662	79,149,662	79,035,849	79,035,849	79,015,367	79,015,367
Impact of share option conversion	1,198,821	1,198,821	1,322,258	1,322,258	1,255,765	1,255,765
Weighted average number of shares used for the calculation of the diluted income per share	80,348,483	80,348,483	80,358,107	80,358,107	80,271,132	80,271,132
Basic income per share, Group share (in €)						
Basic net income per share	2.04	0.41	1.75	0.43	3.81	0.85
Basic net income from current operations per share	2.23	0.41	1.97	0.43	4.24	0.85
Diluted income per share, Group share (in €)						
Diluted net income per share	2.01	0.41	1.72	0.42	3.75	0.84
Diluted net income from current operations per share	2.19	0.41	1.93	0.42	4.17	0.84

(1) Roofing business (Note 20)

■ NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 13 Goodwill

Table of changes

(€ millions)	06.30.2018	06.30.2017	2017
Opening carrying amount	2,135.5	1,674.7	1,674.7
Gross amount	2,212.6	1,744.5	1,744.5
Impairment losses	(77.1)	(69.8)	(69.8)
Incoming entities	28.9	53.5	518.3
Reclassification in assets held for sale	(11.0)	-	-
Exchange rate differences	(5.4)	(35.6)	(57.5)
Closing carrying amount	2,147.9	1,692.6	2,135.5
Gross amount	2,229.0	1,776.0	2,212.6
Impairment losses	(81.1)	(83.5)	(77.1)

On July 18, 2017, Imerys acquired from the investment fund Astorg Partners 100.00% of the voting rights of the French group Kerneos, world leader in high performance calcium aluminate binders (€417.0 million sales in 2016). The acquisition price amounts to €206.1 million. 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, 2018, intangible assets, items of property, plant and equipment, mineral reserves, mine site restoration provisions and provisions for employee benefits were remeasured. The goodwill resulting from the difference between that remeasured net asset and the value of the investment thus amounts to a final value of €463.4 million as of June 30, 2018.

Note 14 Intangible assets

(€ millions)	Software	Trademarks, patents and licenses	Industrial processes and others	Total
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	2.3	153.0	53.1	208.4
Outgoing entities	-	-	(0.1)	(0.1)
Acquisitions	2.6	0.5	19.7	22.8
Disposals	-	(0.1)	(0.4)	(0.5)
Increases in amortization	(7.2)	(1.5)	(5.0)	(13.7)
Reclassification and other	3.7	0.8	8.0	12.5
Exchange rate differences	(1.5)	(1.7)	(2.3)	(5.5)
Carrying amount as of January 1, 2018	19.1	180.8	105.6	305.5
Gross amount	94.2	201.0	171.8	467.0
Amortization and impairment losses	(75.1)	(20.3)	(66.1)	(161.5)
Incoming entities	(0.5)	(12.1)	1.1	(11.5)
Acquisitions	1.4	-	6.8	8.2
Disposals	(0.3)	-	-	(0.3)
Increases in amortization	(3.5)	(0.7)	(4.7)	(8.9)
Reclassification of discontinued operations	(1.0)	(0.5)	(1.0)	(2.5)
Reclassification and other	1.3	(3.6)	3.2	0.9
Exchange rate differences	0.1	-	0.3	0.4
Carrying amount as of June 30, 2018	16.6	163.9	111.3	291.8
Gross amount	93.2	179.8	183.5	456.5
Amortization and impairment losses	(76.6)	(15.9)	(72.2)	(164.7)

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, 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	48.9	43.6	181.2	37.8	7.8	319.3
Outgoing entities	-	(1.6)	5.3	(0.9)	(9.0)	(6.2)
Acquisitions	62.2	9.8	54.9	195.1	12.4	334.4
Disposals	-	(9.9)	(3.3)	(0.7)	(1.0)	(14.9)
Increases in depreciation	(64.6)	(14.4)	(148.9)	(0.1)	(24.7)	(252.7)
Impairment losses	-	(1.8)	(14.2)	(0.8)	-	(16.8)
Reversals of impairment losses	-	-	2.7	-	0.1	2.8
Reclassification and other	6.6	38.6	124.7	(178.8)	26.7	17.8
Exchange rate differences	(45.9)	(20.6)	(80.6)	(15.6)	(4.3)	(167.0)
Carrying amount as of January 1, 2018	592.6	394.6	1,203.6	221.8	76.0	2,488.6
Gross amount	968.3	665.2	4,059.4	225.4	323.1	6,241.4
Depreciation and impairment losses	(375.6)	(270.6)	(2,855.8)	(3.6)	(247.2)	(3,752.8)
Incoming entities	(26.7)	(4.7)	150.4	(5.9)	(110.0)	3.1
Outgoing entities	(2.0)	(1.0)	(2.7)	-	-	(5.7)
Acquisitions	27.6	1.3	15.0	65.2	4.4	113.5
Disposals	-	(4.8)	(2.3)	(0.1)	(0.4)	(7.6)
Increases in depreciation	(28.0)	(6.8)	(72.1)	-	(12.3)	(119.2)
Impairment losses	-	-	(10.4)	-	-	(10.4)
Reversals of impairment losses	-	1.4	0.1	-	-	1.5
Reclassification of discontinued operations	(46.6)	(27.3)	(57.8)	(11.0)	(0.5)	(143.2)
Reclassification and other	(4.1)	(4.2)	(64.9)	(52.5)	121.6	(4.1)
Exchange rate differences	(5.2)	(2.7)	(1.7)	(1.6)	-	(11.2)
Carrying amount as of June 30, 2018	507.6	345.8	1,157.2	215.9	78.8	2,305.3
Gross amount	858.1	590.1	3,872.4	217.7	307.0	5,845.3
Depreciation and impairment losses	(350.5)	(244.3)	(2,715.2)	(1.8)	(228.2)	(3,540.0)

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, 2018. As of December 31, 2017, this test had not required the recognition of any impairment loss.

Note 17 Inventories

(€ millions)	06.30.2018			06.30.2017			2017		
	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount
Raw materials	424.9	(31.0)	393.9	321.6	(28.7)	292.9	404.4	(31.0)	373.4
Work in progress	82.6	(1.5)	81.1	77.4	(1.2)	76.2	75.7	(1.5)	74.2
Finished goods	343.3	(10.8)	332.5	304.6	(17.1)	287.5	350.6	(12.9)	337.7
Merchandises	58.4	(2.3)	56.1	57.0	(2.3)	54.7	57.0	(2.1)	54.9
Total	909.2	(45.6)	863.6	760.6	(49.3)	711.3	887.7	(47.5)	840.2

Note 18 Other Provisions

The measurement criteria of other provisions implemented upon the annual close (*Note 23.2, Chapter 6 of the 2017 Registration Document*) are applied upon the half-year close. As of June 30, 2018, on the basis of identified litigation and claims and in the absence of any major adverse development on such litigation in the future within the four business groups of Imerys, mainly Filtration & Performance Additives (F&PA) in the United States, no significant adjustment is necessary. Other provisions thus amount to €411.3 million as of June 30, 2018 (€356.5 million as of June 30, 2017 and €421.7 million as of December 31, 2017), of which €382.6 million in non current (€333.6 million as of June 30, 2017 and €394.6 million as of December 31, 2017) and €28.7 million in current (€22.9 million as of June 30, 2017 and €27.1 million as of December 31, 2017).

Note 19 Financial liabilities

19.1. 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 19.2*).

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 19.2*). The operational hedge instruments are not included in the calculation of the net financial debt.

(€ millions)	Notes	06.30.2018	06.30.2017	2017
Non-derivative financial liabilities		2,798.5	2,241.5	2,654.1
Loans and financial debts - non-current		1,986.8	2,189.9	1,986.3
Loans and financial debts - current		800.6	48.3	664.9
Bank overdrafts		11.1	3.3	2.9
Non-derivative financial assets		(465.7)	(711.3)	(390.7)
Other financial assets		(8.9)	(8.5)	(8.8)
Cash and cash equivalents		(456.8)	(702.8)	(381.9)
Hedge derivatives		(17.8)	(21.4)	(17.0)
Financing hedge instruments - liabilities		2.6	3.7	6.2
Financing hedge instruments - assets		(20.4)	(25.1)	(23.2)
Net financial debt		2,315.1	1,508.8	2,246.4

Current free operating cash flow

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

(€ millions)	06.30.2018		06.30.2017		2017	
		Discontinued operation ⁽¹⁾		Discontinued operation ⁽¹⁾		Discontinued operation ⁽¹⁾
Current operating income	283.8	50.8	263.4	49.1	551.2	96.9
Operating amortization, depreciation and impairment losses	125.8	5.4	115.2	7.7	251.8	13.8
Net change in operating provisions	(18.0)	(0.8)	(9.4)	0.5	(25.9)	2.0
Share in net income of joint ventures and associates	(1.3)	-	(0.8)	-	(6.0)	-
Dividends received from joint ventures and associates	3.0	-	2.6	-	5.8	-
Operating cash flow before taxes (current EBITDA)	393.2	55.5	371.0	57.3	777.0	112.7
Notional taxes on current operating income ⁽²⁾	(84.3)	(17.7)	(77.7)	(14.5)	(159.6)	(28.0)
Current net operating cash flow	309.0	37.8	293.3	42.8	617.4	84.7
Paid capital expenditures	(153.4)	(6.8)	(134.8)	(10.0)	(319.4)	(21.4)
Intangible assets	(8.3)	(0.1)	(2.6)	(0.3)	(21.6)	(1.2)
Property, plant and equipment	(88.4)	(3.2)	(84.9)	(5.2)	(258.2)	(18.1)
Overburden mining assets	(25.2)	-	(25.4)	-	(58.0)	-
Debts on acquisitions	(31.6)	(3.5)	(21.9)	(4.5)	18.4	(2.2)
Carrying amount of current asset disposals	8.0	0.4	3.7	-	8.9	-
Change in the operational working capital requirement	(88.1)	(5.6)	(36.8)	(7.6)	(13.1)	1.4
Inventories	(72.1)	(5.6)	(13.8)	(3.1)	(47.0)	(5.9)
Trade accounts receivable, advances and down payments received	(82.7)	(6.7)	(55.4)	(7.6)	(24.5)	5.5
Trade accounts payable, advances and down payments paid	66.7	6.7	32.4	3.1	58.4	1.7
Current free operating cash flow	75.5	25.7	125.4	25.2	293.8	64.7
(1) Roofing business (Note 20)						
(2) Effective tax rate on current operating income	29.6%	34.8%	29.5%	29.5%	28.9%	28.9%

Change in net financial debt

	06.30.2018		06.30.2017		2017	
	Discontinued operation ⁽¹⁾		Discontinued operation ⁽¹⁾		Discontinued operation ⁽¹⁾	
Current free operating cash flow	75.5	25.7	125.4	25.2	293.8	64.7
Financial income (loss)	(33.6)	(0.3)	(41.7)	(0.5)	(78.4)	(0.9)
Financial impairment losses and unwinding of the discount	13.6	0.1	(0.8)	0.1	(1.3)	0.2
Income taxes on financial income (loss)	10.2	0.1	12.3	0.1	22.7	0.2
Change in income tax debt	48.9	2.0	4.0	0.3	2.0	3.0
Change in deferred taxes on current operating income	8.1	0.1	16.4	(2.0)	34.0	(7.2)
Change in other items of working capital	(15.0)	4.3	(35.5)	2.6	(14.5)	(6.7)
Share-based payments expense	7.6	0.2	6.3	0.3	12.9	0.5
Change in fair value of operational hedge instruments	0.1	-	-	-	2.1	-
Change in dividends receivable from available-for-sale financial assets	(0.2)	-	0.4	-	(0.8)	-
Current free cash flow	115.2	32.2	86.9	26.1	272.3	53.8
External growth	(22.7)	0.0	(82.1)	(2.6)	(1,056.9)	(3.2)
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(22.4)	-	(81.9)	(2.6)	(1,053.7)	(3.2)
Acquisitions of investments in consolidated entities from non-controlling interests	-	-	(0.2)	-	(0.2)	-
Acquisitions of available-for-sale financial assets	(0.3)	-	-	-	(3.0)	-
Disposals	13.7	0.0	3.8	0.0	10.2	0.0
Disposals of investments in consolidated entities after deduction of the net debt disposed of	7.5	-	3.8	-	4.8	-
Non-recurring disposals of intangible assets and property plant and equipment	6.2	-	-	-	5.4	-
Transaction costs	(8.1)	-	(13.7)	-	(19.3)	-
Changes in estimate of the contingent remuneration of the seller	-	-	-	-	9.5	-
Cash flow from other operating income and expenses	(9.7)	(1.4)	(7.9)	(1.0)	(11.3)	(2.3)
Dividends paid to shareholders and non-controlling interests	(102.6)	(62.9)	(83.1)	(66.1)	86.5	(236.1)
Financing requirement	(14.1)	(31.1)	(96.2)	(43.6)	(709.0)	(187.7)
Transactions on equity	4.6	-	22.8	-	(0.5)	-
Net change in financial assets	(4.0)	0.1	(53.1)	-	(4.2)	-
Cash flow from assets held for sale	(32.1)	(32.1)	(43.6)	(43.6)	(187.7)	(187.7)
Change in net financial debt	(45.6)	-	(170.0)	-	(901.3)	-

(1) Roofing business (Note 20)

	06.30.2018		06.30.2017		2017	
	Discontinued operation ⁽¹⁾		Discontinued operation ⁽¹⁾		Discontinued operation ⁽¹⁾	
Opening net financial debt	(2,246.4)	-	(1,366.5)	-	(1,366.5)	-
Change in net financial debt	(45.6)	-	(170.0)	-	(901.3)	-
Impact of changes due to exchange rate fluctuations	(21.7)	-	27.7	-	21.4	-
Transfer in assets held for sale	(1.3)	-	-	-	-	-
Closing net financial debt	(2,315.0)	-	(1,508.8)	-	(2,246.4)	-

(1) Roofing business (Note 20)

19.2. 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, 2018 presented hereafter enables to assess the exposure of the Group to this risk.

(€ millions)	2018		2019 - 2023		2024 and later		Total
	Capital	Interests	Capital	Interests	Capital	Interests	
Non-derivative financial liabilities	671.6	18.8	646.5	103.4	1,454.2	61.4	2,955.9
Eurobond / EMTN	-	15.6	526.5	94.2	1,400.0	43.0	2,079.3
Private placements	25.7	3.2	-	9.2	54.2	18.4	110.7
Short term negotiable debt securities issues	599.0	-	120.0	-	-	-	719.0
Bilateral facilities	-	-	-	-	-	-	0.0
Facilities due within one year	46.9	-	-	-	-	-	46.9
Hedge derivatives	(17.8)	0.0	0.0	0.0	0.0	0.0	(17.8)
Financing hedge instruments - liabilities	2.6	-	-	-	-	-	2.6
Financing hedge instruments - assets	(20.4)	-	-	-	-	-	(20.4)
Future cash outflows with respect to gross financial debt	653.8	18.8	646.5	103.4	1,454.2	61.4	2,938.1
Non-derivative financial liabilities	11.1	0.0	0.0	0.0	0.0	0.0	11.1
Bank overdrafts	11.1	-	-	-	-	-	11.1
Non-derivative financial assets	(465.7)	0.0	0.0	0.0	0.0	0.0	(465.7)
Other current financial assets	(8.9)	-	-	-	-	-	(8.9)
Cash and cash equivalents	(456.8)	-	-	-	-	-	(456.8)
Future cash outflows with respect to net financial debt	199.2	18.8	646.5	103.4	1,454.2	61.4	2,483.5
of which items recognized as of June 30, 2018 (net financial debt)	199.2	15.2	646.5	-	1,454.2	-	2,315.1
Non-derivative financial liabilities	885.8	0.0	0.0	0.0	0.0	0.0	885.8
Trade payables	565.4	-	-	-	-	-	565.4
Other debts	320.4	-	-	-	-	-	320.4
Hedge derivatives	3.2	0.0	0.0	0.0	0.0	0.0	3.2
Operational hedge instruments - liabilities	11.6	-	-	-	-	-	11.6
Operational hedge instruments - assets	(8.4)	-	-	-	-	-	(8.4)
Future cash outflows	1,088.3	18.8	646.5	103.4	1,454.2	61.4	3,372.6

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)	2018	2019 - 2023	2024 and later	Total
Debt at fixed rate	24.5	523.5	1,400.0	1,948.0
Debt at fixed rate on issue	24.5	523.5	1,454.2	2,002.2
Swap fixed rate into floating rate	-	-	(54.2)	(54.2)
Debt at floating rate	189.9	123.0	54.2	367.1
Debt at floating rate on issue	644.5	123.0	-	767.5
Net cash and other current financial assets	(454.6)	-	-	(454.6)
Swap fixed rate into floating rate	-	-	54.2	54.2
Net financial debt	214.4	646.5	1,454.2	2,315.1

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

- purpose: general corporate financing requirement;
- obligations in terms of financial ratio compliance:
 - the ratio consolidated net financial debt / consolidated equity shall, in accordance with the related financing contracts, be inferior or equal to 1.50 or 1.60 at each half-year or annual closing of consolidated financial statements. As of June 30, 2018, the ratio calculated on the total of continuing and discontinued operations amounts to 0.79 (0.54 as of June 30, 2017 and 0.78 as of December 31, 2017);
 - 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, 2018, the ratio calculated on the total of continuing and discontinued operations amounts to 2.54 (1.82 as of June 30, 2017 and 2.53 as of December 31, 2017).
- 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, 2018, Imerys has a long-term rating of Baa2 outlook Stable by Moody's (Baa2 outlook Stable as of June 30, 2017 and Baa2 outlook Stable as of December 31, 2017) and a rating BBB outlook Stable by S&P (BBB outlook Stable as of June 30, 2017 and BBB as of December 31, 2017).

As of June 8, 2018, Imerys has updated its new Euro Medium Term Note program (EMTN) with the Commission de Surveillance du Secteur Financier (Luxembourg). The program amounts to €3.0 billion and enables the issue of notes considered as ordinary bonds of a maturity of one month to thirty years. As of June 30, 2018, outstanding securities total €1,977.8 million (€2,154.8 million as of June 30, 2017 and €1,975.3 million as of December 31, 2017). Imerys also has a short term negotiable debt securities program limited to €1,000.0 million (€1,000.0 million as of June 30, 2017 and €1,000.0 million as of December 31, 2017) rated P-2 by Moody's (P-2 as of June 30, 2017 and P-2 as of December 31, 2017). As of June 30, 2018, outstanding short term negotiable debt securities amount to €719.0 (null as of June 30, 2017 and €589.0 million as of December 31, 2017). As of June 30, 2018, Imerys has access to €1,330.0 million of bilateral facilities (€1,330.0 million as of June 30, 2017 and €1,330.0 million as of December 31, 2017) part of which secures the issued short term negotiable debt securities in accordance with the financial policy of the Group.

OTHER INFORMATION

Note 20 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 had acquired the Danish group Damolin specialized in particular in oil and chemical absorbents.

Ceramic Materials (CM). On April 17, 2018, Imerys publicly announced that a strategic review for the future of its Roofing business had been initiated. The Group concluded that the Roofing business qualified as a disposal group on May 17, 2018, when the following criteria were met: capacity for the Group to sell the business immediately in its current state and identification of a potential buyer to complete the sale within one year. Amortization and depreciation ceased to be recognized at that date. Since the Roofing business group is a Cash Generating Unit (*Note 19, Chapter 6 of the 2017 Registration Document*), the Roofing business was classified as a discontinued operation as of June 30, 2018. The contributions of the business at that date were presented at their carrying amounts in identified sections of financial statements related to discontinued operations (*Consolidated Income Statement, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows*).

High Resistance Minerals (HRM). On July 18, 2017, the High Resistance Minerals business group had acquired the French group Kerneos, world leader in high performance calcium aluminate binders (*Note 13*).

Note 21 Translation of foreign currencies

(€1 =)	Foreign currencies	06.30.2018		06.30.2017		2017	
		Closing	Average	Closing	Average	Closing	Average
Brazil	BRL	4.4951	4.1422	3.7753	3.4461	3.9673	3.6071
China	CNY	7.7136	7.7071	7.7309	7.4362	7.8365	7.6225
United Kingdom	GBP	0.8861	0.8798	0.8793	0.8606	0.8872	0.8767
United States	USD	1.1658	1.2104	1.1412	1.0830	1.1993	1.1297

Note 22 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, 2018 are the 16 members of the Board of Directors, including the Chief Executive Officer (17 members as of June 30, 2017 and 17 members as of December 31, 2017) and the 10 members of the Executive Committee, including the Chief Executive Officer (8 members as of June 30, 2017 and 10 members as of December 31, 2017) (*Note 27, Chapter 6 of the 2017 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 2018 amounts to €7.7 million (€5.6 million as of June 30, 2017 and €21.1 million in 2017), of which mainly €0.8 million to Imerys UK Pension Fund Trustees Ltd., United Kingdom (€3.5 million as of June 30, 2017 and €6.9 million in 2017) and €1.1 million to Comerica, United States (€0.5 million as of June 30, 2017 and €5.8 million in 2017).

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 2018 (the 1st half of 2017 and 2017) for the FCPE Imerys Actions are immaterial.

Note 23 Events after the end of the period

The annual consolidated financial statements as of June 30, 2018 were closed by the Board of Directors at its meeting on July 27, 2018. No significant event is to be reported between the closing date and that of the Board of Directors.

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 & ASSOCIES
6 Place de la Pyramide
92908 Paris la Défense

SA 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

From the period from January 1 to June 30, 2018

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, 2018;
- 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 of 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, July 30, 2018
The statutory auditors
French original signed by

ERNST & YOUNG et Autres
Sébastien Huet

DELOITTE & ASSOCIES
Frédéric Gourd

4 | Person responsible for the Half-Year Financial Report

1 - Person responsible for the Half-Year Financial Report

Conrad Keijzer, Chief Executive Officer

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

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

Paris, July 30, 2018

Conrad Keijzer
Chief Executive Officer

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TRANSFORM TO PERFORM

Imerys - French Limited Liability Company
(Société Anonyme)
Share capital €159,208,570
Trade register RCS Paris 562 008 151



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