
2015
First half
financial report

MERSEN

2015 First half financial report

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This document is a free translation of the French half-year report into English for convenience purpose only.

CONSOLIDATED RESULTS

→ Sales

In the first half of 2015, Mersen's consolidated sales totaled €396.3 million, up 9.4% from last year. On a like-for-like consolidation and exchange rate basis, it was down 1.4%

compared with the first half of 2014. Excluding the chemicals business, organic growth was nearly 2% this half-year, thanks to the solid performance of other markets.

<i>In millions of euros</i>	H1 2015	H1 2014	total growth	organic growth*
Materials segment	149.6	139.5	7.2%	-5.1%
Electrical segment	246.7	222.6	10.8%	0.9%
GROUP TOTAL	396.3	362.1	9.4%	-1.4%
Europe	137.1	143.0	-4.1%	-6.1%
Asia-Pacific	87.9	79.3	10.8%	-3.0%
North America	151.5	123.2	23.0%	2.0%
Rest of the world	19.8	16.6	19.0%	17.7%
GROUP TOTAL	396.3	362.1	9.4%	-1.4%

* On a like-for-like basis.

Sales for the Materials segment sales amounted to €149.6 million, an organic contraction of 5.1% for the half-year. The decline was related primarily to the situation in the chemical industry market. Excluding this market, organic growth was positive for the segment, at over 4%, and especially strong in the solar, aerospace and electronics businesses.

Sales for the Electrical segment totaled €246.7 million at end-June 2015, up 0.9% on a like-for-like consolidation and exchange rate basis. The energy business was particularly strong, most specifically in wind power. Sales in the rail transportation and process industries were stable while electronics posted a slight decrease.

In Europe, half of the decline in sales was attributable to the termination of the Sabic contract. The chemicals business remained lackluster but the Group posted significant growth in aeronautics and solar energy.

In Asia the picture was mixed. India, Korea and Taiwan grew rapidly while China's performance slowed. Excluding the discontinuation of the carbon steel equipment business, the region grew by 1.5% over the period.

In the Americas, growth slowed in the second quarter mainly due to reduced activity with electrical distribution and oil industries. In contrast, the electronics and wind businesses were buoyant.

→ Ebitda and operating income before non-recurring items

In millions of euros	H1 2015	H1 2014 ⁽¹⁾
Operating income before non-recurring items ⁽²⁾	32.5	28.7
Depreciation and amortization	19.7	17.7
EBITDA	52.2	46.4
<i>As a % of sales</i>	13.2%	12.8%

The Group achieved EBITDA⁽³⁾ of €52.2 million in first half 2015, up 12.5% compared to the same period in 2014. The EBITDA margin was 13.2%, versus 12.8% in 2014. The EBITDA margin of the Materials segment represented 14.8% of sales, as did that of the Electrical segment.

Operating income before non-recurring items amounted to €32.5 million, up 13% compared to H1 2014 (€28.7 million). The operating margin before non-recurring items was 8.2% of sales, versus 7.9% in the first half of 2014.

The Materials segment operating margin was 5.9% of sales versus 6.4% for the same period in 2014. This change is due to reduced volumes in the chemicals business and price pressure since the beginning of last year, which were partially offset by the effects of Transform plan.

The operating margin before non-recurring items of the Electrical segment was 12.3% of sales, compared to 12.0% last year. This change is mainly due to a volume effect and the positive effects of the Transform plan.

In millions of euros	H1 2015	H1 2014 ⁽¹⁾	Change
Sales	396.3	362.1	
Gross margin	122.3	111.7	+9.5%
<i>as a % of sales</i>	30.9%	30.9%	
Selling, marketing and other costs	(40.6)	(36.8)	+10.3%
G&A and R&D costs	(49.2)	(46.2)	+6.5%
Total fixed costs (excluding production)	(89.8)	(83.0)	+8.2%
Operating income before non-recurring items	32.5	28.7	+13.2%
<i>as a % of sales</i>	8.2%	7.9%	

The gross margin was 30.9% of sales, in line with that of June 2014.

Selling costs were up 2.7% on a like-for-like basis, with the increase related to sales and marketing efforts.

G&A and R&D costs were down 2.2% overall on a like-for-like basis: G&A costs fell while R&D expenses rose due to the Group's innovation initiatives.

(1) Restated for IFRIC 21.

(2) Based on definition 2009.R.03 of the French National Accounting Board (CNC).

(3) Operating income before non-recurring items + depreciation and amortization.

→ Net income

Net income attributable to Group equity holders came in at €16.1 million, versus a loss of €0.5 million for the same period in 2014.

<i>In millions of euros</i>	H1 2015	H1 2014 ⁽¹⁾
Operating income before non-recurring items	32,5	28,7
Non-recurring income and expense	(1.1)	(22.7)
Amortization and impairment of revalued intangible assets	(0.5)	(0.5)
Operating income	30,9	5,5
Financial income/(costs)	(5.2)	(5.2)
Income tax	(8.8)	(2.3)
Net income from continuing operations	16,9	(2,0)
Net (loss)/income from operations sold or discontinued	(0.2)	1.8
Consolidated net income	16,7	(0,2)
Net income attributable to Group equity holders	16,1	(0,5)

Trends in the main items of the income statement can be analyzed as follows:

- Non-recurring expenses totaled €1.1 million this half-year, and mainly comprised restructuring costs that were partly offset by a gain on a property disposal under the Transform plan. In 2014, non-recurring expenses mainly comprised provisions relating to Transform plan.
- The amortization of revalued intangible assets represented an expense of €0.5 million, in line with the amount in the previous six month periods.
- Mersen's net finance costs totaled €5.2 million in the first half of 2015, unchanged from the same period in 2014. Average debt was €239 million in the first half.
- Income tax expense came to €8.8 million, corresponding to an effective tax rate of 34%.
- Net loss from operations sold or discontinued amounted to €0.2 million in the first half of 2015. The amount in 2014 came from an earn-out payment related to the 2009 sale of the automotive brushes division.

(1) Restated for IFRIC 21.

CASH AND DEBT

→ Condensed statement of cash flows

In millions of euros	H1 2015	H1 2014 ⁽¹⁾
<i>Excluding Transform:</i>		
Cash generated by operating activities before change in the WCR	50.3	41.9
Change in working capital requirement	(24.2)	(22.1)
Change in tax expense	(10.8)	(7.6)
Cash generated by discontinued operations	0.3	0.1
Net cash generated by operating activities, excluding Transform	15.6	12.3
Capital expenditures	(14.7)	(11.3)
Net cash generated by operating activities after capital expenditures, excluding Transform	0.9	1.0
Changes in the scope of consolidation		(4.1)
Other	(0.8)	(0.7)
Transform plan cash flows	(14.9)	
Net cash generated/(used) by operating and investing activities	(14.8)	(3.8)
Interest payments	(4.9)	(4.6)
Increase in share capital and other	0.2	(0.1)
Net cash flow before the change in debt	(19.5)	(8.5)

Net cash from operating activities (excluding Transform) was up by over €3 million compared with the first half of 2014, thanks to the growth of EBITDA. This item includes a change in WCR of €24.2 million, related to higher accounts receivables attributable to seasonal sales fluctuations. Inventories also grew slightly, in line with higher demand forecasts for the second half of the year.

Capital expenditure (excluding Transform) amounted to €14.7 million and, excluding maintenance, related to investments in productivity and growth.

Transform plan cash flows (€14.9 million) consisted of €12.7 million in payments related to restructuring (mainly severance costs), €2.3 million of industrial capex on receiving sites, €0.6 million in WCR (transition inventory), which were partly offset by € 0.7 million from a property disposal.

→ Balance sheet

Net debt at June 30, 2015 stood at €245 million, versus €216 million at the end of 2014. It includes €15 million in payments related to the Transform plan and a negative exchange rate impact of €10 million.

The Group's finances remain in good shape. At June 30, 2015, the net debt-to-EBITDA ratio (leverage) was 2.3⁽²⁾ (versus 2.2⁽²⁾ at end-2014) and the net debt-to-equity ratio (gearing) was 48%⁽²⁾ versus 46%⁽²⁾ at end-2014.

	June 30, 2015	December 31, 2014
Total net debt (in millions of euros)	245	216
Net debt/equity ⁽²⁾	48%	46%
Net debt/EBITDA ⁽²⁾	2.3	2.2

(1) Restated for IFRIC 21.

(2) Ratio calculated using the covenant method for Mersen's confirmed credit lines.

OUTLOOK FOR 2015

Mersen anticipates a better second half, especially due to its solid positioning in the buoyant renewable energy and electronics markets. Nevertheless, the Group had to contend with slower-than-expected activity in the United States and China in the second quarter. Mersen will continue its efforts to improve productivity and operational efficiency, and now targets around flat organic growth and an operating margin before non-recurring items at around 8.6%. The Group had previously communicated organic growth targets of 0% to 4% and an operating margin before non-recurring items of between 8.6% and 9.4%.

In addition, in the second half of the year, the Group will generate a higher operating cash flow than in the first half.

Furthermore, in the second half of 2015, Mersen is expected to finalize the agreement for the acquisition of ASP, a Chinese leader in the booming power quality segment, after approval by Chinese authorities. This project is in line with the electrical segment's growth strategy in this market. It follows the acquisition of a majority stake in Cirprotec, in the same segment, in early 2014.



CONSOLIDATED FINANCIAL STATEMENTS

CHANGES IN THE SCOPE OF CONSOLIDATION OVER THE PAST TWO YEARS

The principal changes that affected the consolidated financial statements in 2014 and in the first half of 2015 are presented below:

- In 2014, the Spanish sister companies Cirprotec SL and Lric SL, of which the Group acquired 51%, were consolidated for the first time retroactively to January 1, 2014.
- During the first half of 2015, there were no changes in the scope of consolidation.

Given that these changes in scope were not material, no pro forma financial statements were prepared.

Assets held for sale: non-core businesses in the Advanced Materials and Technologies segment

In order to focus on its core businesses, in December 2012 the Group decided to sell a number of unprofitable businesses resulting from acquisitions made over the last 10 years.

Both businesses were sold in the second half of 2013.

These are presented in accordance with IFRS 5.

CONSOLIDATED INCOME STATEMENT

<i>In millions of euros</i>	Note	June 30, 2015	June 30, 2014 restated
CONTINUING OPERATIONS			
Consolidated sales	13	396.3	362.1
Cost of sales		(274.0)	(250.4)
Total gross income		122.3	111.7
Selling and marketing costs		(39.3)	(35.9)
Administrative and research costs		(49.2)	(46.2)
Other operating costs		(1.3)	(0.9)
Operating income before non-recurring items	13	32.5	28.7
Non-recurring expenses	12	(4.5)	(23.3)
Non-recurring income	12	3.4	0.6
Amortization of revalued intangible assets		(0.5)	(0.5)
Operating income	13	30.9	5.5
Financial expenses		(5.2)	(5.2)
Financial income			
Financial income/(loss)		(5.2)	(5.2)
Income before tax and non-recurring items		25.7	0.3
Current and deferred income tax	15	(8.8)	(2.3)
Net income from continuing operations		16.9	(2.0)
Net income from assets held for sale or discontinued operations	4	(0.2)	1.8
INCOME		16.7	(0.2)
Attributable to:			
- Equity holders of the parent		16.1	(0.5)
- Non-controlling interests		0.6	0.3
NET INCOME FOR THE YEAR		16.7	(0.2)
Earnings per share	16		
Basic earnings per share (€)		0.78	(0.03)
Diluted earnings per share (€)		0.76	(0.03)
Earnings per share from continuing operations			
Basic earnings per share (€)		0.79	(0.12)
Diluted earnings per share (€)		0.77	(0.11)
Earnings per share from assets held for sale and discontinued operations			
Basic earnings per share (€)		(0.01)	0.09
Diluted earnings per share (€)		(0.01)	0.09

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	June 30, 2015	June 30, 2014 restated
NET INCOME FOR THE YEAR	16.7	(0.2)
Items that will not be subsequently reclassified in income		
Revaluation of net liabilities (assets) for defined benefits	9.8	0.0
Income tax expense/(benefit) on revaluation of net liabilities (assets) for defined benefits	(3.1)	0.0
	6.7	0.0
Items likely to be subsequently reclassified in income		
Change in fair value of hedging derivatives	0.0	(0.7)
Change in assets and liabilities at year-end exchange rate	23.7	2.8
Income tax expense/(benefit) on change in fair value of hedging derivatives		0.2
	23.7	2.3
INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY	30.4	2.3
TOTAL INCOME AND EXPENSE RECOGNIZED DURING THE PERIOD	47.1	2.1
Attributable to:		
- Equity holders of the parent	46.0	1.9
- Non-controlling interests	1.1	0.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

<i>In millions of euros</i>	Note	June 30, 2015	Dec. 31, 2014
NON-CURRENT ASSETS			
Intangible fixed assets	5 and 6		
- Goodwill		294.1	281.5
- Other intangible fixed assets		36.3	34.4
Property, plant and equipment	5 and 6		
- Land		29.8	29.4
- Constructions		69.5	67.0
- Plant, equipment and other fixed assets		178.5	169.3
- Fixed assets in progress		27.5	24.3
Non-current financial assets			
- Equity investments		2.5	2.5
- Other financial assets		4.1	4.0
Non-current tax assets			
- Deferred tax assets	15	37.8	36.4
- Non-current portion of current tax assets		6.8	5.0
TOTAL NON-CURRENT ASSETS		686.9	653.8
CURRENT ASSETS			
- Inventories		174.1	162.4
- Trade receivables		135.3	115.9
- Other receivables		18.4	15.9
- Current portion of current tax liabilities		8.9	4.4
- Current financial assets	10	10.4	12.1
- Current derivatives		0.8	0.8
- Cash and cash equivalents	10	21.2	37.6
- Assets held for sale and discontinued operations	4	0.0	0.4
TOTAL CURRENT ASSETS		369.1	349.5
TOTAL ASSETS		1,056.0	1,003.3

Liabilities

<i>In millions of euros</i>	Note	June 30, 2015	Dec. 31, 2014
EQUITY			
- Share capital	7	41.4	41.2
- Retained earnings		422.9	423.6
- Net income for the year		16.1	2.1
- Translation adjustments		11.5	(11.7)
EQUITY ATTRIBUTABLE TO MERSEN'S SHAREHOLDERS		491.9	455.2
- Non-controlling interests		12.6	11.7
EQUITY		504.5	466.9
NON-CURRENT LIABILITIES			
- Non-current provisions	8	2.9	3.8
- Employee benefits	9	84.1	89.6
- Deferred tax liabilities	15	24.1	19.3
- Long and medium-term borrowings	10	229.3	228.9
- Non-current derivatives		0.7	0.7
TOTAL NON-CURRENT LIABILITIES		341.1	342.3
CURRENT LIABILITIES			
- Trade and related payables		61.5	60.6
- Other payables		65.0	65.5
- Current provisions	8	10.2	19.6
- Current portion of current tax liabilities		10.4	4.9
- Other liabilities		11.8	3.1
- Other current financial liabilities	10	11.0	6.5
- Current derivatives		1.6	1.5
- Current advances	10	0.3	0.4
- Bank overdrafts	10	36.5	29.9
- Liabilities related to assets held for sale and disc. op.	4	2.1	2.1
TOTAL CURRENT LIABILITIES		210.4	194.1
TOTAL EQUITY AND LIABILITIES		1,056.0	1,003.3

CHANGE IN EQUITY

<i>In millions of euros</i>	Attributable to Mersen's shareholders					Non-controlling interests	Equity
	Share capital	Premiums and retained earnings	Net income	Translation adjustment	Total		
EQUITY AT DECEMBER 31, 2013	41.6	473.8	(29.2)	(43.4)	442.8	10.0	452.8
Prior period net income		(29.2)	29.2		0.0		0.0
Net income for the period			0.2		0.2	0.3	0.5
Change in fair value of hedging derivatives, net of taxes		(0.5)			(0.5)		(0.5)
Translation adjustment				2.9	2.9	(0.1)	2.8
TOTAL OTHER COMPREHENSIVE INCOME	0.0	(0.5)	0.0	2.9	2.4	(0.1)	2.3
COMPREHENSIVE INCOME FOR THE PERIOD	0.0	(0.5)	0.2	2.9	2.6	0.2	2.8
IFRIC 21			(0.7)		(0.7)		(0.7)
COMPREHENSIVE INCOME FOR THE PERIOD, RESTATED FOR IFRIC 21	0.0	(0.5)	(0.5)	2.9	1.9	0.2	2.1
Dividends paid		(9.3)			(9.3)		(9.3)
Capital increase	(0.4)	(3.1)			(3.5)		(3.5)
Expenses on capital increase					0.0		0.0
Treasury shares - Stock options - Bonus shares		4.0			4.0		4.0
Other items (Cirprotec)					0.0	1.2	1.2
EQUITY AT JUNE 30, 2014 (RESTATED)	41.2	435.7	(0.5)	(40.5)	435.9	11.4	447.3
EQUITY AT DEC. 31, 2014	41.2	423.6	2.1	(11.7)	455.2	11.7	466.9
Prior period net income		2.1	(2.1)		0.0		0.0
Net income for the period			16.1		16.1	0.6	16.7
Change in fair value of hedging derivatives, net of taxes		0.0			0.0		0.0
Revaluation of net liabilities (assets) for defined benefits after tax		6.7			6.7		6.7
Translation adjustment				23.2	23.2	0.5	23.7
TOTAL OTHER COMPREHENSIVE INCOME	0.0	6.7	0.0	23.2	29.9	0.5	30.4
COMPREHENSIVE INCOME FOR THE PERIOD	0.0	6.7	16.1	23.2	46.0	1.1	47.1
Dividends paid		(10.3)			(10.3)	(0.2)	(10.5)
Capital increase	0.2	0.3			0.5		0.5
Treasury shares		0.5			0.5		0.5
Expenses on capital increase					0.0		0.0
Stock options and Bonus shares					0.0		0.0
Other					0.0		0.0
EQUITY AT JUNE 30, 2015	41.4	422.9	16.1	11.5	491.9	12.6	504.5

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of euros</i>	June 30, 2015	June 30, 2014 restated
Income before tax	25.7	0.3
Depreciation and amortization	19.7	17.7
Additions to/(reversals from) provisions	(10.7)	17.6
Financial income	5.2	5.2
Capital gains/(losses) on asset disposals	(3.6)	0.1
Other	1.3	1.0
Operating cash flow before change in WCR	37.6	41.9
Change in working capital requirement	(24.8)	(22.1)
Income tax paid	(10.8)	(7.6)
Net cash generated by continuing operating activities	2	12.2
Cash generated by discontinued operations	0.3	0.1
Net cash generated by operating activities	2.3	12.3
Investing activities		
Intangible fixed assets	(2.2)	(0.8)
Property, plant and equipment	(18.5)	(10.7)
Decreases/(increases) in fixed asset suppliers	1.5	(0.6)
Financial assets		(1.1)
Changes in the scope of consolidation		(4.1)
Other changes in net cash generated/(used) by investing activities	2.0	0.8
Cash generated/(used) by investing activities from continuing operations	(17.2)	(16.5)
Cash generated/(used) by investing activities from discontinued operations	0.1	0.4
Cash generated/(used) by investing activities	(17.1)	(16.1)
Cash generated/(used) by operating and investing activities	(14.8)	(3.8)
Proceeds/(loss) from capital increase/decrease and other changes in equity	0.4	(0.1)
Net dividends paid to shareholders and non-controlling interests	(0.2)	
Interest payments	(4.9)	(4.6)
Change in debt	1.4	15.9
Cash generated/(used) by financing activities	(3.3)	11.2
Change in cash	(18.1)	7.4
Cash at beginning of fiscal year (Note 10)	37.6	20.2
Cash at end of fiscal year (Note 10)	21.2	27.3
Changes in the scope of consolidation		
Impact of currency fluctuations	(1.7)	0.3
CHANGE IN CASH	(18.1)	7.4

APPENDIX

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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Note 1 Statement of conformity

In accordance with EC regulation no. 1606/2002 of July 19, 2002, which applies to the consolidated financial statements of European companies listed on a regulated market, the consolidated financial statements of Mersen and its subsidiaries (hereinafter "the Group") have been prepared in accordance with IFRS (*International Financial Reporting Standards*), because the Group is listed in a European Union member state.

The mandatory standards and interpretations at January 1, 2015 are presented in Note 2.

The options adopted by the Group are stated in Note 2 to the 2014 Reference Document.

The interim consolidated financial statements for the six months ended June 30, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not contain all information required in the full annual financial statements and must be read in conjunction with the Group's financial statements for the year ended December 31, 2014, available at www.mersen.com. They include however, a selection of notes explaining the major events and transactions for a better understanding of the changes that have occurred in the financial position and performance of the Group since the latest annual financial statements for the year ended December 31, 2014.

The condensed consolidated financial statements were approved by the Management Board on July 30, 2015.

Note 2 Accounting policies and principles of consolidation

The accounting methods described in the principles and methods presented in the 2014 Reference Document have been applied consistently throughout the periods covered by the consolidated financial statements and across all the Group's reporting units.

Use of assumptions and estimates

In preparing these financial statements, the management exercised judgments, used estimates and made assumptions that affected the implementation of accounting policies and on the amounts of assets and liabilities, income and expenses. Actual values may differ from estimated values.

Critical judgments exercised by Management in order to apply the Group's accounting methods and the main sources of uncertainty for estimates were the same as those affecting the consolidated financial statements for the year ended December 31, 2014.

Standards and interpretations with mandatory application as of January 1, 2015

IFRIC 21 "Levies"

The Group applied IFRIC 21 "Levies" for the first time in 2015. The Group continues its activities in several countries in which it is subject to government levies. Following the adoption of IFRIC 21, the Group reviewed the recognition date of property taxes, primarily, as well as other local taxes, for which the obligating event, as provided by tax legislation, occurred on January 1 of the year in question.

Previously, the Group recognized such taxes on a straight-line basis throughout the tax year.

As a result, property taxes previously recognized on a straight-line basis over year Y, are now recognized at January 1 of year. The first application of IFRIC 21 had no impact at December 31, 2014. For the half-year comparison, the net income tax expense in June 2014 would have been €0.7 million (an expense of €1.1 million on cost of sales and deferred tax income of €0.4 million). The changeover financial statements are presented in the 2015 half-yearly report for purposes of comparison.

Note 3 Business combinations

At June 30, 2015, there was no pending allocation of goodwill.

Note 4 Assets held for sale and discontinued operations

Businesses in the Advanced Materials and Technologies segment

These businesses were sold in 2013 and involved Mersen Grésy France (sold in early July 2013 to the NAWI group) and the Brignais site (Mersen France PY) sold in late November 2013.

At June 30, 2015, the loss posted was €0.2 million, compared with a loss of €0.6 million in the first half of 2014.

Automotive and household electrical appliance brush and brush holder division

On May 1, 2009, the Group sold its Automotive and household electrical appliance brush and brush holder division.

At June 30, 2014, for this transaction, income net of tax totaled €2.4 million taking into account the final agreement on the earn-out payment to be received on the disposal. At June 30, 2015, there were no items related to this division in the statement of financial position or the income statement of assets held for sale and discontinued operations.

Pursuant to the standard, assets and liabilities held for sale and discontinued operations are shown on a separate line of the Group's statement of financial position.

Statement of financial position of assets held for sale and discontinued operations

ASSETS

<i>In millions of euros</i>	June 30, 2015	Dec. 31, 2014
- Trade receivables	0.0	0.2
- Other receivables		0.2
ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0.0	0.4

LIABILITIES

<i>In millions of euros</i>	June 30, 2015	Dec. 31, 2014
- Non-current provisions	1.9	1.7
- Trade and related payables	0.2	0.3
- Other payables		0.1
LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	2.1	2.1
NET ASSETS IN PROCESS OF BEING SOLD OR DISCONTINUED OPERATIONS	(2.1)	(1.7)

Income statement for assets held for sale and discontinued operations

<i>In millions of euros</i>	June 30, 2015	June 30, 2014
Sales	0.0	
Cost of sales	(0.3)	(0.2)
Total gross income	(0.3)	(0.2)
Selling and marketing costs	0.0	0.0
Administrative and research costs	0.0	(0.2)
Other operating costs	0.0	(0.1)
Operating income before non-recurring items	(0.3)	(0.5)
Non-recurring income and expense	0.0	(0.1)
Impairment losses/Gains (losses) on disposal	0.2	3.4
Operating income	(0.1)	2.8
Financial income	0.0	0.0
Income before tax and non-recurring items	(0.1)	2.8
Current and deferred income tax	(0.1)	(1.0)
Net income from assets held for sale/discontinued operations	(0.2)	1.8
Earnings per share from assets held for sale and discontinued operations		
- Basic earnings per share (€)	(0.01)	0.09
- Diluted earnings per share (€)	(0.01)	0.09

Note 5 Intangible fixed assets and property, plant and equipment

Goodwill totaled €294.1 million at June 30, 2015, up €13 million compared with December 31, 2014. This increase was related to changes in foreign exchange rates.

The €15.3 million increase in property, plant and equipment includes €18.5 million in capital expenditure.

Note 6 Asset impairment tests

1. Goodwill

Under IAS 36, tests were carried out on the basis of the value in use determined using the discounted cash flow method. The principal key assumptions applied are described in the 2014 Reference Document. The Group notes that potential uncertainties associated with the economic environment pose a risk to the preparation of the cash flow projections used in the valuations produced.

In light of the slowdown in their markets, the High-Temperature and Anti-Corrosion Equipment CGUs were tested for impairment. The assumptions used were the same as those at December 31, 2014 based on cash flows re-estimated for 2015 and the next four years which included the early upgrading of the operations. These tests showed no goodwill impairment for these CGUs.

The Electrical Applications and Electrical Protection CGUs were not tested for impairment because there was no indication of impairment during the six month period ending June 30, 2015.

Impairment testing will be carried out again at the 2015 year-end.

2. Special assets

The events and outlook at June 30, 2015 do not challenge the previously recognized impairment losses of €24.1 million.

Note 7 Equity

Breakdown of the share capital

<i>Number of shares (unless stated otherwise)</i>	Ordinary shares
Number of shares at January 1, 2015	20,616,814
Capital increase/reduction (<i>in millions of euros</i>)	0.2
Number of shares at June 30, 2015	20,691,152
Number of shares in issue and fully paid-up during the period	74,338
Number of treasury shares cancelled or sold	0
Number of shares in issue and not fully paid-up	0
Par value of shares (€)	2
Entity's shares held by itself or by its subsidiaries and associates	50,328

Equity management

The Company's share capital at June 30, 2015 amounted to €41,382,304, comprising 20,691,152 shares each with a par value of €2 and all belonging to the same class. The number of voting rights stood at 20,640,824, since shares held in treasury do not carry voting rights.

To the best of the Company's knowledge, its ownership structure at June 30, 2015 was as follows:

■ French institutional investors:	47.8%
■ International institutional investors:	39.4%
■ Individual shareholders:	11.4%
■ Employee shareholders:	1.2%
■ Treasury shares:	0.2%

Since January 1, 2015, certain shareholders have reported crossing the following disclosure thresholds:

- January 20, 2015: Otus Capital Management announced in the name and on behalf of the entities it controls that it owned over 1% of the share capital and voting rights.
- March 17, 2015: Sterling Strategic Investments declared that it held 356 652 shares, representing 1.7299% of the share capital and voting rights.
- April 10, 2015: Sterling Strategic Investments declared that it held 187,606 shares, representing 0.91% of the share capital and voting rights.
- April 15, 2015: The Reserve Fund for Pensions declared that as of April 14, 2015, it owned 206,342 shares representing 1% of the share capital and voting rights.
- May 18, 2015: BNP Investment Partners announced in the name and on behalf of the entities it controls that it owned 616,919 shares, representing 2.9923% of the share capital and voting rights.
- June 10, 2015: Dimensional Fund Advisors LP, acting on its behalf and on behalf of its subsidiaries, crossed above the 2% threshold on June 8, 2015, and holds 413,128 shares, representing 2.003% of the share capital and voting rights.

- June 11, 2015: Dimensional Fund Advisors LP, acting on its behalf and on behalf of its subsidiaries, declared that as of June 10, 2015, it held 412,582 shares, or 2.00% of the share capital and voting rights.

At June 30, 2015, under the liquidity agreement with Exane BNP Paribas, the Company held 50,328 shares, representing 0.24% of the share capital.

At June 30, 2015, the Group's employees owned 237,352 shares representing 1.15% of the share capital, plus 546,795 stock options that, if exercised in full, would represent 2.00% of the current share capital. During the first half 2015, 74,338 options were exercised. The stock option plans set up by the Group are based on an exercise price determined without any discount, since exercise of the options is subject to conditions linked to the Group's future performance. Using this method, the Group ensures that the interests of its managers are aligned with those of its shareholders.

In addition, several years ago, the Group implemented a policy of awarding bonus shares. Definitive allotment of the shares is contingent upon beneficiaries' presence on the Group's payroll at the end of the vesting period. Allotments to Management Board members and employees considered by the Management Board to make a significant contribution to the Company's performance are subject to performance conditions. Conversely, the Management Board did not want to set performance conditions for employees who, by the nature of their jobs, contribute less directly to the Company's performance. At June 30, 2015, the number of bonus shares likely to be allotted definitively stood at 57,200 new shares, representing 0.28% of the current share capital. During the first half, 43,368 treasury shares were allotted definitively to Group's employees.

The Annual General Meeting of May 19, 2015 authorized the Management Board to award a total of 84,273 new or existing shares free of consideration to employees of the Company and its affiliates.

The AGM also authorized the Management Board to award preference shares, free of consideration, to employees and corporate officers, or to some of them. After conversion, these shares would entitle their holders to 129,872 new or existing ordinary shares in the Company.

As a result of this authorization, the company bylaws were amended to allow the creation of a new class of shares (Class B) corresponding to the preference shares that would be awarded by the Management Board. These shares would have the same rights to information and the same voting rights as ordinary shares and would have dividend rights representing 10% of the dividend rights of ordinary shares.

In its third resolution, the Company's Annual General Meeting of May 19, 2015 decided to distribute a dividend of €0.50 per share.

The total number of stock subscription options granted to members of the Management Board and still outstanding stood at 70,089 taking into account canceled options.

At June 30, 2015, there were no bonus shares to be awarded to members of the Management Board.

Neither the Company nor its subsidiaries are subject to specific capital constraints under external rules.

No Company shareholder is currently entitled to double voting rights. The Annual General Meeting of May 19, 2015 decided not to amend the bylaws to prohibit double voting rights.

An expense of €0.6 million was recognized in the income statement for share-based payments at June 30, 2015, unchanged from the same period in 2014.

Note 8 Provisions, contingent liabilities and other liabilities

In millions of euros	June 30, 2015		Dec. 31, 2014	
	Non-current	Current	Non-current	Current
- provision for restructuring	1.1	8.8	1.2	14.4
- provision for litigation	1.0	0.2	0.9	3.3
- other provisions	0.8	1.2	1.7	1.9
TOTAL	2.9	10.2	3.8	19.6

Provisions amounted to €13.1 million at June 30, 2015 (€23.4 million at end-December 2014), a reduction of €10.3 million primarily related to the use of provisions booked as part of the Transform plan.

Legal proceedings

Civil proceedings in Canada

The lawsuit initiated during 2004 in Canada by certain customers against the main Canadian manufacturers of graphite brushes, including Mersen Toronto, a Canadian subsidiary of Mersen, is still in progress and there have been no new developments since 2007.

Proceedings in France

In 2013, SNCF commenced two legal actions against Morgan, SGL, Schunk and Mersen respectively in the Paris Administrative Court and in the Paris Commercial Court. SNCF is attempting to secure redress for losses that they allegedly suffered following practices penalized in December 2003 by the European Commission in brushes for electric motors and products for mechanical applications. In the first half of 2014, the Paris

Administrative Court rejected all the claims lodged by SNCF, which appealed the decision. The appeal is currently underway. The Paris Commercial Court accepted jurisdiction for the SNCF proceedings. The proceedings before the Commercial Court are ongoing. Mersen rejects all of the allegations and demands put forward by the SNCF.

Since 1999, the Group has developed a worldwide compliance program to provide training for and raise awareness among operational and commercial managers about competition legislation. This worldwide compliance program remains in place. It was updated again in June 2010 following the change in the Group's name and corporate identity. Highly stringent internal control measures and external audits ensure that competition legislation is scrupulously complied with in all the countries in which the Group does business.

Legal proceedings in France (accident at the Gennevilliers plant on April 7, 2010)

As part of the criminal investigation launched after the tragic accident of April 7, 2010 at Mersen's site in Gennevilliers, the company, Mersen France Gennevilliers SAS and the site director at the time of the incident were indicted for manslaughter and involuntary injury. The criminal investigation is ongoing.

There are no other governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which the Group is aware, during the previous 12 months which may have, or have had in the recent past material adverse effects on the Group's business activities, financial position or results.

Based on available information, no provision (other than attorney fees) has been booked for ongoing litigation.

Other liabilities (€11.8 million at June 30, 2015) mainly included dividends of €10.3 million to be paid following the AGM of May 19, 2015, and amounts payable on property, plant and equipment.

No other material contingent liabilities were identified at end-June 2015.

Note 9 Employee benefits

The Mersen Group's principal pension plans are defined benefit plans and are located in the United States (44% of obligations), the United Kingdom (22% of obligations), France (13% of obligations) and Germany (9% of obligations).

The Group's obligations were measured at December 31, 2014 with the assistance of independent actuaries in accordance with IAS 19. The rates used for the main countries are summarized below:

2014	Discount rate	Average rate of salary increases	Inflation rate
France	1.65%	Between 2.0% and 6.25%	2.0%
Germany	1.0%	2.5%	2.0%
United States	4.15%	Salaried employees: 4%	Not applicable
United Kingdom	3.50%	2.6%	2.6% / 3.4%

In light of the change in discount rates at June 30, 2015, the Group reassessed its actuarial liability using sensitivities calculated by actuaries at December 31, 2014.

The discount rates used to measure the liability at June 30, 2015 were as follows:

- France 2% (up 0.35 point)
- Germany 1.0% (unchanged)

- United States 4.55% (up 0.4 point)
- United Kingdom 3.7% (up 0.2 point)

The actuarial liability was therefore reduced by €6.1 million.

The Group took into account the revaluation of assets in the United Kingdom and the United States since year-end 2014 for a total of €3.7 million.

Reconciliation between recognized assets and liabilities

	June 30, 2015	Dec. 31, 2014
Actuarial obligation	196.7	188.4
Fair value of plan assets	(112.6)	(99.0)
PROVISION BEFORE THE LIMIT ON ASSETS	84.1	89.4
Surplus management reserve		0.2
PROVISION AFTER THE LIMIT ON ASSETS	84.1	89.6

The expense recognized at June 30, 2015 for these plans was €4.9 million, versus €3.9 million in 2014.

Note 10 Net debt

Breakdown by maturity of credit lines and confirmed borrowings

In millions of euros	Amount	Drawn down at June 30, 2015	% drawn down at June 30, 2015	Maturities		
				< 1 year	From 1 to 5 years	> 5 years
Group syndicated loan	220.0	116.8	53%	0.0	220.0	0.0
Confirmed credit lines, China	58.8	35.5	60%	6.8	52.0	0.0
2011 US private placements	82.0	82.0	100%	0.0	37.3	44.7
Other	2.9	2.9	100%	0.4	1.5	1.0
TOTAL	363.6	237.2	65%	7.2	310.7	45.7

Analysis of total net debt at June 30, 2015

In millions of euros	June 30, 2015	Dec. 31, 2014
Long- and medium-term borrowings	229.3	228.9
Current financial liabilities	11.0	6.5
Current advances	0.3	0.4
Bank overdrafts	36.5	29.9
TOTAL GROSS DEBT	277.1	265.7
Current financial assets	(10.4)	(12.1)
Cash and cash equivalents	(21.2)	(37.6)
Cash	(21.2)	(37.6)
TOTAL NET DEBT	245.5	216.0

Total consolidated net debt was €245.5 million at June 30, 2015, versus €216 million at year-end 2014. This increase was primarily related to an unfavorable currency effect and to the Transform plan.

Of the €277.1 million in total gross debt, €237.2 million stemmed from the use of confirmed loans and borrowings and the remainder chiefly from use of unconfirmed lines (bank overdrafts and other lines).

Financial covenants at June 30, 2015

For various confirmed borrowings at Group level and in China, Mersen must comply with a number of obligations, which are customary with this type of lending arrangement. Should it fail to comply with some of these obligations, the banks or investors (for the US private placements) may oblige Mersen to repay the relevant borrowings ahead of schedule. Under the cross-default clauses, early repayment of one significant borrowing may oblige the Group to repay other borrowings immediately.

Mersen must comply with the following financial covenants at June 30 and December 31 each year:

Financial covenants ^(a) (consolidated financial statements)

<i>In millions of euros</i>	Net debt/ Ebitda	Net debt/ equity*	EBITDA/net interest expense
Covenant ratios			
Syndicated loan	< 3.50	< 1.3	-
2011 US private placement	< 3.50	< 1.3	> 3
Confirmed credit lines, China	< 3.50	< 1.3	
Actual ratios at June 30, 2015			
Syndicated loan	2.33	0.48	
2011 US private placement	2.33	0.48	10.64
Confirmed credit lines, China	2.33	0.48	
Actual ratios at Dec. 31, 2014			
Syndicated loan	2.19	0.46	-
2011 US private placement	2.19	0.46	10.32
Confirmed credit lines, China	2.19	0.46	

(a) Method for calculating covenants: in line with the accounting rules, the net debt shown in the financial statements uses closing rates to calculate the euro-equivalent value of debt denominated in foreign currencies. Solely for the calculation of the net debt/EBITDA ratio, net debt has to be recalculated at the average €/USD exchange rate for the period in the event of a difference of over 5% between the average exchange rate and the closing rate. To calculate the covenants at June 30, the convention is for EBITDA or gross operating income to be deemed to be EBITDA reported for the first six months of the year multiplied by two.

At June 30, 2015, there were no material borrowings or liabilities secured by assets or guaranteed by third parties.

Note 11 Financial instruments

The following tables show the fair value of financial assets and liabilities, as well as their carrying amount and the fair value hierarchy for the instruments measured at fair value:

Classification of financial instruments within the fair value hierarchy

06/30/2015 In millions of euros	Carrying amount					Fair value						
	Balance sheet category and instrument class	Note	Assets/liabilities designated as at fair value	Held-to-maturity assets	Available-for-sale assets	Loans and receivables	Liabilities stated at amortized cost	Total net carrying amount of the category	Level 1	Level 2	Level 3	TOTAL
Financial assets measured at fair value												
Unlisted investment securities					2.5			2.5			2.5	2.5
Derivatives held as current and non-current assets			0.8					0.8		0.8		0.8
			0.8	0.0	2.5	0.0	0.0	3.3	0.0	0.8	2.5	3.3
Financial assets not measured at fair value												
Current and non-current financial assets	10					14.5		14.5				
Trade receivables						135.3		135.3				
Cash and cash equivalents	10					21.2		21.2				
			0.0	0.0	0.0	171.0	0.0	171.0				
Financial liabilities measured at fair value												
Derivatives held as current and non-current liabilities			(2.3)					(2.3)		(2.3)		(2.3)
			(2.3)	0.0	0.0	0.0	0.0	(2.3)	0.0	(2.3)	0.0	(2.3)
Financial assets not measured at fair value												
Bank borrowings	10						(229.3)	(229.3)		(231.0)		(231.0)
Current advances	10						(0.3)	(0.3)				
Bank overdrafts	10						(36.5)	(36.5)				
Current financial liabilities	10						(11.0)	(11.0)				
Trade payables							(61.5)	(61.5)				
			0.0	0.0	0.0	0.0	(338.6)	(338.6)				
Carrying amount by class			(1.5)	0.0	2.5	171.0	(338.6)	(166.6)				

12/31/2014 <i>In millions of euros</i>		Carrying amount					Fair value				
Balance sheet category and instrument class	Note	Assets/ liabilities designated as at fair value	Held-to- maturity assets	Available- for-sale assets	Loans and receivables	Liabilities stated at amortized cost	Total net carrying amount of the category	Level 1	Level 2	Level 3	TOTAL
		Financial assets measured at fair value									
Unlisted investment securities				2.5			2.5			2.5	2.5
Derivatives held as current and non-current assets		0.8					0.8		0.8		0.8
		0.8	0.0	2.5	0.0	0.0	3.3	0.0	0.8	2.5	3.3
Financial assets not measured at fair value											
Current and non-current financial assets	10				16.1		16.1				
Trade receivables					115.9		115.9				
Cash and cash equivalents	10				37.6		37.6				
		0.0	0.0	0.0	169.6	0.0	169.6				
Financial liabilities measured at fair value											
Derivatives held as current and non-current liabilities		(2.2)					(2.2)		(2.2)		(2.2)
		(2.2)	0.0	0.0	0.0	0.0	(2.2)	0.0	(2.2)	0.0	(2.2)
Financial assets not measured at fair value											
Bank borrowings	10					(228.9)	(228.9)		(229.3)		(229.3)
Current advances	10					(0.4)	(0.4)				
Bank overdrafts	10					(29.9)	(29.9)				
Current financial liabilities	10					(6.5)	(6.5)				
Trade payables						(60.6)	(60.6)				
		0.0	0.0	0.0	0.0	(326.3)	(326.3)				
Carrying amount by class											
		(1.4)	0.0	2.5	169.6	(326.3)	(155.6)				

Financial risk management:

Credit risk

The Group set up an insurance program in 2003 with commercial credit insurer Coface covering its principal companies in the United States and France against the risk of non-payment for financial or political reasons. Coverage is for 95% of the invoiced amounts.

This program was extended in 2009 to Germany, the United Kingdom and China, in 2014 to South Korea and in 2015 to Italy.

Supplemental agreements to the policies covering the French receivables transferred during 2009 were signed in favor of the factor.

Interest-rate, currency and commodity risk

There have been no material changes in interest-rate, currency and commodity risks since the closing of the financial statements at 12/31/2014.

Note 12 Other non-recurring income and expense

Other non-recurring income and expense breaks down as follows:

<i>In millions of euros</i>	June 30, 2015	June 30, 2014
Transform plan costs	(3,1)	(21,4)
Transform asset disposal plan	3,4	
Restructuring costs	(0,7)	(0,9)
Other	(0,7)	(0,4)
TOTAL	(1,1)	(22,7)

At end-June 2015, non-recurring income and expense totaled €1.1 million and primarily included:

- additional expenses related to the Transform plan – mainly project management costs, sites refurbishment and relocation;
- the gain on disposal of a building in the United Kingdom as part of the Transform plan.

At end-June 2014, non-recurring income and expense totaled €22.7 million and primarily included the costs of the Transform plan:

- restructuring expenses in the amount of €17.2 million.
- impairment losses of non-current assets and inventories in the amount of €2.6 million.

Note 13 Segment reporting

<i>In millions of euros</i>	Advanced Materials and Technologies (AMT)		Electrical Components and Technologies (ECT)		Total for continuing operations		
	June 30, 2015	June 30, 2014 restated	June 30, 2015	June 30, 2014 restated	June 30, 2015	June 30, 2014 restated	
Sales to third parties	149.6	139.5	246.7	222.6	396.3	362.1	
Sales breakdown	37.7%	38.5%	62.3%	61.5%	100.0%	100.0%	
Segment operating income before non-recurring items	8.8	8.9	30.3	26.8	39.1	35.7	
Recurring unallocated costs					(6.6)	(7.0)	
Segment operating margin before non-recurring items*	5.9%	6.4%	12.3%	12.0%			
Recurring operating income from continuing operations					32.5	28.7	
Operating margin from continuing operations					8.2%	7.9%	
Segment non-recurring income and expense	(0.5)	(8.2)	(0.7)	(13.5)	(1.2)	(21.7)	
Amortization of revalued intangible assets	(0.2)	(0.2)	(0.3)	(0.3)	(0.5)	(0.5)	
Segment operating income	8.1	0.5	29.3	13.0	37.4	13.5	
Segment operating margin*	5.4%	0.3%	11.9%	5.9%			
EBITDA margin(1)	14.8%	14.9%	14.8%	14.6%	13.2%	12.8%	
					Non-recurring unallocated costs	0.1	(1.0)
					Operating income from continuing operations	30.9	5.5
					Operating margin from continuing operations	7.8%	1.8%
					Financial income	(5.2)	(5.2)
					Current and deferred income tax	(8.8)	(2.3)
					Net income from continuing operations	16.9	(2.0)

* Segment operating margin = Operating income/Segment sales to third parties.

(1) The Group's EBITDA represents combined segment operating income before non-recurring items plus segment depreciation and amortization.

The Group's activities are not subject to any significant seasonal variation.

Segment assets

<i>In millions of euros</i>	AMT	ECT	June 30, 2015
Total segment assets	561.6	408.5	970.1
Deferred tax assets			37.8
Non-current portion of current tax assets			6.8
Current portion of current tax assets			8.9
Other current assets			0
Current financial assets			10.4
Current derivatives			0.8
Cash and cash equivalents			21.2
Assets held for sale and discontinued operations			0
Total unallocated assets			85.9
TOTAL			1,056.0

Segment liabilities

<i>In millions of euros</i>	AMT	ECT	June 30, 2015
Total segment liabilities	101.9	133.6	235.5
Deferred tax liabilities			24.1
Long and medium-term borrowings			229.3
Non-current derivatives			0.7
Current portion of current tax liabilities			10.4
Other current financial liabilities			11.0
Current derivatives			1.6
Current advances			0.3
Bank overdrafts			36.5
Liabilities related to assets held for sale and disc. op.			2.1
Total unallocated liabilities			316.0
TOTAL			551.5

Note 14 Staff costs and headcount

Group payroll costs (including social security contributions, provisions for pension obligations and retirement indemnities) came to €132.7 million in the first half of 2015 compared with €123.7 million in 2014.

On a like-for-like basis, payroll costs, including those related to temporary staff, decreased by 0.9%.

Headcount by geographical area	June 30, 2015	%	June 30, 2014	%
France	1,478	23%	1,475	23%
Rest of Europe	979	15%	871	13%
North America (incl. Mexico)	2,031	32%	1,928	30%
Asia	1,537	24%	1,653	26%
Rest of the world	350	6%	547	8%
TOTAL	6,375	100%	6,474	100%

Overall headcount fell by 99.

Note 15 Income tax

<i>In millions of euros</i>	June 30, 2015	June 30, 2014 restated
Current income tax	(10.0)	(10.0)
Deferred income tax	1.4	7.9
Withholding tax	(0.2)	(0.2)
Total tax expense	(8.8)	(2.3)

The Group has:

- one tax consolidation group in France;
- one tax consolidation group in the United States;
- two tax consolidation groups in Germany;
- one tax consolidation group in the United Kingdom (Group relief).

The effective rate was affected by non-capitalized losses mainly in France and stood at 34%. Excluding this item, the Group's effective rate would be 32%.

The tax rate at the end of 2014 (excluding the impairment of deferred tax assets on losses and adjusted for items related to the business outlook, with no tax effect) was 33%.

Note 16 Earnings per share

Basic and diluted earnings per share are presented below:

Continuing and discontinued operations	June 30, 2015	June 30, 2014 restated
Numerator: net income used to calculate basic earnings per share (<i>net income for the period in millions of euros</i>)	16.1	(0.5)
Denominator: weighted average number of ordinary shares used to calculate basic earnings per share	20,640,824	20,571,176
Adjustment for dilutive ordinary shares: unexercised options	603,995	757,723
Weighted average number of ordinary shares used to calculate diluted earnings per share	21,244,819	21,328,899
Basic earnings per share (€)	0.78	(0.03)
Diluted earnings per share (€)	0.76	(0.03)

Continuing operations	June 30, 2015	June 30, 2014 restated
Basic earnings per share (€)	0.79	(0.12)
Diluted earnings per share (€)	0.77	(0.11)

By restating the net result of expenses for the Transform plan, earnings per share at end-June 2015 and end-June 2014 amounted to:

Continuing and discontinued operations		
Basic earnings per share (€)	0.76	0.77
Diluted earnings per share (€)	0.74	0.75

Continuing operations		
Basic earnings per share (€)	0.76	0.69
Diluted earnings per share (€)	0.74	0.66

Note 17 Dividends

The Annual General Meeting of May 19, 2015 resolved to distribute a dividend of €0.5 euro for fiscal 2014 (a dividend of € 0.45 per share was distributed for fiscal 2013). In July 2015, the Group paid out dividends in cash in the amount of €10.3 million.

Note 18 Off balance sheet commitments

At June 30, 2015 there were no material changes to commitments and contingencies compared with December 31, 2014.

Note 19 Subsequent events

None



STATUTORY AUDITORS' REPORT ON THE 2015 INTERIM FINANCIAL INFORMATION

January 1 to June 30, 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code, we have conducted:

- the review of the accompanying condensed consolidated interim financial statements of Mersen SA for the period from January 1, 2015 to June 30, 2015;
- the verification of the information contained in the interim management report.

The Management Board was responsible for preparing these condensed consolidated interim financial statements. Our role is to express a conclusion on these financial statements based on our limited review.

→ I – Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited 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 the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union.

→ II – Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our limited review. We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Paris La Défense, July 30, 2015
KPMG Audit ID

Philippe Cherqui
Partner

Neuilly-sur-Seine, July 30, 2015
Deloitte & Associés

Laurent Odobez
Partner



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STATEMENT OF THE OFFICER

I certify that, to the best of my knowledge, these condensed interim financial statements have been prepared in accordance with the relevant accounting standards and give a true and fair view of the assets and liabilities, financial position and the results of operations of the Company and of all the entities included in the consolidation, and that the attached interim business report presents a fair view of the major events that occurred during the six months of the interim period and their impact on the financial statements, the principal transactions between related parties, as well as a description of the principal risks and principal uncertainties concerning the remaining six months of the fiscal year.

Paris, July 30, 2015

Luc Themelin

Chairman of the Management Board

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