ANNUAL REPORT 2014

Pargesa
Holding SA

Pargesa

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Pargesa Holding SA

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Pargesa

Holding SA

Annual report 2014

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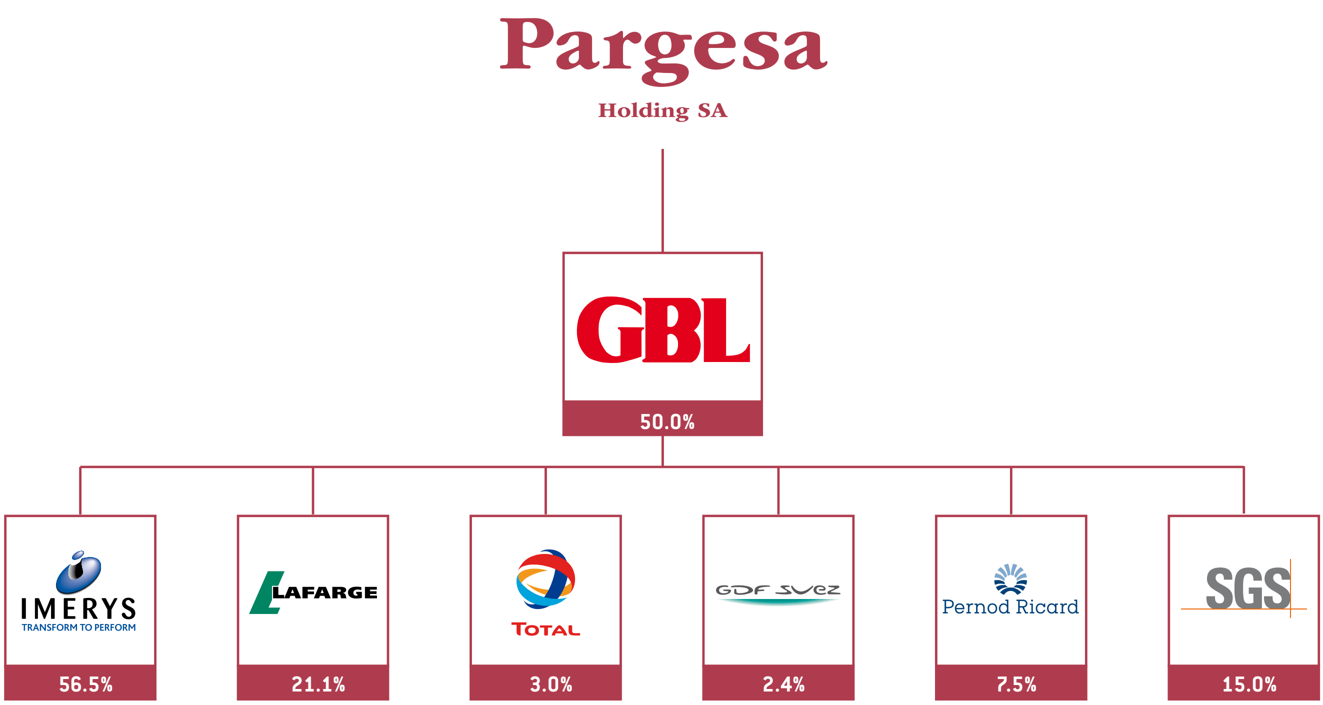
Structure and key data

Organisation chart at 31 December 2014 *



* shareholdings are expressed as a percentage of capital

Main shareholdings key data at 31 December 2014

Company	Currency	Direct interest%	Total interest%	% of voting rights	% flow-through interest [1]	2014 net profit (CHF millions)	31.12.2014 shareholders equity (CHF millions)
GBL	EUR	50.0%	50.0%	52.0%	50.0%	1'063	17'178
Imerys	EUR		56.5%	71.9%	28.3%	384	2'970
Lafarge	EUR		21.1%	29.3%	10.6%	174	18'584
Total	EUR		3.0%	2.7%	1.5%	3'885	89'779
GDF Suez	EUR		2.4%	2.4%	1.2%	3'795	59'561
Pernod Ricard [2]	EUR		7.5%	6.9%	3.8%	1'234	13'975
SGS	CHF		15.0%	15.0%	7.5%	629	2'327
Umicore	EUR		12.4%	12.4%	6.2%	208	2'050

[1] flow-through interest assessed at the level of Pargesa

[2] financial year ending on June 30

Global and per-share data

CHF millions	2010	2011	2012 [1]	2013	2014	
Consolidated shareholders' equity, Group share	8'671	7'482	7'230	7'545	7'725	
Operating income	465.8	342.5	346.0	250.5	339.5	
Non-operating income	0.1	(407.4)	59.2	143.4	297.4	
Consolidated net profit, Group share	465.9	(64.9)	405.2	393.9	636.9	
Gross dividend	230.2	217.5	217.5	223.5	192.2	[2]
Shares entitled to dividend	84'638'370	84'638'370	84'640'770	84'643'980	84'659'190	
Market capitalisation at year-end	6'720	5'205	5'303	6'086	6'523	
Adjusted net asset value at year-end	8'448	6'686	7'648	8'820	8'876	

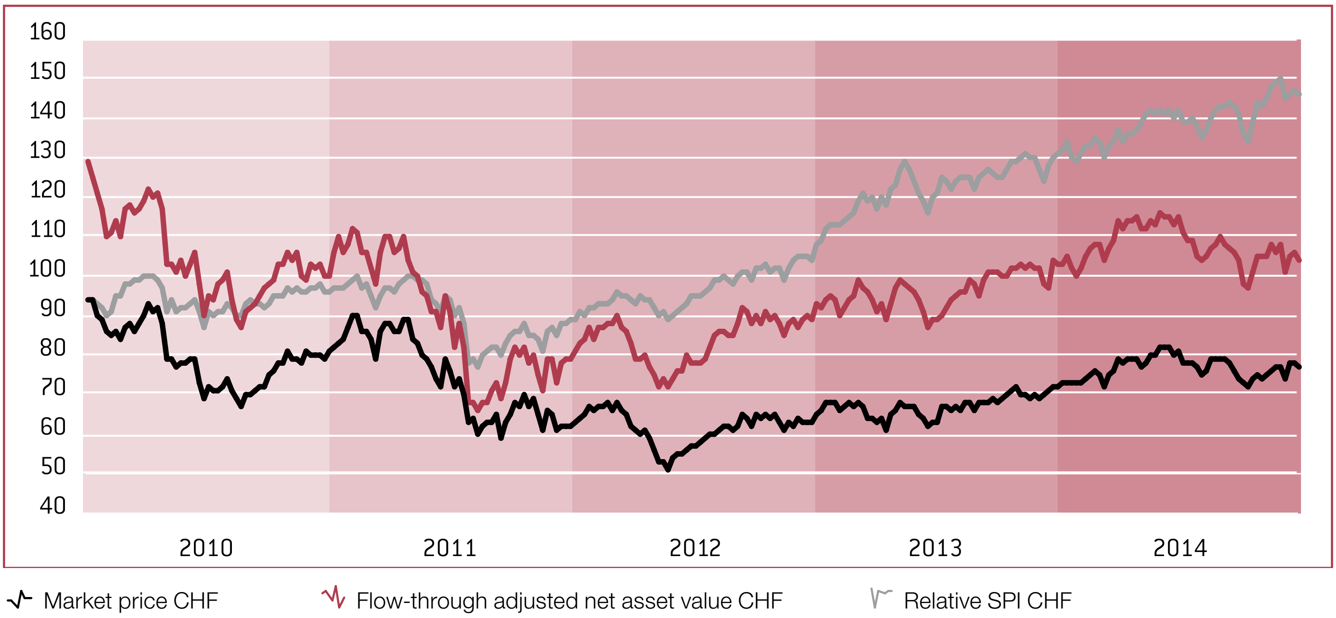
CHF per share		2010	2011	2012 [1]	2013	2014	
Share price	year-end	79.40	61.50	62.65	71.90	77.05	
	high	94.85	90.70	68.20	72.25	82.90	
	low	65.30	58.65	51.20	61.10	70.60	
	average	79.82	74.37	61.66	67.07	76.55	
Consolidated shareholders' equity, Group share		102.45	88.40	85.42	89.14	91.25	
Adjusted net asset value at year-end		99.82	78.99	90.36	104.20	104.85	
Operating income [3]		5.50	4.05	4.09	2.96	4.01	
Non-operating income [3]		0.00	(4.82)	0.70	1.69	3.51	
Consolidated net profit, Group share [3]		5.50	(0.77)	4.79	4.65	7.52	
Gross dividend		2.72	2.57	2.57	2.64	2.27	[2]
(Average) gross yield		3.4%	3.5%	4.2%	3.9%	3.0%	

[1] certain amounts have been adjusted to take account of the amendments to IAS 19 concerning the reporting of employee benefits and the correction of an error concerning the tax bases of Imerys tangible assets

[2] proposed to the Annual General Meeting

[3] calculated on the weighted average of the number of shares outstanding during the year

Market Data



Board of Directors

Chairman

Paul DESMARAIS Jr	Chairman of the Board and Co-Chief Executive Officer, Power Corporation of Canada

Vice-Chairmen

Baron FRÈRE *	Chairman of the Board of Directors, Frère-Bourgeois SA
Gérald FRÈRE	Executive Director, Frère-Bourgeois SA
André DESMARAIS	Deputy Chairman, President and Co-Chief Executive Officer, Power Corporation of Canada

Directors

Marc-Henri CHAUDET	Attorney-at-Law
Bernard DANIEL	Member of the International Committee of the Red Cross (ICRC) Assembly
Victor DELLOYE	Director and Secretary General, Frère-Bourgeois SA and its subsidiary Compagnie Nationale à Portefeuille SA (CNP)
Paul DESMARAIS III	Vice President, Power Corporation of Canada
Cedric FRÈRE	Director, Frère-Bourgeois SA
Ségolène GALLIENNE	Director, Frère-Bourgeois SA
Barbara KUX	Company Director
Michel PÉBEREAU	Honorary Chairman of the Board of Directors, BNP Paribas
Michel PLESSIS-BÉLAIR	Vice-Chairman, Power Corporation of Canada
Gilles SAMYN	Executive Director, Compagnie Nationale à Portefeuille SA (CNP)
Amaury de SÈZE	Vice-Chairman of the Board, Power Financial Corporation
Arnaud VIAL	Senior Vice-President, Power Corporation of Canada

* not seeking re-election

Committees, Auditor, Management

Audit Committee

Chairman	Marc-Henri CHAUDET
Members	Barbara KUX
	Michel PLESSIS-BÉLAIR
	Gilles SAMYN
	Amaury de SÈZE

Compensation Committee

Chairman	Bernard DANIEL
Members	Barbara KUX
	Michel PLESSIS-BÉLAIR
	Gilles SAMYN
	Amaury de SÈZE

Auditor

Deloitte SA

Management

Paul DESMARAIS Jr	Executive Director
Baron FRÈRE *	Executive Director
Gérald FRÈRE **	Executive Director
Pierre HAAS	Advisor to the Chairman
Arnaud VIAL	Managing Director
Andrew ALLENDER	Financial Director and Secretary of the Board of Directors, Deputy Managing Director
Mark KELLER	Chief Accountant
Fabienne RUDAZ BOVARD	Treasurer

* up to the end of the Annual General Meeting on 5 May 2015

** from the end of the Annual General Meeting on 5 May 2015, if re-elected

Letter from the Chairman

Dear Shareholders,

Since the 2007-2008 financial crisis, economic trends and growth levels have varied widely across regions. Some countries, like the US and UK, have already returned to growth. They introduced robust fiscal and monetary stimulus policies that have led, among other things, to a substantial rise in employment. The eurozone was slower to react and is taking longer to recover. Disparities within the single currency area have also emerged, due to the varying pace and scope of the reforms put into place by the individual countries to boost competitiveness. The driver of worldwide growth in 2014 was once again emerging markets, despite the slowdown in growth rate in China.

Amid increasing geopolitical tensions, falling oil prices, which are now at a five-year low, and heightened volatility on the currency and commodities markets, the IMF recently revised down its growth forecast for 2015 to 3.5%. The global economic outlook continues to be weighed down by fundamental weaknesses in certain regions. In the eurozone, the combination of the announcement in January by the ECB of a major quantitative easing programme, low oil prices, and the weakening of the euro, particularly against the dollar, should contribute to recovery. However, some macroeconomic risks remain, and a number of reforms are still required, and investments need to pick up.

In this environment, equity markets trends were contrasted across different regions. Valuations remain high in general, however, buoyed by signs of returning confidence, robust balance sheets and continuing low interest rates.

2014 was another busy year for the Pargesa Group. As a professional shareholder with a long-term approach to investing, we continued to play an active role in the governance and strategic decision-making of the companies in which we invest. We actively supported the merger between Lafarge and Holcim, to create a world leader in construction materials. I would like to take this opportunity to highlight the key role played by Lafarge's Chairman and CEO Bruno Lafont, who worked closely with Lafarge's major shareholders and independent directors to garner the unanimous support of the Board of Directors in order to ensure a successful merger of equals with Holcim.

Last year, we also supported the acquisition by Imerys of S&B, an international player in industrial minerals. It is my pleasure to wish a warm welcome to the Kyriacopoulos family, who have been the controlling shareholders of S&B for more than 80 years and with whom we share the same core business values. Under the terms of the transaction, the Kyriacopoulos family will become an Imerys shareholder and will be involved in the company's future development. I look forward to the upcoming appointment of Ulysses Kyriacopoulos to the Imerys Board of Directors – his contribution will be of great value.

In an ongoing effort, initiated in 2012, to achieve greater diversification across sectors and regions, we continued to gradually rebalance our portfolio in 2014 – albeit less intensively than in the two previous years. GBL disposed of an additional 0.6% of Total's share capital, as well as almost all of its holding in Suez Environnement following the early conversion of 85% of the bonds exchangeable for shares of that company issued in September 2012. GBL also expanded its incubator-type investments, increasing its stake in Umicore from 5.6% to 12.4%, and continued to develop the "financial pillar".

The impact of these actions on our portfolio can already be seen. While the energy and utilities sectors accounted for 56% of the value of strategic shareholdings at the end of 2011, they now represent just 29%, as the portfolio has gradually shifted its focus to the industry and services sectors.

Our aim over the long term is to distribute to our shareholders dividends that reflect as closely as possible those received from our subsidiary GBL, which holds all of the Group's investments. In January of this year, the Swiss National Bank announced that it was removing its floor rate of 1.20 Swiss franc per euro, which caused the Swiss franc to rise substantially against the euro. As a result, the Board of Directors will propose at the Annual General Meeting a dividend of CHF 2.27 per bearer share. This represents a decrease of 14% from last year's dividend, in line with the average trend in the exchange rate since 15 January 2015.

Finally, I would like to conclude by paying tribute to two leading business figures.

Firstly, I wish to pay my respects to Christophe de Margerie, who died tragically in October of last year. Mr de Margerie joined Total in 1974 and headed the group from 2010. He was a great leader with strong convictions, with whom our Group had developed relationships of friendship and trust over the years.

Secondly, I wish to pay tribute to Albert Frère, Vice Chairman of the Board of Directors and Executive Director, and a Board member since 1981, who has decided not to seek another term as Director. His decision is the next step in the transition process he initiated at GBL in 2012 when his son, Gérald Frère, was appointed as Chairman of GBL's Board of Directors, and Ian Gallienne and Gérard Lamarche as Executive Directors. Speaking for myself and the other members of the Board, I would like to thank Albert Frère for the invaluable contribution he has made to the Group's success – he has been a loyal partner to my family for more than 30 years. Provided he is re-elected at the Annual General Meeting, Gérald Frère, a member of the Board since 1992, will replace Albert Frère as Executive Director of Pargesa Holding.

Geneva, March 2015

Paul Desmarais Jr

01 BUSINESS REPORT

1. Introduction

Pargesa Holding SA, whose registered office is in Geneva, is the parent company of Pargesa Group, which is active in various industry and service sectors through its holdings in a number of operating companies.

Pargesa Group's main business strategy is built around the following four key principles:

- focus the portfolio primarily on a limited number of major holdings, with a view to creating value over the long term;
- seek to exercise control or influence over the companies in which the Group holds interests, enabling the Group to fulfil its role as a long-term shareholder;
- work continuously as a strategic shareholder in the companies in which the Group invests through its representatives on the boards of directors and board committees, particularly with regard to:
  - discussing and approving the business development strategies put forward by senior management;
  - regularly monitoring the course of business and taking part in important decision-making;
  - being involved in defining the financial policy.

On the basis of these principles, the Group's portfolio was focussed mainly on six key holdings at 31 December 2014: Imerys, Lafarge, Total, GDF Suez, Pernod Ricard and SGS. Details of these companies' operations and financial results are provided in the "Main shareholdings" chapter of this report.

These shareholdings are held through the subsidiary Groupe Bruxelles Lambert (GBL), which is listed on Euronext Brussels. At 31 December 2014, Pargesa held 50.0% of the share capital and 52.0% of the voting rights of GBL.

Alongside these key strategic shareholdings, which will continue to form the basis of the portfolio, in 2012 GBL began to make incubator-type investments, which may become strategic over time, and to expand its positions in private equity and investment funds through its "financial pillar", now brought together under Sienna Capital. These two strategic investment arms are presented on pages 34 to 36 of this Annual Report.

The breakdown and analysis of Pargesa's financial results are provided in section 4 of this Business Report, while information on the adjusted net asset value can be found in section 5.

2. Highlights of 2014 and early 2015

2.1. The Group's portfolio

On 7 April 2014, Holcim and Lafarge announced the projected merger of the two companies, unanimously approved by their respective Boards of Directors and which would create the most advanced group in the building materials industry. This operation should generate strong operational performances, further enhanced through incremental synergies totalling more than EUR 1.4 billion on a full run-rate basis phased in over three years with one third in year one. As Lafarge's largest shareholder, GBL, with a 21.1% shareholding, supports this merger and has committed to contribute all its Lafarge shares to the public exchange offer, which will be initiated by Holcim after the regulatory authorisations have been received.

GBL would hold a shareholding of around 10% in the new entity. The financial and accounting impacts resulting from this transaction will be determined as it progresses. It should be noted that, at 31 December 2014, GBL recognised no impact related to the change in the accounting treatment of its investment in Lafarge. Key milestones have been achieved with regards to the proposed merger since the beginning of 2015: the announcement of the composition of the new entity's Executive Committee, the clearance in phase 1 investigation from the European Commission (subject to conditions) and entering into exclusive negotiations further to a binding commitment made by CRH regarding the sale of the assets for EUR 6.5 billion.

In mid-June, Pargesa Netherlands BV paid CHF 462.7 million to redeem the remaining 2007-2014 convertible bonds in circulation. The redemption was financed out of available cash.

During 2014, GBL sold a further 14.0 million Total shares, representing approximately 0.6% of the company's capital, for total proceeds of EUR 650 million. Since the beginning of 2015, GBL has sold an additional 1.8 million Total shares, generating a gain of EUR 42 million, or approximately CHF 30 million at the level of Pargesa. GBL now holds 2.9% of Total's capital, which remains one of the Group's largest holdings, representing a market value of EUR 3 billion.

In Q2 2014, GBL received early conversion notices for some of the bonds exchangeable for Suez Environnement shares maturing in September 2015 for a total par value of EUR 342 million. GBL therefore delivered 29.9 million Suez Environnement shares before payment of the Suez Environnement dividend. The conversions reduced debt by the amount of the converted par value (i.e. EUR 342 million), the initial amount issued being EUR 401 million, and generated a gain on the Suez Environnement shares delivered. GBL's holding in Suez Environnement's share capital was reduced from 7.2% at end-2013 to 1.1% at end-2014. The transaction generated a capital gain of CHF 88.9 million for Pargesa (excluding an historical exchange-rate gain of CHF 40.5 million). CHF 34.2 million of this amount was recorded as non-operating income, while the remaining CHF 54.7 million was recorded as operating income in order to offset the corresponding charges in the same amount that were recognised over previous periods and related to changes in the market value of the derivative instruments implicitly embedded in the exchangeable bonds.

In terms of incubator-type investments, GBL continued to acquire Umicore shares; at 6 March 2015, GBL held 13.0% of Umicore's capital (versus 12.4% at end-2014) worth EUR 569 million.

Within GBL's "financial pillar", which has been brought together under Sienna Capital, Ergon Capital Partners II (ECP II) disposed of its holding in Zellbios, a leader in the production of active pharmaceutical ingredients. At the end of October 2014, ECP II and the Sagard II fund, in which Pargesa is also an investor, finalised the sale of their holding in Corialis, a leading manufacturer of insulating and lacquered profiles in aluminium for doors, windows and verandas. These disposals generated a total gain of CHF 51.1 million for Pargesa. In Q4 2014, Sienna Capital committed EUR 75 million to the Mérieux Développement investment vehicles, which specialise in growth capital and venture capital in the health-care sector. Finally, in accordance with its investment strategy, Kartesia had invested more than EUR 100 million in some ten transactions at 31 December 2014.

On 5 November 2014, Imerys announced that it was acquiring the main industrial minerals activities (most notably bentonite) of Greek group S&B. The transaction was completed on 26 February 2015. The acquisition price was determined on the basis of an equity value of EUR 525 million for all shares, plus an additional performance-related amount not to exceed EUR 33 million. The acquisition was partially paid in Imerys shares issued to the Kyriacopoulos family, the founding shareholder of S&B, who now owns 4.7% of Imerys' capital. GBL's holding has therefore been slightly diluted, from 56.5% at end-2014 to 53.8%. The Kyriacopoulos family and GBL entered into a shareholders' agreement (with no intent to act in concert), under which the appointment of Ulysses Kyriacopoulos to the Imerys Board of Directors would be proposed at the next Annual General Meeting.

In Q1 2015, GBL continued to expand its portfolio of incubator investments, acquiring for EUR 129 million a 7.4% stake in the capital of listed Belgian group Ontex, a leading global provider of disposable hygiene products. In addition, Sienna Capital recently announced that it was investing EUR 150 million in PrimeStone, a fund whose strategy consists of making long-term investments in medium-sized listed companies in Europe.

2.2. Dividend

On 15 January 2015, the Swiss National Bank announced that it was removing its floor rate of CHF 1.20 per euro. This action caused the Swiss franc to rise suddenly and sharply against the euro, at an average of 14% since the announcement. As a result, and given the uncertainty surrounding the future trend in the EUR/CHF exchange rate, the Board of Directors of Pargesa, which receives all its dividends through GBL and therefore in euros, will propose a 2014 dividend of CHF 2.27 per bearer share, compared with CHF 2.64 for the previous year. This decrease is in line with the exchange-rate trend. In euro terms, however, the dividend is stable.

2.3. Company organisation

On 2 February 2015, Albert Frère, Vice Chairman of the Board of Directors and Executive Director, and a Board member since 1981, informed the Board of Directors that he would not seek another term as Director at the Annual General Meeting on 5 May 2015. Mr Frère also announced that he would not seek another term as Director at GBL's Annual General Meeting on 28 April 2015 and would therefore step down as CEO of GBL as of that date. Speaking for himself, the Pargesa Board of Directors and the company as a whole, Paul Desmarais Jr, Chairman of the Board of Directors and Executive Director, thanked Albert Frère for the invaluable contribution he has made to the Group's success.

Following the Annual General Meeting on 5 May 2015 and subject to his re-election, Gérald Frère, Vice Chairman of the Board of Directors since 2002 and a member of the Board since 1992, will replace Albert Frère as Executive Director.

3. Group shareholdings

For **Imerys**, a world leader in mineral specialties for industry, the economic environment in 2014 varied widely by region. The US economy was even more buoyant than in the previous year. Activity in Northern Europe and Germany, which had shown some improvement since the end of 2013, slowed down in H2. In France, the fall in housing starts continued to weigh on construction. Trends also differed sharply in emerging markets, with an upturn in activity in India but slower growth in China and Brazil.

As mentioned above, Imerys announced on 5 November 2014 that it was acquiring the main activities of S&B, a strategic move for the group.

Income from current operations was up 3.7% to EUR 494.6 million. The operating margin was 13.4% for the year, compared with 12.9% in 2013. The group's share of net current income rose 4.0% to EUR 316.3 million. The Group's share of net income was EUR 271.6 million, compared with EUR 242.0 million in 2013, with net restructuring costs and writedowns partially offset by gains and the net amount of termination fees stipulated in the Amcol acquisition contract (for a net amount of EUR –44.7 million). In 2013, the impact of non-recurring items was EUR –62.2 million. At the Annual General Meeting, the Imerys Board of Directors will propose a dividend of EUR 1.65 per share, a rise of 3.1%.

At 31 December 2014, GBL held 56.5% of Imerys' share capital and 71.9% of its voting rights.

In 2014, **Lafarge**, a world leader in building materials (cement, aggregates and concrete), continued to focus on its customers, promote innovation and reshape its portfolio to concentrate on fast growing market segments. Lafarge also completed its 2012-2015 cost reduction and innovation objectives a full year ahead of schedule. On a like-for-like basis, cement volumes were up 4% for the year thanks to continued growth in most emerging markets and the United States.

Lafarge recorded a 2% drop in sales in 2014, to EUR 12.8 billion. On a like-for-like basis, however, sales were up 3%. Current operating income fell 3% to EUR 1'881 million but grew 7% on a like-for-like basis.

The group's share of net income was EUR 143 million, compared with EUR 601 million in 2013. The 2014 figure was affected by one-off charges, including asset impairments (EUR 385 million) and costs relating to the merger (EUR 126 million).

Net debt stood at EUR 9.3 billion at end-2014, compared with EUR 9.8 billion at end-2013.

A dividend of EUR 1.27 per share, adjusted for the dividend that Holcim is to pay its shareholders before the merger, will be proposed at the Annual General Meeting.

At 31 December 2014, GBL held 21.1% of Lafarge's share capital and 29.3% of its voting rights.

Total, one of the leading international integrated oil groups, which now publishes its accounts in USD, saw oil prices fall dramatically in H2 2014, ending the year at USD 55 per barrel after a long period of stability around USD 110 per barrel. At the same time, the average selling price of gas was down 8% on 2013. In the downstream business, refining margins in Europe were USD 18.7/t on average, compared with USD 17.9/t in 2013. As a result, Total posted a year-on-year drop of 22% in operating income from business segments.

The group's share of net income was USD 4.2 billion, compared with USD 11.2 billion in 2013. This 62% drop was a result of non-recurring items, primarily one-off impairments concerning oil sands and unconventional gas. Excluding non-recurring items, adjusted net income was USD 12.8 billion, down 10% on the comparable 2013 figure. The dividend proposed at the Annual General Meeting of shareholders will be EUR 2.44 per share, an increase of 2.5% on that of 2013.

At 31 December 2014, GBL held 3.0% of Total's share capital and 2.7% of its voting rights.

GDF Suez, a leading global energy company, recorded revenues of EUR 74.7 billion in 2014, a year-on-year drop of 6.6% on a reported basis. This decrease was mainly due to the impact of weather conditions on sales of natural gas in France (2014 was particularly mild) and lower electricity market prices in Europe. Current operating income came in at EUR 7.2 billion in 2014, a drop of 6.6% on a reported basis, but representing organic growth of 8.2% after adjusting for the weather impact in France and the gas tariff recoup booked in 2013. The group's share of net income was EUR 2.4 billion, compared with a loss of EUR 9.6 billion in 2013, which was due to impairments on assets (EUR 9.1 billion) and on goodwill (EUR 5.8 billion). A dividend of EUR 1.00 per share, compared with EUR 1.50 for the year-earlier period, will be proposed at the Annual General Meeting.

At 31 December 2014, GBL held 2.4% of the capital and voting rights of GDF Suez, representing for the most part underlying shares for the bonds exchangeable for GDF Suez shares issued in early 2013.

Pernod Ricard, a leading world operator in wines and spirits, reported sales of EUR 7.9 billion for the 2013/2014 financial year ending on 30 June 2014, a drop of 7%. Excluding changes in scope and foreign exchange effects, sales were almost stable. Net profit from recurring operations was EUR 1'185 million, a drop of 3% but a rise of 9% in organic terms. Sales for H1 2014/2015, which ended on 31 December 2014, were stable at EUR 4.6 billion, while net profit from recurring operations was up 1% to EUR 834 million.

At 31 December 2014, GBL held 7.5% of Pernod Ricard's share capital and 6.9% of its voting rights.

SGS, a world leader in inspection, verification, testing and certification, recorded CHF 5.9 billion in revenues, a year-on-year rise of 0.9% on a reported basis or +5.4% on a constant currency basis. Adjusted operating income was up 2.6% to CHF 947 million on a constant currency basis, and the adjusted operating margin was 16.1%. CHF 607 million in free cash flow was generated in 2014, an increase of 2.7%. The dividend proposed at the Annual General Meeting of shareholders was CHF 68 per share, an increase of 4.6% on that of 2013.

At 31 December 2014, GBL held 15% of SGS's share capital and voting rights.

4. 2014 consolidated financial results

4.1. Presentation of results in accordance with IFRS

The simplified income statement in accordance with IFRS is as follows:

CHF millions	2014	2013
Operating income	4'854.6	4'882.7
Operating expenses	(4'399.3)	(4'459.0)
Other income and expenses	833.5	308.3
Operating profit	**1'288.8**	**732.0**
Dividends and interest from long-term investments	384.4	453.0
Other financial income and expenses	(229.1)	(309.9)
Taxes	(147.5)	(129.1)
Income from associates and joint ventures	91.8	174.1
Consolidated net profit (before minority interests)	**1'388.4**	**920.1**
Attributable to minority interests	751.5	526.2
Attributable to Pargesa shareholders (Group share)	**636.9**	**393.9**
Average number of shares in circulation (in thousands)	*84'656*	*84'643*
Basic earnings per share attributable to Pargesa shareholders (CHF)	*7.52*	*4.65*
Average EUR/CHF exchange rate	*1.214*	*1.231*

Operating income and expenses are primarily the revenues and operating expenses of Imerys, whose accounts are fully consolidated.

Other income and expenses includes net capital gains and losses and impairments on Group shareholdings and operations. In 2014, this line item mainly represented the capital gain recorded on GBL's sale of 0.6% of Total's share capital, and the capital gain recorded by GBL in Q2 2014 following the delivery of Suez Environnement shares to bondholders who exercised their right to exchange the bonds early.

The dividends and interest from long-term investments item comprises the net dividends received by the Group from its non-consolidated investments, mainly dividends from Total, SGS, GDF Suez and Pernod Ricard.

The other financial income and expenses and taxes items provide consolidated figures for Pargesa, GBL and Imerys. Other financial income and expenses include the non-cash impact of GBL's derivative financial instruments (mainly those implicitly embedded in convertible and exchangeable bonds) being marked to market.

Income from associates and joint ventures represents the share of the consolidated net profit contributed by shareholdings accounted for in the Pargesa financial statements using the equity method. This item includes Lafarge's contribution.

The item *minority interests* mainly relates to the share of income due to the minority shareholders of GBL and Imerys, these two companies being fully consolidated into the Pargesa Group financial statements.

4.2. Economic presentation of Pargesa's financial results

In addition to the accounts drawn up in accordance with IFRS, Pargesa continues to publish an economic presentation of its results, in order to provide continuous information over the long term about the contribution of each of its major shareholdings to its results. IFRS require different accounting treatments depending on the Group's percentage holding in each of its investments (full integration of Imerys, equity method for Lafarge, with other Group main holdings being booked as financial instruments), so this continuous view would be interrupted without this additional economic presentation of the Group's results.

The economic presentation shows, in terms of the Group's share of results, the operating contribution of the main shareholdings to the consolidated income of Pargesa, together with the income from the operations of the holding companies (Pargesa and GBL), which now highlight in particular the contribution from private-equity activities and other investment funds (GBL's "financial pillar", now combined under "Sienna Capital") and the impact of net financial income. The analysis also draws a distinction between the operating and non-operating items in the income, the non-operating part including net capital gains and losses in connection with disposals and any restructuring costs and impairment.

According to this approach, the economic results for 2014 are as follows:

CHF millions		2014	2013
Operating contribution of the main shareholdings			
– Consolidated (Imerys) or equity-accounted (Lafarge):			
Imerys	share of operating income	113.0	109.7
Lafarge	share of operating income	54.6	71.8
– Non-consolidated:			
Total	net dividend	97.7	121.2
SGS	net dividend	39.7	–
GDF Suez	net dividend	34.4	75.0
Pernod Ricard	net dividend	20.6	21.0
Suez Environnement	net dividend	1.8	14.6
Operating contribution of the main shareholdings		**361.8**	**413.3**
per share (CHF)		*4.27*	*4.88*
Contribution from private-equity activities and other funds		34.0	(4.5)
Net financial income and expenses		(33.2)	(134.0)
Other operating income from holding company activities		6.3	4.1
General expenses and taxes		(29.4)	(28.4)
Economic operating income		**339.5**	**250.5**
per share (CHF)		*4.01*	*2.96*
Non-operating income from consolidated or equity-accounted companies		(51.6)	(13.5)
Non-operating income from holding company activities		349.0	156.9
Net income		**636.9**	**393.9**
per share (CHF)		*7.52*	*4.65*
Average number of shares in circulation (thousands)		*84'656*	*84'643*
Average EUR/CHF exchange rate		*1.214*	*1.231*

Consolidated and equity-accounted holdings:

Imerys recorded net current income of EUR 316.3 million in 2014, a rise of 4.0%. Net income stood at EUR 271.6 million (after non-recurring items of EUR –44.7 million net of taxes, compared with EUR –62.2 million in 2013). Pargesa's share of Imerys' operating income, in Swiss francs, rose 3% to CHF 113.0 million.

Lafarge recorded net income of EUR 143 million in 2014, compared with EUR 601 million in 2013. This figure was affected by non-recurring items, mainly asset impairments and gains and losses on divestments, and by costs relating to the planned merger with Holcim. Pargesa's share of Lafarge's operating income, in Swiss-franc terms, was CHF 54.6 million, compared with CHF 71.8 million in 2013.

Non-consolidated holdings:

The contributions from **Total, SGS, GDF Suez, Suez Environnement** and **Pernod Ricard** represent Pargesa's share of net dividends recorded by GBL from these companies. The contributions from these companies in 2014 reflect the impact of changes in the Group's portfolio and are not directly comparable to those recorded in previous years.

Pargesa's share of **Total** dividends amounted to CHF 97.7 million in 2014, consisting of the final 2013 dividend (CHF 0.61 per share) and the first three instalments of the 2014 dividend (EUR 0.61 per share each). The decrease on the year-earlier amount of CHF 121.2 million was due to GBL's sale of Total shares since October 2013.

In Q2 2014, **GDF Suez** paid its final 2013 dividend (EUR 0.67 per share, unchanged amount). In H2 2014, it announced and paid the first instalment of the 2014 dividend, which amounted to EUR 0.50 per share, compared with EUR 0.83 per share in 2013. The contribution from GDF Suez came to CHF 34.4 million, down compared with the year-earlier period as a result of GBL's sale of just over half of its stake in the company in H1 2013.

Suez Environnement paid its annual dividend of EUR 0.65 per share (unchanged amount) in Q2 2014, and Pargesa's share came in at CHF 1.8 million, compared with CHF 14.6 million in 2013. This decrease was due to the early conversion in May 2014 of 85% of the bonds exchangeable for Suez Environnement shares, which resulted in the delivery of 29.9 million Suez Environnement shares.

Pargesa's share of **Pernod Ricard** dividends amounted to CHF 20.6 million in 2014, following the interim dividend of EUR 0.82 per share and the final dividend in the same amount.

GBL's shareholding in **SGS**, which it acquired on 10 June 2013, contributed to Pargesa's financial results for the first time in 2014, with Pargesa's share of SGS's annual dividend of CHF 65 per share amounting to CHF 39.7 million.

Contributions from **private-equity activities and other investment funds** include those from the funds Ergon Capital Partners (ECP), PAI, Sagard and Kartesia, primarily held by GBL (under its "financial pillar", which is now Sienna Capital), as well as general expenses relating to these funds (including management fees). The net contribution amounted to CHF 34.0 million in 2014, compared with CHF –4.5 million in 2013. Included in this figure is Pargesa's CHF 51.1 million share of the capital gain from the disposal of the stake in Zellbios, held by ECP II (GBL), and in Corialis, held by ECP II and by Sagard II fund, in which GBL and Pargesa are both investors.

Net financial income and expenses includes interest income and expenses as well as other financial income and expenses. This item amounted to CHF –33.2 million in 2014, compared with CHF –134.0 million in 2013. It includes GBL's marking to market, at the end of each period, of the derivative instruments implicitly embedded in the bonds exchangeable for Suez Environnement and GDF Suez shares or convertible into GBL shares.

Pargesa's share of the marking to market of these implicitly embedded derivative instruments represented a net loss of CHF –61.0 million in 2014, compared with CHF –82.6 million in 2013. In 2014, the change in value of these derivative instruments was due mainly to the continued increase in the stock market price of the shares underlying the bonds exchangeable for shares, in a context of significant volatility in each quarter of 2014. The item also included a non-cash gain of CHF +54.7 million, realised in the second quarter in connection with the early conversion of 85% of the bonds exchangeable for Suez Environnement shares; this figure represented the reversal of the total amount of the negative value adjustments recorded during previous periods on the derivatives attached to these bonds since the bonds were issued. The net accounting impact of the derivative instruments in 2014 thus amounted to CHF –6.3 million.

As mentioned at end-2013 and throughout 2014, exchangeable and convertible bonds lead to accounting asymmetry and volatility in reported financial results throughout the bonds' lifetime. This is clearly illustrated in the figures for 2014.

The **general expenses and taxes** line item represents Pargesa's general expenses and taxes as well as its share of those of GBL.

Non-operating income: *Non-operating income from consolidated or equity-accounted shareholdings* comprises Pargesa's share of the non-operating income of Imerys and Lafarge.

The net amount of *non-operating income from holding companies* was CHF 349.0 million, compared with CHF 156.9 million in 2013.

2014 non-operating income mainly consisted of:

- Pargesa's CHF 274.7 million share of the income from GBL's sale of 0.6% of the share capital of Total, including an historical exchange-rate gain of CHF 63.2 million for Pargesa.
- Pargesa's CHF 74.7 million share of the net gain (including an historical exchange-rate gain of CHF 40.5 million for Pargesa) recorded in Q2 2014 on the delivery of 29.9 million Suez Environnement shares (5.8% of the share capital of Suez Environnement) to bondholders who exercised their exchange rights early.

In 2013, non-operating income came in at CHF 156.9 million and included Pargesa's CHF 50 million share of the capital gain recorded by GBL on the disposal of approximately 2.7% of GDF Suez's capital, which offset the impairment recorded by GBL in Q1 2013 on its entire shareholding in GDF Suez. Pargesa's share of this impairment amounted to ¬CHF 41.7 million. It also included Pargesa's CHF 146.3 million share of the income from GBL's sale of 0.3% of the share capital of Total.

5. Adjusted net asset value

Pargesa's flow-through adjusted net asset value was CHF 104.8 per share at 31 December 2014, compared with CHF 104.2 a year earlier. Adjusted net asset value is calculated based on the following principles:

- listed shareholdings are valued based on current market prices and exchange rates;
- unlisted investments are valued on the basis of the book value of shareholders' equity and current exchange rates, or on the basis of fair value if this is used by GBL to calculate its adjusted net asset value;
- values per share are shown in relation to one bearer share with a par value of CHF 20, with one tenth of the CHF 2 registered shares being retained.

Pargesa's flow-through adjusted net asset value at 31 December 2014

	31.12.12				31.12.13				31.12.14			
	Share price and currency		Amount in CHF millions	Weighting as a % of total	Share price and currency		Amount in CHF millions	Weighting as a % of total	Share price and currency		Amount in CHF millions	Weighting as a % of total
Lafarge	EUR	48.2	1'756	23%	EUR	54.5	2'016	23%	EUR	58.1	2'115	24%
Total	EUR	39.0	2'213	29%	EUR	44.5	2'343	27%	EUR	42.5	1'835	21%
Imerys	EUR	48.2	1'247	16%	EUR	63.2	1'662	19%	EUR	61.0	1'572	18%
SGS					CHF	2'052	1'204	14%	CHF	2'045	1'200	14%
Pernod Ricard	EUR	87.4	1'050	14%	EUR	82.8	1'011	11%	EUR	92.3	1'104	12%
GDF Suez	EUR	15.6	1'102	14%	EUR	17.1	574	6%	EUR	18.3 (1)	602	6%
Suez Environnement	EUR	9.1	193	3%	EUR	11.5	246	3%	EUR	11.5 (1)	35	1%
Other holdings			268	3%			438	5%				-
Incubator											331	4%
Financial Pillar											295	3%
Total portfolio			**7'829**	**102%**			**9'494**	**108%**			**9'090**	**102%**
GBL treasury shares			221	3%			255	3%			258	3%
Net cash (debt)			(402)	(5%)			(929)	(11%)			(472)	(5%)
Adjusted net asset value			**7'648**	**100%**			**8'820**	**100%**			**8'876**	**100%**
per Pargesa share		*62.7*	*90.4*			*71.9*	*104.2*			*77.1*	*104.8*	
EUR/CHF exchange rate			1.208				1.227				1.203	

(1) At 31 December 2014, the value of the shareholdings in GDF Suez and Suez Environnement was capped at the conversion prices for the exchangeable bonds (EUR 18.32 and EUR 11.45 respectively), which were lower than the share prices on that date.

The adjusted net asset value remained stable in 2014, owing to the mixed stock market performances of the shares in the portfolio. The change in the composition of the portfolio compared with the previous year reflects, in particular, the disposal of 0.6% of Total's share capital but also GBL's expansion since 2012 of the two diversification investment arms mentioned above. These investments, which were previously grouped together under "other shareholdings", have now been separated into "incubator" investments and the "financial pillar".

The "net debt" shown in the net asset value at end-2014 is the flow-through amount of the available cash position of Pargesa and GBL net of their debt. The drop in net debt at end-2014 resulted mainly from transactions conducted by GBL during the year.

6. Proposals to the Annual General Meeting of 5 May 2015

6.1. Dividend

At the Annual General Meeting, the Board of Directors will propose a 2014 dividend of CHF 2.27 per bearer share, for a total distribution of CHF 192.2 million, to be paid on 11 May 2015.

The dividend will be paid out of available parent company available income of CHF 381.8 million, made up of CHF 242.6 million in 2014 net profit and retained earnings of CHF 138.9 million. After CHF 12.2 million is allocated to the general legal reserve, the remaining CHF 177.4 million will be retained.

6.2. Election of Board members, and re-election of the Chairman of the Board and members of the Compensation Committee

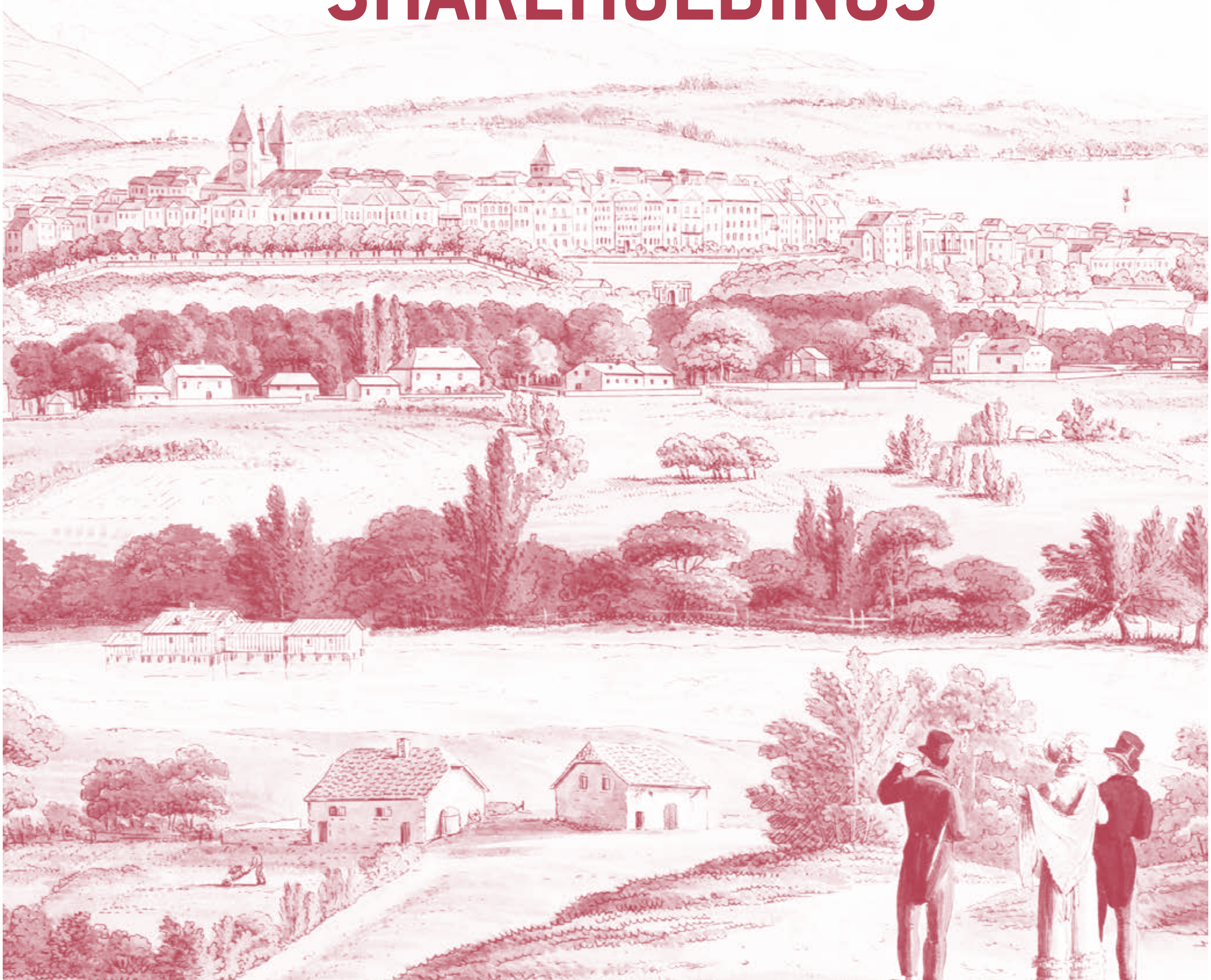
In accordance with the provisions of the Ordinance against excessive compensation in listed limited liability companies (known as "ORAb"), the Annual General Meeting must annually elect the members of the Board of Directors (as well as the Chairman of the Board) and the Compensation Committee individually. As a result, the Board of Directors of Pargesa Holding SA will recommend that the following individuals be re-elected to the Board for a one-year term that will expire at the end of the 2016 Annual General Meeting: Paul Desmarais Jr (also as Chairman of the Board), Marc-Henri Chaudet, Bernard Daniel, Amaury de Sèze, Victor Delloye, André Desmarais, Paul Desmarais III, Cedric Frère, Gérald Frère, Ségolène Gallienne, Barbara Kux, Michel Pébereau, Michel Plessis-Bélair, Gilles Samyn and Arnaud Vial. As mentioned above, Albert Frère announced that he would not seek another term as Director at the 2015 Annual General Meeting.

The Board of Directors will recommend that Bernard Daniel, Barbara Kux, Amaury de Sèze, Michel Plessis-Bélair and Gilles Samyn be re-elected to the Board's Compensation Committee.

6.3. Amendments to the Articles of Association

The Board of Directors will also propose amendments to the Articles of Association, primarily to bring them into line with ORAb. In accordance with ORAb, the Board of Directors will also propose to vote separately on the total compensation of the Board of Directors and Management.

02
MAIN SHAREHOLDINGS



Groupe Bruxelles Lambert (GBL) is a holding company that has been listed on the Brussels Stock Exchange since 1956.

GBL owns the Pargesa Group holdings in Imerys, Lafarge, Total, GDF Suez, Suez Environnement, Pernod Ricard and SGS. In addition, in 2012 GBL began to make incubator-type investments and to expand its positions in investment funds through its Financial Pillar.

	2012	2013	2014
Global data (EUR millions)			
Shareholders' equity at 31 December	13'392	13'691	14'284
Market capitalisation at 31 December	9'704	10'767	11'416
Consolidated net profit (group share)	256	621	875
Total distribution	428	439	450
Per-share data (EUR)			
Consolidated net profit	1.65	4.00	5.64
Dividend	2.65	2.72	2.79
Shares issued (in millions)	161.4	161.4	161.4
Pargesa's interest (%)	**50**	**50**	**50**

In 2014, GBL sold an additional 14 million Total shares (0.6% of the capital) for EUR 650 million. This generated a consolidated capital gain of EUR 335 million.

During the year, GBL received early conversion requests for the bonds exchangeable for Suez Environnement shares maturing in September 2015. As a result, GBL delivered 29.9 million Suez Environnement shares, in most cases before the ex-coupon date, for a par value of EUR 342 million. As a result, GBL's stake in Suez Environnement went from 7.2% at end-2013 to 1.1% at 31 December 2014. These conversions generated a net gain of EUR 141 million in GBL's 2014 consolidated net profit.

In terms of incubator-type investments, GBL continued to acquire Umicore shares; at 31 December 2014, GBL held 12.4% of Umicore's capital with a market value of EUR 464 million. GBL also sold its remaining stake (0.1% of the share capital) in Iberdrola for EUR 21 million, generating a capital gain of EUR 3 million.

Group share of consolidated net profit at end-2014 stood at EUR 875 million, compared with EUR 621 million for the year-earlier period. The main contributors to this result were the net capital gain on the sale of 0.6% of the capital of Total (EUR 335 million) and the net gain on the conversions of bonds exchangeable for Suez Environnement shares for EUR 141 million, EUR 47 million of which corresponds to the effective capital gain realised on the delivery of the Suez Environnement shares. The remainder consists primarily of the reversal of the negative mark-to-market previously booked, in proportion to the converted bonds; it also includes the first full-year dividend received from SGS (EUR 62 million) and the higher contribution from the Financial Pillar following the sale of Zellbios by ECP II and Corialis by ECP II and Sagard II.

A proposal for a dividend of EUR 2.79 per share, representing an increase of 2.6% on the year-earlier dividend, will be submitted for approval by GBL shareholders at the Annual General Meeting on 28 April 2015. If the proposal is accepted, the total payout will amount to EUR 450 million.

IMERYS
TRANSFORM TO PERFORM

Imerys is the world leader in mineral specialties, with over 234 locations in almost 50 countries.

The Imerys group holds leading positions in each of its four main business groups: Energy Solutions and Specialties, Filtration and Performance Additives, Ceramic Materials, and High Resistance Minerals. Imerys processes, enhances and combines a unique range of minerals, in many cases mined from its own deposits, to bring essential features to its customers' products and production processes. Thanks to their properties, these specialty products have a wide range of applications and are gaining traction in many growth markets

	2012	2013	2014
Global data (EUR millions)			
Shareholders' equity at 31 December	2'261	2'272	2'470
Market capitalisation at 31 December	3'632	4'819	4'623
Net income from current operations	301	304	316
Total distribution	117	119	125
Per-share data (EUR)			
Net current income	4.13	4.03	4.15
Dividend	1.55	1.60	1.65
Shares issued (in millions)	75.4	76.2	75.9
Pargesa's interest (%)	**56.9**	**56.2**	**56.5**

The global economic environment was again marked by sharp regional disparities. The US economy was even more buoyant than in the previous year. Activity in Northern Europe and Germany, which had shown some improvement since the end of 2013, slowed down in the second half, particularly in the industrial sector. In France, the fall in housing starts continued to weigh on new construction. Trends varied widely in emerging markets, with an upturn in activity in India but slower growth in China and Brazil. The euro's marked uptrend against some currencies observed in the first part of the year reversed course in the fourth quarter, at the same time as oil prices fell.

As part of its growth strategy, Imerys announced in November 2014 that it would acquire S&B's main assets. A global player and European leader in bentonite (binders for foundry, sealing solutions, additives for drilling), S&B is the world leader in continuous casting fluxes for the steel industry as well as in wollastonite (functional additives for polymers and paints); S&B also provides perlite-based solutions used in building materials and horticulture. The transaction, which closed on 26 February 2015, should be accretive on net current income per share from the first year of integration and create value from the third full year of consolidation. The acquisition price was determined on the basis of an equity value of EUR 525 million for all shares plus a performance amount not to exceed EUR 33 million. It was paid in cash for approximately EUR 311 million, financed by the bond issue completed by Imerys in December 2014, and in shares with 3.7 million Imerys shares going to the Kyriacopoulos family.

2014 highlights by business group:

• The **Energy Solutions & Specialties** business group's revenue totalled EUR 1'279 million in 2014, up 9.0% at comparable structure and exchange rates compared with 2013, thanks to good performance in all four of the business group's activities. New capacities contributed additional revenue of EUR 76 million in 2014 compared with 2013.

• Revenue for the **Filtration & Performance Additives** business group, which serves the agri-food industry and a large number of intermediate industries, totalled EUR 658 million in 2014, a 4.1% increase at comparable structure and exchange rates compared with 2013. Growth was driven by consumer goods, and demand for capital goods (particularly automotive) and in construction in North America.

• The **Ceramic Materials** business group's revenue totalled EUR 1'157 million in 2014. The decrease in revenue was limited to –0.8% at comparable structure and exchange rates compared with 2013, thanks to the development of specialty applications in the Kaolin activity, growth on ceramics markets and a resilient renovation sector despite slack new construction trends in France.

• 2014 revenue for the **High Resistance Minerals** business group, which mainly serves the high-temperature (steel, foundry, glass, aluminium, etc.) and abrasives industries, totalled EUR 642 million in 2014, a 1.1% decrease at comparable structure and exchange rates compared with 2013. Manufacturing activity recorded slight growth in Europe in early 2014 but slowed down from mid-year, while remaining vibrant in North America. In China, the construction and industrial sectors showed signs of a slowdown.

2014 revenues amounted to EUR 3'688 million, down by 0.3% on the 2013 figure. At constant scope and exchange rates, full-year revenues were up by 3.2% or EUR 119 million, almost two-thirds of which came from new capacities. Growth, which was up 4.2% over the first nine months of 2014, was stable in the fourth quarter compared with the same period the previous year, particularly due to an unfavourable basis of comparison in most activities.

Net income from current operations rose 4% in 2014 to EUR 316 million (versus EUR 304 million in 2013). After other operating income and expenses net of tax, group share of net income came in at EUR 272 million in 2014, as against EUR 242 million in 2013.

As a result, Imerys's current free operating cash flow stayed strong, at EUR 244 million (compared with EUR 306 million in 2013).

Net financial debt totalled EUR 870 million at 31 December 2014, a EUR 15.5 million decrease from the year-earlier period. The group was thus able to finance its growth, and its debt ratios remained solid, with a debt-to-equity ratio of 35.0% and a debt-to-EBITDA multiple of 1.3x at 31 December 2014.

A proposal for a 2014 dividend of EUR 1.65 per share, representing an increase of 3.1% on the year-earlier dividend, will be submitted for approval by Imerys shareholders at the Annual General Meeting on 30 April 2015.

LAFARGE

Lafarge is a world leader in building materials: cement, aggregates and ready-mix concrete.

Lafarge, founded in 1833, a world leader of cement production, the world's second-largest producer of aggregates and the fourth-largest producer of ready-mix concrete. The group's two strategic priorities are growth markets in cement and innovation, in particular with regard to the challenges of sustainable construction. The group made several acquisitions (Cementia in 1989, Redland in 1997 and Orascom Cement in 2008) that made it the world leader in its sector and positioned Lafarge at the heart of global growth.

	2012	2013	2014
Global data (EUR millions)			
Shareholders' equity at 31 December (group share)	15'666	14'555	15'453
Market capitalisation at 31 December	13'854	15'653	16'700
Consolidated net income	365	601	143
Total distribution	287	287	288
Per-share data (EUR)			
Net income	1.27	2.09	0.49
Dividend	1.00	1.00	1.00
Shares issued (in millions)	287.3	287.4	287.5
Pargesa's interest (%)	**21.0**	**21.0**	**21.1**

The group's 2014 results reflected like-for-like growth driven by rising cement prices and volumes and positive trends in the USA and Asia, despite the negative impact of political turmoil in the Middle East in the second half. Cement volumes were up 4% like-for-like thanks to continued growth in most emerging markets and the United States; they also benefited from innovation initiatives and the start-up of cement plants in India and Russia. Cement prices increased 1.6% year-on-year.

The positive impact of these factors was somewhat mitigated by a decline in volumes in France, where the construction sector remained subdued. Aggregates and ready-mix volumes were down 1% and 2%, respectively, on a like-for-like basis. Strong aggregate volume growth in South Africa and the United States was offset by lower activity in France and Russia, as well as a decrease in Western Canada due to some large infrastructure projects which came to completion last year.

The group reached its 2014 target in terms of internal cost reduction and innovation programmes, generating EUR 600 million (EUR 370 million on cost savings and EUR 230 million on innovation actions).

2014 consolidated sales rose 3% on a like-for-like basis to EUR 12'843 million, underpinned by higher volumes and by price increases across all product lines to address cost inflation. Adverse currency trends in the first three quarters of the year were reversed in Q4, where the impact on sales was positive (+2%, or EUR 76 million). The full-year impact was –3% (or –EUR 412 million).

Full-year EBITDA was down 3% year-on-year owing to an unfavourable currency effect of –4% (–EUR 92 million). It was up 5% on constant scope and exchange rates and excluding sales of carbon credits, a one-off gain of EUR 20 million recorded in 2013 in North America and the decline in volumes in Iraq in the second half of the year.

Group share of net income, EUR 143 million for the year, was affected by a number of one-offs: EUR 385 million of non-cash impairment of assets; EUR 292 million of gains and losses on divestments; costs related to the planned merger with Holcim (EUR 126 million pre-tax, or EUR 90 million net of tax); and EUR 49 million in adverse non-cash effects. Adjusted for these one-offs, net income for the year was up 10%.

Investments totalled EUR 1 billion for 2014. Sustaining capital expenditures declined to EUR 356 million in 2014 from EUR 391 million one year earlier. Development investments and acquisitions came in at EUR 669 million in 2014 versus EUR 678 million in 2013; they included the finalisation of the new plant in Kaluga (Russia), which began production in April 2014, investment in projects in North America (Exshaw in Canada and Ravena in the United States), and a series of debottlenecking projects (particularly in sub-Saharan Africa).

The amount received in 2014 for divestments was EUR 1.15 billion. This figure reflects the disposal of the group's operations in Ecuador, the stake in the joint venture with Elementia in Mexico and the Korkino plant in Russia. Since the beginning of 2014, the Group secured almost EUR 1.4 billion in divestments, including the remaining EUR 0.2 billion that is to be received in 2015 (divestment of operations in Pakistan). The divestment proceeds not yet received will further contribute to debt reduction.

Net debt was reduced by EUR 0.5 billion over the year, as the group's deleveraging effort continued. Net debt totalled EUR 9.3 billion at end-December 2014.

A dividend of EUR 1.27 per share will be submitted to the shareholders for approval at the Annual Meeting on 7 May 2015.

Total is a global integrated oil and gas group, with a presence in the chemical industry.

Total, founded in 1920, is one of the leading international oil and gas groups and stands at the forefront of innovation in its fields. The group's activities are based in more than 130 countries and cover the entire oil industry chain, from Upstream – exploration, development and production of oil, natural gas and LNG – to Downstream – refining, distribution, transport and international trading of crude oil and refined products. Total is also a major player in Chemicals and is committed to the development of renewable energy sources.

	2012	2013	2014
Global data (millions)			
Shareholders' equity at 31 December (group share) (USD)	93'969	100'241	90'330
Market capitalisation at 31 December (EUR)	92'295	105'836	101'127
Consolidated net profit (USD)	13'648	11'228	4'244
Total distribution (EUR)	5'536	5'660	5'820
Per-share data			
Net income (USD)	6.94	6.29	5.63
Dividend (EUR)	2.34	2.38	2.44
Shares issued (in millions)	2'366	2'378	2'378
Pargesa's interest (%)	**4.0**	**3.6**	**3.0**

Total's integrated business model leverages synergies among its various operations throughout the world. The group's activities are divided into three segments, which were reorganised in 2012.

Upstream, the group has oil and natural gas exploration and production activities in more than 50 countries. It relies on a diversified portfolio of assets that boasts some of the oil industry's highest production growth prospects as a result of Total's investments in major projects with competitive technical costs and in promising areas. The group's proven hydrocarbon reserves, calculated according to SEC rules (based on a Brent price of USD 101.3 per barrel), amounted to some 11'523 Mboe at 31 December 2014 and guarantee the company at least 13 years of production at the average 2014 production rate. A major player in the liquefied natural gas industry, Total is extending its activities to related market segments such as natural gas distribution and electricity generation. The group is also preparing the future of energy by supporting the development of new, complementary energy sources (i.e. solar, biomass, and CO^2 capture and storage).

In the **Refining-Chemicals** division, Total is one of the main global players in refining and petrochemicals, two highly complementary activities. In order to meet the demands of changing markets in both western and emerging countries, the group is modernising and developing its industrial facilities in an ongoing drive to improve safety and energy efficiency. This segment also comprises the Trading division, which buys and sells crude oil and oil products, and the Shipping division, which handles the transportation of oil and oil products.

The **Marketing & Services** division is dedicated to the supply and marketing of oil products and provides associated services through service stations and trades fuels and other products. The service station network has more than 15'500 retail outlets and serves around 3 million customers daily, with a leading presence in Africa, a network of 9'606 service stations in Europe and a presence in the Asia-Pacific region and the Americas.

Consolidated sales were USD 236 billion in 2014, a 6% decline on the previous-year figure and in line with the decline in the average Brent price.

The results in the Upstream segment were affected by fluctuations in the Brent price, which dropped sharply in the second half from around USD 110 per barrel to less than USD 60 at 31 December 2014.

In the Downstream segment, however, the ERMI indicator of refining margins in Europe came in at USD 18.7/tonne in 2014 versus USD 17.9/tonne a year earlier, a 4% rise. The petrochemicals environment has also improved, especially in the USA.

Adjusted net operating income from the business segments was USD 14.2 billion, a 10.2% decrease compared with 2013. The decline is a result of the lower contribution from the Upstream business, despite a ramp-up in production growth at the same time.

The average tax rate for the segments was 51.2%, compared with 55.5% in 2013.

Adjusted net income stood at USD 12.8 billion as against USD 14.3 billion in 2013, a decline of 10.2%.

Group share of net income amounted to USD 4.2 billion, compared with USD 11.2 billion in 2013, after non-recurring items (i.e. asset impairment, provisions, and taxes).

Net investments in 2014 [(1)] came in at USD 24.1 billion, a 7% decline on 2013. Acquisitions amounted to USD 2'539 million in 2014 and comprised mainly an interest in the Elk and Antelope discoveries in Papua New Guinea, increases in the stake in Novatek and the carry-over of investments in gas and condensate fields in Utica (USA). Asset sales were USD 4'650 million in 2014 versus USD 4'750 million one year earlier.

Group net cash flow was USD 1.46 billion compared with USD 2.6 billion in 2013. The net debt to equity ratio stood at 31.3% at the end of 2014, as against 23% at 31 December 2013.

A proposed dividend for 2014 of EUR 2.44 per share will be submitted to the shareholders for approval at the Annual General Meeting on 29 May 2015. This represents an increase of 2.5% on the previous year.

[(1)] Net investments = investments including acquisitions – asset sales – other transactions with non-controlling interests

GDF Suez is a world reference energy group in electricity, gas and services

Formed through the merger of Suez and Gaz de France in 2008, GDF Suez is present throughout the entire energy value chain, in electricity, natural gas both upstream and downstream, and services. Its acquisition of International Power in 2011 consolidated its first-rate position in the European and global energy industry.

	2012	2013	2014
Global data (EUR millions)			
Shareholders' equity at 31 December	59’834	47’955	49'527
Market capitalisation at 31 December	37’580	41’247	47'318
Recurring net profit (group share)	3’825	3’440	3'125
Total distribution	3’619	3’619	2'435
Per-share data (EUR)			
Net income	0.67	–3.91	1.0
Dividend	1.5	1.5	1.0
Shares issued (in millions)	2’413	2’413	2'435
Pargesa's interest (%)	**5.1**	**2.4**	**2.4**

GDF Suez’s activities cover the purchase, generation and sale of natural gas and electricity; they also concern the transportation, storage, distribution, development and operation of major natural gas infrastructures.

GDF Suez adapted its business model in response to the far-reaching changes taking place in the energy sector. The group is now composed of five divisions:

- **Energy International:** GDF Suez Energy International is one of the world’s leading independent power producers, with 73.2 GW capacity in operation and a significant portfolio of projects under development. Energy International also has interests in closely related businesses such as LNG terminals, natural gas distribution operations, retail sales and seawater desalination.

- **Energy Europe:** the Energy Europe business line manages GDF Suez’s activities in continental Europe in the following areas: electricity generation, energy management (delivery, trading and portfolio management) and marketing and sales for natural gas and electricity. It is also responsible for natural gas distribution in Portugal, Hungary, Romania and Slovakia, as well as natural gas storage in Romania and Slovakia.

- **Global Gas & LNG:** the Global Gas & LNG business line pools the upstream activities of the natural gas value chain. Natural gas and oil exploration and extraction, natural gas liquefaction, and transportation in the form of Liquefied Natural Gas all position the group as a world player.

- **Infrastructures:** the Infrastructures business line manages the biggest networks and capacities in Europe. This business line’s operations concern LNG terminals, storage sites, and transportation and distribution networks.

- **Energy Services:** via its Energy Services business line, GDF Suez offers efficient and sustainable energy and environmental solutions to its customers, local authorities and enterprises within the industrial and tertiary sector. It provides them with multi-technical services, from engineering to installation and operation.

In 2014 GDF Suez achieved all of its operational and financial targets in average weather terms.

On a pro forma basis (Suez Environnement is now accounted for using the equity method), revenues were EUR 74.7 billion. This figure was down (–6.6% on a reported basis) compared with 2013 (organic decline of 7.2%). This contraction can be attributed mainly to reduced gas sales in France (in the Energy Europe and Infrastructures divisions), owing to a particularly mild 2014, and to falling prices on the electricity market in Europe. 2014 was also affected by a drought in Brazil and the outage of three nuclear plants in Belgium.

EBITDA stood at EUR 12.1 billion, down 6.7% on a reported basis (organic decline of 4.2%). Corrected for the weather effect in France and the 2013 tariff recoup, which together amount to EUR 815 million, EBITDA showed organic growth of 2.4%. The commissioning of new assets, the operating performance, progress on the Perform 2015 plan and the positive change in net provisions all contributed to this improvement; the impact of these factors was mitigated by the nuclear plant outages in Belgium, falling prices on electricity markets in Europe and the drought in Brazil.

Group share of recurring net profit was EUR 3.1 billion, a decline of EUR 0.3 billion on the year-earlier period. The decline in current operating income (after the share in the net profit contributed by shareholdings accounted for using the equity method) was largely offset by a decrease in recurring financial expenses – which was achieved thanks to active debt management – and by a lower recurrent tax charge.

Net debt stood at EUR 27.5 billion at end-December 2014, EUR 1.3 billion lower than at the end of the previous reporting period. This reflected gross cash generated from operations of EUR 11.8 billion and the issue of hybrid notes by GDF Suez in early June (EUR 2 billion), less the change in working capital requirements (EUR 1.2 billion), net capital investments by the group (EUR 3.9 billion) and dividend payments to GDF Suez shareholders (EUR 2.8 billion) and to the minority shareholders of certain subsidiaries (EUR 0.8 billion).

A proposal for a 2014 dividend of EUR 1.00 per share will be submitted for approval by GDF Suez shareholders at the Annual General Meeting on 28 April 2015; the remaining dividend for fiscal year 2014 (EUR 0.50) will be paid on 5 May 2015. The group has committed to a dividend policy for 2015-16, with a payout ratio of 65-75% of group share of recurring net profit and a minimum dividend of EUR 1.00 per share, payable in cash with an interim payment.

Pernod Ricard

Joint world leader in wines and spirits, Pernod Ricard holds a top position on every continent.

Since it was established in 1975, Pernod Ricard has achieved significant organic growth and made numerous acquisitions, notably Seagram in 2001, Allied Domecq in 2005 and Vin&Sprit in 2008, and has become the joint world leader in the Wines and Spirits market.

With a strong presence on every continent and a sound position in the emerging markets of Asia, Eastern Europe and South America, the group produces and distributes a range of 14 strategic brands of spirits and champagne and four “Priority Premium Wine” brands, as well as 18 local brands that are leaders on their markets, and a large number of regional brands.

In spirits, the group’s main brands are: Absolut, Ballantine’s, Beefeater, Chivas Regal, Havana Club, Jameson, Kahlúa, Malibu, Martell, Ricard, Royal Salute and The Glenlivet; in champagnes: Mumm and Perrier Jouët; and in “priority premium” wines: Brancott Estate, Campo Viejo, Graffigna and Jacob’s Creek.

	30 June 2012	30 June 2013	30 June 2014
Global data (EUR millions)			
Shareholders' equity (group share)	10’803	11'014	11'621
Market capitalisation [1]	22’355	22'611	24’488
Consolidated net profit (group share)	1’146	1'172	1'016
Total distribution	411	435	435
Per-share data (EUR)			
Diluted net income (group share)	4.32	4.61	4.46
Dividend	1.58	1.64	1.64
Shares issued (in millions)	265.3	265.4	265.4
Pargesa's interest (%) [1]	**7.5**	**7.5**	**7.5**

[1] at year-end

Pernod Ricard’s sales for the 2013/14 financial year, which ended on 30 June 2014, totalled EUR 7’945 million. This figure is broadly stable year on year, excluding scope and currency effects. The reported decline in sales was 7.3% due to a highly unfavourable foreign exchange effect and difficulties in China.

The Top 14 declined 2% as a result of a slight reduction in volumes and an unfavourable mix (decline of Martell in China). Despite a more challenging business environment, pricing remained solid at +2%.

The operating margin increased by 52 basis points in organic terms, the sharpest rise in four years.

Profit from recurring operations recorded organic growth of 2% to EUR 2’056 million. This improvement is the result of firm cost control, thanks in particular to the Allegro project – aimed at improving the group’s operating efficiency – which is beginning to pay off.

Group share of net profit declined by 3% to EUR 1’016 million for the 2013/2014 financial year.

The group continued to reduce its debt burden, with net debt declining by EUR 374 million during the period. The net debt/EBITDA ratio stood at 3.6, i.e. a level comparable to the situation before the Wines and Spirits acquisition.

At the Annual General Meeting on 6 November 2014, the group's shareholders approved a dividend of EUR 1.64 per share for the 2013/2014 financial year, the same amount as in the previous year.

At 31 December 2014 (the first half of Pernod Ricard's 2014/2015 financial year), net sales totalled EUR 4'621 million (+1% organic growth). This improvement was driven by whiskies (Jameson, The Glenlivet, Ballantine's and Indian whiskies all continued to perform well) and by champagnes Mumm and Perrier-Jouët. Martell displayed an improving trend with an increase in volumes, yet sales continued to decline owing to an unfavourable mix; the US market was difficult for Absolut, whose sales nevertheless advanced in the rest of the world.

In the first half gross margin declined from 63.6% to 62.5% year on year. Profit from recurring operations in the first half was flat at EUR 1'358 million (+2% when adjusted for the Chinese New Year, which came later than in the previous year). Net profit from recurring operations stood at EUR 834 million, a 1% increase, while net income fell 5% to EUR 788 million owing to non-operating factors.

SGS

SGS is the world leader in inspection, verification, testing and certification.

SGS was founded in 1878 and listed in 1981. The company provides best-in-class innovative solutions for inspection, verification, testing and certification to help clients streamline their businesses and make them swifter and more efficient. SGS's global network comprises more than 1'650 offices and laboratories staffed by 80'000 employees in over 150 countries. The company's current organisational structure consists of ten business lines and ten geographical regions. The ten divisions are Agricultural Services, Mineral Services, Oil, Gas & Chemicals Services, Life Science Services, Consumer Testing Services, Systems & Services Certification, Industrial Services, Environmental Services, Automotive Services, and Governments & Institutions Services.

	2012	2013	2014
Global data (CHF millions)			
Shareholders' equity at 31 December (group share)	2'060	2'143	2'327
Market capitalisation at 31 December	15'848	16'052	15'997
Consolidated net profit (group share)	545	600	629
Total distribution	453	508	532
Per-share data (CHF)			
Adjusted basic net profit	71.52	77.84	81.65
Dividend	58	65	68
Shares issued (millions)	7'822	7'822	7'822
Pargesa's interest (%)		**15.0**	**15.0**

SGS has four types of activity:

- **Inspection:** offers clients a comprehensive range of inspection services across the globe, including verifying the integrity and weight of goods exchanged during transshipment. SGS helps clients verify the quality and quantity of goods and comply with all regulatory requirements in the various markets and regions;
- **Testing:** offers clients a global network of product-testing facilities staffed by qualified, experienced personnel. This service enables clients to reduce risk, shorten time to market and demonstrate the quality, safety and effectiveness of their products with regard to applicable health, safety and other regulations;
- **Certification:** enables clients to demonstrate that their products, processes, systems and services are compliant with national and international regulations and standards or consumer norms, via certification;
- **Verification:** enables clients to verify compliance of products and services with international standards and local regulations. Underpinned by a powerful combination of global coverage and local knowledge across industries, SGS covers the entire value chain, from raw materials to end-users.

The SGS group turned in solid 2014 results. It delivered revenue growth of 5.4% over the prior year (constant currency basis) to CHF 5.9 billion, corresponding to an organic growth of 4.0% and an additional 1.4% contributed by recently acquired companies. However,due to the continued appreciation of the Swiss franc against most currencies in which SGS operates around the world, group revenue for the year increased 0.9% on a reported basis.

Organic revenue growth was resilient during the year with solid performances by the Oil, Gas & Chemicals Services, Agricultural Services, Consumer Testing Services, and Systems & Services Certification divisions. The downturn in the global mining industry continued to impact Mineral Services and, to some extent, Environmental Services. Organic growth was achieved across all regions, despite the difficult market conditions experienced in Europe.

SGS pressed ahead in 2014 with its growth-by-acquisition strategy, mainly in the Automotive Services, Environment Services, Consumer Testing Services and Industrial Services divisions.

SGS's adjusted EBITDA was down 2% year on year to CHF 1'226 million. Adjusted operating income amounted to CHF 947 million, and the group's adjusted operating margin was 16.1%, coming in slightly below the 2013 figure of 16.8%.

Operating cash flows remained very strong at CHF 912 million for the year, although below the CHF 948 million in the prior year. This corresponds to 15.5% of group revenue versus 16.3% in 2013.

The group paid total cash consideration of CHF 108 million for acquisitions completed during the year.

Net aggregate financial expenses were stable at CHF 58 million.

After the payment of CHF 499 million in dividends, the group's net debt amounted to CHF 340 million at end-2014, as against CHF 334 million a year earlier.

Group share of consolidated net profit, after restructuring costs, rose 4.8% year on year to CHF 629 million.

A proposal for a 2014 dividend of CHF 68 per share, representing an increase of 4.6% on the year-earlier dividend, was submitted for approval by SGS shareholders at the Annual General Meeting on 12 March 2015.

GBL

INCUBATOR
FINANCIAL PILLAR

In addition to the large strategic holdings that make up the majority of its portfolio, GBL began to diversify into two areas in 2012:

- "incubator" type investments in smaller companies that may or may not be listed and have the potential to become strategic assets over time. These types of investments may eventually comprise 10-15% of GBL's adjusted net asset value.

- significant stakes in investment or private equity funds, grouped within a "financial pillar." These investments may eventually comprise up to 10% of GBL's adjusted net asset value.

Incubator

Umicore was GBL's first investment in its "incubator" portfolio. At 31 December 2014, GBL held 12.4% of Umicore's capital and was the company's second largest shareholder. The market value of GBL's stake stood at EUR 464 million on that date.

Umicore

Umicore is a global group specialised in materials technology and the recycling of precious metals. Its business activities focus on areas where its expertise in materials science, chemistry and metallurgy is widely recognised. Umicore has four business lines: Catalysis, Energy Materials, Performance Materials and Recycling.

	2012	2013	2014
Global data (EUR millions)			
Shareholders' equity at 31 December (group share)	1'752	1'677	1'705
Market capitalisation at 31 December	5'003	4'075	3'730
Consolidated net profit	233	179	171
Total distribution	129	115	112
Per-share data (EUR)			
Net income	2.09	1.60	1.57
Dividend	1.00	1.00	1.00
Shares issued (in millions)	120	120	112
Pargesa's interest (%)		**5.6**	**12.4**

Umicore's revenues in 2014 were up 1% on the 2013 figure, with firm growth in Catalysis and Energy Materials offsetting a sales decline in both Recycling and Performance Materials. Recycling was impacted by lower prices on precious metals and maintenance work. Recurring EBIT for 2014 amounted to EUR 274 million as against EUR 304 million in 2013, with the decline reflecting the impact of lower metal prices on recycling margins and a less favourable product mix in Catalysis. The balance sheet remains sound with net debt of EUR 298 million, or 0.5x recurring EBITDA. Strong operating cash flow and a slight increase in the debt level were used to make acquisitions and return cash to shareholders (EUR 187 million) via dividends and a share buyback.

Sienna Capital / Financial Pillar

With a view to creating value and diversifying its portfolio, GBL makes alternative investments through its subsidiary Sienna Capital (GBL's "financial pillar").

Sienna Capital aims to generate attractive returns by constructing a diversified portfolio of performing equity funds, debt funds and theme-based funds.

Sienna Capital is an active partner, working closely with the companies in which it invests. It provides support to investment managers, helping them to raise funds, attract new talent and identify investment opportunities. It also offers guidance on matters of good governance and best practice.

At end-2014, Sienna Capital's portfolio comprised investments in private equity funds Ergon and Sagard, debt fund Kartesia and healthcare investment vehicle Mérieux Développement.

Approach

Sienna Capital offers a differentiated approach, providing fund managers with long-term capital in exchange for attractive financial terms. It is an active partner, aiming at creating value.

Sienna Capital supports new funds but also looks to make direct investments with existing external managers.

Sienna Capital generates revenue through capital gains, dividends and management fees, negotiating revenue sharing agreements with the underlying funds.

Sienna Capital – key figures since its creation (in EUR millions)

	Ergon	Sagard	Kartesia	Mérieux Développement	Total
Initial commitment	563	381	150	75	**1'170**
Called up capital	381	200	52	14	**648**
Residual commitment	181	181	97	61	**520**
Distributions	163	179	–	–	**342**
Value of holding (Sienna Capital portfolio)	**288**	**87**	**54**	**14**	**443**

Ergon Capital Partners ("ECP")

Profile

Ergon was launched in 2005. It is a mid-market private equity fund investing between EUR 20 million and EUR 50 million in companies with a sustainable competitive position in attractive niche markets with potential for consolidation in the Benelux countries, Italy, Spain, France, Germany and Switzerland.

Sienna Capital & Ergon

ECP I was launched in 2005 with two shareholders, GBL and Parcom Capital, a subsidiary of ING. The first fund totalled EUR 150 million. The two shareholders launched a second fund in 2007, ECP II, for a total amount of EUR 275 million. In 2010, GBL took part in a third launch, ECP III, for an amount of EUR 350 million. Sienna Capital enjoys favourable financial terms in return for supporting Ergon.

2014 reporting period

In 2014, ECP II finalised the sale of its investments in Zellbios and Corialis. ECP III acquired two companies: Sausalitos (Germany) and Visionnaire (Italy).

Sagard

Profile

Created in 2002 at the initiative of Power Corporation of Canada, Sagard invests in companies valued at more than EUR 100 million that are leaders in their markets, primarily in French-speaking European countries. Working with management teams, it supports them in their growth.

Sienna Capital & Sagard

GBL committed EUR 50 million to the first Sagard fund (Sagard I). GBL then committed EUR 150 million to the second fund, Sagard II, in 2006, reducing this amount to EUR 113 million in 2014. In 2013, Sienna Capital committed EUR 200 million to the launch of Sagard III. Sienna Capital enjoys preferential financial terms in return for supporting Sagard III.

2014 reporting period

In 2014, Sagard II finalised the sale of its majority stake in Corialis. The fund also reinvested in Ceva Santé Animale after the company's capital reorganisation.

Kartesia

Profile

Kartesia was launched in 2013 and provides liquidity and credit solutions to mid-sized European companies and banks while offering superior and consistent investment performance to investors.

More generally, Kartesia aims to facilitate the participation of institutional and high net worth investors in the European LBO market by giving them access to high quality, resilient and diversified credit exposures through primary, secondary or rescue financing transactions with selected mid-cap companies.

Sienna Capital & Kartesia

Kartesia's initial funding round in September 2013 brought in EUR 227 million, of which EUR 150 million came from Sienna Capital. In return for its support since the launch of Kartesia, Sienna Capital enjoys favourable financial terms, including revenue sharing.

2014 reporting period

In 2014, Kartesia raised a further EUR 262 million, bringing the total fund size to EUR 489 million. Kartesia's target size is around EUR 500 million.

Kartesia also made more than 12 investments, for an amount exceeding EUR 106 million.

Mérieux Développement

Profile

Mérieux Développement was created in 2009 and is an investment vehicle specialised in the healthcare sector, conducting growth and venture capital investments. Mérieux Développement works alongside entrepreneurs and companies from whose products and services represent real benefits in healthcare throughout the world. Mérieux Développement, a subsidiary of Institut Mérieux, gives these companies access to its industry expertise and global network.

Sienna Capital & Mérieux Développement

In 2014, Sienna Capital committed to invest EUR 75 million in the two funds managed by Mérieux Développement: Mérieux Participations I and Mérieux Participations II. Sienna Capital enjoys favourable financial terms in return for supporting Mérieux Participations II.

2014 reporting period

In 2014, Mérieux Développement launched its second fund, Mérieux Participations II, with committed capital of EUR 150 million.

Mérieux Participations II finalised the acquisition of a stake in Ceva Santé Animale.

03

CORPORATE GOVERNANCE

1. Group structure and shareholders

1.1 For the purposes of this Corporate Governance Report, Pargesa Group companies include the Swiss parent company Pargesa Holding SA, and its subsidiaries and consolidated shareholdings.

Listed companies within the scope of consolidation:

Name and registered office	Place of listing	Market capitalisation 31.12.2014		% of capital	% of voting rights	ISIN
Pargesa Holding SA Grand-Rue 11 CH – 1204 Geneva	SIX Swiss Exchange Zürich	CHF	6.5 billion	parent company		CH0021783391
Groupe Bruxelles Lambert (GBL) Avenue Marnix 24 B – 1000 Brussels	Euronext Brussels	EUR	11.4 billion	50.0	52.0	BE0003797140
Imerys Rue de l'Université 154 / 156 F – 75007 Paris	Euronext Paris	EUR	4.6 billion	56.5[1]	71.9[1]	FR0000120859

[1] owned through GBL

Unlisted company controlled by the parent company:

Name and registered office	Share capital	% of capital
Pargesa Netherlands BV ; Herengracht 483 ; NL – 1017 BT Amsterdam	CHF 109 million	100%

1.2 Significant shareholders

Significant shareholders at 31 December 2014	% of capital [1]	% of voting rights attributed to shares [2]	% of voting rights conferred on exchange rights [3]
Frère / Desmarais Group	55.5	75.4	–
BNP Paribas Group (F)	11.2	6.2	(6.1)
First Eagle Investment Management LLC (USA)	9.0	4.9	–

[1] capital percentages are calculated based on the total number of issued shares (bearer equivalent) making up the capital, less treasury shares, i.e. a denominator of 84'659'190 at 31 December 2014

[2] percentages of voting rights are calculated based on the total number of voting rights attached to the shares issued, i.e. a denominator of 154'429'400 at 31 December 2014

[3] these exchange rights relate primarily to bonds issued in September 2012 and March 2013 by BNP Paribas, maturing in 2015 and 2016 and exchangeable for Pargesa Holding SA bearer shares

Announcements concerning purchasing and selling positions were published during the financial year. Further details are available on the SIX Swiss Exchange website:

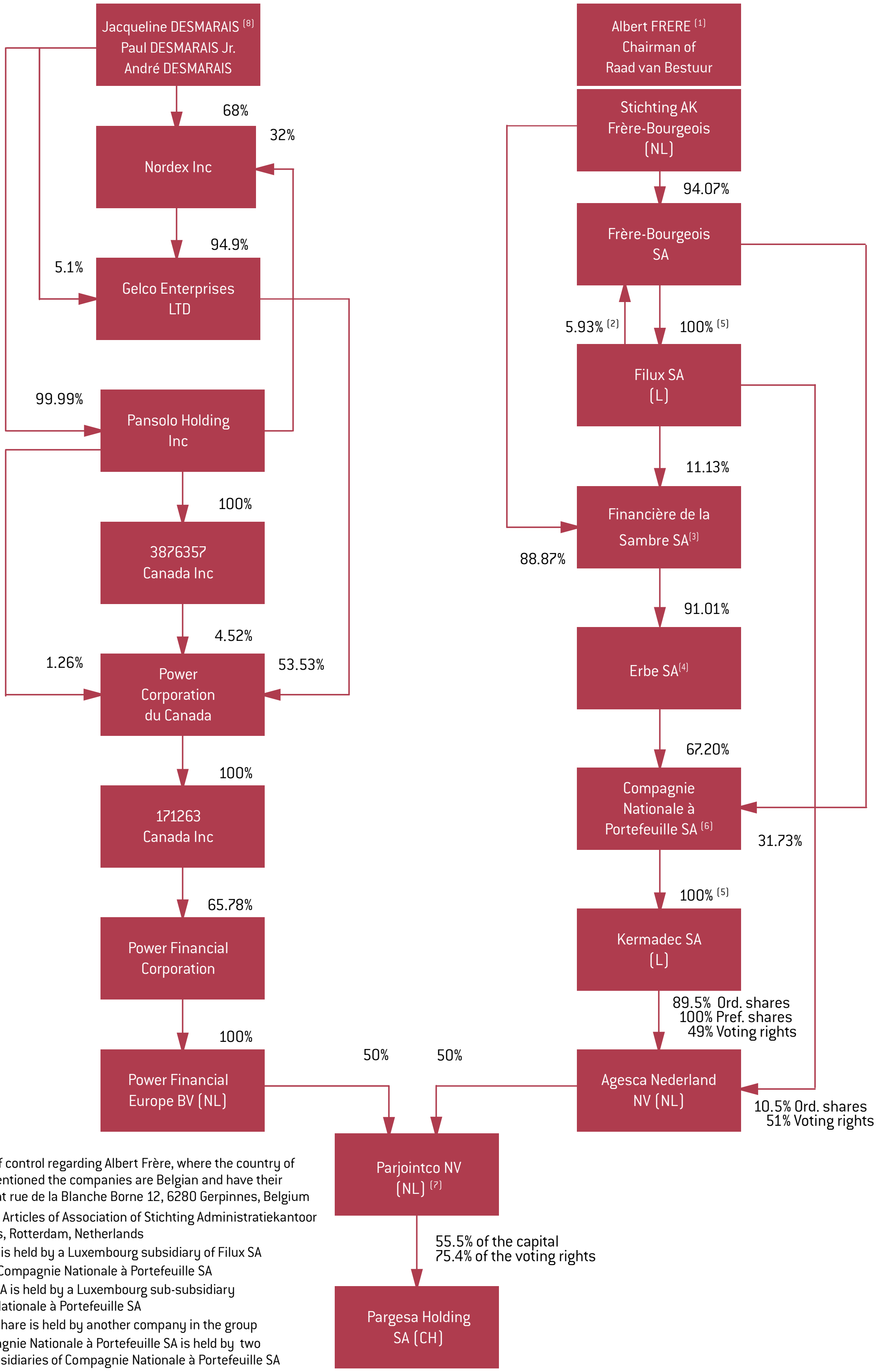
http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html

An updated version of the Group's structure at 1 September 2014 showing the holdings of the members of the Frère and Desmarais families in the capital Pargesa Holding SA through their control of Parjointco NV (Netherlands) was sent to the authority responsible for the disclosure of shareholdings (see next page).

1.3 There are no cross-shareholdings within the Group.

Pargesa Holding SA
Shareholder Structure

Status at 1st September 2014



NB: In the chain of control regarding Albert Frère, where the country of domicile is not mentioned the companies are Belgian and have their registered office at rue de la Blanche Borne 12, 6280 Gerpinnes, Belgium

[1] pursuant to the Articles of Association of Stichting Administratiekantoor Frère-Bourgeois, Rotterdam, Netherlands

[2] of which 0.20% is held by a Luxembourg subsidiary of Filux SA

[3] holds 0.39% of Compagnie Nationale à Portefeuille SA

[4] 8.99% of Erbe SA is held by a Luxembourg sub-subsidiary of Compagnie Nationale à Portefeuille SA

[5] 100% less one share is held by another company in the group

[6] 0.68% of Compagnie Nationale à Portefeuille SA is held by two Belgian sub-subsidiaries of Compagnie Nationale à Portefeuille SA

[7] joint control

[8] trustees of a trust set up upon the death of the late Paul G. Desmarais to the benefit of certain members of the Desmarais family

2. Capital structure

2.1 The total share capital of the Company amounts to CHF 1'698'723'400. It is composed of 77'214'700 fully paid-in registered shares with a par value of CHF 2 each, 76'937'720 fully paid-in bearer shares with a par value of CHF 20 each, and 276'980 fully paid-in non-dividend-bearing shares with a par value of CHF 20 each.

2.2 The Board of Directors has been granted authorisation, until 6 May 2016, to increase the share capital by CHF 253 million by issuing 11'500'000 registered shares with a par value of CHF 2 each and 11'500'000 bearer shares with a par value of CHF 20 each. On 1 June 1994, the Company created conditional capital with a maximum par value of CHF 242 million including 11'000'000 registered shares with a par value of CHF 2 each and 11'000'000 bearer shares with a par value of CHF 20 each.

In terms of authorised capital, shareholders in principle have preferential subscription rights on new shares. However, the Board of Directors may cancel shareholders' preferential subscription rights for good reason, in particular if the shares are issued in connection with total or partial mergers or acquisitions, investments, or for the placement of shares on foreign markets in order to expand the shareholder base. Preferential subscription rights that have not been exercised must be sold by the Company at market conditions.

In terms of conditional capital, the right to acquire new shares may be conferred on holders of convertible bonds resulting from convertible bond issues or option rights issued by the Company or by one of its affiliates. The preferential subscription rights of shareholders are cancelled for these new shares. The right of shareholders to subscribe to convertible bond issues or to options at the time of issue may be limited or cancelled by the Board of Directors for good reason, in particular if the convertible bond issue or the options are issued in connection with total or partial mergers or acquisitions, investments, or for the placement of shares on foreign markets in order to expand the shareholder base. In such cases, the following rules apply: (a) the convertible bonds or the options must be issued in accordance with normal market conditions; and (b) conversion rights may be exercised for a maximum of seven years and options for a maximum of five years from the issue date.

2.3 Changes in the capital structure and in reserves during the 2014 and 2013 financial years appear in the consolidated statement of changes in equity on page 58 of this Annual Report. Changes that took place in 2012 can be found on page 56 of the 2013 Annual Report, which is available on the Company's website under "Financial Reports" (www.pargesa.ch/images/stories/rapports/en/ra13en.pdf).

2.4 Registered and bearer shares provide one vote per share, subject to the restrictions mentioned in section 6.1 below, and entitle the holder to a dividend proportional to the par value (see sections 2.1 and 2.2 above). An acquirer of shares in the Company is not required to present a public tender under Articles 32 and 52 of the Stock Exchanges and Securities Trading Act (SESTA) if the thresholds provided under Articles 32 and 52 of SESTA (opting out clause) have been exceeded.

2.5 The Company has not issued any profit-sharing certificates.

2.6 There are no limitations on the transfer of bearer shares. The transfer of registered shares, which are not listed, is subject to approval by the Board of Directors. The Company may refuse to grant approval, provided that it offers to buy the registered shares from the seller for its own account, for the account of other shareholders or for the account of third parties, at their market value at the time of the request for approval.

The Company may also refuse to register the acquirer in the share register if, on the Company's request, the acquirer does not expressly declare that he is acquiring the shares in his own name and for his own account.

2.7 In 2007, Pargesa set up a plan for staff and certain executive managers, whereby stock options are granted annually. The main features of the plan are as follows:

Year of issue	2007	2008	2009	2010	2011	2012	2013	2014
Number of options	12'150	16'150	36'650	19'090	20'210	24'780	24'510	23'930
Final expiration date	2017	2018	2019	2020	2021	2022	2023	2024
Vesting conditions	2008 to 2010	2009 to 2011	2010 to 2012	2011 to 2013	2012 to 2014	2013 to 2015	2014 to 2016	2015 to 2017
Conversion ratio	1 option/ 1 share	1 option/ 1 share	1 option/ 1 share	1 option/ 1 share	1 option/ 1 share	1 option/ 1 share	1 option/ 1 share	1 option/ 1 share
Strike price in CHF	133	116	53	87	87	65	67	79
Share capital in CHF	243'000	323'000	733'000	381'800	404'200	495'600	490'200	478'600

3. Board of Directors

3.1 and 3.2 Members of the Board of Directors

Information on Board members are given in the following order:

Name, nationality

Education, professional career and present positions

Operational management functions within Pargesa or a Group company

Other activities

Executive Directors:

Paul DESMARAIS Jr — Canada

Bachelor of Commerce, McGill University – MBA, INSEAD – Power Corporation of Canada since 1981, appointed Chairman of the Board and Co-Chief Executive Officer of Power Corporation of Canada in 1996 – Vice President at Power Financial Corporation (Canada) in 1984; President and Chief Operating Officer in 1986; Executive Vice Chairman in 1989; Executive Chairman from 1990 to 2005; Chairman of the Executive Committee from 2006 to 2008; and Executive Co-Chairman since 2008 – Appointed to the Management Committee of Pargesa Holding SA in 1982, and made Executive Chairman in 1998 – Director of Pargesa Holding SA since 1992; appointed Vice Chairman of the Board in 2002; then Executive Director in 2003

Chairman of the Board of Directors of Pargesa Holding SA since 2013 – Vice Chairman of the Board, Director and Member of the Permanent Committee of GBL SA (Belgium)

Other activities: Director of several companies in the Power group in North America, including Great-West Lifeco Inc. and its subsidiaries, and IGM Financial Inc. and its subsidiaries (Canada) – Chairman of the Advisory Board of Sagard Private Equity Partners (France) – Director of Total SA, Lafarge SA (France), and SGS SA (Switzerland)

Albert FRÈRE — Belgium

Began career in the family business – Acquired control of most of the steel companies in the Charleroi basin – Change of career direction in 1981 to finance and investments – Currently Chairman of the Board of Directors of Frère-Bourgeois SA (Belgium)

Vice Chairman of the Board of Directors and Executive Director of Pargesa Holding SA – Executive Director, CEO and Member of the Permanent Committee of GBL SA (Belgium)

Other activities: Chairman of the Board of Directors of Erbe SA, Financière de la Sambre (Belgium) – Vice Chairman of the Board of Directors of GDF Suez (France) – Chairman of the Supervisory Board of Métropole Télévision (M6) (France) – Chairman of the Board of Directors and Director of Société Civile du Château Cheval Blanc, LVMH SA (France) – CEO of Stichting Administratiekantoor Frère-Bourgeois (Netherlands) – Manager of GBL Verwaltung Sarl and GBL Energy Sarl (Luxembourg) as the permanent representative of Frère-Bourgeois – Member of the Management Committee (Director) of Groupe Arnault SA as the permanent representative of Belholding Belgium SA – Honorary Regent of Banque Nationale de Belgique

Arnaud VIAL — France/Canada

Ecole supérieure d'Electricité – 1977-1988 Banque Paribas (Paris) – 1988-1997 Director of accounting and financial services; then Deputy Managing Director of Parfinance (France) – 1993-1997 Secretary General of Pargesa Holding SA – Since 1997 Senior Vice President of Power Corporation of Canada and Power Financial Corporation (Canada)

Managing Director and Director of Pargesa Holding SA – Director and Member of the Permanent Committee of GBL SA (Belgium) – Member of the Supervisory Board of Pargesa Netherlands BV (Netherlands) – Chairman of PGB SA and SFPG (France)

Non-executive Directors:

Marc-Henri CHAUDET — Switzerland

Law doctorate, University of Lausanne – 1974-1982 Member of Vaud Legislature – 1968-2007 Attorney-at-Law (Vevey, Switzerland)

Director of Pargesa Holding SA

Bernard DANIEL — Switzerland

Law degree and IMD Lausanne – 1987-2007 Secretary General and Secretary of the Board of Directors of Nestlé SA (Switzerland) – 1967-1972 International Committee of the Red Cross delegate – Since 2009 Member of the International Committee of the Red Cross Geneva (Switzerland)

Director of Pargesa Holding SA

Other activities: Member of the boards of Caisse d'épargne Riviera, Compagnie Industrielle et Commerciale du Gaz SA, Holdigaz SA – Co-founder and member of the Board of Riviera Finance SA (Switzerland)

Victor DELLOYE — Belgium

Law degree, Université Catholique de Louvain, and Master of Fiscal Sciences degree (ESSF – Brussels, Belgium) – 1980-1987 Coopers & Lybrand – Joined the Frère-Bourgeois group in 1987; Director and Secretary General of Frère-Bourgeois and its subsidiary Compagnie Nationale à Portefeuille SA (Belgium) since 1994

Director of Pargesa Holding SA – Director of GBL SA (Belgium)

Other activities: Since the 1989-1990 academic year, Lecturer for the Executive Masters in Tax Management at the Solvay Brussels School of Economics & Management (ULB, Belgium) – Vice Chairman of the Association Belge des Sociétés Cotées, ASBL (Belgium)

André DESMARAIS — Canada

Concordia University (Canada) – 1979-1980 Campeau Corporation (Canada) – 1980 Ministry of Justice and Public Prosecution Service of Canada – Since 1981 Power Corporation of Canada, since 1988 Power Financial Corporation, since 1996 President and co-Chief Executive Officer of Power Corporation of Canada – Since 2008 Deputy Chairman of Power Corporation of Canada and Executive co-Chairman of Power Financial Corporation (Canada)

Vice Chairman of the Board of Directors of Pargesa Holding SA

Other activities: Director and Member of the Executive Board of Power Corporation of Canada and Power Financial Corporation (Canada) – Chairman of the Board of Square Victoria Communications Group Inc., Gesca Ltée, and La Presse Ltée (Canada) – Director of Great-West Lifeco Inc., IGM Financial Inc., Mackenzie Inc., Investors Group Inc., London Life Insurance Company, Canada Life (Canada), Putnam Investments LLC (USA), and CITIC Pacific Limited (Hong Kong, China)

Paul DESMARAIS III — Canada

Degree in economics, Harvard University – MBA, INSEAD (France) – 2004-2009 began career at Goldman Sachs (USA) – 2010-2012 worked in project management and strategy at Imerys (France) – 2012-2014 Deputy Vice President of Risk Management at Great-West Lifeco – Currently Vice President of Power Corporation of Canada and Power Financial Corporation (Canada)

Director of Pargesa Holding SA, GBL SA (Belgium) and Imerys (France)

Other activities: Director of Great-West Life Inc, Investor's Group, Mackenzie Inc., and Sagard Capital Partners GP, Inc. (Canada), Putnam Investments LLC (USA)

Gérald FRÈRE — Belgium

Institut "Le Rosey" (Switzerland), Athénée Royal de Chimay (Belgium) – Career within the Frère-Bourgeois Group (Belgium) – Executive Director of Frère-Bourgeois SA, Director of Erbe SA, Chairman of the Board of Directors of Compagnie Nationale à Portefeuille SA (Belgium)

Vice Chairman of the Board of Directors of Pargesa Holding SA – Chairman of the Board and Member of the Permanent Committee of GBL SA (Belgium)

Other activities: Director of Electrabel SA (Belgium), Power Financial Corporation (Canada) – Regent of Banque Nationale de Belgique

Cedric FRÈRE — Belgium/France

BA, Vesalius College – Business and Economics (Belgium) – 2007 Internship in "Investment Banking" division, Goldman Sachs Paris (France) – 2007-2008 "Corporate Finance" division, Royal Bank of Scotland, London (United Kingdom) – 2008-2010 "Private Deals" department, Banque Degroof, Brussels – Since 2010, Compagnie Nationale à Portefeuille (Belgium)

Director of Pargesa Holding SA

Other activities: Director of Frère-Bourgeois SA, Erbe SA (Belgium) – Director of Cheval Blanc Finance SAS (France) – Tenured Director of Cheval des Andes (Argentina)

Ségolène GALLIENNE — Belgium

BA, Vesalius College – Economics – Vrije Universiteit Brussels (VUB) – Since 1998 Director of Frère-Bourgeois SA (Belgium)

Director of Pargesa Holding SA

Other activities: Chair of the boards of Stichting Administratiekantoor Peupleraie (Netherlands) and Diane SA (Switzerland) – Director of Erbe SA, Fonds Charles-Albert Frère ASBL (Belgium), Christian Dior SA, and Société Civile du Château Cheval Blanc (France) – Member of Hippocrene ASBL (Belgium)

Barbara KUX — Switzerland

MBA with distinction, INSEAD – began career at McKinsey (Germany) – Held top management positions within multinational companies – 2008-2013 member of the Managing Board of Siemens AG (Germany)

Director of Pargesa Holding SA

Other activities: Member of the Board of Directors of Total (France), Henkel (Germany), Firmenich (Switzerland) and Umicore (Belgium)

Michel PÉBEREAU — France

1961-1963 Ecole Polytechnique – 1965-1967 Ecole Nationale d'Administration (ENA) – 1967-1970 French General Finance Inspectorate – 1970-1974 Member of Cabinet of the French Minister for the Economy and Finance – 1971-1982 Treasury Division – 1978-1981 Cabinet Director and special assistant of French Minister for the Economy – 1982-1986 Managing Director of Crédit Commercial de France – 1986-1993 Chairman and Managing Director of Crédit Commercial de France – 1993-2000 Chairman and CEO of Banque Nationale de Paris – 2000-2003 Chairman and CEO of BNP Paribas – 2003-2011 Chairman of the Board of Directors of BNP Paribas – Since December 2011 Honorary Chairman of BNP Paribas (France)

Director of Pargesa Holding SA

Other activities: Director of Total (France), BNP Paribas (Switzerland) SA, Airbus (Netherlands) – Member of the Supervisory Board of Banque Marocaine pour le Commerce et l'Industrie (Morocco) – Chairman of the Fondation BNP Paribas – Chairman of Fondation ARC – Chairman of Centre des Professions Financières – Member of the Board of Fondation Nationale des Sciences Politiques – Member of the Académie des Sciences Morales et Politiques (France) – Member of the Board of Fondation JJ. Laffont (TSE) – Member of the Strategic Council of ESL Network – Manager of MJP Conseil

Michel PLESSIS-BÉLAIR — Canada

MBA in Finance, Columbia University (New York, USA) – L. Sc. Commerce HEC (Canada) – 1967-1968 Samson Bélair Côté, Lacroix and Partners – 1968-1974 SMA-ETD Group – 1975-1986 Société Générale de Financement du Québec – 1986 to January 2008 Chief of Financial Services and Director of Power Corporation of Canada and Power Financial Corporation – Since January 2008 Vice-Chairman of Power Corporation of Canada and Power Financial Corporation (Canada)

Director of Pargesa Holdin g SA – Director and member of the Permanent Committee of GBL SA (Belgium)

Other activities: Director of Great-West Lifeco Inc. and its subsidiaries Great-West Life, Canada Life, London Life, Crown Life, IGM Financial and its subsidiaries Group Investors and Mackenzie Inc., and Square Victoria Communications Group Inc. (Canada)

Gilles SAMYN — Belgium/France

Commercial Engineer, Solvay Business School, Free University of Brussels (ULB) – 1972-1973 Mouvement Coopératif Belge – 1973-1974 military service – 1974-1982 Groupe Bruxelles Lambert SA – 1982-1983 self-employed businessman – since 1983 Frère-Bourgeois SA, currently Executive Director – Executive Director of Compagnie Nationale à Portefeuille SA (Belgium)

Director of Pargesa Holding SA – Director and member of the Permanent Committee of GBL SA (Belgium)

Other activities: Executive Director of Frère-Bourgeois SA, CNP SA, and Erbe SA (Belgium) – Chairman of International Duty Free (formerly Distripar), Transcor Astra Group SA, Belgian Sky Shops SA (Belgium), Groupe Flo SA, and UNIFEM SAS (France) – Member of the Supervisory Board of Métropole Télévision (M6) (France) – Director of Acide Carbonique Pur SA, Grand Hôpital de Charleroi ASBL (Belgium), Pernod Ricard, Société Civile du Château Cheval Blanc (France), Banca Leonardo SpA (Italy), and Affichage APG/SGA SA (Switzerland) – Lecturer at Solvay Business School (ULB) (Belgium)

Amaury de SÈZE — France

Stanford Business School (USA) – 1978-1993 AB Volvo (Sweden) – 1993-1999 Paribas – 1998-2007 PAI Partners (France) – Since 2010 Vice Chairman of the Board and member of Senior Management of Power Financial Corporation (Canada)

Director of Pargesa Holding SA – Director and member of the Permanent Committee of GBL SA (Belgium) – Director of Imerys (France)

Other activities: Member of the Supervisory Board of Publicis Groupe (France) – Lead Director of Carrefour, RM2 (UK), and BW Group (Singapore)

3.3 At the 2015 Annual General Meeting, Pargesa Holding SA will introduce the amendments to the Articles of Association required under the Ordinance against excessive compensation in listed limited liability companies (known as "ORAb"). Under these provisions, the Articles of Association will stipulate the maximum number of positions that may be held in the management or on the boards of directors of companies outside the Pargesa Group.

3.4 Elections and terms of office

Since the entry into force of ORAb on 1 January 2014, the Annual General Meeting must each year elect each member of the Board of Directors individually. As a result, all terms will expire at the 2015 Annual General Meeting.
At the Annual General Meeting on 5 May 2015, a proposal to amend the Articles of Association accordingly will be put forward.

	Year of 1st appointment
Albert FRÈRE	1981
Paul DESMARAIS Jr	1992
Gérald FRÈRE	1992
Gilles SAMYN	1992
Marc-Henri CHAUDET	1996
André DESMARAIS	1996
Michel PLESSIS-BÉLAIR	1999
Amaury de SÈZE	2001
Victor DELLOYE	2004
Ségolène GALLIENNE	2004
Michel PÉBEREAU	2005
Arnaud VIAL	2010
Bernard DANIEL	2011
Cedric FRÈRE	2012
Paul DESMARAIS III	2014
Barbara KUX	2014

3.5 and 3.6 Internal organisational structure

The organisational structure of the Company is defined by internal regulations initially adopted in 1993. The regulations determine the organisation, powers and responsibilities of the governing bodies, in accordance with the law and the Company's Articles of Association. The regulated bodies are the Board of Directors, the Audit Committee, the Compensation Committee, the Executive Directors and Management.

Distribution of responsibilities

The responsibilities of each member of the Board of Directors can be found on page 6 of the annual report. The members of the Committees of the Board can be found on page 7 of the annual report. The duties and scope of responsibilities of the Committees are detailed below.

Composition, duties and scope of responsibilities, working method

The Company's Board of Directors appoints at least two Executive Directors, who may delegate the day-to-day management of the Company to other members of Management. The Managing Director represents Management in relation to the other Company bodies.

At its meetings, the Board of Directors examines the business affairs of the Group and its shareholdings and the financial statements of the Group, and deliberates on all current or strategic matters as required by circumstances at the time. The documentation given to the Board systematically includes analyses of the Group's net asset value, recent results and forecast results compared with the budget, as well as the strategic outlook and trends of the main shareholdings. The Managing Director and the Deputy Managing Director-Financial Director are present at Board meetings. During 2014, the Board of Directors met five times.

Committees of the Board of Directors

Since 1997, the Company has had an Audit Committee and a Compensation Committee, composed of non-executive members of the Board of Directors. The Committees report to the Board of Directors.

The task of the *Audit Committee* is to ensure that accounting methods are adequate and consistent and to check that internal procedures for the collection and control of information guarantee these aims. More specifically, the Committee analyses the consolidated and parent company accounts, as well as the internal control systems; it also examines, with the external auditors, the scope and results of their audit, and analyses the financial information provided to shareholders and third parties. The Managing Director and Deputy Managing Director-Financial Director attend Audit Committee meetings. The auditors attend twice a year. The Audit Committee reports to the Board of Directors, which receives its recommendation before approving the financial statements. During 2014, the Committee met twice, both times in the presence of the auditors.

The *Compensation Committee* issues recommendations on the compensation policy for Management and members of the Board of Directors, including incentive plans. When circumstances require, the Committee relies on recommendations from international independent experts. The Deputy Managing Director-Financial Director attends the meetings of the Committee. The Compensation Committee reports to the Board of Directors, which has the authority to take decisions. During 2014, the Committee met twice.

By law, the *Board of Directors* is the Company's supreme managing body. It determines the organisation, accounting principles and financial controls. It appoints and dismisses the officers entrusted with the Company's management and representation, and supervises the officers entrusted with management tasks to ensure that they comply with the law, the Articles of Association, regulations and instructions received. The Board of Directors is also responsible for drawing up the annual report and the compensation report, as well as for preparing the Annual General Meeting and implementing its decisions.

The *Executive Directors*, who are appointed by the Board of Directors, are authorised to decide on all matters not attributed to another Company body by law, the Articles of Association or the regulations. They make recommendations to the Board of Directors concerning the general aims of the Company's investment policy and new orientations. They determine the Company's position regarding the management approach of its subsidiaries and their major shareholdings. They propose the Company's financing policy to the Board. They establish the key principles of treasury management and recommend the profit allocation to the Board of Directors.

The *Executive Directors* instruct Management and supervise the implementation of the decisions and orientations decided by the Board of Directors and the Executive Directors.

3.7 Board information and control instruments

The members of the Board of Directors have permanent access to all information concerning the business of the Company. They receive financial documentation on at least a quarterly basis. All members of Management attend the meetings of the Board of Directors. Before these meetings, full documentation is given to the participants, including and depending on the items on the agenda, a review of shareholdings, operating and financial information and outlook, and any other relevant information about the current affairs or future direction of the Group.

4. Senior Management

Paul DESMARAIS Jr — **Canada**

Chairman of the Board of Directors and Executive Director of Pargesa Holding SA

(see section 3 on the Board of Directors above)

Albert FRÈRE — **Belgium**

Vice Chairman of the Board of Directors and Executive Director of Pargesa Holding SA

(see section 3 on the Board of Directors above)

Arnaud VIAL — **France/Canada**

Director of Pargesa Holding SA
Managing Director of Pargesa Holding SA

(see section 3 on the Board of Directors above)

Andrew ALLENDER — **UK/Switzerland**

Deputy Managing Director, Financial Director and Secretary to the Board of Directors of Pargesa Holding SA

Degree in Economics, University of Geneva – 1987-1989 Arthur Andersen SC (Switzerland) – Since 1989 Pargesa Holding SA; since 1992 Financial Director and Secretary to the Board of Directors; since 2010 also Deputy Managing Director

Director of Pargesa Netherlands BV (Netherlands), PGB SA and SFPG (France)

Other activities: Director of J.P. Morgan (Suisse) SA, Director of Rentes Genevoises, Chairman of the Board of the Geneva Foundation of the Centre Universitaire Zofingen (Switzerland)

4.3 At the 2015 Annual General Meeting, Pargesa Holding SA will introduce the amendments to the Articles of Association required under ORAb. Under these provisions, the Articles of Association will now stipulate the maximum number of positions that may be held in the management or on the boards of directors of companies outside the Pargesa Group.

4.4 There are no management contracts between the Company and third parties.

5. Compensation, shareholdings and loans

Information concerning the compensation of members of the Board of Directors and Management can be found in the Compensation Report (page 49), pursuant to ORAb.

At the 2015 Annual General Meeting, Pargesa Holding SA will introduce the amendments to the Articles of Association required under ORAb. Under these provisions, the Articles of Association will set out the principles and components of compensation awarded to the Board of Directors and Senior Management, and the method used to approve compensation at the Annual General Meeting.

6. Shareholders' participation rights

6.1 Shareholders' voting rights are proportional to the number of shares they hold, regardless of their par value. Each shareholder has at least one vote, even with only one share.

In the following cases, shareholders exercise the right to vote in proportion to the par value of their shares and not in proportion to the number of shares they hold:

- appointment of the external auditors;
- appointment of experts to verify all or part of the management;
- resolution to conduct a special audit;
- resolution to bring a liability claim.

The Annual General Meeting can take decisions and make appointments regardless of the number of shares represented, unless a mandatory provision of law or the Articles of Association requires the presence of a minimum number of shares.

6.2 The Articles of Association do not require certain decisions of the Annual General Meeting to be made with larger majorities than required by law.

6.3 The provisions of the Articles of Association on convening the Annual General Meeting are in accordance with the law.

6.4 Shareholders representing shares with a par value of one million Swiss francs who wish to place one or more items on the agenda of the Annual General Meeting must submit their request in writing to the Board of Directors at the latest 45 days before the date of the Meeting, indicating the subject matter and proposals to be put on the agenda.

6.5 Only holders of (unlisted) registered shares recorded in the share register ten days before the Annual General Meeting are authorised to exercise their voting rights.

7. Changes of control and defence measures

7.1 The Company has adopted the opting-out clause, according to which an acquirer of shares in the Company is not required to present a public tender under Articles 32 and 52 of the Stock Exchanges and Securities Trading Act (SESTA) if the thresholds provided under Articles 32 and 52 of SESTA have been exceeded (opting out clause).

7.2 There are no clauses concerning changes of control in the agreements and programmes established in favour of the members of the Board of Directors and/or Management, with the following exception: under the stock option plan for staff and certain members of Management (see section 2.7 above), all rights are immediately vested to the beneficiary or his beneficiaries in the event of a change of control in Pargesa Holding SA.

8. Auditor

8.1 The tenure of the auditor's mandate is one year. The current auditor's mandate was first decided at the 1997 Annual General Meeting.

Thierry Aubertin, auditor in charge of the current audit mandate, has held the position since 2013.

8.2 Fees invoiced by the audit firm during the year under review totalled CHF 226'943. This amount included the total fees invoiced by the auditors appointed at the Annual General Meeting of Pargesa in 2014.

Member companies of the Deloitte organisation invoiced audit fees of CHF 0.6 million to GBL and CHF 3.6 million to Imerys, which form part of the same Group (see section 1.1 above).

8.3 The audit company or related third parties provided additional services to the Company for a total of CHF 4'000. Member companies of the Deloitte organisation provided additional services amounting to CHF 0.4 million to GBL and Imerys, which form part of the same Group (see section 1.1 above).

8.4 Information instruments for the external auditor

As indicated in section 3.5 above, the Audit Committee examines, together with the auditors, the scope and results of its audits, and analyses the financial information intended for shareholders and third parties.

The auditors attend the meetings of the Audit Committee in which the annual and half-year accounts are examined, as well as any other meeting at which their attendance is desired, based on the circumstances.

The Audit Committee examines a report, prepared by Management, assessing the execution of the assignment given to the auditors; this report contains details enabling the Audit Committee to assess the quality of the services provided. Fees paid to the auditors for their work are negotiated annually and agreement is reached in particular about the scope of the auditing work. Any additional tasks are subject to separate negotiation. In 2014, the auditors provided additional services for the sum of CHF 4'000.

The Audit Committee met twice in the presence of the auditors in 2014. At the meeting of the Audit Committee in March 2015 during which the 2014 financial statements were examined, the auditors gave a documented report on the execution of their assignment and the results of their audits. They issued an unqualified audit opinion.

9. Information policy

The following information is provided to investors and other members of the public and is accessible at

www.pargesa.ch

- Press releases concerning quarterly, half-yearly and annual results: http://www.pargesa.ch/en/pressreleases/2015
- Graph of the trading price of the shares and the adjusted net asset value updated weekly on the website: www.pargesa.ch/en/listed-securities/pargesa-shares/netassetvalue/adjustednetassetvalue
- Periodic investor presentations: www.pargesa.ch/en/presentations/library
- Half-yearly and annual reports: www.pargesa.ch/en/financialreports/library
- Financial calendar: www.pargesa.ch/en/shareholders/financialcalendar

The Company's website also includes the e-mail address of the person in charge of investor relations: info@pargesa.ch

10. Corporate social and environmental responsibility

Pargesa pays particular attention to social and environmental responsibility issues.

Owing to its investment in GBL, Pargesa deals with these matters through the strategic investments of GBL. Pargesa carefully follows major social and environmental issues in each of those shareholdings and encourages the application of best practice in these matters by the companies concerned.

Each company prepares a detailed social and environmental responsibility report each year, which can be consulted on the following websites:

www.imerys.com

www.lafarge.fr

www.total.com

www.gdfsuez.com

www.pernod-ricard.fr

www.sgs.com

04
COMPENSATION REPORT

Compensation Report

This report has been drawn up in accordance with the provisions of the Ordinance against excessive compensation in listed limited liability companies (known as “ORAb”), which came into force on 1 January 2014. It includes the information on compensation previously found in section 5 of the Corporate Governance Report and the figures previously available in the notes to the statutory accounts, in accordance with Article 663b^{bis} of the Swiss Code of Obligations.

Compensation of the Board of Directors and Management

Members of the Board of Directors, the Board Committees and Management receive compensation directly from Pargesa. The total compensation awarded to certain members of the Board of Directors and Management also includes compensation for positions and mandates held in other companies within the Pargesa Group at the Group’s request (particularly GBL and its shareholdings), as well as share options awarded under the incentive plans of these companies.

Principles

The compensation awarded directly by Pargesa to the members of the Board of Directors and Management is set annually by the Board of Directors based on the recommendations of the Compensation Committee. In all but exceptional cases, the compensation awarded does not include any short-term variable cash component (i.e. no bonus). Compensation is determined based on market practices for equivalent positions in the countries in which the Group operates (including France and Belgium), backed up by analyses carried out by international independent consultants contracted specifically for this purpose. The benchmark group is made up of companies included in the market index to which each of the Group’s companies belongs in its country of domicile. The basis for comparison is the market median. An upper range may be used when the stock market performance of Pargesa remains over a long period of time in the top quartile of the securities that make up the benchmark indexes. In addition, in order to determine the amount allocated to each individual, and the resulting overall compensation, the Compensation Committee takes account of the compensation awarded by other companies in the Pargesa Group, as well as the level of operating responsibility exercised by the individual and his or her committee memberships (Compensation Committee, Audit Committee). A full analysis of compensation was last carried out in 2006, and was updated in 2010. The compensation allocated by Pargesa in 2014 remained, in essence, at the same level as the previous financial year.

Components

Compensation awarded directly by Pargesa includes fixed cash compensation. It also includes a stock option plan, which Pargesa Holding set up for its staff and certain members of Management (not including Executive Directors) in 2007 following a decision by the Board of Directors. The main features of this plan are as follows: the options are granted annually; the reference for determining the number of options to be awarded is calculated as a percentage of fixed compensation, which is set annually based on Company performance (currently set at a maximum of 125% of fixed compensation); they have a term of ten years and a vesting period of three years; the strike price is equal to the stock market price on the grant date. The aim of this long-term plan, which represents the variable component of compensation, is to maintain staff loyalty and reward members of staff in the creation of shareholder value. In 2014, the total number of options granted to members of Management under this plan concerned 13’250 underlying Pargesa shares.

Members of the Board of Directors and Management are not entitled to any contractual payment for early departure. Option rights not yet fully vested on the date of retirement, or dismissal, are vested on that date, unless the case is one involving serious misconduct or voluntary departure. No compensation is paid to members of Management or the Board of Directors who no longer have professional duties within the Group.

The compensation paid directly and indirectly to members of the Board of Directors and Management pursuant to Article 14 of ORAb is provided below.

CHF			Fees and salaries: Paid directly by Pargesa Holding SA	Paid indirectly by other companies [1]	Sub-total	Benefits in kind	Value of options on Pargesa shares awarded by Pargesa [2]	Pension benefits and contributions to statutory pension schemes	Total for 2014	Total for 2013 [9]
Executive Directors										
Paul Desmarais Jr.	Chair and Exec. Dir.		2'300'000	453'440	2'753'440	-	-	153'191	2'906'631	2'539'075
Albert Frère	Vice Chair and Exec. Dir.		320'000	3'638'585	3'958'585	17'358	-	22'294	3'998'237	4'024'220
Arnaud Vial	Director		59'000	114'761	173'761	-	-	3'039	176'800	149'486
The late Paul Desmarais		(3)	-	-	-	-	-	-	-	89'516
Non-executive Directors										
André Desmarais	Vice Chair and Dir.		175'000	-	175'000	-	-	9'013	184'013	175'000
Gérald Frère	Vice Chair and Dir.		175'000	327'888	502'888	-	-	9'013	511'901	520'182
André de Pfyffer	Vice Chair and Dir.	(4)	45'922	-	45'922	-	-	1'932	47'854	126'100
Marc-Henri Chaudet	Director		94'400	-	94'400	-	-	3'996	98'396	94'400
Paul Desmarais III	Director	(5)	38'415	72'864	111'279	-	-	9'588	120'867	-
Cedric Frère	Director		59'000	-	59'000	-	-	3'039	62'039	59'000
Bernard Daniel	Director		81'233	-	81'233	-	-	3'318	84'551	59'000
Victor Delloye	Director		59'000	52'219	111'219	-	-	3'039	114'258	119'324
Ségolène Gallienne	Director		59'000	-	59'000	-	-	3'039	62'039	59'000
Barbara Kux	Director	(5)	50'326	-	50'326	-	-	2'592	52'918	-
Gérard Mestrallet	Director	(4)	20'261	-	20'261	-	-	1'043	21'304	59'000
Michel Pébereau	Director		59'000	-	59'000	-	-	2'174	61'174	59'000
Michel Plessis-Bélair	Director		79'800	81'365	161'165	-	-	3'245	164'410	185'745
Baudouin Prot	Director	(4)	20'261	-	20'261	-	-	1'043	21'304	59'000
Gilles Samyn	Director		195'800	114'761	310'561	-	-	10'084	320'645	339'293
Amaury de Sèze	Director		79'800	281'757	361'557	-	-	42'595	404'152	270'686
Other [9]			-	-	-	-	-	-	-	254'159
Total			**3'971'218**	**5'137'640**	**9'108'858**	**17'358**	**-**	**287'275**	**9'413'491**	**9'241'186**
Members of Management [6]										
Arnaud Vial	Managing Director	(7)	397'080	18'216	415'296	-	21'409	21'552	458'257	250'239
Andrew Allender	Deputy Managing Dir.		444'000	18'216	462'216	5'100	22'846	132'398	622'560	583'553
Other		(8)	-	-	-	-	-	-	-	664'872
Total			**841'080**	**36'432**	**877'512**	**5'100**	**44'255**	**153'950**	**1'080'817**	**1'498'664**

(1) These figures include compensation paid by companies within the Pargesa Group (primarily GBL) as well as compensation for positions held at the Group's request.

(2) The value of Pargesa options awarded by Pargesa during the period was determined on the basis of the Black & Scholes model. The unit value for 2014 was CHF 3.34. Provisions were set aside to cover the employer portion of statutory retirement contributions (AVS).

(3) Paul Desmarais passed away in October 2013.

(4) André de Pfyffer, Gérard Mestrallet and Baudouin Prot did not seek re-election to the Board at the 2014 Annual General Meeting.

(5) Barbara Kux and Paul Desmarais III were appointed to the Board of Directors at the 2014 Annual General Meeting.

(6) The Executive Directors (Paul Desmarais Jr and Albert Frère) are also members of Management, within the meaning of ORAb, but do not receive any separate compensation for this function.

(7) This amount represents the portion of the compensation paid to Arnaud Vial for his position as Managing Director of Pargesa, which he has held since 1 June 2013. Mr Vial also holds positions in the Power Corporation of Canada group.

(8) CHF 526'537 of this amount represents the compensation awarded to Jacques Drijard (Managing Director) for the period from 1 January to 31 May 2013, the date on which he retired, and includes a legal allowance of CHF 262'942 due to his seniority at Imerys. It also includes CHF 138'335 in contributions to statutory pension schemes, of which CHF 94'424 were in France.

(9) In addition to pension costs, the figures for 2014 include employer contributions to the statutory pension schemes in the various countries concerned. These contributions do not in theory give entitlement to any retirement benefits. Figures for 2013 have been restated for purposes of comparison. The amount of CHF 254'159 under "Other" corresponds to the total amount of contributions paid in 2013 to statutory pension schemes for members of the Board of Directors.

The Company did not award any benefits that fall within the scope of Article 15 of ORAb (loans and advances to members of the Board of Directors and Management) or Article 16 of ORAb (allowances, loans and advances to close relations).

Report of the statutory audito to the General Meeting of Pargesa Holding SA, Geneva

Deloitte.

Geneva, March 19, 2015

We have audited page 51 of the accompanying remuneration report of Pargesa Holding SA for the year ended December 31, 2014.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

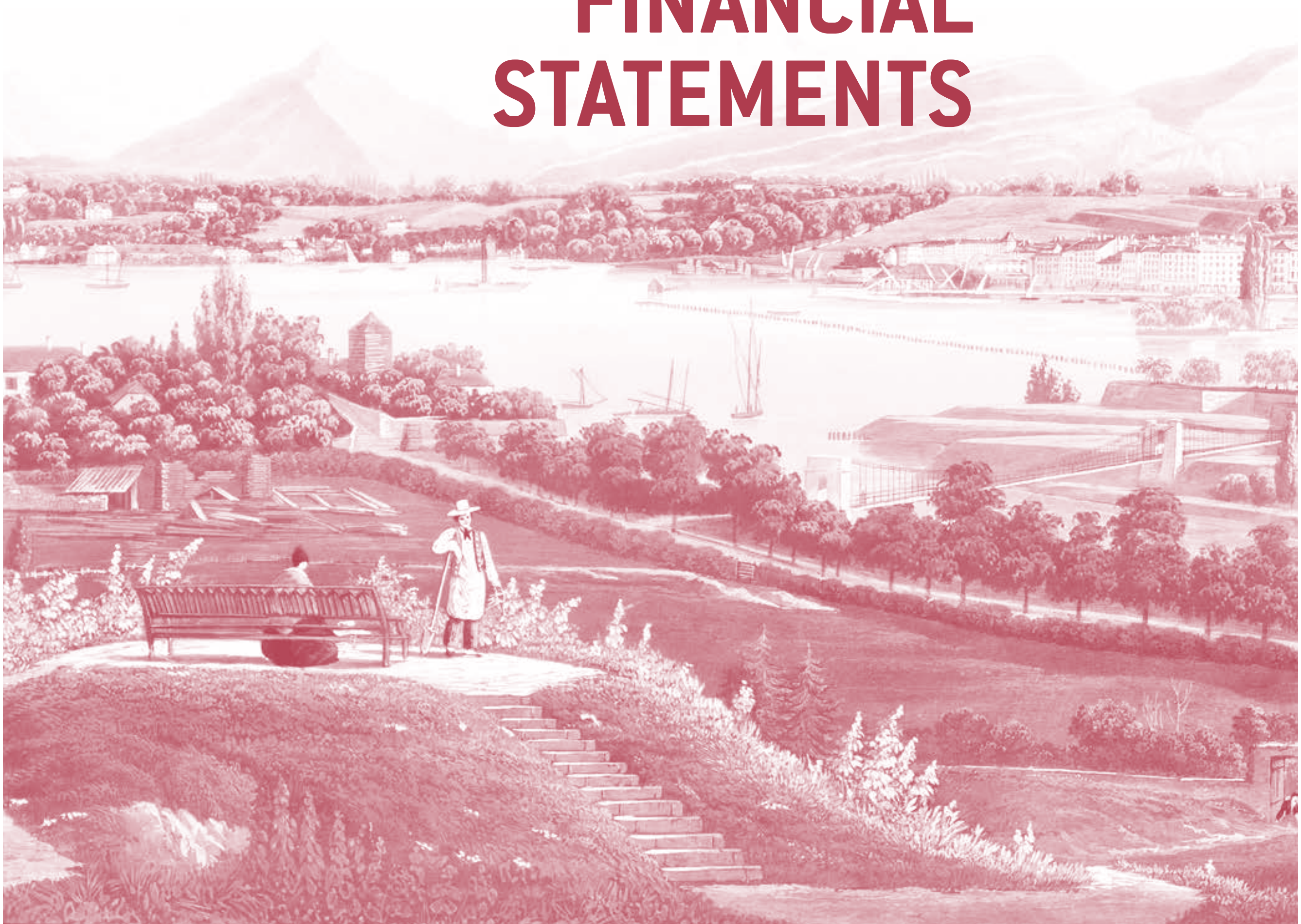
In our opinion, the remuneration report for the year December 31, 2014 of Pargesa Holding SA comply with Swiss law and articles 14 – 16 of the Ordinance.

Deloitte SA

Thierry Aubertin
Licensed audit expert
Auditor in charge

Aurélie Darrigade
Licensed audit expert

05
CONSOLIDATED FINANCIAL STATEMENTS



Contents

Consolidated income statement

	Note	2014 CHF millions	2013 CHF millions
Revenue	2	4'759.0	4'806.8
Other operating income		64.9	72.2
Changes in inventory		30.7	3.7
Raw materials, goods intended for resale and consumables		(1'589.5)	(1'672.7)
Staff costs	6, 23	(1'012.4)	(1'012.8)
Amortisation of tangible and intangible assets	11, 13	(285.3)	(284.6)
Other operating expenses		(1'512.1)	(1'488.9)
Other operating income and expenses	4	833.5	308.3
Operating profit		**1'288.8**	**732.0**
Dividends and net interest from available-for-sale financial assets	5.3	384.4	453.0
Other financial income	5.4	30.0	23.0
Other financial expenses	5.4	(259.1)	(332.9)
Financial profit		**155.3**	**143.1**
Operating and financial profit		**1'444.1**	**875.1**
Income from associates and joint ventures	17	91.8	174.1
Net profit before tax		**1'535.9**	**1'049.2**
Income taxes	10	(147.5)	(129.1)
Net profit for the period (including minority interests)		**1'388.4**	**920.1**
– attributable to non-controlling interests		751.5	526.2
– attributable to Pargesa shareholders (Group share)		**636.9**	**393.9**
Basic net earnings per share in CHF (Group share)	22	**7.52**	**4.65**
Diluted net earnings per share in CHF (Group share)	22	**7.33**	**4.65**

Consolidated statement of comprehensive income

	Note	2014 CHF millions	2013 CHF millions
Net profit for the period (including minority interests)		**1'388.4**	**920.1**
Other comprehensive income			
Items not subsequently reclassified as income			
Actuarial gains/losses		(97.4)	79.0
Share of other comprehensive income of associates and joint ventures		(4.1)	9.3
Total items not subsequently reclassified as income (1)		**(101.5)**	**88.3**
Items that are or may be subsequently reclassified as income			
Change in fair value of available-for-sale financial assets		(429.0)	482.8
Change in hedging reserve		(9.7)	(0.4)
Translation difference		(144.2)	(0.7)
Share of other comprehensive income of associates and joint ventures		273.1	(402.6)
Other items		(0.4)	–
Total items that are or may be subsequently reclassified as income (2)		**(310.2)**	**79.1**
Total other comprehensive income (3)		**(411.7)**	**167.4**
Total comprehensive income for the period (including minority interests)		**976.7**	**1'087.5**
– attributable to non-controlling interests		555.9	576.4
– attributable to Pargesa shareholders (Group share)		**420.8**	**511.1**

(1) including CHF +25.0 million in taxes in 2014 (CHF –22.8 million in 2013); see note 10.8
(2) including CHF +19.7 million in taxes in 2014 (CHF +0.9 million in 2013); see note 10.8
(3) details of the reclassification adjustments carried through the income statement are shown in note 20.4

Consolidated balance sheet

ASSETS	Note	31.12.2014 CHF millions	31.12.2013 CHF millions
Long-term assets			
Intangible assets	11	243.5	207.3
Goodwill	12	1'583.0	1'541.0
Tangible assets	13	2'415.2	2'288.9
Investments in associates and joint ventures	17	4'224.7	3'997.6
Available-for-sale financial assets	5.5	10'452.1	11'299.0
Deferred tax assets	10.3	50.0	46.2
Other long-term financial assets	5.6	102.9	114.5
Other long-term non-financial assets	5.6	10.8	12.2
Total long-term assets		**19'082.2**	**19'506.7**
Short-term assets			
Inventories	18	839.2	760.6
Trade receivables	5.7	713.1	691.9
Financial assets held for trading	5	997.2	706.2
Cash and cash equivalents	5.8	1'778.7	1'543.6
Other short-term financial assets	5.9	272.0	512.2
Other short-term non-financial assets	5.9	253.5	245.4
Total short-term assets		**4'853.7**	**4'459.9**
TOTAL ASSETS		23'935.9	23'966.6

LIABILITIES AND EQUITY	Note	31.12.2014 CHF millions	31.12.2013 CHF millions
Equity			
Share capital	20.1	1'698.7	1'698.7
Share premium reserve		256.6	256.1
Treasury shares	20.2	(5.5)	(5.8)
Revaluation and hedging reserve		1'936.9	2'145.9
Translation reserve		(3'317.5)	(3'362.2)
Consolidated reserves		7'155.8	6'812.3
Equity attributable to the Group		**7'725.0**	**7'545.0**
Equity attributable to non-controlling interests		9'315.9	9'094.6
Total equity (including minority interests)		**17'040.9**	**16'639.6**
Long-term liabilities			
Provisions	19	315.1	296.9
Pension liabilities and similar benefits	23.3	396.9	289.1
Deferred tax liabilities	10.3	92.7	93.8
Financial debt	5.11	4'451.0	4'600.9
Other long-term financial liabilities	5.10	223.6	245.0
Other long-term non-financial liabilities	5.10	14.6	109.5
Total long-term liabilities		**5'493.9**	**5'635.2**
Short-term liabilities			
Provisions	19	29.2	22.5
Trade payables		540.8	504.5
Income tax payable		76.2	108.3
Financial debt due within the year	5.11	248.7	635.4
Other short-term financial liabilities	5.12	102.6	47.6
Other short-term non-financial liabilities	5.12	403.6	373.5
Total short-term liabilities		**1'401.1**	**1'691.8**
TOTAL LIABILITIES AND EQUITY		23'935.9	23'966.6

Consolidated cash flow statement

	Note	2014 CHF millions	2013 CHF millions
OPERATING ACTIVITIES			
Net profit before tax		**1'535.9**	**1'049.2**
Adjusted for:			
Income from associates and joint ventures		(91.8)	(174.1)
Dividends received from associates and joint ventures		108.4	77.2
Dividends recognised on available-for-sale financial assets		(384.4)	(453.0)
Dividends received on available-for-sale financial assets		391.8	460.2
Profit/loss from the sale of tangible and intangible assets		(3.2)	(5.1)
Profit/loss from the sale of available-for-sale financial assets		(824.4)	(386.1)
Profit/loss from the sale of subsidiaries		(50.5)	(6.5)
Amortisation, impairment, provisions and negative goodwill		369.1	385.2
Miscellaneous items of income not involving cash movements		104.7	186.9
Interest income		(27.6)	(19.5)
Interest expenses		169.5	169.5
Operating cash flow before changes in working capital and provisions		**1'297.5**	**1'283.9**
Changes in working capital and provisions	3	(167.8)	(448.5)
Cash from operating activities		**1'129.7**	**835.4**
Income taxes paid		(174.3)	(168.4)
Cash flows from operations		**955.4**	**667.0**
INVESTMENT ACTIVITIES			
Acquisitions of subsidiaries, net of cash acquired	16	(129.7)	(217.8)
Disposals of subsidiaries, net of cash paid	16	87.3	72.0
Acquisitions of associates and joint ventures		(107.6)	(20.1)
Disposals of associates and joint ventures		43.8	–
Acquisitions of tangible and intangible assets		(322.9)	(344.0)
Disposals of tangible and intangible assets		10.2	23.5
Long-term advances and repayments of long-term advances granted		0.2	(10.3)
Acquisitions of available-for-sale financial assets		(424.6)	(2'791.1)
Disposals of available-for-sale financial assets		884.8	1'742.5
Cash flows from investments		**41.5**	**(1'545.3)**
FINANCING ACTIVITIES			
Reserve shares put into circulation by the parent company		0.8	0.2
Share issue/capital reduction by subsidiaries (share of non-controlling interests)		1.2	49.9
Additional/partial acquisitions and disposals in existing subsidiaries		11.2	(13.1)
Long-term financial debt taken out		776.4	2'415.5
Interest received		25.8	11.4
Interest paid		(140.0)	(148.4)
Dividend paid by parent company to shareholders	21	(223.5)	(217.5)
Dividends paid by subsidiaries to minority shareholders		(314.5)	(307.7)
Repayment of long-term debt and finance lease debt		(848.5)	(643.3)
Short-term financial debt taken out		16.6	–
Short-term financial debt repaid		(52.0)	(115.0)
Cash flows from financing		**(746.5)**	**1'032.0**
Effect of exchange rate variation		(16.5)	(23.2)
Effect of changes in the scope of consolidation		1.2	(0.4)
Increase/decrease in cash and cash equivalents		**235.1**	**130.1**
Cash and cash equivalents at 1 January		**1'543.6**	**1'413.5**
Cash and cash equivalents at 31 December	5.8	**1'778.7**	**1'543.6**

Consolidated statement of changes in equity

CHF millions	Share capital	Share premium reserve	Treasury shares	Revaluation and hedging reserve	Translation reserve	Consolidated reserve	Group share of equity	Non-controlling interests	Total equity
1 January 2013		**256.0**	**(5.9)**	**1'887.1**	**(3'197.3)**	**6'591.7**	**7'230.3**	**8'769.0**	**15'999.3**
2013 net profit		**–**	**–**	**–**	**–**	**393.9**	**393.9**	**526.2**	**920.1**
Change in fair value of available-for-sale financial assets	–	–	–	258.0	–	(7.0)	**251.0**	231.8	**482.8**
Change in hedging reserve	–	–	–	(0.1)	–	–	**(0.1)**	(0.3)	**(0.4)**
Translation difference	–	–	–	–	45.6	–	**45.6**	(46.3)	**(0.7)**
Actuarial gains/losses	–	–	–	–	–	25.4	**25.4**	53.6	**79.0**
Share of other comprehensive income of associates and joint ventures	–	–	–	0.9	(210.5)	4.9	**(204.7)**	(188.6)	**(393.3)**
Other comprehensive income	**–**	**–**	**–**	**258.8**	**(164.9)**	**23.3**	**117.2**	**50.2**	**167.4**
2013 total comprehensive income	**–**	**–**	**–**	**258.8**	**(164.9)**	**417.2**	**511.1**	**576.4**	**1'087.5**
Dividend paid by parent company	–	–	–	–	–	(217.5)	**(217.5)**	–	**(217.5)**
Dividends paid by subsidiaries	–	–	–	–	–	–	**–**	(307.7)	**(307.7)**
Reserve shares put into circulation	–	0.1	0.1	–	–	–	**0.2**	–	**0.2**
Other changes in equity [(1)]	–	–	–	–	–	16.2	**16.2**	18.8	**35.0**
Effects of changes in scope and capital increases on non-controlling interests	–	–	–	–	–	4.7	**4.7**	38.1	**42.8**
Changes in items other than total comprehensive income	**–**	**0.1**	**0.1**	**–**	**–**	**(196.6)**	**(196.4)**	**(250.8)**	**(447.2)**
Total changes in 2013	**–**	**0.1**	**0.1**	**258.8**	**(164.9)**	**220.6**	**314.7**	**325.6**	**640.3**
31 December 2013	**1'698.7**	**256.1**	**(5.8)**	**2'145.9**	**(3'362.2)**	**6'812.3**	**7'545.0**	**9'094.6**	**16'639.6**
2014 net profit	**–**	**–**	**–**	**–**	**–**	**636.9**	**636.9**	**751.5**	**1'388.4**
Change in fair value of available-for-sale financial assets	–	–	–	(204.1)	–	(16.7)	**(220.8)**	(208.2)	**(429.0)**
Change in hedging reserve	–	–	–	(2.9)	–	–	**(2.9)**	(6.8)	**(9.7)**
Translation difference	–	–	–	–	(99.5)	–	**(99.5)**	(44.7)	**(144.2)**
Actuarial gains/losses	–	–	–	–	–	(32.6)	**(32.6)**	(64.8)	**(97.4)**
Share of other comprehensive income of associates and joint ventures	–	–	–	(2.0)	144.2	(2.3)	**139.9**	129.1	**269.0**
Other equity items recognised in other comprehensive income	–	–	–	–	–	(0.2)	**(0.2)**	(0.2)	**(0.4)**
Other comprehensive income	**–**	**–**	**–**	**(209.0)**	**44.7**	**(51.8)**	**(216.1)**	**(195.6)**	**(411.7)**
2014 total comprehensive income	**–**	**–**	**–**	**(209.0)**	**44.7**	**585.1**	**420.8**	**555.9**	**976.7**
Dividend paid by parent company	–	–	–	–	–	(223.5)	**(223.5)**	–	**(223.5)**
Dividends paid by subsidiaries	–	–	–	–	–	–	**–**	(314.5)	**(314.5)**
Reserve shares put into circulation	–	0.5	0.3	–	–	–	**0.8**	–	**0.8**
Other changes in equity [(1)]	–	–	–	–	–	(5.1)	**(5.1)**	5.0	**(0.1)**
Effects of changes in scope and capital increases on non-controlling interests	–	–	–	–	–	(13.0)	**(13.0)**	(25.1)	**(38.1)**
Changes in items other than total comprehensive income	**–**	**0.5**	**0.3**	**–**	**–**	**(241.6)**	**(240.8)**	**(334.6)**	**(575.4)**
Total changes in 2014	**–**	**0.5**	**0.3**	**(209.0)**	**44.7**	**343.5**	**180.0**	**221.3**	**401.3**
31 December 2014	**1'698.7**	**256.6**	**(5.5)**	**1'936.9**	**(3'317.5)**	**7'155.8**	**7'725.0**	**9'315.9**	**17'040.9**

(1) these lines mainly comprise various changes originating in subsidiaries, especially the cost of share-based payments in GBL and Imerys, as well as changes originating in GBL's equity-accounted shareholdings

The restatement adjustments carried through the income statement and details of changes in the revaluation and hedging reserve are provided in notes 20.4 and 20.5.

Notes to the consolidated financial statements

Note 1 – Accounting policies

Pargesa Holding SA ("the Company"), 11 Grand-Rue, 1204 Geneva, Switzerland, is recorded in the Commercial Register of the Canton of Geneva. Its main purpose is the purchase, sale, administration and management, in Switzerland and abroad, of investments of a financial, commercial and industrial nature.

The consolidated annual accounts of the Company for the accounting periods ending 31 December 2014 and 31 December 2013 bring together the Company and the subsidiaries it controls ("the Group") and the Group's interests in associated undertakings and joint ventures. The Board of Directors authorised the publication of the consolidated accounts on 13 March 2015.

Pargesa Holding is majority owned by Parjointco, a Dutch corporation. The end shareholders are the Frère group (Albert Frère) in Belgium and the Power group (the Desmarais family) in Canada.

Accounting principles

The consolidated annual accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and in accordance with the interpretations published by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

The following new interpretations and amendments, which came into effect in 2014, apply to the accounting for and the measurement and presentation of transactions, events or conditions existing in the Group, but were not applied in advance at 31 December 2013:

Standard		Application date
Amendments to IAS 32	Financial instruments: Presentation – Offsetting financial assets/liabilities	01.01.14
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities	01.01.14
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets	01.01.14
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting	01.01.14
IFRIC 21	Levies	01.01.14

These new interpretations and amendments had no significant impact on the accounts at 31 December 2014.

The Group has not adopted in advance any standards, interpretations and amendments with an application date after the 2014 financial year; no early adoption before the mandatory application date is currently planned. Standards, interpretations and amendments become mandatory in the year following the application date. Those in question are:

Standard		Application date
Amendments to IAS 1	Presentation of financial statements	01.01.16
Amendments to IAS 19	Employee benefits – Employee contributions	01.07.14
Amendments to IAS 27	Use of the equity method in separate financial statements	01.01.16
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	01.01.16
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants	01.01.16
Amendments to IFRS 11	Acquisition of an interest in a joint operation	01.01.16
Amendments to IFRS 9, IFRS 7 and IAS 39	Financial instruments – Hedge accounting	01.01.18
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	01.01.16
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the consolidation exception	01.01.16
IFRS 9	Financial instruments	01.01.18
IFRS 14	Regulatory deferral accounts	01.01.16
IFRS 15	Revenue from contracts with customers	01.01.17
Annual improvements	2010 – 2012 cycle	01.07.14
Annual improvements	2011 – 2013 cycle	01.07.14
Annual improvements	2012 – 2014 cycle	01.01.16

IFRS 9, which becomes mandatory from 1 January 2018, should influence in particular the treatment of non-consolidated investments not held for trading. The Group will have to choose between recognition of the gains and losses on these shareholdings in the income statement or in equity. The potential impact on the accounts is being assessed.

IFRS 15 becomes mandatory as of 1 January 2017. The new standard replaces IAS 11 (construction contracts) and IAS 18 (revenue from ordinary operating activities) and is based on two principles: firstly, sales are recognised when control of the goods or service passes to the customer, and secondly, measurement is used for the amount of the expected payment. Given the nature of the contracts between the Group (particularly Imerys) and its customers, the Group expects the impact of the new standard to be limited to sales conducted on certain specific incoterms and to certain services contracts.

The adoption of the other new standards in force for the financial years after 2014 should have no significant impact on the consolidated financial statements.

Framework for the preparation and presentation of the financial statements

The purpose of the annual financial statements is to present a true and fair view of the financial situation, financial performance and cash flows of the Group. They are prepared in accordance with the going-concern principle. The conventions for the presentation of the statements are exactly the same from one financial year to the next, in order to ensure comparability, and are only altered if the change corresponds to the provisions of a standard, interpretation or amendment, or enables more reliable and/or more relevant information to be disclosed. When booked, assets and liabilities and income and expenses are only offset as a result of applying the provisions of a standard, interpretation or amendment. For assets and liabilities, a distinction is made between long-term and short-term items, depending on whether their realisation or due date is more or less than 12 months after the balance sheet date.

The consolidated annual accounts, which concern a period of 12 months, are presented in millions of Swiss francs, which is the functional currency. Due to rounding, the sum of certain figures may not correspond exactly to the totals given in this report. The annual accounts are prepared on a historical cost basis, except for some non-current assets or financial instruments (derivatives, instruments held for trading, financial instruments available for sale, etc.), which are measured at fair value. Financial assets and liabilities hedged at fair value are stated at fair value based on the risk hedged.

The Accounting Policies are applied consistently within the Group at all times.

Basis of consolidation

The consolidated annual accounts include all the companies under Group control and account for those under the significant influence of the Group using the equity method. In accordance with the materiality principle, certain non-significant companies have not been included in the scope of consolidation. These companies are classified under "Available-for-sale financial assets" and measured at fair value at 31 December. Intercompany transactions, balances and unrealised profits and losses between Group companies are eliminated in order to reflect the economic reality of the Group's transactions.

(1) Subsidiaries

Subsidiaries are companies under Group control. A company is under Group control when the Group:

- has power over the subsidiary;
- is exposed to, or is entitled to, variable returns as a result of its connection with the subsidiary;
- is able to exercise power over the subsidiary so as to influence the amount of the returns obtained.

The Group controls a subsidiary when and only when all of the above three criteria are met. The Group reassesses its control over a subsidiary when the facts and circumstances indicate that one or more of the above three criteria have changed.

The consolidated financial statements of the subsidiaries are integrated into those of the Group as of the date on which control was first exercised and until the date when control ceased. When a subsidiary is held for sale, its assets, liabilities and income are presented in accordance with IFRS 5.

A list of the principal subsidiaries of the Group is given in note 14.

(2) Investments in associates, joint ventures and joint operations

An associate is a company in which the Group exercises significant influence by participating in the financial and operating policy decisions of the investee, but which is neither a subsidiary nor a joint arrangement of the Group. Significant influence is presumed to exist when the Company owns, directly or indirectly through its subsidiaries, 20% or more, but less than 50%, of the voting power.

A joint venture is the result of a contractual arrangement whereby the Group and one or more parties agree to run a jointly controlled business operation and have rights to the net assets of that operation.

A joint operation is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Investments in associates and joint ventures are included in the consolidated financial statements using the equity accounting method as of the date on which significant influence was first exercised and until the date when significant influence ceased. According to the equity accounting method, a shareholding is accounted for at its original acquisition cost, which is then adjusted according to the changes that occur with regard to the Group's share of the net assets of each associate or joint venture; this value is, where necessary, reduced by any impairments, which are determined individually for each associate or joint venture. For joint operations, individual assets, liabilities, income and expenses are consolidated on a pro-rata basis of the investment and in accordance with the IFRS that apply to those assets, liabilities, income and expenses.

A list of the principal associates of the Group is given in note 14.

Changes in the scope of consolidation

There were no significant changes in the scope of consolidation in 2014 (see notes 16 and 17).

Foreign currencies

In the financial statements of the Company and of each subsidiary, associate or joint venture, foreign currency transactions, when first recognised, are recorded in the functional currency of the company concerned using the exchange rate applicable on the transaction date. On the balance sheet date, monetary items denominated in foreign currencies are translated using the rate on the last day of the financial year (closing rate of exchange). Gains or losses from the realisation or translation of foreign currency monetary items are recognised as gains or losses by the entity concerned in the period during which they occur.

On consolidation, the assets and liabilities of the Group's foreign operations are translated using the closing rate of exchange. Income and expenses are translated using the average rate for the period. Resulting translation differences are recorded in equity under "Translation reserve". These translation differences are recognised as gains or losses when the company concerned is disposed of. Movements of funds in the "Consolidated cash flow statement" are translated at the average rates of exchange.

The following rates of exchange were used in the translation of the consolidated annual accounts:

	Closing rate of exchange		Average rate of exchange	
	2014	2013	2014	2013
EUR/CHF	1.2026	1.2274	1.2144	1.2311

Business combinations and goodwill

When the Group acquires an operation or a business, the identifiable assets, liabilities and contingent liabilities of the investee are recognised at fair value. The excess cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. When this difference, after remeasurement of the values of a subsidiary, associate or joint venture, is negative (negative goodwill), it is immediately recognised in the income statement. Negative goodwill represents the excess of the Group share in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture at the acquisition date, compared with the acquisition cost.

Costs directly connected with an acquisition are recognised in the income statement as and when they are incurred. If there is incomplete information about the fair value of assets and liabilities at the end of the period during which the business combination is effective, its accounting is determined provisionally. The amounts provisionally recognised are adjusted if necessary during the following year, in order to reflect the new information obtained about facts or circumstances prevailing at the time of the combination which, had they been known at that date, would have affected the amounts recognised.

Goodwill is considered to be an asset and is not amortised but tested annually for impairment on the balance sheet date (or an earlier date if there are indications of a goodwill impairment). For the purposes of the impairment test, goodwill is allocated to the cost-generating unit (CGU) or CGU group likely to benefit from the business combination synergies. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment is first allocated to the goodwill of that unit, then to the other assets in the unit. Impairments are recognised immediately in the income statement and are not subsequently reversed.

Goodwill arising from the acquisition of an associate or joint venture is included in the carrying amount of the associate or joint venture. Goodwill arising from the acquisition of subsidiaries is presented separately on the balance sheet.

When a subsidiary, associate or joint venture is sold, the non-amortised part of the goodwill is taken into account in order to determine the profit or loss from the sale.

In connection with a business combination, a non-controlling ownership interest may be measured, on a case-by-case basis and at the Group's discretion, either at fair value or based on the proportionate share of the net identifiable asset of the acquiree. The increase or decrease in the percentage interest in a subsidiary, for transactions with third parties, constitutes a transaction with non-controlling interests and is recognised directly in equity without any adjustment to the carrying amount of the existing goodwill.

Intangible assets

An intangible asset is recorded if, and only if, it is probable that the future economic benefit of the asset will accrue to the Group and if the cost of that asset can be estimated reliably. Intangible assets are recognised as assets over their useful life. They are recognised at acquisition cost less accumulated amortisation and any impairment. The amortisation of intangible assets with a defined useful life is calculated using the straight-line method on the basis of the estimated useful life of the intangible asset in question.

Costs incurred by the Group's research teams in order to improve the quality and properties of products generally address specific requirements made by customers and are therefore immediately recognised as expenses in the income statement.

In the absence of an applicable standard or interpretation, Imerys considers greenhouse gas emission rights as intangible assets. Imerys holds these rights solely to justify its emissions volumes and performs no trading transactions, such as forward purchases or sales. Rights received free of charge are recognised for a value of zero, while rights acquired on the market are recognised at acquisition cost. If on the closing date the rights held are inferior to actual emissions, a provision is recognised in the income statement for the value of rights to be acquired, measured at market value. Disposals only relate to excess rights and are recognised in the income statement as asset disposals.

Estimated useful lives:

Software	1-5 years
Patents, licences and concessions	5-40 years

Intangible assets with an indefinite useful life are not amortised but tested annually for impairment on the balance sheet date (or an earlier date if there is an indication of impairment). When the recoverable value of an asset is lower than its carrying amount, the latter is reduced in order to reflect the impairment.

Mining assets

Imerys group applies the following methods of recognition and measurement for mining assets. Prospection expenditures, i.e. the costs of seeking new knowledge about the mining potential, technical feasibility and commercial viability of a geographical area are expensed immediately under current operating income. Mining rights are recognised as intangible assets and are initially measured at acquisition cost. Mineral reserves are tangible assets and are initially measured at acquisition cost excluding the subsoil, plus expenses incurred in establishing the tonnage of ore in the deposit. Overburden works, i.e. removal of the topsoil to access the deposit, also qualify as a component of the mineral reserve asset. Their initial measurement includes the production cost and the discounted value of restoration obligations resulting from the damage caused by the construction of these assets. Mineral reserves and overburden assets form the "Mining assets" item in note 13. Mining assets are subsequently valued at cost less amortisation and any accumulated impairment. The methods used for mining asset amortisation are estimates carried out by Imerys. A mineral reserve is amortised on a quantity equal to the geological inventory of the deposit less discounts relating to the uncertainty of resources. Overburden works, which form part of the mineral reserve asset, are amortised on the quantity of the reserve that they specifically give access to. The subsoil, which is the surface of the land outside the deposit, is not amortised because it is not consumed by mineral operations. Mining assets are allocated to CGUs in the same way as other assets of the Imerys group and are subject to the same impairment tests.

Tangible assets

Tangible assets are capitalised if they are controlled under a title deed or a finance lease that transfers the inherent risks and benefits of ownership. Tangible assets are initially measured at acquisition or production cost. The initial cost of tangible assets held under a finance lease is the lower of the fair value of the asset and the discounted value of minimal future payments. The cost of tangible assets incorporates the cost of the loans funding their construction or production when they require a prolonged period of development. Where appropriate, the cost of tangible assets is reduced by the amount of public subsidies used to fund their acquisition or construction. Maintenance and repair expenses are immediately expensed. The cost of tangible assets includes, in particular for satellite industrial plants built on customer land, the discounted value of the obligation to restore or decommission, when a present obligation exists. Tangible assets are subsequently measured at cost less amortisation and any accumulated impairment. The methods used for tangible asset amortisation are estimates carried out by the Group.

Estimated useful lives:

Buildings and structures	10-50 years
Industrial structures	10-30 years
Installations in and improvements to buildings and structures	5-15 years
Facilities, machinery, plant and equipment	5-20 years
Vehicles	2-5 years
Other tangible assets	10-20 years

Land is not amortised.

Finance leases and operating leases

A finance lease is a contract with transfer to the lessee of practically all the inherent risks and benefits of the property (see the accounting principles relating to tangible assets as well). All other leases are defined as operating leases. Finance-leased assets are recognised as assets by the Group at the start of the lease at the lower of discounted value of future minimum payments or fair value. The debt owed to the lessor in connection with the asset is recorded in the balance sheet as a finance lease debt. Finance charges are recorded in the income statement over the duration of the lease and are allocated to the various periods covered by the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period. Operating lease payments are recognised as charges in the income statement on a straight-line basis throughout the duration of the lease.

Impairment of assets

(excluding goodwill and available-for-sale financial assets)

At each balance sheet date, the Group reviews the carrying amount of its investments in associates and joint ventures and of tangible and intangible assets with a finite useful life in order to determine whether there are any indications that the value of these assets is impaired.

For intangible and tangible assets, if there is any such indication, the recoverable amount of the asset is estimated in order to compare it with the carrying amount. The recoverable amount is the higher of the asset's net selling price or its value in use. The value in use is the discounted value of estimated future cash flows expected from the continued use of an asset. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is considered to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. This impairment is immediately recognised as an expense.

When an impairment recognised during prior periods no longer exists, the impairment recognised on the asset or CGU is immediately recognised as income in order to adjust the value of the asset or CGU to an amount corresponding to the new measurement of its recoverable amount. However, after an impairment reversal, the carrying amount of an asset or CGU may not be greater than the carrying amount it would have had if no impairment had been recognised for that asset or CGU during prior periods.

When there is objective evidence of impairment of an associate or joint venture, it is subjected to an impairment test, in accordance with IAS 36 and IAS 28. The recoverable amount of the asset is estimated in order to compare it with the carrying amount and, where necessary, to recognise an impairment equal to the difference. The recoverable amount is the higher of its fair value less net selling price and its value in use. The value in use is the discounted value of estimated expected future cash flows. When an impairment loss recognised in a prior period ceases to exist, the carrying amount is partly or wholly restored and the impairment reversal is immediately recognised as income.

Financial assets

Financial assets are recorded on the transaction date and are initially recognised at fair value, which in most cases corresponds to their cost of acquisition.

• **Available-for-sale financial assets:** These include holdings in companies in which the Group exercises no significant influence. The Group is deemed to have no significant influence if it does not directly or indirectly hold more than 20% of the voting rights. These investments are recognised at fair value, based on the market price for listed shareholdings. Holdings in private equity funds are remeasured at fair value, which is determined by the fund managers based on the investment portfolio. Available-for-sale financial assets are measured at fair value on each balance sheet date. Changes in fair value are recognised in the revaluation and hedging reserve under equity in "Other comprehensive income", with the exception of permanent or significant impairment, which is recognised in the income statement. When there is objective evidence of impairment (i.e. a drop in fair value of more than 30% or over more than one year) for an available-for-sale asset, it is subjected to an impairment test. An impairment is recognised in the income statement for the period if the asset tested is considered to have been impaired. In that case, the amount of impairment recognised is the difference between the acquisition cost of the asset and its fair value (share price) on the balance sheet date. Where an impairment was recognised in a prior period, any new decrease in fair value automatically leads to further impairment. Impairments recognised in the income statement are not reversed in the income statement during a subsequent period unless the asset is sold. The accumulated profit or loss in the revaluation and hedging reserve is recognised in the income statement when the asset is sold. Assets placed in this category are generally assets held over the medium and long term.

• **Held-to-maturity investments:** On each balance sheet date, the financial assets delivering fixed inflows, or flows determinable on fixed due dates, which the Group clearly intends, and is able, to keep to maturity (held-to-maturity investments) are measured at amortised cost, less any impairment recognised in order to reflect uncollectable amounts. Any rebate or premium for the acquisition of a security held to maturity is amortised over the life of the instrument, so that the profit recognised in each period represents a constant rate of return on the investment.

• **Loans and receivables:** Loans, trade receivables and other unquoted receivables not classified as assets held to maturity are stated in "Loans and receivables". These are revalued at amortised cost less any losses or impairment in the case of sums that cannot be recovered. Revenues are recognised according to the effective interest rate method, except for short-term receivables and loans for which the effect is immaterial.

• **Financial assets at fair value through profit or loss:** Financial assets in this category are either held for trading or qualified as such on initial recognition. A financial asset is held for trading if it is acquired with a view to being resold in the short term or if it is a derivative instrument that does not qualify as a hedging instrument. The financial assets in this category are subsequently measured at fair value and any change in the latter is recognised through profit or loss.

Other long-term financial and non-financial assets

This item includes long-term advances, loans and deposits (i.e. those with a term of more than 12 months), long-term derivative financial instruments and any other long-term non-financial assets.

Inventories

Inventories are capitalised on the date on which the risks, benefits and control are transferred to the Group. When sold, inventories are recognised as an expense in the income statement on the same date as the corresponding income. Inventories are measured at the lower of acquisition cost or net realisable value. When the production rate is less than normal capacity, the fixed costs that can be included specifically exclude the proportion corresponding to the under-activity. Inventories with similar features are measured using the same method. The methods used in the Group are FIFO (First-In, First-Out) and weighted average cost per unit. When the production cost cannot be recovered, it is calculated as the net realisable value in accordance with the conditions on the balance sheet date.

Trade receivables

A receivable is recognised as a sale of goods when the risks, benefits and control are transferred. A receivable is recognised as the rendering of a service based on the percentage of the service rendered on the balance sheet date. Moreover, both for the sale of goods and the rendering of services, a receivable is only recognised if it is recoverable and the amount of the transaction and the costs necessary to complete it can be measured reliably. The sale of goods and the rendering of services are measured at the fair value of the transaction, less trade and volume rebates, and discounts for early settlement. When a receivable proves to be wholly or partly uncollectable, it is individually reduced to its recoverable amount based on the conditions pertaining on the balance sheet date.

Cash and cash equivalents

This item comprises liquid assets, demand deposits and short-term deposits with a maturity of three months or less, and highly liquid investments that are readily convertible into a known amount of cash and that are subject to an insignificant risk of changes in value.

Capital

(1) Costs of equity issues
Issuing costs directly attributable to an equity transaction are recognised as a deduction from equity.

(2) Treasury shares
Treasury shares are presented as a deduction from equity and recorded as a change in equity. No gain or loss is recognised on the sale, issue or cancellation of treasury shares.

(3) Dividends
Dividends are recognised in the consolidated financial statements in the period in which they were approved by the Annual General Meeting.

(4) Reserves
The reserves included in Group equity include the following:

- **Share premium reserve**, which includes the capital reserve and corresponds to the premium paid by the shareholders at the time of a Company share issue.

- **Revaluation and hedging reserve**, which corresponds to the latent loss or gain on available-for-sale financial assets. The latent loss or gain is recognised in the income statement when the corresponding asset is sold or when an impairment of an asset is considered to be permanent. The hedging reserve represents unrealised gains and losses on hedging operations.

- **Translation reserve**, which corresponds to the translation differences relating to subsidiaries, associates and joint ventures.

- **Consolidated reserves**, which represent accumulated net profit (this item includes the general legal reserve and the treasury reserve, which are required reserves under the Swiss Code of Obligations).

Earnings per share

Basic earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares outstanding during the period, excluding treasury shares. Diluted earnings per share are calculated from the weighted average number of shares outstanding, adjusted for the presumption that the exercise of all the share options has a potentially dilutive effect and taking into account the impact of the conversion of convertible and exchangeable bonds.

Financial liabilities

Financial liabilities include financial liabilities at fair value through profit or loss and other financial liabilities.

• **Financial liabilities at fair value through profit or loss:** Financial liabilities in this category are those held for trading or qualified as such on initial recognition. A financial liability is held for trading if it is entered into with a view to being acquired or redeemed in the short term or if it is a derivative instrument that does not qualify as a hedging instrument. Financial liabilities in this category are subsequently measured at fair value and any change in the latter is recognised through the income statement.

• **Other financial liabilities:** Other financial liabilities, including borrowings, are initially measured at the fair value of the amount of cash obtained, less transaction costs. Trade payables and other financial liabilities are valued at amortised cost.

Hybrid instruments – convertible and exchangeable bonds

Convertible bonds (redeemable for the issuer's shares) or exchangeable bonds (redeemable for shares other than the issuer's shares) are considered to be hybrid instruments comprising a bond component and an option component. On the date of issue, the fair value of the bond component is estimated on the basis of the prevailing market rates for similar non-convertible (or non-exchangeable) bonds. The interest charge on the bond component is calculated by applying the interest rate thus determined on issue. The difference between this charge and the interest effectively paid is added, during each period, to the carrying amount of the bond, so as to reconstitute, on maturity, the redemption value based on the amortised cost method. The difference between the income from the convertible or exchangeable bond issue and the fair value attributed to the bond component is representative of the option to convert the debt into (or to exchange it for) other financial instruments.

If these other financial instruments are:

• Equity instruments of consolidated entities: The optional component, which is measured at fair value on issue, is recognised in equity and is not subject to further revaluation.

• Other financial instruments: The option component, which is measured at fair value on issue, is remeasured at fair value at the end of each accounting period. The fluctuation in fair value is recorded on the income statement (for bonds that are convertible into the issuer's shares with the possibility of cash redemption, the option component is treated as an exchangeable bond and the option component's fluctuation in fair value is recorded on the income statement).

Derivative financial instruments

The Group may use derivative financial instruments to reduce its exposure to various risks, in particular exchange rate, interest rate and energy price risks. Derivatives are recorded on the transaction date, i.e. when the hedging contract is entered into, and are booked as non-recurring or recurring assets or liabilities depending on their maturity and that of the underlying transactions. Derivatives are initially carried at fair value and then revalued at each balance sheet date with reference to market conditions. Fair value, which includes the derivative's accrued coupons, is determined through a model that uses observable data, i.e. closing-date prices provided by third parties active on the financial markets (level 2 fair value). These valuations are adjusted for the credit risks of counterparties and the credit risk of the Group companies concerned. When the market value of the derivative is positive (derivative asset), its fair value includes the counterparty's probability of default (i.e. credit value adjustment, CVA). When the market value of the derivative is negative (derivative liability), its fair value takes account of the probability of default of the Group companies concerned (i.e. a debit value adjustment, DVA). These adjustments are determined using the spreads of bonds on the secondary market, such as those issued by the Group companies concerned and the counterparties (level 2 fair value). The sole purpose of these instruments is to hedge economic risks to which the Group is exposed. However, only those instruments that satisfy hedge accounting criteria are concerned by the accounting treatment described below.

Each transaction that qualifies as a hedge is documented with reference to the hedging strategy by identifying the risk hedged, the item hedged, the hedging instrument, the hedging relationship and the method of measuring the effectiveness of the hedging relationship. The measurement of the effectiveness of the hedge is updated on each balance sheet date. Recognition of derivatives used for hedging varies according to whether they qualify as fair value hedges, cash flow hedges or hedges of a net investment in foreign operations.

(1) Fair value hedging
When variations in the fair value of a recognised asset or liability or in an unrecognised firm commitment are liable to affect the income statement, such variations may be hedged by a fair value hedge. The hedged item and the hedging instrument are remeasured symmetrically against income on each balance sheet date. The impact on the income statement is limited to the ineffective part of the hedge.

(2) Cash flow hedging
A cash flow hedge makes it possible to hedge the unfavourable variations in cash flow connected with a recognised asset or liability or a highly probably future transaction, when these variations are likely to affect the income statement. At each balance sheet date, the effective part of the hedge is recognised in equity and the

ineffective part on the income statement. When the transaction is recognised, the effective part in equity is restated in the income statement at the same time as the hedged item is recognised.

(3) Hedging of net investments in foreign operations
The exchange rate variations generated by the net assets held in foreign currencies in the Group's consolidated operating companies may be hedged. At each balance sheet date, the effective part of the hedge is recognised in equity and the ineffective part on the income statement. The effective part in equity is restated in the income statement only if control over a consolidated company is lost or the holding in a company under significant influence is reduced.

(4) Financial instruments not qualifying as hedging instruments
A derivative financial instrument that does not qualify as a hedging instrument is recognised as a trading instrument. Variations in fair value of financial instruments that do not qualify as hedging instruments are recognised immediately in the income statement.

The ineffective part of operational hedging instruments is booked as operating income or expense. The ineffective part of financial hedging instruments is booked as financial income or expense.

Fair value

Fair value is the price that would be obtained for the sale of an asset or would be paid for the transfer of a liability in an arm's length transaction on the valuation date.

When the Group records a financial instrument on the balance sheet for the first time, the instrument is measured at fair value. This value corresponds to the value at acquisition including transaction costs for the assets and liabilities that are not measured at fair value through profit and loss. After initial recognition, financial assets and liabilities (including derivatives) are measured at fair value, except for assets recorded at amortised cost.

The fair value of listed company equity instruments is measured on the basis of the stock market prices on the balance sheet date. When there is no active market for the financial instrument, the Group measures fair value using techniques involving existing market data.

Provisions

Provisions are recognised as soon as the Group has a current (legal or implicit) obligation resulting from past events which will probably cause an outflow of funds representing economic benefits, the amount of which can be reliably estimated.

The sum provisioned corresponds to the best estimate of the amounts that must be spent in order to extinguish the current liability at the balance sheet date.

Provisions are recognised as an expense on the income statement, with the exception of the Imerys provisions for the decommissioning of assets and certain provisions for the restoration of mining locations for which the offset is included in the cost of the related assets, notably for industrial building work and mining development work.

Provisions that are expected to be settled within 12 months following the end of the period or that may be settled at any time are not discounted. Provisions that are expected to be settled more than 12 months after the end of the period are discounted. Changes in discounted provisions due to a revision of the amount of the obligation, the timing of settlement or its discount rate are recognised in the income statement, or for provisions recognised against assets, as an adjustment of the cost of the latter. The unwinding is deducted from other financial income and expense.

Provisions for restructuring costs are recognised when the Group has established a detailed restructuring plan and as soon as this has been communicated to the parties concerned.

Pension liabilities and similar benefits

(1) Defined contribution plans
In accordance with regulatory requirements and business practices in each country, the Group contributes to building up retirement benefits for its employees by paying, on either a compulsory or optional basis, contributions to external entities such as pensions funds, insurance companies or financial institutions. These plans are known as defined contribution plans and offer no guarantee to beneficiaries concerning the amount of future benefits they will receive. Charges incurred as part of defined contribution pension plans are recognised in the income statement under "Staff costs" in the financial year during which they are due.

(2) Defined benefit plans
Some Group companies (mainly Imerys) guarantee that plan beneficiaries will receive a defined level of benefits in future.

Defined benefit liabilities and the annual cost booked to the income statement are measured using the projected unit credit method and demographic and financial actuarial assumptions. These assumptions are used to establish the entitlements acquired by beneficiaries based on an estimated salary at the retirement date.

The provisions (or assets) recognised correspond to the discounted value of the liability, less the fair value of plan assets, which if necessary may be capped.

Pension costs and direct payments to beneficiaries are booked to the income statement as staff costs, with the exception of contributions and payments relating to restructurings, which are carried under other operating expenses, and contributions to under-funded closed plans with mandatory funding requirements, which are carried under other financial income and expenses.

The impact of these contributions on the income statements is eliminated by releases of provisions, each carried under one of the three income statement items. Other items relating to changes in post-employment benefits are booked to the income statement as staff costs, with the exception of plan amendments, curtailments and settlements relating to a restructuring, which are carried under other operating expenses, and the unwinding of liabilities and the normalised return of assets, which are carried under other financial income and expenses. Administrative fees are carried under staff costs, with the exception of administrative fees relating to under-funded closed plans with mandatory funding requirements, which are booked under other financial income and expenses. Plan amendments, curtailments and settlements are recognised immediately in the income statement. The actuarial differences and asset limitations of post-employment plans are entirely recognised in equity, net of asset management fees, with no subsequent reclassification to income.

Share-based payments

The fair value of services rendered against the granting of share options and free shares is measured using a commonly accepted pricing model (Black-Scholes, Monte Carlo) by reference to the fair value of instruments at the grant date. This measurement takes into consideration the exercise price and life of instruments, the underlying share price, the turnover rate of beneficiaries and the volatility of the underlying share. In most cases, the acquisition of rights is subject to terms relating to length of service, and the fair value of services rendered is recognised under staff costs over the vesting periods of rights, against an increase in equity, and on the basis of the best available estimate concerning the number of rights that will be acquired in the future. The turnover rates of beneficiaries are adjusted definitively as vesting periods are closed. The accounting treatment is the same if, in addition to terms relating to length of service, the acquisition of rights requires certain pre-determined economic performance conditions to be fulfilled.

When the transaction is paid in cash, the Group incurs a liability, which is measured at fair value. Until the liability is settled, the fair value is measured on every balance sheet date, and then on the settlement date. Changes in fair value are recognised in the income statement for the period.

Income recognition

Sales of assets are recorded when the risks and benefits of ownership have been transferred to the buyer. In the case of the delivery of goods, this is generally when the goods have been delivered and ownership title transferred.

At Imerys, sales of goods represent the greater part of ordinary income. Incoterms are multiples owing to the specificities of packaging (bulk, powder, paste, slurry, etc.) and freight (sea, rail, road, etc.), and incoterms represent the key indicator for the recognition of sales of goods. Reinvoicing the freight cost of the product represents the majority of rendering of services, and its recognition generally derives from the sale of the transported product. Moreover, both for goods and the rendering of services, a receivable is only recognised if it is recoverable and the amount of the transaction and the costs necessary to complete it can be measured reliably. The sale of goods and the rendering of services are measured at the fair value of the transaction, less trade and volume rebates, and discounts for early settlement.

Interest is recognised on a time proportion basis, taking into account the effective yield on the asset. Dividends are recognised as soon as the Group's right to receive them is established and it is probable that the Group will benefit from the resulting financial flows.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised and incorporated at the acquisition cost of the qualifying asset. A qualifying asset is understood to be an asset that necessarily takes a substantial period of time (more than a year) to be completed before it is capable of being used or sold. Borrowing costs can include interest on sums due to banks at sight and on short-term or long-term borrowings, the amortisation of premiums or reimbursements relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance charges in respect of finance leases and exchange rate differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest expenses.

Income taxes

Taxes on profit for the financial year comprise current taxes and deferred taxes. They are recorded in the income statement, except where they concern items recorded directly in equity, in which case they are also recognised in equity.

Current taxes are the taxes payable on the taxable profit for the financial year, calculated according to the rates of taxation that were adopted at the balance sheet date, as well as adjustments for the previous financial years.

Deferred taxes are calculated according to the variable deferral method applied to the timing differences between the carrying amount of the assets and liabilities recorded in the balance sheet and their tax base. The following differences are not taken into account: non-tax-deductible goodwill and initial recognition of assets and liabilities having no impact on the book and fiscal results. Deferred taxes are calculated as a function of how the asset and liability items are expected to be realised or settled, on the basis of the rates of taxation that were adopted or virtually adopted at the balance sheet date. Furthermore, passive deferred taxes relating to shareholdings in subsidiaries are not recognised when the Group is able to control the date on which the timing difference will be reversed and when it does not expect the timing difference to be reversed in the foreseeable future. Deferred tax assets are recognised only to the extent that taxable earnings are liable to be generated that allow use to be made of the deductible timing differences, tax losses and tax credits.

Non-current assets held for sale and discontinued operations

When, at the balance sheet date, it is highly probable that non-current assets or directly connected groups of assets and liabilities will be disposed of, they are designated as non-current assets (or disposal groups) held for sale. Their disposal is considered highly probable if, at the balance sheet date, a plan for selling them at a reasonable price compared with their fair value has been made in order to find a buyer and realise their sale within a maximum period of one year. Non-current assets (or disposal groups) classed as being held for sale are valued at the lower of their carrying amount and their fair value net of the cost of the sale. They are presented separately in the balance sheet.

A discontinued operation is a component of an operation that has been sold or is classified as held for sale. It represents a major and distinct line of business or geographical region, it is part of a single coordinated plan to dispose of a major and distinct line of business or geographical region or it is a subsidiary exclusively acquired for the purposes of being resold. A component of an entity is understood to mean the operations and cash flows that, from an operating point of view and in terms of financial disclosure, can be clearly distinguished from the remainder of the business operation. Discontinued operations are presented in a separate line on the income statement and the cash flow statement.

Segment reporting

Pargesa is a holding company with investments in companies that have little in common from a commercial or industrial point of view. These investments are acquired, managed and sold with a view to maximising Pargesa shareholder value. Therefore, with regard to segment reporting, the business segments are based on the segregation of the various shareholdings and the absence of connections between them, each significant investment being regarded as a segment. The operations of the holding companies controlled by Pargesa are presented as a separate segment. Business segments are also shown by geographical location. The Group's segment reporting is consistent with the internal reports made to the Board of Directors. The segment reporting described above is presented in note 2.

Risk management

(1) Exchange rate risk
Each entity is responsible for managing its own exchange rate risk. Exchange rate risk may be hedged by forward foreign exchange contracts, foreign currency swaps and foreign exchange options. These instruments are used to hedge receivables, payables, firm commitments in foreign currencies and net investments in foreign entities.

(2) Interest rate risk
Interest rate risk management involves fully or partially hedging the fluctuation in debt interest rates either by a fixed rate of interest, by interest rate swaps or by options, depending on the individual policy laid down by the Board of Directors of each entity based on the needs of that entity.

(3) Credit risk
Credit risk concerns the risk that third party contractors will not respect their commitments towards the Group when they enter into transactions with it. Each shareholding is responsible for managing credit risk, using the specific arrangements most suited to the situation.

(4) Liquidity risk
Liquidity risk is the risk that an entity cannot fulfil its commitments to repay debts. Liquidity risk is managed at each level of the Group.

(5) Energy price risk
Imerys' energy price risk is hedged by forward contracts and by option instruments.

Accounting changes, errors, principal judgements and accounting estimates

A change in accounting policy is only made if required by the provisions of a standard, interpretation or amendment of a standard, or if the change will result in more relevant and reliable information. Changes in accounting policy are applied retrospectively, except in the case of transitional measures specific to the standard, or the interpretation or amendment of a standard. The financial statements affected by a change in accounting method are restated for all the accounting periods presented, as if the new accounting policy had always been in use. An error, when discovered, is also adjusted retrospectively.

The inherent uncertainties of business operations require estimates to be used when preparing the financial statements. Estimates are based on judgements intended to give a reasonable assessment of the latest reliable information. An estimate is revised to reflect changes in circumstances, new information and the effect of experience. Changes in estimates are accounted for prospectively: they affect the accounting period during which they occurred, and possibly the following periods.

The main judgements and estimates used in the preparation of the financial statements relate in particular to the following assumptions:

(1) Tangible and intangible assets
Tangible and intangible assets with a definite useful life are amortised using the straight-line method based on the estimated useful life of the fixed asset in question.

(2) Impairment
Impairment tests (see also the accounting policies concerning business combinations and goodwill, and impairment of assets) check whether the carrying amount of assets will be recovered on the basis of the present value of future cash flows.

At Imerys, the CGU definitions and impairment indication, as well as the allocation of assets and goodwill to the CGU, are matters of judgement for Imerys senior management. The term and amount of future cash flows and the discount rates used in the calculation of the CGUs' value in use are estimates carried out by Imerys senior management. Events that trigger an impairment test are matters of judgement for Imerys senior management. Such events mainly include significant changes in business operations, interest rates, technology level, obsolescence and asset yield. An impairment test must be carried out immediately on a CGU or individual asset if there is an adverse change in one of these indicators.

An analysis of the impairment test conducted for the CGUs is provided in note 12 and an analysis of the impairment recorded for the year is given in note 8.

(3) Employee benefits
At 31 December 2014, the net provisions for employee benefits principally concerned Imerys (see the accounting policies concerning pension liabilities and similar benefits).

The actuarial assumptions used to measure the value of defined benefit plans are estimates carried out by Imerys senior management. The discount rates used to discount commitments and calculate the normalised return of the assets on the income statement are set by reference to the rates of the bonds issued by AA-rated (high-quality) companies in the main iBoxx GBP Corporate AA and Citigroup Bond Yield USD indices.

An analysis of employee benefits is given in note 23.

(4) Provisions
The sum recognised for provisions corresponds to the best estimate of the expenditure required in order to extinguish the current (legal or implicit) liability at the balance sheet date. The environmental and rehabilitation provisions set aside by Imerys for its mining and industrial business require an estimate of the sums the group will have to pay and assumptions about the repayment schedule and discount rates. Litigation claims involving the Imerys group are assessed by the Imerys Legal Department with the help of lawyers. Finally, provisions relating to restructurings within the Imerys group also require estimates to be made (see accounting policies relating to provisions as well).

An analysis of the provisions is presented in note 19.

(5) Holdings
At 31 December 2014, Total, SGS, Pernod Ricard, GDF Suez, Suez Environnement and Umicore available-for-sale financial assets measured at fair value on the basis of recently observed market prices (the measurement of which is not the result of assumptions or other sources of uncertainty) accounted for 43% of balance sheet assets.

In terms of judgement, GBL analysed the accounting treatment to be used for its holding in SGS and whether it should be booked (i) as an investment in an associate (IAS 28), with GBL's share of SGS income and equity capital being recognised, or (ii) as an available-for-sale financial asset (IAS 39), with the fair value of the holding being recognised and the dividend being recorded as income.

Under IAS 28, a company is presumed to have a significant influence if it holds 20% or more of the voting power, or if such influence can be clearly demonstrated, even if the holding is less than 20%. Under IAS 28, significant influence is clearly demonstrated if there is (i) representation on the board of directors; (ii) participation in the policy-making process; (iii) material transactions between the investor and the investee; (iv) interchange of managerial personnel; or (v) provision of essential technical information.

As GBL holds less than 20% of the voting power and as GBL's representation on the SGS Board of Directors is not a longstanding right, GBL concluded that its holding in SGS should be recorded as an available-for-sale financial asset.

The classification of the holding in Lafarge and the need to conduct an impairment reversal test on the holdings were also analysed by GBL (see note 17).

Events after the balance sheet date

Events occurring between the balance sheet date and the date on which the financial statements were approved for publication by the Board of Directors only result in an adjustment if they reveal, specify or confirm conditions already existing on the balance sheet date.

Note 2 – Segment reporting

The Group's business is subdivided into two segments: Holdings and Imerys.

The Holdings segment groups together Pargesa and GBL, a company listed on NYSE Euronext Brussels, and their wholly-owned subsidiaries and private equity funds. The main purpose of the group of companies in the Holdings segment is the management of investments.

The Imerys segment comprises the Imerys group, which holds leading positions in each of its four business groups:

- the Energy Solutions & Specialties business group: functional additives used in construction (e.g. plastics, paints, etc.) and in paper production, monolithic refractories for high-temperature industries (e.g. steelmaking, casting, petrochemicals, glass, cement, etc.), and mineral specialties for mobile energy, electronics and unconventional oil exploration;
- Filtration & Performance Additives: mineral agents for the filtration of food liquids, and mineral specialties for plastics, paints, polymers and paper used for construction, consumer goods (e.g. food and drink, magazines, packaging, pharmaceutical products, and health and beauty products), and durable goods (particularly cars);
- Ceramic Materials: clay roof tiles, and minerals for tiles, sanitaryware, tableware, technical ceramics paints, plastics and paper;
- High Resistance Minerals: fused minerals for abrasives (tools for cutting, grinding and polishing).and minerals for refractories used in high temperature industries (e.g. steelmaking, casting, energy generating, etc.).

Imerys is listed on NYSE Euronext Paris.

2.1 Segment analysis by business

2014 income by segment

CHF millions	Holdings	Imerys	Total
Revenue	280.0	4'479.0	4'759.0
Other operating income	9.5	55.4	64.9
Changes in inventory	(0.2)	30.9	30.7
Raw materials, goods intended for resale and consumables	(102.0)	(1'487.5)	(1'589.5)
Staff costs	(106.0)	(906.4)	(1'012.4)
Amortisation of tangible and intangible assets	(27.8)	(257.5)	(285.3)
Other operating expenses	(102.3)	(1'409.8)	(1'512.1)
Other operating income and expenses	811.8	21.7	833.5
Operating profit	**763.0**	**525.8**	**1'288.8**
Dividends and net interest from available-for-sale financial assets	384.4	–	384.4
Other financial income	18.6	11.4	30.0
Other financial expenses	(192.8)	(66.3)	(259.1)
Financial profit	**210.2**	**(54.9)**	**155.3**
Operating and financial profit	**973.2**	**470.9**	**1'444.1**
Income from associates and joint ventures	88.6	3.2	91.8
Net profit before tax	**1'061.8**	**474.1**	**1'535.9**
Income taxes	(5.1)	(142.4)	(147.5)
Net profit for the period (including minority interests)	**1'056.7**	**331.7**	**1'388.4**
Other information:			
Impairment of tangible assets	–	(7.3)	(7.3)
Impairment (reversal) on investments, operations, goodwill, intangible assets and negative goodwill	(12.6)	(37.2)	(49.8)
Capital gains/losses on investments and operations	824.5	58.8	883.3
Interest income	20.1	7.8	27.9
Interest expenses	(112.4)	(57.3)	(169.7)

Balance sheet at 31 December 2014

CHF millions	Holdings	Imerys	Total
Long-term assets	15'063.8	4'018.4	19'082.2
– of which investments in associates and joint ventures	*4'124.6*	*100.1*	*4'224.7*
Short-term assets	2'351.1	2'502.6	4'853.7
Total assets	**17'414.9**	**6'521.0**	**23'935.9**
Long-term liabilities	2'942.5	2'551.4	5'493.9
Short-term liabilities	402.6	998.5	1'401.1
Total liabilities	**3'345.1**	**3'549.9**	**6'895.0**

2013 income by segment

CHF millions	Holdings	Imerys	Total
Revenue	254.7	4'552.1	4'806.8
Other operating income	11.5	60.7	72.2
Changes in inventory	(8.1)	11.8	3.7
Raw materials, goods intended for resale and consumables	(92.7)	(1'580.0)	(1'672.7)
Staff costs	(85.6)	(927.2)	(1'012.8)
Amortisation of tangible and intangible assets	(24.7)	(259.9)	(284.6)
Other operating expenses	(106.9)	(1'382.0)	(1'488.9)
Other operating income and expenses	302.5	5.8	308.3
Operating profit	**250.7**	**481.3**	**732.0**
Dividends and net interest from available-for-sale financial assets	453.0	–	453.0
Other financial income	14.4	8.6	23.0
Other financial expenses	(259.6)	(73.3)	(332.9)
Financial profit	**207.8**	**(64.7)**	**143.1**
Operating and financial profit	**458.5**	**416.6**	**875.1**
Income from associates and joint ventures	167.3	6.8	174.1
Net profit before tax	**625.8**	**423.4**	**1'049.2**
Income taxes	(5.9)	(123.2)	(129.1)
Net profit for the period (including minority interests)	**619.9**	**300.2**	**920.1**
Other information:			
Impairment of tangible assets	–	(12.1)	(12.1)
Impairment (reversal) on investments, operations, goodwill, intangible assets and negative goodwill	(85.1)	(0.5)	(85.6)
Capital gains/losses on investments and operations	387.6	6.3	393.9
Interest income	14.4	5.2	19.6
Interest expenses	(106.5)	(63.0)	(169.5)

Balance sheet at 31 December 2013

CHF millions	Holdings	Imerys	Total
Long-term assets	15'632.2	3'874.5	19'506.7
– of which investments in associates and joint ventures	*3'895.6*	*102.0*	*3'997.6*
Short-term assets	2'353.1	2'106.8	4'459.9
Total assets	**17'985.3**	**5'981.3**	**23'966.6**
Long-term liabilities	3'426.6	2'208.6	5'635.2
Short-term liabilities	707.7	984.1	1'691.8
Total liabilities	**4'134.3**	**3'192.7**	**7'327.0**

Acquisition cost of segment assets for the period

The following table summarises the costs incurred during the year in acquiring both intangible and tangible segment assets, by business segment.

CHF millions	2014		2013	
Imerys group	293.0	90.8%	311.1	90.4%
Holdings	29.8	9.2%	32.9	9.6%
Total	**322.8**	**100.0%**	**344.0**	**100.0%**

2.2 Segment analysis by geographical location of customers

CHF millions	Switzerland	Europe	North America	Other	Total
2014 – Revenue	28.9	2'375.1	1'183.7	1'171.3	**4'759.0**
2013 – Revenue	26.6	2'503.9	1'117.6	1'158.7	**4'806.8**

Revenue comes mainly from Imerys and can be broken down as follows:

CHF millions	2014	2013
Sale of goods	4'092.9	4'211.0
Rendering of services	666.1	595.8
Total	**4'759.0**	**4'806.8**

Revenue from ordinary operations resulting from transactions between Imerys and each of its external clients never exceeds 10% of the revenue from the ordinary operations of the Imerys group.

Geographical distribution of assets based on the segment analysis by business sector at 31 December

CHF millions	Switzerland	Europe	North America	Other	2014 Total
Long-term assets	**38.6**	**16'661.0**	**1'332.3**	**1'050.3**	**19'082.2**
– tangible and intangible assets	*30.4*	*1'029.8*	*962.2*	*636.3*	*2'658.7*
– goodwill	*6.0*	*902.4*	*347.2*	*327.4*	*1'583.0*
– investments in associates and joint ventures	*–*	*4'209.0*	*14.9*	*0.8*	*4'224.7*
– available-for-sale financial assets	*–*	*10'452.1*	*–*	*–*	*10'452.1*
Short-term assets	**111.9**	**3'569.2**	**504.2**	**668.4**	**4'853.7**
Total assets	**150.5**	**20'230.2**	**1'836.5**	**1'718.7**	**23'935.9**

CHF millions	Switzerland	Europe	North America	Other	2013 Total
Long-term assets	**32.1**	**17'245.4**	**1'195.8**	**1'033.4**	**19'506.7**
– tangible and intangible assets	*25.7*	*1'004.4*	*859.1*	*607.0*	*2'496.2*
– goodwill	*6.0*	*887.9*	*312.0*	*335.1*	*1'541.0*
– investments in associates and joint ventures	*–*	*3'977.8*	*19.8*	*–*	*3'997.6*
– available-for-sale financial assets	*–*	*11'299.0*	*–*	*–*	*11'299.0*
Short-term assets	**439.1**	**3'022.5**	**403.5**	**594.8**	**4'459.9**
Total assets	**471.2**	**20'267.9**	**1'599.3**	**1'628.2**	**23'966.6**

Note 3 – Changes in working capital and provisions

CHF millions	2014	2013
(Increase)/decrease in long-term assets	14.5	(1.0)
(Increase)/decrease in inventories and trade receivables	(91.7)	23.0
(Increase)/decrease in financial assets held for trading	(364.2)	(20.0)
(Increase)/decrease in other short-term assets	213.2	(483.0)
(Increase)/decrease in pension liabilities and similar benefits	1.0	–
(Increase)/decrease in provisions	0.7	(3.2)
(Increase)/decrease in trade payables and other short-term liabilities	58.7	35.7
Total	**(167.8)**	**(448.5)**

Note 4 – Other operating income and expenses

Capital gains/losses and impairments on investments and operations

CHF millions	2014	2013
Capital gain on disposal of Total shares at GBL	406.9	214.2
Translation difference on the reversal of the Total revaluation reserve at Pargesa	122.8	66.4
Capital gain on disposal of Suez Environnement shares at GBL	176.5	–
Translation difference on the reversal of the Suez Environnement revaluation reserve at Pargesa	78.9	–
Capital gain on disposal of GDF Suez shares at GBL	–	96.0
Impairment on GDF Suez at GBL (see notes 5.5 and 8)	–	(80.1)
Capital gain realised by private equity funds	36.1	1.7
Impairment on private equity funds at Pargesa and GBL (see notes 5.5 and 8)	(8.6)	(3.8)
Goodwill impairment at Imerys (see notes 8 and 12)	(36.6)	–
Miscellaneous	57.5	13.9
Total	**833.5**	**308.3**

In 2014, in addition to the CHF 406.9 million capital gain on the disposal of Total shares at GBL, Pargesa recorded an historical exchange rate gain of CHF 122.8 million as a result of the reversal of the Total revaluation reserve at Pargesa. In addition to the CHF 176.5 million capital gain on the disposal of Suez Environnement shares following the partial redemption of the Suez Environnement exchangeable bond at GBL, Pargesa recorded an historical exchange rate gain of CHF 78.9 million as a result of the reversal of the Suez Environnement revaluation reserve at Pargesa. In 2014, the line item “Miscellaneous” included the capital gain recorded at Imerys on the divestment of four calcium carbonate industrial units in Europe and the United States for CHF 48.7 million.

Note 5 – Financial instruments

Financial instrument categories, hierarchy of fair value financial instruments and income from the financial instruments carried through the income statement

Financial asset and liability categories at carrying amount – Comparison between carrying amount and fair value

CHF millions	Financial assets and liabilities at fair value through profit or loss (excl. derivatives)	Derivative financial instruments (excluding hedges)	Loans and receivables and financial liabilities at amortised cost	Available-for-sale financial assets	Held-to maturity investments	Derivative financial instruments used as hedges	2014 Total carrying amount	2014 Fair value
Available-for-sale financial assets (see note 5.5)	–	–	–	10'452.1	–	–	**10'452.1**	10'452.1
Other long-term financial assets (see note 5.6)	–	14.1	88.8	–	–	–	**102.9**	102.9
Trade receivables (see note 5.7)	–	–	713.1	–	–	–	**713.1**	713.1
Financial assets held for trading	997.2*	–	–	–	–	–	**997.2**	997.2
Cash and cash equivalents (see note 5.8)	–	–	1’788.7	–	–	–	**1'778.7**	1'778.7
Other short-term financial assets (see note 5.9)	–	7.3	60.4	–	204.3	–	**272.0**	272.0
Total financial assets	**997.2**	**21.4**	**2'641.0**	**10’452.1**	**204.3**	–	**14'316.0**	**14'316.0**
Financial debt (see note 5.11)	–	(10.0)**	(4'441.0)			–	**(4'451.0)**	(4'872.1)
Other long-term financial liabilities (see note 5.10)	–	(215.3)	(8.3)			–	**(223.6)**	(223.6)
Trade payables***	–	–	(540.8)			–	**(540.8)**	(540.8)
Financial debt due within the year (see note 5.11)	–	(4.3)**	(244.4)			–	**(248.7)**	(264.7)
Other short-term financial liabilities (see note 5.12)	–	(42.0)	(46.2)			(14.4)	**(102.6)**	(102.6)
Total financial liabilities	**–**	**(271.6)**	**(5'280.7)**			**(14.4)**	**(5'566.7)**	**(6'003.8)**
Total	**997.2**	**(250.2)**	**(2'639.7)**	**10'452.1**	**204.3**	**(14.4)**	**8'749.3**	**8'312.2**

* including CHF 876 million in investments in money-market funds at GBL and an equity portfolio of CHF 121 million held by GBL

** these derivative products are financial-debt-related instruments and are recorded on the balance sheet under “Financial debt” and ”Financial debt due within the year”

*** all trade payables are due in 2015

CHF millions	Financial assets and liabilities at fair value through profit or loss (excl. derivatives)	Derivative financial instruments (excluding hedges)	Loans and receivables and financial liabilities at amortised cost	Available-for-sale financial assets	Held-to maturity investments	Derivative financial instruments used as hedges	2013 Total carrying amount	2013 Fair value
Available-for-sale financial assets (see note 5.5)	–	–	–	11'299.0	–	–	**11'299.0**	11'299.0
Other long-term financial assets (see note 5.6)	–	9.2	105.3	–	–	–	**114.5**	114.5
Trade receivables (see note 5.7)	–	–	691.9	–	–	–	**691.9**	691.9
Financial assets held for trading	706.2*	–	–	–	–	–	**706.2**	706.2
Cash and cash equivalents (see note 5.8)	–	–	1'543.6	–	–	–	**1'543.6**	1'543.6
Other short-term financial assets (see note 5.9)	–	3.2	282.1	–	224.6	2.3	**512.2**	512.2
Total financial assets	**706.2**	**12.4**	**2'622.9**	**11'299.0**	**224.6**	**2.3**	**14'867.4**	**14'867.4**
Financial debt (see note 5.11)	–	(7.9)**	(4'593.0)			–	**(4'600.9)**	(4'935.2)
Other long-term financial liabilities (see note 5.10)	–	(241.9)	(3.1)			–	**(245.0)**	(245.0)
Trade payables***	–	–	(504.5)			–	**(504.5)**	(504.5)
Financial debt due within the year (see note 5.11)	–	–	(635.4)			–	**(635.4)**	(641.2)
Other short-term financial liabilities (see note 5.12)	–	(5.0)	(7.6)			(35.0)	**(47.6)**	(47.6)
Total financial liabilities	**–**	**(254.8)**	**(5'743.6)**			**(35.0)**	**(6'033.4)**	**(6'373.5)**
Total	**706.2**	**(242.4)**	**(3'120.7)**	**11'299.0**	**224.6**	**(32.7)**	**8'834.0**	**8'493.9**

* including CHF 508 million in investments in money-market funds at GBL and an equity portfolio of CHF 104 million held by GBL

** these derivative products are financial-debt-related instruments and are recorded on the balance sheet under "Financial debt"

Valuation of financial assets/liabilities in the 3-level fair value hierarchy
(financial assets and liabilities carried at fair value on the closing date)

CHF millions	Level 1	Level 2	Level 3	2014 Total
Available-for-sale financial assets	10'302.9	–	149.2	**10'452.1**
Other long-term financial assets	–	14.1	–	**14.1**
Financial assets held for trading	997.2	–	–	**997.2**
Other short-term financial assets	–	7.3	–	**7.3**
Total financial assets carried at fair value	**11'300.1**	**21.4**	**149.2**	**11'470.7**
Financial debt	–	(10.0)	–	**(10.0)**
Other long-term financial liabilities	–	(215.3)	–	**(215.3)**
Financial debt due within the year	–	(4.3)	–	**(4.3)**
Other short-term financial liabilities	–	(56.4)	–	**(56.4)**
Total financial liabilities carried at fair value	**–**	**(286.0)**	**–**	**(286.0)**

CHF millions	Level 1	Level 2	Level 3	2013 Total
Available-for-sale financial assets	11'132.0	–	167.0	**11'299.0**
Other long-term financial assets	–	9.2	–	**9.2**
Financial assets held for trading	706.0	–	0.2	**706.2**
Other short-term financial assets	–	5.5	–	**5.5**
Total financial assets carried at fair value	**11'838.0**	**14.7**	**167.2**	**12'019.9**
Financial debt	–	(7.9)	–	**(7.9)**
Other long-term financial liabilities	–	(241.9)	–	**(241.9)**
Other short-term financial liabilities	–	(39.8)	–	**(39.8)**
Total financial liabilities carried at fair value	**–**	**(289.6)**	**–**	**(289.6)**

During 2013 and 2014 there were no significant transfers between the various levels.

The tables above present the valuation of the financial assets/liabilities in a fair value hierarchy that reflects the importance of the data used for the measurements. This fair value hierarchy is as follows :

– Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities; level 1 assets are generally publicly listed shares and bonds;

– Level 2 : inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
the assets generally classed as level 2 are time deposits and derivative products; liabilities classed at this level are generally derivatives;

– Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs);
the assets classed at level 3 are generally investments in private equity funds and unlisted shares; no liability was recognised in this category.

Group financial assets are for the large majority level 1 assets. Very few assets are carried at level 3 fair value. The following methods are used to assess the fair value of level 2 financial instruments:

Exchangeable bonds issued by GBL are considered hybrid instruments. At the issue date, the fair value of the bond component is estimated based on the market interest rate for similar non-exchangeable bonds, taking into account the risk associated with GBL (i.e. the credit spread). At each closing date, the value of the bond component is recalculated taking into account the change in the risk-free interest rate and the GBL credit spread; the difference relative to the exchangeable bond price on the Euro MTF market on the Luxembourg exchange constitutes the new value of the derivative component. The change in value relative to the previous closing date is recognised on the income statement.

The fair value of derivative instruments not linked to exchangeable bonds is determined through a model that uses observable data, i.e. closing date prices provided by third parties active on the financial markets. These valuations are adjusted for the credit risks of counterparties and the credit risk of Imerys and GBL (derivative instruments are primarily held by these two companies). When the market value of the derivative is positive (derivative asset), its fair value includes the counterparty's probability of default (i.e. credit value adjustment, CVA). When the market value of the derivative is negative (derivative liability), its fair value takes account of the probability of default of Imerys or GBL (i.e. a debit value adjustment, DVA). These adjustment are determined using the spreads of bonds on the secondary market, such as those issued by Imerys, GBL and their counterparties.

Change in level 3 available-for-sale financial assets

CHF millions	2014	2013
Balance at 1 January	**167.0**	**130.4**
Acquisitions	17.7	43.1
Disposals	(60.6)	(3.1)
Profits and losses recognised in equity	11.9	(1.2)
Profits and losses recognised in the income statement	(0.9)	(0.5)
Other	14.1	(1.7)
Balance at 31 December	**149.2**	**167.0**

Profits and losses on financial assets and liabilities recognised in the income statement

CHF millions	2014	2013
Interest income		
– Held-to-maturity investments	1.1	1.4
– Loans, receivables, cash and cash equivalents	24.1	15.5
– Financial assets held for trading	2.7	2.7
Interest income	27.9	19.6
Interest expenses	(169.7)	(169.5)
Total interest income/expenses	(141.8)	(149.9)
Dividends on financial assets held for trading	5.2	9.5
Dividends on available-for-sale financial assets (see note 5.3)	384.4	453.0
Profits/losses on financial assets recognised at fair value in the income statement	11.4	18.3
Profits/losses on disposals of available-for-sale financial assets	824.6	386.0
Impairment of financial assets	(13.3)	(86.1)
Income from derivatives	37.5	(164.1)
Other revenues, expenses and income from financial assets and liabilities	(10.0)	(11.9)
Total	**1'098.0**	**454.8**

Impairments on financial assets of CHF 13.3 million in 2014 and CHF 86.1 million in 2013 mainly represent the impairment of available-for-sale financial assets (see note 4).

Note 5.1 – Nature and extent of risks arising from financial instruments

5.1.1 Credit risks

The Group has little exposure to credit risks because of the nature of its operations. Group credit risks are associated with its cash deposits and with risks incurred by Imerys, whose accounts are consolidated into Pargesa.

At **Pargesa**, cash is deposited short-term, generally for periods of less than three months, with banking institutions that are very rigorously selected.

At **GBL**, the risk of default by a counterparty derives for the most part from its deposits, hedging transactions, stock market transactions, derivative financial instruments and other transactions conducted with banks or financial intermediaries, including pledging of collateral. GBL seeks to mitigate this risk by diversifying the types of investment and the counterparties and by constantly monitoring its financial situation. At 31 December 2014, cash and cash equivalents were for the most part placed in current accounts at a limited number of first-rate banks, in money-market funds selected based on their size, volatility and liquidity, or in investment-grade short-term commercial paper.

At **Imerys**, credit risk relates to the risk that a debtor will not repay its debt on the due date. This risk, which mainly affects the loans and receivables category, is tracked within each business entity. This monitoring is principally based on the analysis of receivables that are past due and may be complemented by a more detailed investigation of solvency. Imerys group entities may be led to hedge credit risk by taking out credit insurance policies or obtaining guarantees. At the balance sheet date, loans and receivables are reduced to their recoverable value through individually measured depreciation. At 31 December 2014, the depreciation on loans and receivables amounted to CHF 102.1 million (CHF 96.8 million at 31 December 2013). Imerys' maximum exposure to credit risk before credit insurance and guarantees, i.e. the carrying amount of its receivables, was thus CHF 937.4 million at 31 December 2014 (CHF 881.3 million at 31 December 2013). Details of trade receivables and their age are given in note 5.7.

5.1.2 Liquidity risks

The financial liability repayment schedule groups the financial liabilities at every level of the companies consolidated into the financial statements of the Group, i.e. Pargesa, GBL and Imerys. The repayment schedule of the Group's financial debts is provided in note 5.11.

Liquidity risk is managed at each level of the Group.

At 31 December 2014, **Pargesa** had a positive cash position of CHF 70.1 million (CHF 223.7 million at 31 December 2013). At 31 December 2013, Pargesa also held short-term bank deposits (maximum of six months) of CHF 275.0 million. Pargesa's financial liabilities are made up of two bonds: a 2.5% bond maturing in November 2016 for CHF 150 million and a 1.5% bond maturing in December 2018 for CHF 250 million (see note 5.11). At 31 December 2013, liabilities also included the remaining bonds exchangeable for new Pargesa Holding SA shares to be issued that had not yet been repurchased; these bonds matured in June 2014 and were redeemed at par (see note 5.11). Pargesa had no bank debts at 31 December 2014 (CHF 0 million at 31 December 2013). Redemption of the 2.5% and 1.5% bond issues could require refinancing in the market.

At 31 December 2014, **GBL** had a positive cash position of CHF 919.3 million (CHF 895.4 million at 31 December 2013). Its financial liabilities comprised a bond exchangeable for Suez Environnement shares, issued in 2012 and maturing in 2015 (see note 5.11) for a residual amount of EUR 59.0 million at par value; a bond exchangeable for GDF Suez shares, issued in 2013 and maturing in 2017 (see note 5.11) for an amount of EUR 1 billion at par value; a bond exchangeable for GBL shares, issued in 2013 and maturing in 2018 (see note 5.11) for an amount of EUR 428.4 million at par value and redeemable at 105.14% of par value; and a 4% bond issued in June 2010 and amounting to EUR 350 million (see note 5.11). The conversion of the exchangeable bonds is secured by existing Suez Environnement and GDF Suez shares held in the portfolio, as well as GBL treasury shares. If the exchangeable bonds have not been converted at maturity, or at the time of the redemption for the 4% bond issue, this would create the need for refinancing on the markets. This could expose GBL to liquidity risk, which is mitigated by the possibility of using various internal and external sources of funding, in particular the possibility for GBL to remit Suez Environnement, GDF Suez and GBL shares to the bondholders (see note 5.11). GBL (excluding private equity) had no bank debts (see note 5.11) at 31 December 2014 (CHF 0 million at 31 December 2013). Bank debts relating to private equity amounted to CHF 105.0 million at 31 December 2014 (CHF 109.2 million at 31 December 2013).

At 31 December 2014, **Imerys** had a commercial paper programme capped at CHF 962.1 million (CHF 981.9 million at 31 December 2013), rated P-2 by Moody's (same rating at 31 December 2013). At year-end, no notes had been issued (CHF 73.6 million in notes issued at 31 December 2013). At 31 December 2014, Imerys had banking facilities at its disposal of CHF 1'629.5 million (CHF 1'559.4 million at 31 December 2013), part of which secured the CHF 0 million (CHF 73.6 million at 31 December 2013) in commercial paper issued.

In 2014, Imerys updated its Euro Medium Term Notes (EMTN) programme. The programme represents a total of EUR 1 billion (CHF 1.2 billion) and authorises the issue of securities similar to ordinary bonds for terms of between one month and 30 years. At year-end, notes had been issued for a total of CHF 1'140.3 million (CHF 427.6 million at 31 December 2013).

For part of its funding, Imerys is required to respect a number of financial ratios. The main restrictive terms and conditions attached to some of its bilateral bank credit facilities and to certain bonds issued in the form of private placements are as follows:

- Assigned objectives: general financing requirements of Imerys

- Commitments in terms of financial ratios:
  depending on the financing contracts concerned, the ratio of consolidated net financial debt to consolidated equity must be less than 1.50 or 1.60 at the end of each half-yearly or yearly consolidated reporting period. At 31 December 2014, the ratio was 0.35 (0.39 at 31 December 2013);
  depending on the financing contracts concerned, the ratio of consolidated net financial debt to consolidated EBITDA over the previous 12 months must be at or below 3.75 at the end of each half-yearly or yearly consolidated reporting period. At 31 December 2014, the ratio was 1.29 (1.36 at 31 December 2013).
- Absence of any collateral in favour of the lenders.

Failure to comply with the above obligations in relation to any of the financing contracts concerned could lead to the cancellation of the funds and a requirement, at the request of one or more of the lenders concerned, to repay the amount of the corresponding financial debt immediately. With the exception of two contracts, the Imerys financing contracts do not provide for cross default should a mandatory financial ratio applicable to one of these contracts not be complied with. At 31 December 2014, Imerys had a Moody's long-term rating of Baa2 with a stable outlook (same rating at 31 December 2013).

Financial resources are the main variable at Imerys' disposal for the adjustment of its financing capacity. This capacity is either financial debt in the form of securities or financing commitments granted by top-rated banking institutions. The medium-term financial resources furnished by the bilateral bank credit facilities can be used during very brief drawdown periods (one to 12 months) while remaining available over longer terms (five years). Imerys' financial resources stood at EUR 2.8 billion, or CHF 3.4 billion, at 31 December 2014 (EUR 3.0 billion at 31 December 2013). Imerys manages its total financial resources by regularly calculating the difference between its total financial resources and the sums it has used in order to determine the available financial resources it has access to.

5.1.3 Market risks

Risk management and hedging activities are described in note 5.2.

Market price sensitivity

The following sensitivity analysis is based on the exposure to the risks of stock market price fluctuation of the main available-for-sale financial assets, i.e. Total, SGS, Pernod Ricard, GDF Suez, Suez Environnement and Umicore shares, which, at 31 December 2014, accounted for 98% (98% at 31 December 2013) of total available-for-sale financial assets, 71% (75% at 31 December 2013) of total financial assets and 43% (46% at 31 December 2013) of total balance sheet assets.

	2014		2013	
CHF millions	Impact of a rise in stock market prices	Impact of a fall in stock market prices	Impact of a rise in stock market prices	Impact of a fall in stock market prices
5% change in stock market prices				
Impact on equity (including minority interests)	+510.0	–510.0	+541.2	–541.2
Impact on the equity attributable to the Group	+265.1	–265.1	+281.6	–281.6
Impact on the income statement (including minority interests)	–	–	–	–

Interest rate sensitivity

The exposure of Pargesa's financial liabilities to interest rate fluctuations is not relevant because **Pargesa** mainly has long-term, fixed-rate debt. On 18 December 2014, the Swiss National Bank (SNB) introduced a negative interest rate of 0.25% on sight deposit accounts, with the aim of taking the three-month Libor into negative territory. Negative interest was levied on assets in sight deposits exceeding a given exemption threshold starting on 22 January 2015. On 15 January 2015, the negative interest rate was increased to 0.75%. As a result of the SNB's decision, a certain number of banks have also introduced a negative interest rate on client assets held in Swiss francs. Pargesa has not, for the moment, been affected by the introduction of negative interest rates.

Owing to its financial situation, **GBL** is exposed to interest rate fluctuations, which impact both its debt and its cash flows. GBL's financial debt is represented by exchangeable bonds that mature in 2015, 2017 and 2018, which were issued at fixed interest rates of 0.125%, 1.25% and 0.375% respectively, and by a 4% fixed-rate bond maturing in 2017. Bank credit lines were drawn down at fixed rates. GBL was therefore not exposed to the risk of an interest rate increase on its debt at the end of 2014. GBL continues to pay attention to the trend in interest rates and to their significance in the overall economic environment.

For **Imerys**, a 50bp rise in the interest rates on net financial debt after interest-rate derivatives would increase the 2014 financial profit of the Pargesa Group by CHF 0.1 million (CHF –0.2 million in 2013) for the ineffective portion of derivative instruments qualified as cash flow hedges and derivative instruments not eligible for hedge accounting. A 50bp fall in interest rates would increase the 2014 financial profit of the Pargesa Group by CHF 0.1 million (CHF –0.4 million in 2013). A 50bp rise in interest rates would have no impact on shareholders' equity (including minority interests) for the effective portion of derivative instruments qualified as cash flow hedges (CHF +0.4 million in 2013). A 50bp fall in interest rates would have no impact on shareholders' equity (including minority interests) (CHF –0.4 million in 2013).

Energy price sensitivity

Imerys is exposed to risks relating to the price of the types of energy involved in the production cycle of its operations, mainly natural gas and electricity, and coal to a lesser degree. Energy price risk is hedged by forward contracts and by options-based instruments. These instruments qualify as cash flow hedges. According to Imerys' estimates, a 10% increase in the natural gas and Brent indices at 31 December 2014 would increase Pargesa Group shareholders' equity (including minority interests) by CHF 3.1 million (CHF +2.5 million in 2013), while a 10% decrease would reduce equity by CHF 2.8 million (CHF –2.6 million in 2013), in line with the change in the effective portion of the derivative instruments qualified as cash flow hedges. The change in the ineffective part recognised in the income statement would not be significant.

Exchange rate sensitivity

At Group level, Pargesa has practically no operational exposure to transactional exchange rate risks impacting Group income, with the exception of those relating to the operations of Imerys.

Imerys recommends that its operating entities carry out their transactions in their functional currencies as far as possible. A 10% increase in the exchange rates for all the foreign currencies of the derivative instruments in the Imerys portfolio at 31 December 2014 would decrease Pargesa Group shareholders' equity (including minority interests) by CHF 8.4 million (CHF –9.7 million at 31 December 2013), while a 10% decrease would increase equity by CHF 15.0 million (CHF +14.2 million at 31 December 2013), in line with the change in the effective part of the derivative instruments qualifying as cash flow hedges. A 10% increase would raise Pargesa Group income (including minority interests) by CHF 2.2 million in 2014 (CHF +0.6 million in 2013), while a 10% decrease would increase income by CHF 3.3 million (CHF +1.4 million in 2013), in line with the change in the ineffective part of the derivative instruments qualifying as cash flow hedges and in the fair value of the derivative instruments not eligible for hedge accounting.

GBL and Imerys' results are expressed in euros and consolidated in Swiss francs at the average conversion rate for the financial year, which produces a translation risk. A 1% change in the EUR/CHF exchange rate would have an impact of CHF 12.1 million (CHF 8.9 million in 2013) on the 2014 consolidated income of Pargesa Group (including minority interests).

As indicated in note 5.2, Pargesa is a company whose direct investments are essentially represented by its shareholdings in GBL, whose accounting currency is the euro, whereas the functional currency for the Pargesa financial statements is the Swiss franc. The impact on balance sheet items of fluctuations in the EUR/CHF exchange rate is recorded in the "Translation reserve" in equity, and thus has no impact on earnings. A 1% change in the EUR/CHF exchange rate would have an impact on shareholders' equity (including minority interests) of approximately CHF 166 million (CHF 163 million in 2013) in the 2014 financial statements of Pargesa Group.

Following the Swiss National Bank's decision to remove the floor rate of EUR/CHF 1.20 on 15 January 2015, the EUR/CHF exchange rate dropped 14% between the closing rate on 15 January 2015 and that of the following day. A drop of 14% in the EUR/CHF exchange rate would have had a negative impact of CHF 169 million (including minority interests) and CHF 77 million (excluding minority interests) on the 2014 income of the Pargesa Group. A drop of 14% in the EUR/CHF exchange rate would have had a negative impact of CHF 2.3 billion on shareholders' equity (including minority interests) in the 2014 financial statements of Pargesa Group.

The impact on Imerys of fluctuations between the euro and the currencies (such as the US dollar and pound sterling) involved in the translation of the financial statements of the subsidiaries of Imerys, is also recorded in the "Translation reserve" in shareholders' equity in the Pargesa Group financial statements.

Note 5.2 – Derivative financial instruments

5.2.1 Risk management and hedging

In view of the specific nature of each of the companies consolidated in the Group's financial statements, and their very different operations – Pargesa and GBL have financial businesses, Imerys is industrial – risk is managed independently by each entity.

Pargesa is a company whose direct investments are essentially represented by its shareholdings in GBL, a listed company whose accounting currency is the euro, whereas the functional currency for the Pargesa financial statements is the Swiss franc. Pargesa's exposure to currency fluctuations between the euro and the Swiss franc is not hedged on the balance sheet or the income statement. Pargesa does not have substantial exposure to interest rate risks, as at 31 December 2014 its financial debts mainly comprised two bond issues for which the interest rates are fixed.

GBL is a holding company whose accounts are presented in euros, which is also the currency in which its assets and liabilities are denominated. 62% of the assets on GBL's balance sheet are shareholdings with the euro as reference currency (excluding SGS, which is in Swiss francs), almost all of which are listed on the stock exchange, and the rest is cash invested in euros. 73% of assets are financed by equity, and direct exposure to exchange rate risks is practically non-existent. GBL uses derivatives. These operations are carried out within the framework of well-established documentation and pre-defined packages. They are systematically monitored and actively managed if necessary. At the end of December 2014, the risk associated with these operations was low, given the notional amounts involved and the size of GBL

Imerys manages its own risks relating to operational transactions (i.e. transactional exchange rate risks and energy price risks), foreign investments (i.e. risks relating to the translation of financial statements) and financing (i.e. transactional exchange rate risks and interest rate risks). Derivatives are only used to hedge certain risks. Imerys has no speculative positions. Derivatives are traded centrally by Imerys, on over-the-counter markets and with top-rated financial institutions. Imerys does not allow companies within the group to subscribe directly to derivative instruments outside the Imerys group.
Imerys hedges part of its net investments in its foreign operations by borrowings specifically allocated to their long-term financing and through the proportion of its financial debt denominated in currencies other than the euro. The translation gains or losses generated on these loans and borrowings, which qualify as hedges of net investments in foreign operations, are recognised in equity in order to eliminate, to a certain extent, the translation gains or losses on the net investments hedged. On that basis, Imerys carried out currency exchange swaps for a notional amount revalued at EUR 97.4 million (CHF 117.1 million) at 31 December 2014 and EUR 84.9 million (CHF 104.2 million) at 31 December 2013.
Where necessary, transactional exchange rate risk at Imerys may be hedged in isolated cases by forward foreign exchange contracts, foreign currency swaps and foreign exchange options. These instruments are used to hedge highly probable budgetary flows. The relevant hedges qualify as cash flow hedges.

Interest rate risk is managed, in relation to the Imerys group's consolidated net financial debt, with the aim of guaranteeing its cost in the medium term. Imerys group's policy is to obtain financing mainly in euros, at fixed rates. Fixed-rate medium-term bonds are changed into variable-rate bonds through interest-rate swaps.
At 31 December 2014, Imerys held a number of derivative instruments intended to hedge part of its variable-rate debt. Those instruments include interest rate swaps and options, including caps, floors, swaptions and forward contracts.
In view of the trend in interest rates expected in 2014, Imerys established a fixed rate of interest for some of its future financial debt with a variety of due dates.

To deal with energy price risk, Imerys has diversified in terms of its geographical locations and sources of supply. Energy price risk is the risk that a payable cash flow for an energy purchase is likely to be decreased as a result of a rise in the market price. Imerys endeavours to pass on energy price rises in the selling prices of its products. In addition, management of natural gas price risk, both in Europe and in the United States, is centralised, with Imerys group's Treasury responsible for establishing the necessary framework and resources to apply a common management policy including, among other things, appropriate use of the financial instruments available on these markets. Energy price risk is hedged by forward contracts and options-based instruments. At 31 December 2014, Imerys had various hedging transactions for periods not exceeding one year in order to manage energy price risk.

Note 5.2.2 – Derivative financial instruments

Fair value of short-term and long-term derivative financial instruments

	2014	2013	2014	2013	2014	2013
CHF millions	Asset positions		Liability positions		Net positions	
Short-term instruments	7.3 (1)	5.5 (1)	(56.4) (3)	(40.0) (3)	(49.1)	(34.5)
Long-term instruments	14.1 (2)	9.2 (2)	(215.3) (4)	(241.9) (4)	(201.2)	(232.7)
Total	**21.4**	**14.7**	**(271.7)**	**(281.9)**	**(250.3)**	**(267.2)**

(1) see note 5.9
(2) see note 5.6
(3) see note 5.12
(4) see note 5.10

Notional amounts of short-term and long-term derivative financial instruments

	2014	2013	2014	2013
CHF millions	Asset positions		Liability positions	
	155.5	246.8	2'245.0	3'101.4

Maturities of derivative financial instruments at 31 December 2014 by notional amount

CHF millions	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years
	510.3	30.5	1'743.8	115.9

Change in net balance sheet position of derivative financial instruments

CHF millions	2014	2013
Net position at 1 January	**(267.2)**	**(26.7)**
Increase/decrease recognised on the income statement	26.2	(171.6)
Increase/decrease recognised as equity	(13.1)	(1.0)
Purchases, business combinations, sales, transfers and other	3.8	(67.9)
Net position at 31 December	**(250.3)**	**(267.2)**

"Purchases, business combinations, sales, transfers and other" mainly represents the recognition at issue of the derivative component of GBL's exchangeable and convertible bonds.

Maturity of derivative financial instruments

CHF millions	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years	Total
Maturities of derivative financial instruments associated with cash flow hedging at 31 December 2014	(14.4)	–	–	**–**	**(14.4)**
Maturities of other derivative financial instruments at 31 December 2014	(34.7)	4.9	(206.1)	**–**	**(235.9)**
Total	**(49.1)**	**4.9**	**(206.1)**	**–**	**(250.3)**

5.2.3 Hedging

Hedging operations are principally undertaken by the Imerys group.

Fair value hedging

At 31 December 2014, the Imerys group held interest rate swaps intended to hedge its exposure to changes in the fair value of its various borrowings. These instruments qualify as fair value hedges. They hedge the risk of changes in the risk-free rate of interest rather than the interest rate spread corresponding to the credit risk of the Imerys group. The hedged borrowings and derivative instruments have the same features.

Borrowing currency	Notional amount in millions in currency	in CHF	Fixed rate received	Varibale rate paid
JPY	7'000	58.1	2.39%	6-month JPY Libor

The fair value of asset hedging instruments amounted to CHF 13.3 million at 31 December 2014 (CHF 7.5 million at 31 December 2013) and that of liability hedging instruments was CHF 13.2 million (CHF 7.2 million at 31 December 2013). In 2014, the income recognised on the effective portion of hedging instruments amounted to CHF +0.0 million (CHF +0.2 million in 2013). The change in fair value of the items hedged was CHF +0.0 million in 2014 (CHF +3.9 million in 2013).

Cash flow hedging

As part of its policy for managing exchange rate, interest rate and energy price risks, Imerys holds derivative instruments to hedge certain future purchases and sales in foreign currencies, part of its floating-rate debt and part of its future energy consumption in the United States, the United Kingdom and France. The table below shows the Imerys cash flow hedges recognised as equity and those carried through the income statement (data indicates Pargesa Group's share).

CHF millions	Exchange rate risk	Interest rate risk	Energy price risk	Total
Balance at 1 January 2013	**1.8**	**(4.8)**	**1.7**	**(1.3)**
Income and expenses recognised in equity	(2.2)	(0.1)	0.4	**(1.9)**
Income and expenses carried through the income statement	1.2	0.6	–	**1.8**
Balance at 31 December 2013	**0.8**	**(4.3)**	**2.1**	**(1.4)**
Income and expenses recognised in equity	(1.1)	–	(2.2)	**(3.3)**
Income and expenses carried through the income statement	(0.2)	–	0.6	**0.4**
Total at 31 December 2014	**(0.5)**	**(4.3)**	**0.5**	**(4.3)**
– carried through the income statement expected in 2015	(0.5)	(4.3)	0.5	(4.3)

In 2014, the ineffective portion of cash flow hedges recognised in the income statement amounted to CHF +0.2 million (CHF +1.7 million in 2013). The effective portion amounted to CHF –2.3 million in 2014 (CHF –9.2 million in 2013).

Hedging of net investments in foreign operations

Imerys hedges part of its net investments in its foreign operations by borrowings specifically allocated to their long-term financing and through the proportion of its financial debt denominated in foreign currencies. The translation gains or losses generated on these loans and borrowings, which qualify as hedges of net investments in foreign operations, are recognised in equity in order to eliminate, to a certain extent, the translation gains or losses on the net investments hedged.

At 31 December 2014, the main borrowings and exchange rate swaps hedging net investments in foreign operations were as follows: USD 386.4 million (CHF 384.0 million), SGD 5.5 million (CHF 4.1 million), CHF 47.4 million and GBP 20.0 million (CHF 31.0 million).

At 31 December 2013, the main borrowings and exchange rate swaps hedging net investments in foreign operations were as follows: USD 370.9 million (CHF 331.2 million), SGD 5.5 million (CHF 3.9 million), CHF 47.4 million and GBP 10.0 million (CHF 14.8 million).

Exchange rate swap sensitivity (used to hedge net investments in foreign operations) to interest rate variation

A 10% increase (respectively a 10% decrease) in the exchange rates for the foreign currencies of the exchange rate swaps in the Imerys portfolio at 31 December 2014 would lead to a CHF 71.3 million increase (CHF +2.3 million in 2013) in Group equity (including minority interests), while a 10% decrease would lead to a CHF 17.4 million decrease (CHF +2.3 million in 2013). A 10% change would have no impact on Group income (including minority interests).
The impact of these changes is measured on equity for the effective part of derivative instruments qualified as hedges of net investments in foreign operations and on income for the ineffective part of derivative instruments qualified as hedges of net investments in foreign operations and derivative instruments not eligible for hedge accounting.

Note 5.3 – Dividends and net interest from available-for-sale financial assets

CHF millions	2014	2013
Total dividend	187.5	232.9
SGS dividend	75.7	–
GDF Suez dividend	66.1	144.0
Pernod Ricard dividend	39.6	40.1
Suez Environnement dividend	3.5	28.1
Umicore dividend	11.9	4.9
Other dividends and interest	0.1	3.0
Total	**384.4**	**453.0**

Other dividends and interest" included the Iberdrola dividend in 2013.

Note 5.4 – Other financial income and expenses

Other financial income

CHF millions	2014	2013
Miscellaneous interest income	27.8	19.6
Net translation differences	2.2	3.4
Total	**30.0**	**23.0**

Other financial expenses

CHF millions	2014	2013
Interest expenses	(169.6)	(169.5)
Income from financial trading and derivatives	(67.7)	(136.3)
Other financial income	(21.8)	(27.1)
Total	**(259.1)**	**(332.9)**

At 31 December 2014, other financial income and expenses included the negative impact of CHF 117.3 million of GBL's marking to market of derivative instruments embedded in the bonds exchangeable for Suez Environnement and GDF Suez shares or convertible into GBL shares (CHF –158.7 million in 2013). This non-cash charge of CHF 117.3 million was a result of the value increase in the call options on shares implicitly embedded in exchangeable and convertible bonds issued by GBL in 2012 and 2013. Under IFRS, changes in the fair value of these derivative instruments must be recorded in the income statement, while changes in the value of the corresponding Suez Environnement and GDF Suez shares held by GBL to cover the exchangeable bonds are recorded directly in equity and do not appear on the income statement, except in the event of impairment or if the shares are sold. Own equity shares held by GBL to cover the convertible bonds are deducted from equity in the consolidated accounts.

Following the redemption of the bonds exchangeable for Suez Environnement shares, other financial income and expenses in 2014 also included the cancellation, on a pro-rata basis, of the derivative embedded in the exchangeable bonds and recorded as a liability on the balance sheet. This produced a book-entry gain of CHF 126.4 million on the income statement. The cancellation of the debt, which was also recognised as a liability on the balance sheet, resulted in a charge of CHF 131.8 million, which was also included under other financial income and expenses.

Note 5.5 – Available-for-sale financial assets

CHF millions	Total	SGS	Pernod Ricard	GDF Suez	Umicore	Suez Environnement	Private equity funds	Other	Total
Fair value at 1 January 2013	**4'425.7**	**–**	**2'100.8**	**2'204.0**	**13.6**	**385.1**	**113.2**	**86.8**	**9'329.2**
Acquisitions	–	2'502.0	–	–	275.0	–	43.0	0.1	2'820.1
Disposals at acquisition price	(228.4)	–	–	(1'696.5)	–	–	(3.1)	(98.1)	(2'026.1)
Change in fair value	421.0	(56.7)	(113.0)	139.3	(8.0)	168.3	0.9	(2.6)	549.2
(Impairment)/ impairment reversal	–	–	–	460.6	–	–	(3.9)	58.7	515.4
Translation difference	72.9	(37.5)	34.3	39.7	(0.6)	6.3	1.3	1.3	117.7
Other	(5.0)	–	–	–	–	–	(1.5)	–	(6.5)
Fair value at 31 December 2013	**4'686.2**	**2'407.8**	**2'022.1**	**1'147.1**	**280.0**	**559.7**	**149.9**	**46.2**	**11'299.0**
Acquisitions	–	–	–	–	295.9	–	17.7	108.6	422.2
Disposals at acquisition price	(383.8)	–	–	–	–	(358.0)	(60.6)	(57.2)	(859.6)
Change in fair value	(534.6)	40.4	226.1	153.5	(10.0)	(104.3)	11.9	(9.8)	(226.8)
(Impairment)/ impairment reversal	–	–	–	–	–	–	(3.6)	35.2	31.6
Translation difference	(91.0)	(48.7)	(40.9)	(23.2)	(8.5)	(7.8)	(2.0)	(1.5)	(223.6)
Other	(7.0)	–	–	–	–	–	17.0	(0.7)	9.3
Fair value at 31 December 2014	**3'669.8**	**2'399.5**	**2'207.3**	**1'277.4**	**557.4**	**89.6**	**130.3**	**120.8**	**10'452.1**

Total, SGS, Pernod Ricard, GDF Suez, Umicore and Suez Environnement are GBL holdings. These shares, which are all listed in euros (with the exception of SGS, which is listed in Swiss francs) are shown in the financial statements at fair value, which corresponds to the value in Swiss francs of their market price on the reference date.
The "Private equity funds" column includes the Group's investments in the Sagard, PAI Europe III and Mérieux Participations I funds. These funds are recorded in the accounts at their fair value on the reference date. The "Other" column was composed of listed shares of CHF 103.9 million (CHF 29.1 million at end-2013). At 31 December 2013, these were primarily Iberdrola shares. At 31 December 2014, GBL held no more Iberdrola shares.
The impairment reversal of CHF 35.2 million in the 2014 "Other" column primarily relates to Iberdrola and represents the reversal of impairments recognised in prior financial years at the time of the disposal of the shareholding in 2014.

Acquisitions amounting to CHF 422.2 million in 2014 included GBL's additional acquisitions in Umicore, a world leader in materials technology and recycling; GBL held 12.4% of Umicore's share capital at 31 December 2014.
Disposals at acquisition price amounting to CHF 859.6 million in 2014 included GBL's disposal of 0.6% of Total's share capital (following this transaction, GBL still held 3.0% of Total's share capital) and the delivery of Suez Environnement shares by GBL following the partial redemption of the Suez Environnement exchangeable bond.

The CHF 460.6 million net impairment reversal shown for GDF Suez in 2013 represents the reversal of impairments recognised in prior financial years at the time of the partial disposal of the shareholding in the first half of 2013. Pursuant to IFRS, GBL also recorded an additional impairment of EUR 65.1 million (CHF 80.1 million) at 31 March 2013 on its stake in GDF Suez in order to adjust it to its market value at 31 March 2013 (EUR 15.02 per share). At 31 December 2013, the market price for GDF Suez shares was EUR 17.095.
The impairment reversal of CHF 58.7 million in the 2013 "Other" column primarily relates to Iberdrola, representing the reversal of impairments recognised in prior financial years at the time of the partial disposal of the shareholding in 2013.

On 10 June 2013, GBL acquired Exor's 15.0% stake in SGS, the world leader in inspection, verification, testing and certification. GBL thus became a key shareholder in this group, alongside the von Finck family. GBL paid CHF 2'128 per SGS share, for a total investment of EUR 2'008 million, financed out of available cash. SGS is listed on the SIX Swiss Exchange.
The disposal at acquisition price amounting to CHF 228.4 million represents the disposal in November 2013 of 0.3% of GBL's stake in Total.

Note 5.6 – Other long-term financial and non-financial assets

CHF millions	2014 Carrying amount	2013 Carrying amount
Other long-term financial assets		
Derivative financial instruments	14.1	9.2
Long-term advances, loans and deposits	19.0	19.6
Other long-term financial assets	69.8	85.7
Total other long-term financial assets	**102.9**	**114.5**
Other long-term non-financial assets		
Other long-term non-financial assets	10.8	12.2
Total other long-term non-financial assets	**10.8**	**12.2**
Total other long-term assets	**113.7**	**126.7**

Other long-term assets are shown net of an impairment on Imerys assets of CHF 68.4 million at 31 December 2014 (CHF 68.7 million at 31 December 2013). The allocation for 2014 is CHF 5.0 million (CHF 10.3 million in 2013).

Repayment schedule of other long-term financial assets at the end of 2014

CHF millions	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years	Total
Other long-term financial assets	14.2	47.1	0.7	40.9	**102.9**

Note 5.7 – Trade receivables

CHF millions	2014 Carrying amount	2013 Carrying amount
Trade receivables	743.6	717.9
Receivables	4.9	3.4
Impairment on trade receivables	(35.4)	(29.4)
Total	**713.1**	**691.9**

Trade receivables essentially relate to Imerys.
A non-recourse factoring agreement for an indeterminate period was signed by Imerys in 2009. Consequently, at 31 December 2014, CHF 55.0 million (CHF 56.8 million au 31 December 2013) of receivables had been sold and hived off, the risks and benefits associated with the receivables having been transferred to the factoring bank.

Details of impairment on trade receivables

CHF millions	2014	2013
Impairment at 1 January	**(29.4)**	**(34.1)**
Impairment for the year	(9.5)	(4.3)
Impairment reversals	4.0	9.0
Translation and other differences	(0.5)	–
Impairment at 31 December	**(35.4)**	**(29.4)**

Trade receivables are not interest-bearing and generally have a due date of between 30 and 90 days. On the balance sheet date, certain trade receivables (detailed below) may have reached the due date without having been depreciated, for example where they are hedged by a credit insurance agreement or by a guarantee.

Age of trade receivables due and not depreciated

CHF millions	2014	2013
Late by no more than 1 month	78.3	59.8
Late by 1 to 3 months	28.1	22.2
Late by more than 3 months	20.0	28.0
Total trade receivables due and not depreciated	**126.4**	**110.0**
Trade receivables not yet due and trade receivables due and depreciated	586.7	581.9
Total trade receivables	**713.1**	**691.9**

Note 5.8 – Cash and cash equivalents

CHF millions	2014 Carrying amount	2013 Carrying amount
Cash in bank	1'174.8	973.4
Short-term bank deposits	603.9	570.2
Total	**1'778.7**	**1'543.6**

Note 5.9 – Other short-term financial and non-financial assets

CHF millions	2014 Carrying amount	2013 Carrying amount
Other short-term financial assets		
Derivative financial instruments	7.3	5.5
Bank deposits with a maturity of between 3 months and 1 year	–	275.0
Other short-term financial assets	264.7	231.7
Total other short-term financial assets	**272.0**	**512.2**
Other short-term non-financial assets		
Recoverable income tax	95.5	49.5
Other recoverable taxes and VAT	71.7	63.9
Deferred and advanced expenses	20.6	29.5
Other short-term non-financial assets	65.7	102.5
Total other short-term non-financial assets	**253.5**	**245.4**
Total other short-term assets	**525.5**	**757.6**

Other short-term financial assets are shown inclusive of CHF 204.3 million in commercial paper in 2014. In 2013, this item included CHF 224.6 million in commercial paper. These assets were held by GBL.

Other short-term assets are shown net of an impairment on Imerys assets of CHF 2.4 million at 31 December 2014 (CHF 2.2 million at 31 December 2013). The allocation for 2014 was CHF 1.0 million (no allocation in 2013).

Note 5.10 – Other long-term financial and non-financial liabilities

CHF millions	2014 Carrying amount	2013 Carrying amount
Other long-term financial liabilities		
Derivative financial instruments	215.3	241.9
Finance lease liabilities	2.6	3.1
Other long-term financial liabilities	5.7	–
Total other long-term financial liabilities	**223.6**	**245.0**
Other long-term non-financial liabilities		
Other long-term non-financial liabilities	14.6	109.5
Total other long-term non-financial liabilities	**14.6**	**109.5**
Total other long-term liabilities	**238.2**	**354.5**

In 2013 and 2014, “Financial derivative instruments” mainly respresented the option component of GBL exchangeable and convertible bonds (see notes 5.4 and 5.11).

Note 5.11 – Financial debt

Long-term financial debt

CHF millions	2014 Carrying amount	2013 Carrying amount
Long-term bank borrowings	109.0	116.2
Pargesa bond	398.5	398.1
GBL bond exchangeable for GBL shares	501.1	501.3
GBL bond	420.9	429.5
GBL bond exchangeable for Suez Environnement shares*	–	474.9
GBL bond exchangeable for GDF Suez shares	1'182.9	1'198.1
Other bonds and similar	1'795.6	1'472.9
Other long-term financial debt	43.0	9.9
Total	**4'451.0**	**4'600.9**

* since the GBL bond exchangeable for Suez Environnement shares matures in September 2015, it has been reclassified under “Financial debt falling due within the year”

Group debt is at fixed or variable rates depending on the individual case. With variable-rate debt, the various entities can hedge their interest rate risk by taking out interest rate swap contracts (see note 5.2).

In 2013, GBL set up bank deposits presenting the same characteristics as the bank drawdowns, with EUR 200 million (CHF 240.5 million) maturing in 2016 (EUR 600 million, or CHF 736.4 million, in 2013). Under the netting agreements entered into with the counterparty, these deposits are netted against the corresponding bank loans, in accordance with IFRS.

Pargesa bond exchangeable for Pargesa shares

CHF millions	Interest rate				2014	2013
Emetteur	nominal	effective	Listed / unlisted	Term	Carrying amount	Carrying amount
Pargesa Netherlands BV	1.70%	3.31%	listed	27.04.2006-27.04.2013	–	–
Pargesa Netherlands BV	1.75%	3.82%	listed	15.06.2007-15.06.2014	–	458.5
Total					**–**	**458.5**

In April 2006, Pargesa Netherlands BV, a wholly-owned subsidiary of Pargesa Holding SA, issued a bond exchangeable for Pargesa Holding SA bearer shares for a total of CHF 600 million, and a bond exchangeable for Pargesa Holding SA registered shares for a total of CHF 60 million. The bonds exchangeable for bearer shares were listed on the stock exchange. The conversion price was set at CHF 159.72 for bearer shares and CHF 15.972 for registered shares, subject to the usual adjustment clauses. The issuer had an option to redeem the bonds before maturity from 27 April 2009, subject to a 130% hurdle. Pursuant to IAS 32, the "debt" and the "equity" components of the bond were separated. The "equity" component, amounting to CHF 57.9 million, was recognised in equity.

In the first half of 2013, Pargesa Netherlands BV bought back CHF 6.4 million in bonds (at par value) at an average price of 100.2%. On 27 April 2013, the remaining bonds in circulation (par value of CHF 427.5 million) were redeemed at par.

In June 2007, Pargesa Netherlands BV, a wholly-owned subsidiary of Pargesa Holding SA, issued a bond exchangeable for Pargesa Holding SA bearer shares for a total of CHF 920 million, and a bond exchangeable for Pargesa Holding SA registered shares for a total of CHF 92 million. The bonds exchangeable for bearer shares were listed on the stock exchange. The conversion price was set at CHF 187.503 for bearer shares and CHF 18.7503 for registered shares, subject to the usual adjustment clauses. The issuer had an option to redeem the bonds before maturity from 29 June 2010, subject to a 130% hurdle. Pursuant to IAS 32, the "debt" and the "equity" components of the bond were separated. The "equity" component, amounting to CHF 118.9 million, was recognised in equity.

During 2013 Pargesa Netherlands BV repurchased CHF 25.5 million of these bonds (at par value) at an average price of 100.9%, generating a book loss of CHF 0.8 million. The fair value of the net remaining amount (level 1 fair value under IFRS 13) was CHF 464.3 million at 31 December 2013, which was split between the fair value of the "debt" component, i.e. CHF 464.2 million, and that of the "option" component, i.e. CHF 0.1 million. On 15 June 2014, the remaining bonds in circulation (par value of CHF 462.7 million) were redeemed at par.

Variation in Pargesa exchangeable bonds during the financial year

CHF millions	Maturing in 2013 bearer	Maturing in 2014 bearer	Total
Par value at 1 January 2013	**433.9**	**488.2**	**922.1**
2013 repurchases	(6.4)	(25.5)	**(31.9)**
Redemption at maturity on 27 April 2013	(427.5)	–	**(427.5)**
Par value at 31 December 2013	**–**	**462.7**	**462.7**
Redemption at maturity on 15 June 2014	–	(462.7)	**(462.7)**
Par value at 31 December 2014	**–**	**–**	**–**

Pargesa bond

CHF millions Issuer	Par value	Interest rate nominal	 effective	Listed / unlisted	Term	2014 Carrying amount	2013 Carrying amount
Pargesa Holding SA	150.0	2.50%	2.68%	listed	15.11.2010-15.11.2016	**149.6**	**149.4**
Pargesa Holding SA	250.0	1.50%	1.62%	listed	10.12.2013-10.12.2018	**248.9**	**248.7**
Total	**400.0**					**398.5**	**398.1**

In November 2010, Pargesa issued stock-exchange-listed, CHF-denominated bonds, with a six-year term and an interest rate of 2.5%. The fair value of these bonds at 31 December 2014 was CHF 155.8 million (level 1 fair value under IFRS 13) and CHF 156.6 million at 31 December 2013. In December 2013, Pargesa issued stock-exchange-listed, CHF-denominated bonds, with a five-year term and an interest rate of 1.5%. The fair value of these bonds at 31 December 2014 was CHF 258.9 million (level 1 fair value under IFRS 13) and CHF 255.0 million at 31 December 2013.

GBL bond exchangeable for GBL shares

CHF millions						2014	2013
	Par value	Interest rate		Listed /		Carrying	Carrying
Issuer	(millions)	nominal	effective	unlisted	Term	amount	amount
Sagerpar	EUR 428.4	0.375%	2.46%	listed	09.10.2013-09.10.2018	501.1	501.3

In 2013, GBL issued EUR 428.4 million in bonds convertible into 5 million existing GBL shares held as treasury stock. They have a maturity of five years and bear annual interest of 0.375%. The bonds will be redeemed on 9 October 2018, either through a cash payment, delivery of shares or a combination of the two. The redemption price is set at 105.14% of par value, representing an effective conversion price of EUR 90.08, compared with the reference price on the GBL share at issue of EUR 63.465. GBL reserves the right to redeem the bond early, as of 31 October 2016, if the value of the shares exceeds 130% of the bond's par value over a certain period of time. The bonds are listed on the Euro MTF market of the Luxembourg stock exchange. The carrying amount of the bond (excluding the option component) was CHF 501.1 million at 31 December 2014 (CHF 501.3 million at 31 December 2013). The option component, which is carried at fair value (level 2 fair value under IFRS 13), amounted to CHF 23.3 million (carried uner "Other long-term financial liabilities" on the balance sheet) at 31 December 2014 (CHF 31.4 million at 31 December 2013). The fair value of these bonds at 31 December 2014 was CHF 552.2 million (level 1 fair value under IFRS 13) and CHF 538.9 million at 31 December 2013. In terms of the derivative's sensitivity, the instrument's liquidity and the volatility and market price of the underlying shares are the main factors that would result in a change in the fair value of the derivative.

GBL bond exchangeable for GBL shares

CHF millions					2014	2013
	Par value		Listed /		Carrying	Carrying
Issuer	(millions)	Interest rate	unlisted	Term	amount	amount
GBL	EUR 350.0	4.00%	listed	30.06.2010 - 29.12.2017	420.9	429.5

In 2010, GBL issued stock-exchange-listed, EUR-denominated bonds, with a 7.5-year term and an interest rate of 4%. The fair value of these bonds at 31 December 2014 was CHF 453.1 million (level 1 fair value under IFRS 13) and CHF 455.6 million at 31 December 2013.

GBL bond exchangeable for Suez Environnement shares

CHF millions						2014	2013
	Par value	Interest rate		Listed /		Carrying	Carrying
Issuer	(millions)	nominal	effective	unlisted	Term	amount	amount
GBL	EUR 59.1	0.125%	2.21%	listed	21.09.2012 - 21.09.2015	70.0	474.9

In September 2012, GBL issued EUR 400.8 million in bonds exchangeable for Suez Environnement shares. The bond issue covers almost all of the Suez Environnement shares held by GBL, i.e. 35 million shares. GBL may redeem the bond at par from 21 March 2014 if the value of the Suez Environnement share remains above 125% over a certain period of time. The bond will be redeemed at par on 21 September 2015, unless GBL exercises its option to remit Suez Environnement shares to the bondholders at a price of EUR 11.45 per share and to pay, if necessary, in cash the difference between the value of the shares to be delivered and the bond's par value.
The bonds are listed on the Euro MTF market of the Luxembourg stock exchange.
In 2014, GBL received early conversion requests for the GBL bonds exchangeable for Suez Environnement shares maturing in September 2015. GBL therefore delivered 29.9 million Suez Environnement shares for a total par value of EUR 342 million (CHF 411 million). GBL's holding in Suez Environnement's share capital was thus reduced from 7.2% at end-2013 to 1.1% at end-2014. The conversions reduced debt by the amount of the converted par value (i.e. EUR 342 million or CHF 411 million), the initial amount issued being EUR 401 million (CHF 482 million), and generated a book-entry gain of EUR 145.3 million (CHF 176.5 million) on the Suez Environnement shares delivered, representing the difference between the price of the Suez Environnement shares at the time of the exchange (EUR 14.75 per share) and the economic cost of EUR 9.9 per share. The cancellation, on a pro-rata basis of the bonds exchanged, of the derivative embedded in the exchangeable bonds and recorded as a liability on the balance sheet, resulted in a book-entry gain of EUR 104.1 million (CHF 126.4 million) recognised in 2014 income. The cancellation of the debt resulted in a charge of EUR 108.5 million (CHF 131.8 million) and was also recorded in the income statement for the period.
The carrying amount of the remaining bonds (excluding the option component) was CHF 70.0 million at 31 December 2014 (CHF 474.9 million at 31 December 2013). The option component, which is carried at fair value (level 2 fair value under IFRS 13), amounted to CHF 18 million (carried uner "Other short-term financial liabilities" on the balance sheet) at 31 December 2014 (CHF 109 million at 31 December 2013). The fair value of these bonds at 31 December 2014 was CHF 89 million (level 1 fair value under IFRS 13) and CHF 589 million at 31 December 2013. In terms of the derivative's sensitivity, the instrument's liquidity and the volatility and market price of the underlying shares are the main factors that would result in a change in the fair value of the derivative.

GBL bond exchangeable for GDF Suez shares

CHF millions						2014	2013
	Par value	Interest rate		Listed /		Carrying	Carrying
Issuer	(millions)	nominal	effective	unlisted	Term	amount	amount
GBL Verwaltung	EUR 1'000	1.25%	2.05%	listed	07.02.2013-07.02.2017	**1'182.9**	**1'198.1**

In early 2013, GBL issued EUR 1 billion in bonds exchangeable for existing GDF Suez shares. This issue covered approximately 55 million shares, or 2.3% of GDF Suez's capital and voting rights, representing just under half of the GDF Suez shares held by GBL. They have a maturity of four years and bear annual interest of 1.25%. GBL may redeem the bond at par on 22 February 2016 if the value of the GDF Suez share remains above 130% of the bond's par value for a certain period of time. The bond also contains a put option, which may be exercised at par by investors on 7 February 2016. The bond will be redeemed at par on 7 February 2017, unless GBL exercises its option to remit GDF Suez shares to the bondholders at a price of EUR 18.32 per share and to pay, if necessary, in cash the difference between the value of the shares to be delivered and the bond's par value.
The bonds are listed on the Euro MTF market of the Luxembourg stock exchange. The carrying amount of the bond (excluding the option component) was CHF 1'182.9 million at 31 December 2014 (CHF 1'198.1 million at 31 December 2013). The option component, which is carried at fair value (level 2 fair value under IFRS 13), amounted to CHF 183 million (carried uner "Other long-term financial liabilities" on the balance sheet) at 31 December 2014 (CHF 98 million at 31 December 2013). The fair value of these bonds at 31 December 2014 was CHF 1'413.2 million (level 1 fair value under IFRS 13) and CHF 1'328.2 million at 31 December 2013. In terms of the derivative's sensitivity, the instrument's liquidity and the volatility and market price of the underlying shares are the main factors that would result in a change in the fair value of the derivative.

"**Other bonds and similar**" mainly comprises listed and unlisted bonds issued by Imerys, the details of which are as follows:

CHF millions							2014
	Par value	Interest rate					
	in currency (millions)	nominal	effective	Listed/unlisted	Maturity	Fair value	Carrying amount
JPY	7'000	3.40%	3.47%	unlisted	16.09.2033	82.1	58.6
USD	30	5.28%	5.38%	unlisted	06.08.2018	34.3	30.3
EUR	500	5.00%	5.09%	listed	18.04.2017	682.4	622.6
EUR	300	2.50%	2.60%	listed	26.11.2020	390.0	361.6
EUR	100	2.50%	1.31%	listed	26.11.2020	130.0	120.5
EUR	500	2.00%	2.13%	listed	10.12.2024	618.1	602.0
Total						**1'936.9**	**1'795.6**

CHF millions							2013
	Par value	Interest rate					
	in currency (millions)	nominal	effective	Listed/unlisted	Maturity	Fair value	Carrying amount
JPY	7'000	3.40%	3.47%	unlisted	16.09.2033	77.9	59.9
USD	30	5.28%	5.38%	unlisted	06.08.2018	31.7	27.2
EUR	300	5.13%	5.42%	Listed	25.04.2014	385.8	381.2
EUR	500	5.00%	5.09%	Listed	18.04.2017	701.9	635.4
EUR	300	2.50%	2.60%	Listed	26.11.2020	365.4	369.2
Total						**1'562.7**	**1'472.9**

Financial debt due within the year

CHF millions	2014 Carrying amount	2013 Carrying amount
Short-term bank loans	49.9	113.9
Due to banks at sight	5.1	11.7
Pargesa exchangeable bond	–	458.5
GBL bond exchangeable for Suez Environnement shares	70.0	–
Other long-term financial debt due within the year	72.7	50.0
Other financial debt bearing interest	51.0	1.3
Total	**248.7**	**635.4**

The Pargesa exchangeable bond that matured in 2014 was redeemed by Pargesa in June 2014.
Since the GBL bond exchangeable for Suez Environnement shares matures in September 2015, it has been reclassified from "Long-term financial debt" to "Financial debt due within the year".

Repayment schedule of short and long-term financial debt (based on carrying amounts)

CHF millions	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years	Total > 1 year	Total
2014	**248.7**	8.3	3'255.6	1'187.1	**4'451.0**	**4'699.7**
2013	**635.4**	388.2	3'716.6	496.1	**4'600.9**	**5'236.3**

Analysis of debt by currency

CHF millions	CHF	EUR	USD	Other	Total
2014	398.5	4'126.0	56.8	118.4	**4'699.7**
2013	856.6	4'232.8	31.2	115.7	**5'236.3**

Residual contractual maturities of financial liabilities in 2014

CHF millions	2015 Capital	2015 Interest	2016 - 2020 Capital	2016 - 2020 Interest	2021 and beyond Capital	2021 and beyond Interest
Financial debt	–	117.7	3'238.4	314.9	1'215.5	73.7
Other long-term financial liabilities	–	–	7.0	–	1.4	–
Financial derivatives	56.2	–	215.5	–	–	–
Trade payables	540.8	–	–	–	–	–
Financial debt due within the year	247.3	1.2	–	–	–	–
Other short-term financial liabilities	45.3	–	–	–	–	–
Total	**889.6**	**118.9**	**3'460.9**	**314.9**	**1'216.9**	**73.7**

Residual contractual maturities of financial liabilities in 2013

CHF millions	2014 Capital	2014 Interest	2015 - 2019 Capital	2015 - 2019 Interest	2020 and beyond Capital	2020 and beyond Interest
Financial debt	–	101.5	4'106.6	379.8	496.1	9.2
Other long-term financial liabilities	–	–	1.8	–	1.2	–
Financial derivatives	39.8	–	242.1	–	–	–
Trade payables	504.6	–	–	–	–	–
Financial debt due within the year	639.6	8.0	–	–	–	–
Other short-term financial liabilities	2.6	–	–	–	–	–
Total	**1'186.6**	**109.5**	**4'350.5**	**379.8**	**497.3**	**9.2**

Group companies each have credit lines in connection with their operating activities. Each consolidated subsidiary is responsible for its own credit management based on the requirements of its operating activities.

Unused credit lines available at 31 December 2014 and their due dates

CHF millions	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years	2014 Total	2013 Total
Pargesa	240.5	–	–	5.0	**245.5**	**250.5**
GBL	–	1'082.3	781.7	–	**1'864.0**	**1'411.5**
Imerys	(93.6)	–	1'629.5	–	**1'535.9**	**1'412.7**
Total	**146.9**	**1'082.3**	**2'411.2**	**5.0**	**3'645.4**	**3'074.7**

The negative amount for Imerys represents, among other things, the commercial paper issued and secured by credit lines, as well as bank loans.

Note 5.12 – Other short-term financial and non-financial liabilities

CHF millions	2014 Carrying amount	2013 Carrying amount
Other short-term financial liabilities		
Financial derivatives	56.4	40.0
Finance lease liabilities due within the year	0.7	0.1
Other short-term financial liabilities	45.5	7.5
Total other short-term financial liabilities	**102.6**	**47.6**
Other short-term non-financial liabilities		
Tax payable other than income tax	51.6	20.5
Tax, social security debt and other short-term non-financial liabilities	352.0	353.0
Total other short-term non-financial liabilities	**403.6**	**373.5**
Total other short-term liabilities	**506.2**	**421.1**

Note 6 – Staff costs

CHF millions	2014	2013
Remuneration, salaries and bonuses	(801.8)	(790.1)
Social security contributions	(159.6)	(167.3)
Defined contribution and defined benefit pension plans	(27.2)	(39.2)
Stock option plan charges (see note 24)	(16.1)	(11.6)
Other payroll expenses	(7.7)	(4.6)
Total	**(1'012.4)**	**(1'012.8)**

Note 7 – Restructuring costs

CHF millions	2014	2013
Restructuring expenditure during the year	(59.4)	(60.4)
Impairment on assets in connection with restructuring	(7.9)	(12.2)
Change in restructuring provisions	(41.9)	(27.7)
Total	**(109.2)**	**(100.3)**

Restructuring costs in 2014 related mainly to Imerys and originated in the four areas in which Imerys operates. They consisted primarily of additional expenses relating to the programmes initiated in 2013 (end of operations in Venezuelan and the shutdown of the Ardoisières d'Angers) and to restructurings initiated in 2014 (reorganisation of kaolin activities relating to paper, of some activities in China and of Refractory Minerals in Europe).
Restructuring costs in 2013 also related to Imerys and originated in the four areas in which Imerys operates. They concerned the restructuring carried out during the period in order to adapt to the deterioration of certain markets, including Building Materials in France and Fused Minerals in China, and the reorganisation of Kaolins and Carbinates activities relating to paper, Minerals for Refractories, Minerals for Ceramics in the United States, and activities in Venezuela.
Restructuring costs are recognised in the income statement under "Other operating expenses".

Note 8 – Impairment of assets

The net amount of asset impairments recorded in 2014 was CHF 57.1 million and comprised mainly a goodwill impairment of CHF 36.6 million on CGU Zircon in Imerys' High-Resistance Minerals business group, together with impairments on Imerys' tangible assets amounting to CHF 7.3 million.
The Group also recorded impairments amounting to CHF 8.6 million on private equity funds.

The net amount of the asset impairments recorded in 2013 was CHF 97.7 million and comprised mainly an additional impairment recorded on GDF Suez, a shareholding owned by GBL and recognised in "Available-for-sale financial assets" in the Group financial statements (see note 5.5). This impairment was recorded at 31 March 2013 and amounted to EUR 65.1 million at GBL (CHF 80.1 million).
The Group also recorded impairments amounting to CHF 3.8 million on private equity funds.
The impairments recognised in 2013 also included the depreciation of Imerys' tangible assets, for an amount of CHF 12.1 million.

Note 9 – Operating leases

Operating lease liabilities come mainly from Imerys and correspond to commitments to pay future rent under leasing agreements for administrative premises, capital goods, wagons, trucks and vehicles. They are not recognised in the balance sheet. Lease payments are recorded on the income statement, while commitments to pay futre rent are off-balance-sheet commitments (see note 25). Their maturities are as follows:

CHF millions	2014	2013
During the 1st year	38.7	38.8
Between the 2nd and 5th year	77.9	89.7
Beyond the 5th year	65.5	63.3
Total future payments on operating leases	**182.1**	**191.8**

Expenses recognised in the income statement during the year in relation to operating leases

CHF millions	2014	2013
Total expenses for the year	**91.0**	**84.9**

Note 10 – Income tax

10.1 Income tax for the year

CHF millions	2014	2013
Current tax for the period	(139.6)	(142.2)
Current tax for prior periods	5.2	2.7
Total current tax	**(134.4)**	**(139.5)**
Origination and reversal of timing differences	(16.5)	6.8
Recognition/(utilisation) of tax losses for the year and/or prior years	–	(2.5)
Other deferred tax	3.4	6.1
Total deferred tax	**(13.1)**	**10.4**
Total tax expense on income for the period	**(147.5)**	**(129.1)**

10.2 Breakdown of deferred tax expenses and income

CHF millions	2014	2013
Intangible assets	2.7	1.2
Tangible assets	(4.3)	0.4
Long-term financial assets	(2.2)	(13.8)
Commitments relating to employee benefits	(6.9)	0.2
Inventories, receivables, financial debts and other provisions	1.8	14.9
Tax losses and unused tax credits	(3.4)	9.5
Changes in tax rates	–	3.0
Other	(0.8)	(5.0)
Total deferred tax expenses and income	**(13.1)**	**10.4**

10.3 Deferred taxes on the balance sheet by type

	2014	2013	2014	2013
CHF millions	**Deferred tax assets**		**Deferred tax liabilities**	
Intangible assets	17.6	6.0	46.2	25.8
Tangible assets	50.8	46.2	213.0	191.6
Long-term financial assets	(16.3)	(14.1)	6.4	6.1
Commitments relating to employee benefits	76.0	54.4	–	–
Inventories, receivables, financial debts and other provisions	67.5	63.8	30.8	32.8
Tax losses and unused tax credits	32.8	35.5	1.0	0.9
Set-offs	(238.5)	(204.5)	(238.5)	(204.5)
Other	60.1	58.9	33.8	41.1
Total deferred tax expenses (as shown on the balance sheet)	**50.0**	**46.2**	**92.7**	**93.8**

10.4 Reconciliation of taxes on income

CHF millions	2014	2013
Net profit before tax	1'535.9	1'049.2
Income from associates and joint ventures	(91.8)	(174.1)
Net profit before tax and income from associates and joint ventures (operating and financial profit)	1'444.1	875.1
Impact of the various tax regimes in foreign countries	(398.6)	(178.3)
Tax impact of non-taxable income in subsidiaries [1]	368.7	70.8
Tax impact of non-deductible expenses in subsidiaries	(31.6)	(9.8)
Tax impact on dividends arising on investments in non-consolidated companies in subsidiaries	–	(1.1)
Other tax adjustments	(86.0)	(10.7)
Total tax expense on income for the period	**(147.5)**	**(129.1)**

[1] this line represents mainly tax-exempt dividends, capital gains and impairment reversals

In terms of Swiss federal taxes, the parent company is subject to full taxation of 8.5%. However, the amount of tax payable is reduced based on the ratio of income from holdings to overall income. For cantonal and communal taxes, the parent company has been granted status as a holding company. As a result, the parent company's effective tax rate is, in principle, 0%.

10.5 Group effective rate of tax

CHF millions	2014	2013
Net profit before tax	1'535.9	1'049.2
Income from associates and joint ventures	(91.8)	(174.1)
Net profit before tax and income from associates and joint ventures	1'444.1	875.1
Total tax expense on income	(147.5)	(129.1)
Effective tax rate	**10.21%**	**14.75%**

The drop in the effective tax rate between 2013 and 2014 reflects the impact of the rise in non-taxable income (primarily the rise in gains on the disposal of available-for-sale financial assets) recorded in 2014.

10.6 Expiration date of tax losses and credits for which no deferred tax is recognised

CHF millions	2014 Tax losses	2013 Tax losses	2014 Tax credits	2013 Tax credits
During the 1st year	23.2	332.2	–	0.4
During the 2nd year	36.7	303.8	0.2	0.5
During the 3rd year	48.2	342.9	0.1	0.4
During the 4th year	53.1	630.4	12.1	–
During the 5th year and beyond	253.5	1'225.4	0.8	13.3
Unlimited	4'720.4	4'142.4	23.0	29.0
Total	**5'135.1**	**6'977.1**	**36.2**	**43.6**

At 31 December 2014, CHF 4'873 million of deferrable tax losses came from the Group's holding companies; the remaining CHF 262.4 million came from the Imerys group.

In addition, taxes deferred on tax losses are only recognised if the taxable income is likely to be realised, allowing the losses to be used. At 31 December 2014, a total of CHF 32.5 million was recognised as a deferred tax asset on tax losses and tax credits (CHF 35.5 million at 31 December 2013).

10.7 Timing differences under Group control

No deferred tax liability is recognised for the taxable timing differences between the carrying amount and the tax amount of equity securities when the Group is able to control the date on which the timing difference is reversed and it is probable that this difference will not be reversed in the foreseeable future. Imerys group estimates that the unrecognised deferred tax liability under this heading at 31 December 2014 was CHF 21.6 million (CHF 18.4 million at 31 December 2013).

10.8 Tax relating to all other items of comprehensive income

CHF millions	2014 Tax (expenses) income	2013 Tax (expenses) income
Actuarial gains/losses	25.0	(22.8)
Change in hedging reserve	3.5	0.4
translation differences	16.2	0.5
Total	**44.7**	**(21.9)**

Note 11 – Intangible assets

CHF millions	Development costs	Software	Mining rights	Patents, licences and concessions	Other	Total
Gross carrying amount:						
at 1 January 2013	**58.0**	**93.0**	**19.9**	**71.2**	**109.3**	**351.4**
Investments	18.0	3.2	0.2	0.5	16.1	38.0
Changes in scope of consolidation	–	1.2	–	–	–	1.2
Translation differences	0.9	(1.1)	(3.1)	0.8	(1.2)	(3.7)
Disposals, reclassifications and other changes for the period	2.8	1.5	–	(0.9)	15.1	18.5
at 31 December 2013	**79.7**	**97.8**	**17.0**	**71.6**	**139.3**	**405.4**
Investments	15.2	4.6	0.2	11.1	2.9	34.0
Changes in scope of consolidation	–	0.1	–	–	40.1	40.2
Translation differences	(0.8)	4.7	0.7	(1.0)	2.2	5.8
Disposals, reclassifications and other changes for the period	(4.6)	14.2	–	1.7	(14.0)	(2.7)
at 31 December 2014	**89.5**	**121.4**	**17.9**	**83.4**	**170.5**	**482.7**
Accumulated depreciation:						
at 1 January 2013	**(22.2)**	**(80.6)**	**(2.0)**	**(20.3)**	**(48.9)**	**(174.0)**
Amortisation	(5.4)	(5.2)	(0.4)	(4.9)	(9.6)	(25.5)
Translation differences	(0.2)	0.9	0.2	(0.1)	0.7	1.5
Impairment	–	–	–	–	(0.1)	(0.1)
Disposals, reclassifications and other changes for the period	(1.9)	2.5	0.1	0.4	(1.1)	–
at 31 December 2013	**(29.7)**	**(82.4)**	**(2.1)**	**(24.9)**	**(59.0)**	**(198.1)**
Amortisation	(6.8)	(6.8)	(0.4)	(5.0)	(9.9)	(28.9)
Translation differences	0.4	(3.1)	(0.2)	0.2	(1.7)	(4.4)
Impairment	–	–	(0.6)	–	–	(0.6)
Disposals, reclassifications and other changes for the period	(3.7)	(0.2)	–	(1.7)	(1.6)	(7.2)
at 31 December 2014	**(39.8)**	**(92.5)**	**(3.3)**	**(31.4)**	**(72.2)**	**(239.2)**
Net carrying amount:						
at 31 December 2013	**50.0**	**15.4**	**14.9**	**46.7**	**80.3**	**207.3**
at 31 December 2014	**49.7**	**28.9**	**14.6**	**52.0**	**98.3**	**243.5**

Intangible assets have a defined lifetime, except for patents and trademarks, which have an indeterminate lifetime and were entered in the "Patents, licences and concessions" column as amounting to CHF 8.4 million at 31 December 2014 (CHF 8.7 million at 31 December 2013).
Amortisation for the period is included in the "Amortisation of tangible and intangible assets" line in the income statement.
The impairments recorded on intangible assets during the period essentially relate to Imerys.

Research and development costs during the period were as follows:

CHF millions	2014	2013
Charge for the period	(24.9)	(24.9)

Note 12 – Goodwill

CHF millions	2014	2013
Gross carrying amount at 1 January	**1'604.4**	**1'512.4**
Acquisitions	41.3	137.9
Disposals	–	(0.6)
Translation differences	43.2	(31.4)
Other changes for the period [(1)]	–	(13.9)
at 31 December	**1'688.9**	**1'604.4**
Accumulated impairment at 1 January	**(63.4)**	**(63.0)**
Impairment	(36.6)	–
Translation differences	(5.9)	(1.0)
Other changes for the period	–	0.6
at 31 December	**(105.9)**	**(63.4)**
Net carrying amount at 31 December	**1'583.0**	**1'541.0**

[(1)] this line includes the subsequent value adjustments

In 2014, goodwill from acquisitions amounted to CHF 41.3 million and came mainly from the acquisition of Sausalitos by Ergon Capital Partners III, a subsidiary of GBL.
In 2013, goodwill from acquisitions amounted to CHF 137.9 million and came mainly from the acquisitions made during the year by Imerys (including Pyramax) for CHF 115.6 million, which mainly represents the development prospects of the acquired operations.

Defining Imerys' CGUs is a matter of judgement for Imerys senior management; it is based on the existence of the following three criteria, at the level of the smallest identifiable group of assets: a homogeneous production process in terms of mineral portfolio, processing and applications procedures; an active market with homogeneous macro-economic features; and a degree of operating power in terms of continuing, restructuring or closing down a mining, industrial or commercial operation. Ensuring that each CGU meets these three criteria guarantees the independence of each CGU's respective cash flows. The CGUs are the direct result of the analysis structure followed each month by Imerys senior management as part of its management reporting. All the Imerys group's assets, including mining assets and goodwill, are allocated to a CGU. The CGUs are grouped to form the Imerys operating divisions.
In the following table, the carrying amount and the impairment of goodwill are shown for each group of CGUs (Energy Solutions & Specialties, Filtration & Performance Additives, Ceramic Materials, and High-Resistance Materials) with regard to the goodwill originating in Imerys. For GBL, goodwill is allocated to each shareholding.

Goodwill at 31 December was allocated to the following CGUs:

CHF millions	Gross amount	Accumulated impairment	2014 Carrying amount	Gross amount	Accumulated impairment	2013 Carrying amount
Energy Solutions & Specialties	445.9	–	**445.9**	408.9	–	**408.9**
Filtration & Performance Additives	249.5	–	**249.5**	367.0	–	**367.0**
Ceramic Materials	308.1	(1.9)	**306.2**	177.6	(2.5)	**175.1**
High-Resistance Materials	407.3	(78.7)	**328.6**	384.9	(35.2)	**349.7**
De Boeck (GBL investment)	25.7	–	**25.7**	26.3	–	**26.3**
Elitech (GBL investment)	42.8	–	**42.8**	43.6	–	**43.6**
Benito (GBL investment)	30.5	(25.3)	**5.2**	31.0	(25.7)	**5.3**
Sausalitos (GBL investment)	16.5	–	**16.5**	–	–	**–**
Holdings (Pargesa, GBL, Imerys)	162.6	–	**162.6**	165.1	–	**165.1**
Total	**1'688.9**	**(105.9)**	**1'583.0**	**1'604.4**	**(63.4)**	**1'541.0**

In accordance with IAS 36, Group companies test all their cash-generating units (CGUs) for impairment annually if there is goodwill in the unit in question.

At Imerys, systematic annual testing of every CGU is obligatory due to the presence of goodwill in almost every CGU. In 2014, the test resulted in the recognition of an impairment of CHF 36.6 million on the goodwill of the Zircon CGU of the High-Resistance Minerals arm. This impairment was recognised under “Other operating income and expenses” (see note 4). At 31 December 2014, the recoverable amount of the Zircon CGU was measured at EUR 137.9 million (CHF 165.8 million), based on its value in use; the residual carrying amount of the goodwill of the CGU amounted to EUR 51.5 million (CHF 61.9 million).
In 2013, no goodwill impairment needed to be recognised as a result of this test.
The recoverable amount is the higher of its fair value less net selling price and the value in use of a CGU or an individual asset. In practice, fair value can only be estimated reliably for individual assets, in which case it corresponds to prices for recent transactions concerning similar asset disposals. The value in use is the basis most often used for valuation, both for CGUs and individual assets. The forecast cash flows used by Imerys to estimate the value in use originated in their 2015 budget and an extrapolation for 2016 and 2018. The key hypotheses behind these forecasts are first and foremost the level of volumes and, to a lesser extent, the price level. For the terminal value, Imerys uses Gordon and Shapiro’s perpetual growth model.

The discounting rate used to calculate the value in use is determined from the weighted average capital cost of groups comparable to Imerys in the industrial minerals sector. The rate – 8.00% in 2014 (8.00% in 2013) – is adjusted, depending on the CGU or individual assets tested, by a country/market risk premium of -50 to +170 basis points (-50 to +170 basis points in 2013). The discounting rate after income tax averaged 8.04% in 2014 (8.04% in 2013). The results of the post-income tax calculation are the same as would be obtained using pre-tax flows and rates, as required by the applicable standards.

In the following table, the weighted average discount and perpetual growth rates used to calculate value in use at Imerys are shown for each CGU.

	2014		2013	
	Discount rate	Perpetual growth rate	Discount rate	Perpetual growth rate
Energy Solutions & Specialties	7.89%	1.94%	7.85%	2.00%
Filtration & Performance Additives	8.43%	2.00%	8.29%	2.04%
Ceramic Materials	7.79%	1.44%	7.71%	2.00%
High-Resistance Materials	8.44%	2.00%	8.53%	2.05%
Average rate	**8.04%**	**1.80%**	**8.04%**	**2.02%**

The goodwill recognised in respect of GBL’s private equity activities was also tested annually for impairment. In 2014, no goodwill impairment was recognised as a result of these tests (no impairment in 2013 either).
The goodwill allocated to the “Holdings” line is subject to systematic annual impairment testing with reference to the value of the underlying asset.
All Group impairments recognised in the 2014 income statement are shown in note 8.

Sensitivity to changes in the forecast cash flow, discounting rate and perpetual growth rate

At Imerys, estimates for changes in forecast cash flows, the discounting rate and the perpetural growth rate are the changes that would have the greatest impact on the Group’s financial statements. Impairments for each CGU that would be recognised in the event of an unfavourable impact on the Group financial statements at 31 December 2014 resulting from a change in the hypotheses used are the following:

A 5.0% decrease in forecast cash flows would require the recognition of an impairment of CHF 22.1 million on the goodwill of the Kaolin CGU of the Ceramic Materials arm (CHF 2.0 million at 31 December 2013 on the goodwill of the Zircon CGU of the High-Resistance Minerals arm).

A 100bp increase in the discounting rate would require the recognition of an impairment of CHF 73.2 million on the goodwill of the Kaolin CGU of the Ceramic Materials arm and CHF 6.3 million on the goodwill of the Zircon CGU of the High-Resistance Minerals arm (CHF 15.4 million at 31 December 2013 on the goodwill of the Zircon CGU of the High-Resistance Minerals arm).

A 100bp decrease in the perpetual growth rate would require the recognition of an impairment of CHF 37.5 million on the goodwill of the Kaolin CGU of the Ceramic Materials arm and CHF 1.3 million on the goodwill of the Zircon CGU of the High-Resistance Minerals arm (CHF 8.9 million at 31 December 2013 on the goodwill of the Zircon CGU of the High-Resistance Minerals arm).

Note 13 – Tangible assets

CHF millions	Land and buildings	Mining assets	Facilities, machinery, plant and transport equipment	Fixed assets under construction	Other tangible assets	Total
Gross carrying amount:						
at 1 January 2013	**638.2**	**904.1**	**3'899.1**	**229.5**	**17.9**	**5'688.8**
Investments	7.8	48.6	82.7	150.1	16.9	306.1
Acquisitions	8.9	13.3	32.0	167.2	16.4	237.8
Disposals	(7.8)	(0.2)	(45.9)	(2.6)	(6.0)	(62.5)
Translation differences	(27.4)	(39.7)	(121.8)	(21.4)	(0.4)	(210.7)
Reclassifications and other changes for the period	5.4	(67.8)	(104.9)	(173.7)	(13.7)	(354.7)
at 31 December 2013	**625.1**	**858.3**	**3'741.2**	**349.1**	**31.1**	**5'604.8**
Investments	8.4	55.1	71.2	150.0	4.3	289.0
Acquisitions	6.2	(8.0)	32.2	5.8	0.4	36.6
Disposals	(2.9)	(1.7)	(48.3)	(0.2)	(0.6)	(53.7)
Translation differences	14.6	40.9	133.5	7.2	1.3	197.5
Reclassifications and other changes for the period	16.4	(22.9)	330.0	(360.1)	(2.9)	(39.5)
at 31 December 2014	**667.8**	**921.7**	**4'259.8**	**151.8**	**33.6**	**6'034.7**
Accumulated amortisation and impairment:						
at 1 January 2013	**(278.1)**	**(307.7)**	**(2'762.9)**	**(2.8)**	**(8.5)**	**(3'360.0)**
Amortisation	(16.3)	(59.1)	(180.6)	–	(3.1)	(259.1)
Impairment	(1.2)	(4.4)	(6.2)	(0.1)	–	(11.9)
Disposals	5.2	–	43.2	–	–	48.4
Translation differences	9.7	12.1	71.6	–	0.5	93.9
Reclassifications and other changes for the period	10.2	26.6	137.1	–	(1.1)	172.8
at 31 December 2013	**(270.5)**	**(332.5)**	**(2'697.8)**	**(2.9)**	**(12.2)**	**(3'315.9)**
Amortisation	(17.4)	(58.9)	(178.0)	–	(2.1)	(256.4)
Impairment	(0.1)	–	(5.6)	(1.6)	–	(7.3)
Disposals	2.7	–	47.5	–	0.4	50.6
Translation differences	(5.5)	(15.6)	(87.5)	0.1	(0.2)	(108.7)
Reclassifications and other changes for the period	–	38.1	(23.1)	2.1	1.1	18.2
at 31 December 2014	**(290.8)**	**(368.9)**	**(2'944.5)**	**(2.3)**	**(13.0)**	**(3'619.5)**
Net carrying amount:						
at 31 December 2013	**354.6**	**525.8**	**1'043.4**	**346.2**	**18.9**	**2'288.9**
at 31 December 2014	**377.0**	**552.8**	**1'315.3**	**149.5**	**20.6**	**2'415.2**

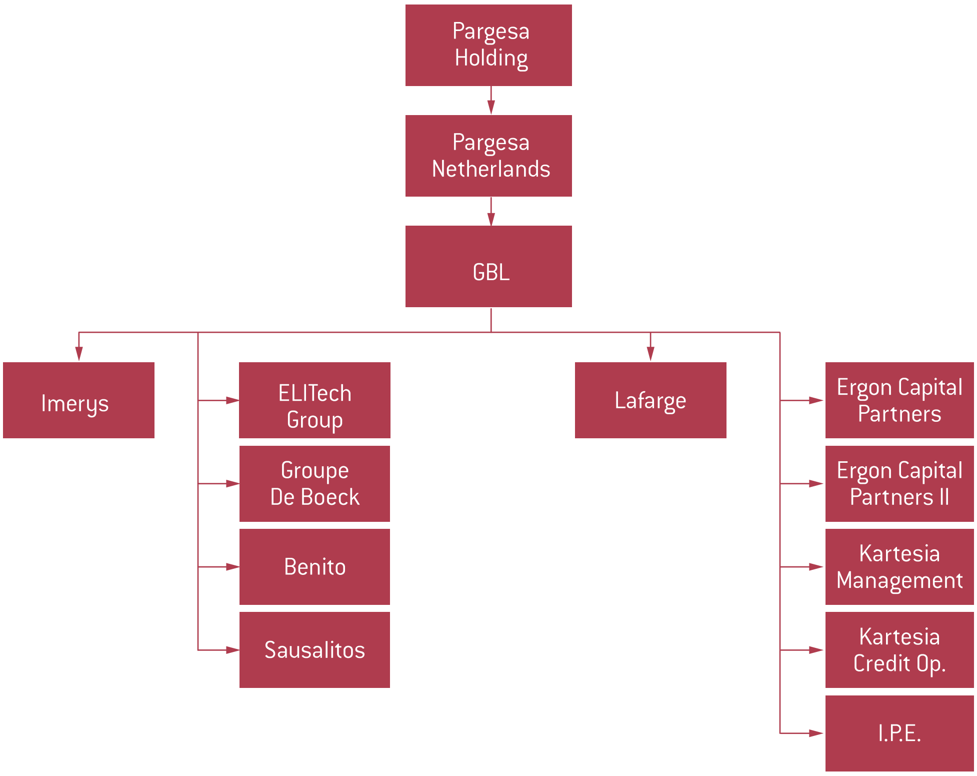
At 31 December 2014, Group tangible assets mainly comprised Imerys assets, including the mining reserves measured at cost less amortisation and any accumulated impairments.
The impairments recorded on tangible assets during the period essentially relate to Imerys (see note 8).
Amortisation for the period is included in the "Amortisation of tangible and intangible assets" line in the income statement.

Leased assets

Tangible assets controlled by a finance lease were shown on the balance sheet in an amount of CHF 3.1 million at 31 December 2014 (CHF 3.3 million at 31 December 2013). Leased assets are essentially Imerys transport equipment. The discounted value of commitments in respect of future rent payments is CHF 0.5 million for 2014, CHF 1.2 million for the 2016-2019 period and CHF 1.3 million beyond that date.

Note 14 – List of main consolidated and equity-accounted companies

Organisation chart showing the main consolidated and equity-accounted companies



Fully consolidated companies at 31 December

Companies	Country of HQ	2014 Percentage of capital held	2014 Percentage of voting rights controlled	2013 Percentage of capital held	2013 Percentage of voting rights controlled	Main activity
Pargesa Holding SA	Switzerland	Parent company	Parent company	Parent company	Parent company	Holding
Pargesa Netherlands BV	Netherlands	100%	100%	100%	100%	Holding
GBL *	Belgium	50.0%	52.0%	50.0%	52.0%	Holding
Imerys **	France	56.5%	71.9%	56.2%	71.6%	Mining industry
ELITechGroup ***	France	64.4%	64.4%	61.4%	61.4%	Healthcare
Groupe De Boeck	Belgium	92.0%	92.0%	92.0%	92.0%	Media
Benito	Spain	99.4%	99.4%	84.6%	84.6%	Urban equipment
Sausalitos	Germany	77.2%	77.2%	–	–	Food services

	2014	2013
* percentage of consolidation	52.0%	52.0%
** percentage of consolidation	56.6%	56.3%

*** company 64.4%-owned by EVONG, which was 74.3%-owned by E.V.E, which in turn was 100% controlled by GBL at 31 December 2014

Companies consolidated using the equity method at 31 December

Companies	Country of HQ	2014 Percentage of capital held	2014 Percentage of voting rights controlled	2013 Percentage of capital held	2013 Percentage of voting rights controlled	Main activity
Lafarge	France	21.1%	29.3%	21.0%	27.2%	Building materials
Ergon Capital Partners	Belgium	43.0%	43.0%	43.0%	43.0%	Private equity
Ergon Capital Partners II	Belgium	42.4%	42.4%	42.4%	42.4%	Private equity
Kartesia Managememt	Luxembourg	40.0%	40.0%	40.0%	40.0%	Debt fund
Kartesia Credit Opportunities I	Luxembourg	39.1%	39.1%	66.1%	66.1%	Debt fund
I.P.E. (Visionnaire)	Italy	65.6%	65.6%	–	–	Furniture

GBL analysed the accounting treatment to be applied to its holding in I.P.E and came to the conclusion that it did not exercise significant influence despite holding 65.6% of the capital on the basis of a shareholders' agreement.

Note 15 – Subsidiaries with material non-controlling interests

The tables below show details of each Group subsidiary with material non-controlling interests, before intragroup eliminations.

As Imerys is held by GBL, minority interests in Imerys are also found in the GBL column and are consequently eliminated in the ”intragroup eliminations” column.

					2014
CHF millions	**GBL**	**Imerys**	**Individual non-material subsidiaries**	**Intragroup eliminations**	**Total**
% of ownership interests held by non-controlling interests	50.0%	43.5%			
% of voting rights held by non-controlling interests	48.0%	28.1%			
Long-term assets	19'003.7	4'018.5			
Short-term assets	4'783.2	2'502.5			
Long-term liabilities	(5'095.3)	(2'551.4)			
Short-term liabilities	(1'399.5)	(998.5)			
Non-controlling interests	(1'336.7)	(31.4)			
Equity attributable to the Group	**15'955.4**	**2'939.7**			
Non-controlling interests	8'998.3	1'307.1	29.6	(1'019.1)	**9'315.9**
Revenue	4’759.0	4’479.0			
Net profit attributable to Pargesa shareholders (Group share)	552.5	186.7			
Net profit attributable to non-controlling interests	653.5	145.2	(2.2)	(45.0)	**751.5**
Net profit for the period (including minority interests)	**1’206.0**	**331.9**			
Other comprehensive income attributable to Pargesa shareholders (Group share)	43.6	58.0			
Other comprehensive income attributable to non-controlling interests	89.4	47.0	2.7	(334.7)	**(195.6)**
Total other comprehensive income (including minority interests)	**133.0**	**105.0**			
Total comprehensive income attributable to Pargesa shareholders (Group share)	596.1	244.7			
Total comprehensive income attributable to non-controlling interests	742.9	192.2	0.5	(379.7)	**555.9**
Total comprehensive income for the period (including minority interests)	**1'339.0**	**436.9**			
Dividends paid to non-controlling interests	245.8	68.7			
Net cash flows from operations	691.6	593.1			
Net cash flows from investments	27.8	(282.8)			
Net cash flows from financing	(312.6)	54.3			
Effect of exchange rate variation on funds held and of changes in the scope of consolidation	8.5	12.5			
Increase/decrease in cash and cash equivalents	**415.3**	**377.1**			

CHF millions	GBL	Imerys	Individual non-material subsidiaries	Intragroup eliminations	2013 Total
% of ownership interests held by non-controlling interests	50.0%	43.8%			
% of voting rights held by non-controlling interests	48.0%	28.4%			
Long-term assets	19'424.5	3'874.4			
Short-term assets	3'960.6	2'106.6			
Long-term liabilities	(5'237.2)	(2'208.6)			
Short-term liabilities	(1'227.4)	(984.1)			
Non-controlling interests	(1'258.8)	(29.7)			
Equity attributable to the Group	**15'661.7**	**2'758.6**			
Non-controlling interests	8'770.9	1'235.3	23.6	(935.2)	**9'094.6**
Revenue	4'806.8	4'552.1			
Net profit attributable to Pargesa shareholders (Group share)	397.6	167.8			
Net profit attributable to non-controlling interests	494.6	132.7	(4.6)	(96.5)	**526.2**
Net profit for the period (including minority interests)	**892.2**	**300.5**			
Other comprehensive income attributable to Pargesa shareholders (Group share)	29.6	(108.1)			
Other comprehensive income attributable to non-controlling interests	(60.9)	(88.4)	(0.1)	199.6	**50.2**
Total other comprehensive income (including minority interests)	**(31.3)**	**(196.5)**			
Total comprehensive income attributable to Pargesa shareholders (Group share)	427.2	59.7			
Total comprehensive income attributable to non-controlling interests	433.7	44.3	(4.7)	103.1	**576.4**
Total comprehensive income for the period (including minority interests)	**860.9**	**104.0**			
Dividends paid to non-controlling interests	242.6	65.0			
Net cash flows from operations	954.6	636.5			
Net cash flows from investments	(1'545.3)	(455.5)			
Net cash flows from financing	1'216.8	(42.8)			
Effect of exchange rate variation on funds held and of changes in the scope of consolidation	(35.3)	(33.1)			
Increase/decrease in cash and cash equivalents	**590.8**	**105.1**			

Note 16 – Acquisitions and disposals of subsidiaries

The following key acquisitions were made in 2014:

On 15 July 2014, Ergon Capital Partners III, a subsidiary of GBL, acquired 77.2% of Frisco Bay Holding GmbH (Sausalitos group), a fast-growing and novel restaurant chain in Germany. The group's balance sheet at 30 June 2014 was used as the opening balance sheet. Goodwill after recognition of the acquisition was EUR 14 million (CHF 17 million) and the net outflow of cash was EUR 35 million (CHF 42.5 million). The acquisition contributed EUR 19 million (CHF 23 million) to Group revenue and had an impact of EUR –1 million (CHF –1.2 million) on Group net income.

The following key acquisitions were made in 2013:

CHF millions	Voting rights	Acquisition date	Acquisition price	Goodwill recorded
Pyramax	100%	10.04.2013	290.7	115.5
Other acquisitions			28.1	15.3
Total			**318.8**	**130.8**

On 10 April 2013, Imerys acquired 100% of US company Pyramax, a production unit in Wrens (Georgia, USA) specialising in ceramic proppants, which are used in the operation of non-conventional oil and gas fields. The acquisition amounted to CHF 290.7 million, including CHF 143.3 million in cash remitted to the seller at the time of the takeover, CHF 50.6 million in conditional remuneration paid in September 2013 and CHF 96.7 million in conditional remuneration to be paid subsequently according to the unit's future industrial and commercial performance, thereby generating provisional goodwill of CHF 115.5 million. Pyramax did not contribute to Group revenue in 2013 and had an impact of CHF –3.1 million on income.

The income statement line item "Other operating expenses" included for 2013 an amount of CHF 7.4 million in transaction costs relating to Imerys acquisitions.

At 31 December 2013, the fair value of assets, liabilities and possible liabilities of Pyramax, which was acquired by Imerys during the period, were provisionally determined. The following adjustments were made to the fair values in 2014:

Details of the Pyramax acquisition in 2013 at fair value

CHF millions	Provisional fair value at 31.12.2013	Adjustments for the period	Final fair value at 31.12.2014
Long-term assets	196.7	(1.7)	195.0
Short-term assets	16.5	(0.9)	15.6
Short-term liabilities	(38.0)	(3.4)	(41.4)
Net assets acquired	**175.2**	**(6.0)**	**169.2**
Goodwill	115.5	8.0	123.5
Total consideration	**290.7**	**2.0**	**292.7**
Paid			
– in cash	(194.0)	(56.5)	(250.5)
– in installments	(96.7)	55.0	(41.7) *
Net outflow of cash for acquisitions			
– payments in cash	(194.0)	(56.5)	(250.5)
– cash and bank balances acquired	0.2	–	0.2
Total net outflow of cash for acquisitions	**(193.8)**	**(56.5)**	**(250.3)**

* including CHF 9.0 million representing changes to the estimated conditional remuneration; this amount will not be remitted to the seller and was therefore booked to the 2014 income statement under "Other operating income and expenses

Disposals of subsidiaries

During the 2014 and 2013 financial years, no disposals had a material impact.

Other

On 5 November 2014, Imerys announced that it was acquiring the main industrial minerals activities (most notably bentonite) of Greek group S&B. In 2014, S&B's operations (excluding bauxite, which was not included in the acquisition) across 22 countries generated revenue of EUR 412 million (CHF 500 million). The transaction was completed on 26 February 2015. The acquisition price was determined on the basis of an equity value of EUR 525 million (CHF 631 million) for all shares, plus an additional performance-related amount not to exceed EUR 33 million (CHF 40 million). The acquisition was partially paid in Imerys shares issued to the Kyriacopoulos family, the founding shareholder of S&B, which now owns 4.7% of Imerys' capital. GBL's holding has therefore been slightly diluted, from 56.5% at end-2014 to 53.8% The Kyriacopoulos family and GBL entered into a shareholders' agreement (with no intent to act in concert), under which the appointment of Ulysses Kyriacopoulos to the Imerys Board of Directors would be proposed at the next Annual General Meeting.

On 12 February 2014, Imerys announced the launch, within ten working days, of a friendly cash takeover bid over Amcol, a global leader in bentonite listed on the New York Stock Exchange with revenue of over USD 1.0 billion generated in 26 countries. Following the publication of a competing bid, Imerys' initial offer of USD 41.00 per share, which was unanimously recommended by Amcol's Board of Directors, was raised to USD 42.75 on 26 February 2014 and then to USD 45.25 on 4 March 2014. On 10 March 2014, Imerys decided not to raise its bid any further and the agreements entered into with Amcol were terminated, giving right to the payment by Amcol of a termination indemnity, which after deduction of the other costs of the transaction amounted to EUR 20.9 million (CHF 25.4 million).

Note 17 – Investments in associates and joint ventures

CHF millions	2014	2013
Carrying amount at 1 January	**3'997.6**	**4'186.9**
Acquisitions and transfers	107.6	20.3
Redemption	(43.8)	–
Income	91.8	174.1
Dividend paid	(108.4)	(76.9)
Translation and other differences [1]	179.9	(306.8)
Carrying amount at 31 December	**4'224.7**	**3'997.6**

[1] this line item includes translation differences relating to Lafarge

2014 acquisitions represent the investment by Ergon Capital Partners III, a subsidiary of GBL, in Visionnaire, Italy's leading luxury furniture designer and the investment by GBL in Kartesia (an investment fund).

Analysis of investments in associates and joint ventures

CHF millions	2014	2013
Lafarge	3'915.5	3'749.5
Ergon Capital Partners I and II	99.5	126.4
Other GBL and Imerys equity associates	209.7	121.7
Carrying amount at 31 December	**4'224.7**	**3'997.6**

Lafarge, a company whose shares are owned by GBL and listed on Euronext Paris in EUR, and Ergon are part of the "Holdings" sector in the segment reporting. Ergon Capital Partners I and II are unlisted companies.

At 31 December 2014, the market value (level 1 under IFRS 13) of the holding in Lafarge was EUR 3'518 million (CHF 4'231 million) compared with EUR 3'285 million (CHF 4'032 million) at 31 December 2013.

"Other GBL and Imerys equity associates" is made up of various equity-accounted holdings at GBL and Imerys; the largest holdings in terms of equity-accounted value are: Kartesia (associate), for an amount of CHF 62.3 million (CHF 16.8 million at 31 December 2013); Visionnaire (associate), for an amount of CHF 41.1 million; MST Mineralien Schiffahrt (associate), for an amount of CHF 46.7 million in 2014 (CHF 45.2 million at 31 December 2013); and The Quartz Corporation (joint venture), for an amount of CHF 30.1 million in 2014 (CHF 28.4 million at 31 December 2013).

Impairment on associates

Impairment recorded in 2011 on Lafarge

Following the sustained fall in the market price compared with the consolidated carrying amount for this associate, GBL tested it for impairment on 30 September 2011 based on the information available on that date and taking into account a weakened economic environment. This test resulted in a value in use below the consolidated carrying amount of the investment (EUR 65.2 per share). GBL therefore had to book an impairment, which brought the value down to its share of Lafarge IFRS equity at the end of September 2011 (EUR 54.4 per share), which is within the range of estimated values in use. This impairment, amounting to EUR 10.8 per share, represented a charge of EUR 650 million (CHF 801.3 million) in the third quarter of 2011.

The investment was also tested for impairment at the end of 2012 and it was concluded that no impairment of the consolidated value (EUR 54.6 per share) was justified at 31 December 2012.

The valuation assumptions at 31 December 2012 are provided in the table below:

Valuation assumptions		Sensitivity to assumptions	Change	Impact on value in use EUR per share
Discount rate	7.3% - 7.8%	Discount rate	+0.25%	–5
			–0.25%	+6
Long-term growth rate	1.0% - 2.0%	Long-term growth rate	–1.0%	–11

Main judgements and accounting estimates

At 31 December 2013 and 2014, Lafarge's market value was higher than the consolidated carrying amount. No objective indication of impairment was identified. As a result, no impairment test was conducted on these closing dates. As there was no significant rise in the value of the holding, an impairment reversal test was not conducted on those closing dates.

Following the rise in Lafarge's share price in 2014 (from EUR 54.5 per share at 31 December 2013 to EUR 58.1 per share at 31 December 2014), GBL considered applying IFRS provisions for reversing impairments recognised in prior periods on holdings accounted for using the equity method pursuant to IAS 28.
In this context, GBL applies the threshold of 30% to determine a significant increase in value over the period. The same percentage is used to determine a significant decline in the fair value of a holding, resulting in impairment. Given that the rise in 2014 was 6.6%, GBL did not deem there to be any indicator for impairment reversal and therefore did not conduct an impairment reversal test at 31 December 2014 based on a quantitative indicator. Furthermore, GBL did not deem there to be a qualitative indicator to alter this judgement at the closing of the annual accounts.

As regards the classification of the holding in Lafarge, GBL deems that the holding does not meet the criteria set out in IFRS 5 and has therefore kept its holding in Lafarge under "Investments in associates and joint ventures". The merger with Holcim (see below) is subject to major suspensive conditions, which means that GBL cannot conclude that the merger is highly likely within 12 months. GBL considers that the transaction will only become highly likely (i.e. realised within 12 months) if the offer is successfully completed.

Analysis of income from associates and joint ventures

CHF millions	2014	2013
Lafarge	36.6	155.2
Ergon Capital Partners I and II	52.0	13.9
Other GBL and Imerys equity associates	3.2	5.0
Income from associates and joint ventures	**91.8**	**174.1**

In 2014, the contribution from Ergon Capital Partners I and II included a gain of CHF 31 million on the disposal of its holding in Zellbios, a leader in the production of active pharmaceutical ingredients, and a gain of CHF 23 million on the disposal of Corialis, a leading manufacturer of insulating and lacquered profiles in aluminium for doors, windows and verandas.

The table below provides a summary of the financial information for Lafarge, the Group's main associate, as well as the other equity-accounted companies. This summary shows the amounts recorded in the companies' financial statements, which are drawn up in accordance with IFRS.

CHF millions	Lafarge	Other	2014 Total	Lafarge	Other	2013 Total
Long-term assets	34'794.8	746.1	**35'540.9**	34'915.8	605.1	**35'520.9**
Short-term assets	7'060.5	335.6	**7'396.1**	8'329.1	173.8	**8'502.9**
Long-term liabilities	(14'550.3)	(254.1)	**(14'804.4)**	(16'147.7)	(175.8)	**(16'323.5)**
Short-term liabilities	(6'513.3)	(191.8)	**(6'705.1)**	(7'109.1)	(121.4)	**(7'230.5)**
Non-controlling interests	(2'208.0)	(83.0)	**(2'291.0)**	(2'123.4)	(79.3)	**(2'202.7)**
Equity attributable to the Group	**18'583.7**	**552.8**	**19'136.5**	**17'864.7**	**402.4**	**18'267.1**
Percentage of capital held	21.1%	–	**–**	21.0%	–	**–**
Share of equity	3'915.5	302.9	**4'218.4**	3'749.5	242.2	**3'991.7**
Goodwill	–	6.3	**6.3**	–	5.9	**5.9**
Carrying amount at 31 December	**3'915.5**	**309.2**	**4'224.7**	**3'749.5**	**248.1**	**3'997.6**
Revenue	15'596.5	302.4	15'898.9	16'116.3	249.4	16'365.7
Income from continued operations	332.7	131.4	464.1	870.4	43.5	913.9
Income after tax relating to discontinued operations	–	–	–	56.6	–	56.6
Net profit for the period (including minority interests)	**332.7**	**131.4**	**464.1**	**927.0**	**43.5**	**970.5**
Net profit for the period (Group share)	**173.7**	**126.2**	**299.9**	**739.9**	**38.2**	**778.1**
Other comprehensive income	**1'413.1**	**–**	**1'413.1**	**(2'037.5)**	**–**	**(2'037.5)**
Total comprehensive income for the period	**1'745.8**	**131.4**	**1'877.2**	**(1'110.5)**	**43.5**	**(1'067.0)**
Dividend received from Lafarge over the period	73.5	34.9	108.4	74.5	2.4	76.9
Group share of income for the period	**36.6**	**55.2**	**91.8**	**155.2**	**18.9**	**174.1**

On 7 April 2014, Holcim and Lafarge announced their intention to combine their companies through a merger between equals, which was unanimously approved by their respective Boards of Directors and should create the most advanced group in the building materials industry. The transaction should lead to enhanced performance through incremental synergies totalling more than EUR 1.4 billion on a full run-rate basis, phased in over three years with one third in year one. As Lafarge's largest shareholder, GBL, with a 21.1% shareholding, supports this merger and has committed to contribute all its Lafarge shares to the public exchange offer, which will be initiated by Holcim after the regulatory authorisations have been received. GBL should hold a shareholding of around 10% in the new entity. The financial and accounting impacts resulting from this transaction will be determined as it progresses. It should be noted that, at 31 December 2014, GBL recognised no impact related to the change in the accounting treatment of its investment in Lafarge.
Since the beginning of 2015, key phases have been achieved with regards to the proposed merger: the composition of the new entity's Executive Committee has been announced, the clearance in phase 1 investigation from the European Commission has been granted, and exclusive negotiations have been entered into further to a binding commitment made by CRH regarding the sale of the assets for EUR 6.5 billion.

Note 18 – Inventories

CHF millions	2014	2013
Raw materials, consumables and spare parts	366.4	314.2
Work in progress	91.3	77.1
Finished goods and products	434.7	418.8
Total before write-down	**892.4**	**810.1**
Write-down of inventories		
Raw materials, consumables and spare parts	(20.8)	(18.9)
Work in progress	(1.2)	(1.5)
Finished goods and products	(42.7)	(43.2)
Total write-down of inventories	**(64.7)**	**(63.6)**
Reversal of write-down of inventories		
Raw materials, consumables and spare parts	4.1	2.8
Work in progress	0.5	1.0
Finished goods and products	6.9	10.3
Total reversal of write-down of inventories	**11.5**	**14.1**
Net total	**839.2**	**760.6**

Inventories expensed during the year

CHF millions	2014	2013
Charge (income)	47.3	(24.5)

Note 19 – Provisions

CHF millions	Environment	Litigation	Legal, labour-related and regulatory risks	2014 at 1 January	2013 Total
at 1 January	**172.3**	**32.8**	**114.3**	**319.4**	**319.7**
Allocations	12.1	7.5	70.3	89.9	75.3
Utilisations	(1.3)	(6.9)	(22.2)	(30.4)	(49.2)
Reversals	(1.8)	(1.9)	(16.6)	(20.3)	(23.4)
Acquisitions	3.4	1.1	(12.4)	(7.9)	6.4
Translation differences	6.3	(0.5)	2.4	8.2	(8.2)
Other	(5.7)	(0.5)	(8.4)	(14.6)	(1.2)
at 31 December	**185.3**	**31.6**	**127.4**	**344.3**	**319.4**
– short-term provisions	8.5	–	20.7	29.2	22.5
– long-term provisions	176.8	31.6	106.7	315.1	296.9

The Group's provisions amounted to CHF 340 million at 31 December 2014 and mainly originate in the Imerys group.

Imerys has provisions to hedge the environmental risks resulting from the group's industrial operations and provisions for the restoration of sites no longer mined. These provisions amounted to CHF 185.1 million at 31 December 2014 (CHF 172.3 million at 31 December 2013), of which CHF 121.7 million was for the restoration of mining sites. CHF 64.2 million of the corresponding liabilities have probable due dates between 2015 and 2019, CHF 74.9 million between 2020 and 2029 and CHF 46.0 million after 2030.

Imerys' litigation provisions (i.e. for product guarantees), which amounted to CHF 30.7 million (CHF 32.4 million at 31 December 2014), have a probable due date between 2016 and 2019.
Imerys is also exposed to litigation and claims in the course of its ordinary operations. These risks concern allegations of personal or financial damage issued by third parties and involving the civil liability of group companies, and possible breaches of some of their contractual obligations or of legal or regulatory requirements relating to labour, property or environmental matters. Imerys group is also required to respect certain contractual obligations in relation to compensation for the past disposal of assets. The provision for Imerys' legal, labour-related and regulatory risks amounted to CHF 124.2 million at 31 December 2014 (CHF 111.6 million at 31 December 2013). Most of these provisions and the other provisions are likely to mature between 2015 and 2019.

Note 20 – Share capital, treasury shares, equity and other comprehensive income

20.1 Share capital

CHF millions	Registered shares Number	Registered shares Par value (1)	Bearer shares Number	Bearer shares Par value (2)	Total shares Number (3)	Total shares Par value
Share capital at 1 January 2013	77'214'700	154.4	77'214'700	1'544.3	84'936'170	1'698.7
Share capital at 31 December 2013	77'214'700	154.4	77'214'700	1'544.3	84'936'170	1'698.7
Share capital at 31 December 2014	**77'214'700** (4)	**154.4**	**77'214'700** (4)	**1'544.3**	**84'936'170**	**1'698.7**
Share capital outstanding at 31 December 2014						
Share capital	77'214'700	154.4	77'214'700	1'544.3	84'936'170	1'698.7
Treasury shares (5)			(276'980)	(5.5)	(276'980)	(5.5)
Net share capital outstanding	**77'214'700**	**154.4**	**76'937'720**	**1'538.8**	**84'659'190**	**1'693.2**

(1) CHF 2 per share
(2) CHF 20 per share
(3) the number of registered shares is converted into the equivalent number of bearer shares by dividing by ten
(4) each share carries one vote
(5) these shares do not give entitlement to dividends or voting right

On 1 June 1994, the Company created conditional capital with a par value of up to CHF 242 million by issuing 11’000’000 registered shares with a par value of CHF 2 and 11’000’000 bearer shares with a par value of CHF 20.

On 6 May 2014, the Company renewed its authorised capital. Consequently, the Board of Directors is authorised to increase the share capital, up to 6 May 2016, by CHF 253 million by issuing 11’500’000 registered shares with a par value of CHF 2 and 11’500’000 bearer shares with a par value of CHF 20.

Bearer shares are listed on the SIX Swiss Exchange.

20.2 Treasury shares (1)

CHF millions	Not yet outstanding, reserved for Board use Number	Not yet outstanding, reserved for Board use Carrying amount	Not yet outstanding, reserved for the exercise of options (2) Number	Not yet outstanding, reserved for the exercise of options (2) Carrying amount	Total Number	Total Carrying amount
1 January 2013	**171'216**	**3.4**	**124'184**	**2.5**	**295'400**	**5.9**
Granting of options	(24'510)	(0.5)	24'510	0.5	–	–
Exercise of options	–	–	(3'210)	(0.1)	(3'210)	(0.1)
31 December 2013	**146'706**	**2.9**	**145'484**	**2.9**	**292'190**	**5.8**
Granting of options	(23'930)	(0.5)	23'930	0.5	–	–
Exercise of options	–	–	(15'210)	(0.3)	(15'210)	(0.3)
31 December 2014	**122'776**	**2.4**	**154'204**	**3.1**	**276'980**	**5.5**

(1) treasury shares are all bearer shares

(2) shares, not yet outstanding, reserved for the exercise of options granted to the beneficiaries of share option schemes established by the Company (see note 24.1)

20.3 Capital management

Management of the consolidated equity of Pargesa Group is aimed at maintaining a highly capitalised financial structure with a low debt-equity ratio. It is also aimed at generating stable or increasing dividends for its shareholders, through a regular and sustained increase in net profit.

The Group manages its capital structure as a function of its financial needs, taking into account economic and financial conditions and opportunities, and also the risk characteristics of its main assets. With a view to maintaining or adjusting the structure of its capital, the Group may, at its various levels, issue new shares, hybrid instruments or buy its own shares.

There was no change in the Group’s capital management policy during the period. The Group is not subject to external regulatory requirements regarding its capital.

CHF millions	31.12.2014	31.12.2013
Total financial debt	4'699.7	5'236.3
./. Cash and cash equivalents	(1'778.7)	(1'543.6)
Net financial debt	2'921.0	3'692.7
Shareholders' equity (including minority interests)	17'040.9	16'639.6

20.4 Reclassification adjustments carried through the income statement

CHF millions		2014		2013
Change in fair value of available-for-sale financial assets:				
– recognised in other comprehensive income	370.9		634.7	
– carried through the income statement	**(799.9)**	(429.0)	**(151.9)**	482.8
Change in hedging reserve:				
– recognised in other comprehensive income	(11.1)		(4.6)	
– carried through the income statement	**1.4**	(9.7)	**4.2**	(0.4)
Translation differences:				
– recognised in other comprehensive income	(143.3)		(0.1)	
– carried through the income statement	**(0.9)**	(144.2)	**(0.6)**	(0.7)
Actuarial gains/losses:				
– recognised in other comprehensive income	(97.4)	(97.4)	79.0	79.0
Share of other comprehensive income of associates and joint ventures:				
– recognised in other comprehensive income	269.0		(393.3)	
– carried through the income statement	**–**	269.0	**–**	(393.3)
Other equity items:				
– recognised in other comprehensive income	(0.4)		–	
– carried through the income statement	**–**	(0.4)	**–**	–
Total other comprehensive income		**(411.7)**		**167.4**

20.5 Change in revaluation and hedging reserve (Pargesa Group share)

CHF millions	Revaluation reserve	Hedging reserve	Total 2014	Revaluation reserve	Hedging reserve	Total 2013
Balance at 1 January	**2'146.4**	**(0.5)**	**2'145.9**	**1'888.4**	**(1.3)**	**1'887.1**
Change in fair value recognised in equity	210.6	–	210.6	337.3	–	337.3
Change in fair value carried through the income statement	(414.7)	–	(414.7)	(79.3)	–	(79.3)
Total change in fair value			**(204.1)**			**258.0**
Change in hedging reserve recognised in equity	–	(5.3)	(5.3)	–	(0.5)	(0.5)
Change in hedging reserve carried through the income statement	–	0.4	0.4	–	1.3	1.3
Total change in hedging reserve			**(4.9)**			**0.8**
Balance at 31 December	**1'942.3**	**(5.4)**	**1'936.9**	**2'146.4**	**(0.5)**	**2'145.9**

20.6 Impact of a change in percentage interest in subsidiaries not resulting in a loss of control

During the period, the consolidated percentage of interests in GBL remained stable. It was 52.0% at 31 December 2014 (52.0% at 31 December 2013). GBL bought and sold treasury shares during 2014. Following these movements in 2014, a negative amount of CHF 2.7 million (Group share) was recognised in equity in the consolidated reserves (CHF +2.6 million in 2013).

Note 21 – Dividend paid and proposed by Pargesa Holding SA

CHF millions	2014	2013
Dividend for the previous period paid during the year	**223.5**	**217.5**
– CHF per bearer share	2.64	2.57
– CHF per registered share	0.264	0.257
Dividend proposed for the period ending 31 December 2014	**192.2**	
– CHF per bearer share	2.27	
– CHF per registered share	0.227	

The proposed dividend will be submitted for approval at the Annual General Meeting on 5 May 2015.

Note 22 – Basic and diluted net earnings per share

	2014	2013
Average number of shares taken into consideration – basic	**84'656'148**	**84'643'057**
Dilutive effect of ordinary shares:		
– Share options	12'396	7'453
Average number of shares taken into consideration – diluted	**84'668'544**	**84'650'510**
Non-dilutive potential shares excluded from the dilution calculation:		
– Bonds exchangeable for shares	–	2'467'614
– Share options	90'454	66'524

CHF millions	2014	2013
Net earnings (Group share) **– basic**	**636.9**	**393.9**
Dilutive effect of ordinary shares	(16.6)	–
Net earnings (Group share) **– diluted**	**620.3**	**393.9**

CHF per share	2014	2013
Basic net earnings per share (Group share)	**7.52**	**4.65**
Diluted net earnings per share (Group share)	**7.33**	**4.65**

Note 23 – Pensions liabilities and similar benefits

Through its subsidiaries (mainly Imerys), the Group contributes to building up retirement benefits for its staff in accordance with the regulations and company practices in each country concerned. The benefits take the form of either defined contribution plans, where the level of future benefits is not guaranteed by the Group, or defined benefit plans, where the level of future benefits is guaranteed by the Group through provisions.

23.1 Description of pension plans and post-employment benefits

A. Defined contribution plans:

Under defined contribution plans, Group companies pay contributions to an insurance company or to a fund and have no other obligations. These are the plans granted to the vast majority of Imerys staff. Amounts are charged to the income statement during the year in which they are due. Total contributions paid during the year as part of defined contribution plans were as follows:

CHF millions	2014	2013
Contributions paid during the year	(27.3)	(27.5)

B. Defined benefit plans:

With this type of plan, the Group guarantees the level of benefits that recipients will be paid in future. Defined benefit plans may be funded by insurance companies, pension funds or separate entities. The plans are subject to annual actuarial review by independent actuaries. At 31 December 2014, the provisions for employee benefits amounted to CHF 388.6 million (CHF 279.4 million at 31 December 2013). Post-employment benefits are awarded by the various companies in the Group on the basis of local practice.

23.2 Main actuarial assumptions used for the calculation of defined benefit plans

	2014		2013	
as a %	Min.	Max.	Min.	Max.
Discount rate	1.8%	3.5%	3.0%	4.7%
Expected rate of salary increases	1.7%	6.0%	1.8%	6.0%
Expected inflation rate	2.0%	2.1%	2.0%	2.4%

For the two countries in which liabilities are greatest (the United Kingdom and the United States), the actuarial assumptions are as follows:

	2014		2013	
as a %	UK	USA	UK	USA
Discount rate	3.5%	3.5%	4.5%	4.7%
Expected rate of salary increases	2.9%	3.0%	2.9%	1.8%
Expected inflation rate	2.1%	0.0%	2.4%	0.0%

Sensitivity analysis

At 31 December 2014, the net provisions for employee benefits essentially came from Imerys.

Out of these assumptions, a change in the discount rate would have the greatest impact on the Group financial statements. The table below demonstrates the impact of a 0.5% decrease or increase in the discount rate based on the assumption retained in the financial statements at 31 December 2014 and 2013. The impact of these changes is measured on three aggregates (liability, unwinding, current service costs) in the two currency zones with the greatest liabilities (the United Kingdom and the United States).

CHF millions	2014 +0.5%	2014 –0.5%	2013 +0.5%	2013 –0.5%
United Kingdom				
Discount rate	3.0%	4.0%	4.0%	5.0%
Liability on the closing date	+86.3	–80.0	+69.3	–62.2
Net interest recognised on the income statement for the period	–2.2	+2.8	–2.6	+2.8
Service costs recognised on the income statement for the period	–0.9	+0.7	–0.7	+0.6
United States				
Discount rate	3.0%	4.0%	4.2%	5.2%
Liability on the closing date	+15.4	–14.8	+17.9	–15.6
Net interest recognised on the income statement for the period	–	+0.1	–0.5	+0.6
Service costs recognised on the income statement for the period	–0.1	–	–0.4	+0.2

23.3 Amounts recorded in the balance sheet for defined benefit plans

The Group finances the greater part of staff benefits through investments unavailable to third parties in trusts or through insurance contracts that are legally separate from the Group. These investments qualify as plan assets and amounted to CHF 1'412.8 million at 31 December 2014 (CHF 1'269.1 million at 31 December 2013). Imerys also holds reimbursement rights, which are investments held directly by the Group; these amounted to CHF 7.2 million at 31 December 2014 (CHF 8.5 million at 31 December 2013). The funding rate for liabilities stood at 79.7% at 31 December 2014 (82.6% at 31 December 2013). Provisions for funded plan deficits and unfunded plans amounted to CHF 388.6 million at 31 December 2014 (CHF 279.4million at 31 December 2013).

				2014				2013
CHF millions	UK	USA	Others	Other	UK	USA	Other	Total
Present value of liabilities that are fully or partially funded	(1'135.6)	(313.3)	(190.7)	(1'639.6)	(966.5)	(269.8)	(164.8)	(1'401.1)
Liabilities funded by reimbursement rights	–	–	(36.3)	(36.3)	–	–	(30.6)	(30.6)
Fair value of plan assets at year-end	1'055.8	230.1	126.9	1'412.8	914.5	225.5	129.1	1'269.1
Fair value of reimbursement rights	–	–	7.2	7.2	–	–	8.5	8.5
Deficit of funded plans	**(79.8)**	**(83.2)**	**(92.9)**	**(255.9)**	**(52.0)**	**(44.3)**	**(57.8)**	**(154.1)**
Present value of unfunded liabilities	–	(14.3)	(118.4)	(132.7)	–	(14.9)	(110.4)	(125.3)
Net liabilities/net assets on the balance sheet	**(79.8)**	**(97.5)**	**(211.3)**	**(388.6)**	**(52.0)**	**(59.2)**	**(168.2)**	**(279.4)**
– long-term liabilities				(396.9)				(289.1)
– long-term assets				8.3				9.7

23.4 Amounts recognised in comprehensive income

CHF millions	2014	2013
Service costs:		
Current service costs	(27.2)	(27.7)
Past service costs and gains/(losses) from settlement	24.0	14.2
Net interest	(9.5)	(13.3)
Components of defined benefits costs recognised on the income statement	**(12.7)**	**(26.8)**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	126.3	69.2
Actuarial gains/losses arising from changes in demographic assumptions	(20.7)	(1.7)
Actuarial gains/losses arising from changes in financial assumptions	(208.6)	29.1
Actuarial gains/losses arising from experience adjustments	(19.4)	5.2
Components of defined benefits costs recognised in other comprehensive income	**(122.4)**	**101.8**
Total recognised in comprehensive income	**(135.1)**	**75.0**

Expenses are recorded under staff costs.

23.5 Actuarial gains and losses and cap on assets recognised in equity (excluding tax)

CHF millions	2014	2013
Balance at 1 January	**(208.9)**	**(310.7)**
Changes recorded in equity*	(122.4)	101.8
Balance at 31 December	**(331.3)**	**(208.9)**
* of which tax	25.0	(22.8)
Changes recorded in equity net of tax	**(97.4)**	**79.0**

23.6 Change in present value of liabilities

Fully and partially funded liabilities, and unfunded liabilities

CHF millions	2014	2013
Present value of liabilities at 1 January	**(1'557.0)**	**(1'601.7)**
Current service costs	(27.2)	(27.7)
Financial costs	(65.7)	(61.1)
Remeasurement gain/(losses):		
Actuarial gains/losses arising from changes in demographic assumptions	(20.7)	(1.7)
Actuarial gains/losses arising from changes in financial assumptions	(208.7)	29.2
Actuarial gains/losses arising from experience adjustments	(19.5)	5.3
Liabilities assumed in a business combination	(3.7)	4.2
Translation differences	(78.6)	12.9
Benefits paid	151.8	71.8
Other	20.7	11.8
Present value of liabilities at 31 December	**(1'808.6)**	**(1'557.0)**

23.7 Change in fair value of defined benefit plan assets

Assets held by the Group to fund employee benefits generated actual interest of CHF 181.8 million in 2014 (CHF 116.8 million in 2013), as shown in the table below. In accordance with applicable standards, only the normalised part of this return, which amounted to CHF 55.7 million in 2014 (CHF 47.6 million in 2013), was credited to the income statement; this amount was calculated on the basis of the risk-free rate used to discount liabilities. The remaining actual return was credited to equity, for an amount of CHF 126.1 million in 2014 (CHF 69.2 million in 2013).

CHF millions	UK	USA	Other	2014 Total	UK	USA	Other	2013 Total
Fair value of plan assets at 1 January	**914.5**	**225.5**	**129.1**	**1'269.1**	**866.8**	**211.3**	**123.7**	**1'201.8**
Interest income	40.9	10.8	4.0	55.7	35.8	7.9	3.9	47.6
Remeasurement gain/(losses):								
Return on plan assets (excluding amounts included in the calculation of net interest)	112.3	10.1	3.7	126.1	43.9	23.4	1.9	69.2
Contributions	15.5	12.3	7.5	35.3	13.0	5.5	6.3	24.8
Assets distributed on settlements	(75.3)	(52.3)	(17.1)	(144.7)	(41.5)	(15.9)	(6.3)	(63.7)
Translation differences	47.8	23.7	(1.2)	70.3	(3.5)	(6.7)	–	(10.2)
Other	–	–	1.0	1.0	–	–	(0.4)	(0.4)
Fair value of plan assets at 31 December	**1'055.7**	**230.1**	**127.0**	**1'412.8**	**914.5**	**225.5**	**129.1**	**1'269.1**

23.8 Breakdown of plan assets

CHF millions	2014		2013	
Cash and cash equivalents	127.1	9%	38.0	3%
Shares listed	649.9	46%	609.2	48%
Bonds listed	593.4	42%	583.8	46%
Real estate	42.4	3%	38.1	3%
Fair value of plan assets at 31 December	**1'412.8**	**100%**	**1'269.1**	**100%**

23.9 Features of Imerys' defined benefit plans

Two plans represented 72.5% of total Group liabilities at 31 December 2014 (69.9% at 31 December 2013) and concerned Imerys. These two plans were the Imerys UK Pension Scheme (Imerys UK) and the Imerys USA Retirement Growth Account Plan (Imerys USA). The table below shows the main features of these plans.

	2014		2013	
	Imerys UK	Imerys USA	Imerys UK	Imerys USA
Liabilities by beneficiary category (CHF millions)				
Working beneficiaries	(240.5)	(63.1)	(198.8)	(47.7)
Deferred beneficiaries	(193.9)	(50.4)	(145.9)	(63.3)
Retired beneficiaries	(701.2)	(61.6)	(581.7)	(50.3)
Total	**(1'135.6)**	**(175.1)**	**(926.4)**	**(161.3)**
Age				
Average age of working beneficiaries	52	51	52	50
Average age of deferred beneficiaries	53	53	53	52
Average age of retired beneficiaries	74	69	75	67
Eligibility				
Last hiring date	31.12.04	31.03.10	31.12.04	31.03.10
Retirement age	65	65	65	65
Benefit description				
Payment method	Annuity	Lump sum	Annuity	Lump sum
Increase based on retail price index	Yes	No	Yes	No
Regulatory framework				
Minimum funding requirement for the employer	Yes	Yes	Yes	Yes
Minimum contribution requirement for the beneficiary	Yes	No	Yes	No
Governance				
Trustees representing employer	Yes	Yes	Yes	Yes
Trustees representing beneficiaries	Yes	No	Yes	No
Independent trustees	Yes	No	Yes	No
Responsibility of trustees				
Define the investment strategy	Yes	Yes	Yes	Yes
Negotiate refunding of deficits with employer	Yes	-	Yes	-
Administrative management of benefit payments	Yes	Yes	Yes	Yes

23.10 Management of risks relating to employee benefits at Imerys

Description of risks: The main issue relating to the financial management of employee benefits is controlling the funding ratio of liabilities, i.e. the ratio between the value of plan assets and the value of liabilities. The liability funding ratio is likely to be adversely affected if there is a decorrelation between the change (especially downwards) of plan assets and the change (especially upwards) in liabilities. The value of plan assets may be decreased by a fall in the fair value of investments. The value of liabilities may rise for all plans if the discount rate is decreased, or it may rise for benefits paid in the form of a life annuity if the inflation rate used to remeasure liabilities in certain plans rises, or if there is an increase in the life expectancy of beneficiaries.

Risk management: The strategy for managing the liability funding ratio consists first of all of optimising the value of plan assets. Investment policies therefore aim to deliver regular returns while taking advantage of opportunities with limited or moderate risk levels. Investment choices are specific to each plan and are determined based on the length of the plan and regulatory constraints in terms of minimum funding. In the United Kingdom in particular, since 2011 Imerys has applied a strategy specifically aimed at managing the liability funding ratio, which consists of determining the investment of plan assets so that they match the liabilities. This qualifies as a Liability Driven Investment (LDI), the aim of which is to manage the liability funding ratio by correlating cash inflows and outflows over the length of the liability. In practice, this strategy consists of structuring the asset portfolio so that the cash inflows generated by investment returns match the cash outflows generated by the payment of benefits. Under this strategy, the risk of liabilities increasing as a result of a fall in the discount rate or a rise in inflation was hedged at 79.0% of the value of liabilities at 31 December 2014 (79.0% at 31 December 2013).

The Group estimates that it will have to pay CHF 25.3 million in contributions for defined benefit plans in 2015.

Note 24 – Share-based payments

24.1 Pargesa share options granted by Pargesa Holding SA

On 3 May 2007, the Company established an incentive plan for the Company's employees, managers and executives involving the annual awarding of options on Pargesa Holding SA shares. The right to exercise the options is vested over time, i.e. one third after one year, two thirds after two years and in full after three years. The options have a maximum term of ten years. The options may be exercised at any time from the fourth year and until the plan expires. The shares needed to exercise options will be taken from the Company's reserve of treasury shares. In 2014, the Company granted 23'930 options, each option enabling the holder to acquire one share from Pargesa Holding SA, at a price of CHF 79, equal to the market price on the grant date.

At 31 December 2014, the total cost of this option plan was recognised in staff costs and amounted to CHF 0.1 million (CHF 0.2 million in 2013).

Changes in options granted

		2014		2013
CHF per share	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options at 1 January	**145'484**	**79.90**	**124'184**	**81.75**
Granted during the period	23'930	79.00	24'510	67.00
Exercised during the period	(15'210)	53.00	(3'210)	53.00
Options at 31 December	**154'204**	**82.41**	**145'484**	**79.90**

The options were valued using the Black & Scholes model. The fair value of the options on the grant date in 2014 was CHF 3.34 per option (CHF 3.17 per option in 2013).

Assumptions of the option valuation model

	2014	2013
Rate of staff turnover	0.00%	0.00%
Expected term	7 years	7 years
Expected volatility	19.00%	22.00%
Expected dividend growth	0.00%	2.50%
Risk-free rate	0.75%	0.90%

Expected volatility is based on the historical volatility of the previous four years.

Number of Pargesa share options at the end of 2014

Number	Exercise price (CHF)	Maturity			Entitlement
12'150	133.00	2017			vested
16'150	116.00	2018			vested
15'830	53.00	2019			vested
18'747	87.00	2020			vested
19'477	87.00	2021			vested
8'630	65.00	2022			vested
14'780	65.00	2022		2/3 – vested	1/3 in 2015
24'510	67.00	2023	1/3 – vested	1/3 in 2015	1/3 in 2016
23'930	79.00	2024	1/3 in 2015	1/3 in 2016	1/3 in 2017
154'204					

24.2 Share options granted by GBL

GBL share options

GBL has set out incentive plans involving GBL shares for its executive management and staff. These options have a lifetime of ten years and will be definitively vested in the beneficiaries three years after the offer date, at a rate of one third per year.

Changes in options granted

EUR per share	Number of options	2014 Weighted average exercise price	Number of options	2013 Weighted average exercise price
Options at 1 January	**935'621**	**65.59**	**960'828**	**65.23**
Exercised during the period	(160'967)	54.19	(25'207)	51.95
Options at 31 December	**774'654**	**67.96**	**935'621**	**65.59**

No such options were granted in 2013 and 2014.

The 774'654 GBL share options granted have exercise prices of between EUR 50.68 and EUR 91.90 per share. The maturity dates of the options are between 2017 and 2023. Finally, the rights have been vested for 470'618 options, and for the remaining rights, that is, 304'036 options, the rights will be vested between 2015 and 2016.

Other plans

On 29 April 2013, GBL set up an incentive plan covering the shares of its subsidiary LTI One SA. In total, 254'000 options were granted to GBL staff and executive management. These options give beneficiaries the right to buy a share at an exercise price of EUR 10 per share, which corresponds to the LTI One SA share value on the grant date. The options may be exercised or transferred from 29 April 2016 up to 28 April 2023. Options will be settled in cash or in securities. The plan is a cash-settled plan. The options were valued using a Monte Carlo model. The fair value was EUR 18.59 per option at 31 December 2014. A debt of CHF 3.6 million was recorded as a liability on the balance sheet.

On 29 April 2014, GBL set up an incentive plan covering the shares of its subsidiary LTI Two SA. In total, 223'256 options were granted to GBL staff and executive management. These options give beneficiaries the right to buy a share at an exercise price of EUR 10 per share, which corresponds to the LTI Two SA share value on the grant date. The options may be exercised or transferred from 29 April 2017 up to 28 April 2024. Options will be settled in cash or in securities. The plan is accounted for as a cash-settled plan. The options were valued using a Monte Carlo model. The fair value was EUR 10.31 per option at 31 December 2014. A debt of CHF 1.2 million was recorded as a liability on the balance sheet.

In 2014, the total cost relating to GBL incentive plans was recorded on the income statement under "Staff costs" and amounted to CHF 4.9 million (CHF 2.4 million in 2013).

In addition, an incentive plan was granted to Ergon Capital Partners III management covering 16.7% of shares.

24.3 Imerys share options granted by Imerys

Imerys has an incentive plan for the group's executives and certain managers and employees that involves awarding Imerys share options and free Imerys shares. Since 2013, only free shares have been awarded.
Each option allows one share to be bought at a predetermined fixed price. The right to exercise the options is generally vested three years after the grant date, the options having a maximum term of ten years.
Shares awarded free of charge are definitively vested at the end of a period that, in accordance with current legal requirements in France, may not be less than two years after the grant date; they are vested subject, in principle, to the achievement of certain economic and financial performance objectives that cannot be assessed over one year only. The number of shares definitively vested is contingent upon, and proportionate to, the achievement of these objectives.

Changes in options granted

	2014		2013	
EUR per share	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options at 1 January	**3'090'546**	**52.66**	**4'102'831**	**50.67**
Cancelled during the period	(40'335)	54.27	(98'843)	52.86
Exercised during the period	(565'642)	48.40	(913'442)	43.69
Options at 31 December	**2'484'569**	**53.61**	**3'090'546**	**52.66**

The 2’484’569 Imerys share options granted have exercise prices of between EUR 34.54 and EUR 65.61 per share. The maturity dates of the options are between 2015 and 2022. Finally, the rights have been vested for 2’154’355 options, and for the remaining rights, that is, 330’214 options, the rights will be vested in 2015.

Changes in free shares awarded

	2014	2013
EUR per share	Number of shares	Number of shares
Shares at 1 January	**720'007**	**591'680**
Granted during the period	282'475	268'500
Cancelled during the period	(26'499)	(21'471)
Definitively vested during the period	(185'424)	(118'702)
Shares at 31 December	**790'559**	**720'007**

The fair value of the free shares awarded in 2014 was EUR 55.37 per share (EUR 45.15 per share in 2013). The 790’559 free Imerys shares awarded have definitive vesting dates of between 2015 and 2018.

At 31 December 2014, the total charge recognised under staff expenses for the Imerys group in connection with the option and free share plans amounted to CHF 11.5 million (CHF 10.2 million in 2013).

Note 25 – Main off-balance-sheet rights and commitments

In the course of its business, the Group makes obligations to third parties that are often subject to subsequent conditions or events that do not or only partially meet the criteria for recognising liabilities on the balance sheet but that may have an impact on the Group’s future financial situation. The unrecognised part of the obligation shall hereinafter be referred to as a commitment. The Group’s main commitments (given and received) are recorded in accordance with applicable accounting standards and detailed below.

Imerys commitments

Commitments given by Imerys amounted to CHF 668.0 million at 31 December 2014 (CHF 674.1 million at 31 December 2013) and essentially concerned operating lease commitments, and commitments connected with the restoration of sites, operations or cash flow. Operating lease commitments at 31 December 2014 amounted to CHF 172.1 million (see note 9). Commitments relating to the restoration of sites of CHF 38.7 million correspond to securities and guarantees obtained from financial institutions in accordance with the legal requirements, less recognised provisions. Commitments relating to operations of CHF 370.9 million correspond to firm purchasing commitments entered into by the Imerys group under goods, services, energy and transport purchasing agreements.
Commitments received amounted to CHF 108.0 million at 31 December 2014 (CHF 198.0 million at 31 December 2013). At 31 December 2014, they included a liability guarantee of EUR 45.9 million, or CHF 55.2 million, (EUR 91 million, or CHF 111.7 million, at 31 December 2013) received by Imerys from the Rio Tinto Group under the terms of the acquisition of the Luzenac group in 2011.

GBL commitments

At the start of 2004, GBL, together with two of its Directors, was sued by Rhodia minority shareholders in the Paris Commercial Court, invoking their responsibility as Directors of Rhodia. At the same time, a criminal case was opened against persons unknown. On 27 January 2006, the Paris court decided to suspend the civil proceedings until a decision was taken in the criminal case. Since then, there has been little change in the situation – the civil case is still pending whilst the criminal case continues.

Operating lease commitments at GBL amounted to CHF 10.0 million at 31 December 2014.

Pargesa and GBL commitments

Pargesa undertook to invest EUR 41.5 million (CHF 49.9 million) in the Sagard II private equity fund, which has raised funds amounting to EUR 748.4 million (CHF 900.0 million). GBL undertook to invest EUR 124.6 million (CHF 149.8 million) in the same fund. At 31 December 2014, the Group had paid an aggregate amount of CHF 155.3 million. GBL also had subscription commitments of EUR 492.2 million (CHF 591.9 million) in private equity (Sagard, Sagard III, Kartesia, Mérieux Participations and Ergon).

Note 26 – Related party disclosures

Compensation and interests of directors and management

The compensation detailed above includes compensation paid during the period to executive and non-executive members of the Board of Directors of Pargesa, as well as to members of Pargesa's Management.

CHF millions	2014	2013
Short-term benefits (gross compensation)	10.4	10.3
Post-employment benefits	0.1	0.1
Other long-term benefits	–	–
Termination benefits	–	0.3
Share-based payments	–	–
Total compensation awarded	**10.5**	**10.7**

Note 27 – Important events taking place after the closing date

On 15 January 2015, the Swiss National Bank announced that it was removing its floor rate of CHF 1.20 per euro. The figures provided in the financial statements do not reflect changes in exchange rates ocurring after 31 December 2014. As the Group presents its consolidated financial statements in Swiss francs, a weakening of currencies against the Swiss franc has a negative impact on consolidated results and Group equity. Sensitivity analyses representing the impact of exchange rates on income and equity are provided in note 5.1.3.

In 2015, GBL sold an additional 1.8 million Total shares, generating a gain of approximately CHF 50 million at the level of Pargesa. GBL now holds 2.9% of Total's capital, which remains one of GBL's largest holdings, representing a market value of EUR 3 billion.

On 9 February 2015, GBL confirmed that Sienna Capital, a wholly owned subsidiary, had invested EUR 150 million in PrimeStone, a fund whose strategy consists of making long-term investments in medium-sized European companies.

Since the beginning of 2015, GBL has received further early conversion requests for the bonds exchangeable for Suez Environnement shares, bringing the early conversion rate for the issue to 86.9% (85.3% at 31 December 2014).

In terms of incubator-type investments, GBL continued to acquire Umicore shares; at 6 March 2015, GBL held 13.0% of Umicore's capital (versus 12.4% at end-2014) worth EUR 569 million.

In the first quarter of 2015, GBL continued to expand its portfolio of incubator investments, acquiring for EUR 129 million a 7.4% stake in the capital of listed Belgian group Ontex, a leading global provider of disposable hygiene products. Ontex's product range includes baby nappies, feminine hygiene products and adult incontinence products. Its products are distributed in more than 100 countries, both under its own brand and under leading retail brands. The group employs more than 5'500 people and has offices in 23 countries. It is listed on the NYSE Euronext Brussels exchange, has a market capitalisation of approximately EUR 1.7 billion and recorded turnover of EUR 1.6 billion in 2014.

Report of the Statutory Auditor on the Consolidated Financial Statements to the Annual General Meeting of Pargesa Holding SA, Geneva

Deloitte.

Geneva, March 19, 2015

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Pargesa Holding SA, which comprise the consolidated balance sheet as at 31 December 2014 and the consolidated statement of income, consolidated statement of comprehensive report, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended, presented on pages 55 to 122.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with IFRS and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

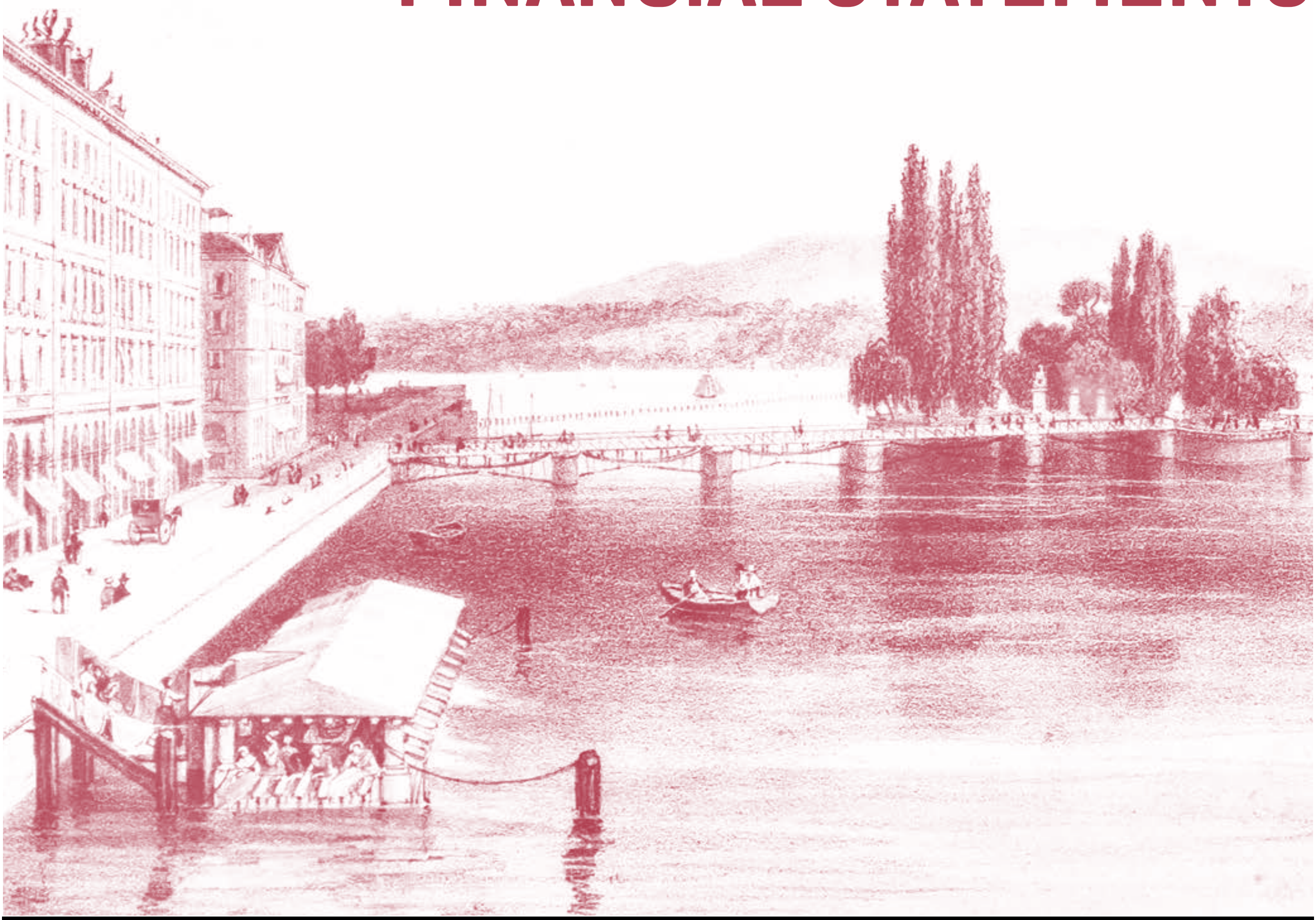
We recommend that the consolidated financial statements submitted to you be approved.

Deloitte SA

Thierry Aubertin
Licensed Audit Expert
Auditor in Charge

Aurélie Darrigade
Licensed Audit Expert

06
PARENT COMPANY FINANCIAL STATEMENTS



Parent company income statement

	Note	2014 CHF millions	2013 CHF millions
Operating income			
Interest income		0.3	0.1
Commissions		0.3	0.6
Income on long-term investments		160.0	200.0
Total operating income		**160.6**	**200.7**
Operating expenses			
Interest expenses		(7.5)	(3.9)
Commissions and bank charges		(2.5)	(0.9)
Directors' fees and payroll expenses		(6.6)	(6.5)
General and administrative expenses		(2.1)	(2.2)
Total operating expenses		**(18.7)**	**(13.5)**
Operating income before taxes		**141.9**	**187.2**
Taxes		(1.9)	(1.6)
Operating income after taxes		**140.0**	**185.6**
Non-recurring income and expenses			
Income on investments		8.9	
Premium on convertible bond conversion rights	9.2	93.7	58.6
Provisions		–	(0.5)
Total non-recurring income		**102.6**	**58.1**
Net profit for the year		**242.6**	**243.7**

Parent company balance sheet

ASSETS	Note	31.12.2014 CHF millions	31.12.2013 CHF millions
Long-term assets			
Restricted deposits		5.5	5.8
Long-term investments		2'512.2	2'517.1
Loans to affiliated companies		224.2	70.0
Other long-term assets		–	1.9
Total long-term assets		**2'741.9**	**2'594.8**
Current assets			
Cash and cash equivalents		69.6	25.7
Short-term bank deposits		–	225.0
Other current assets		160.4	200.3
Total current assets		**230.0**	**451.0**
TOTAL ASSETS		**2'971.9**	**3'045.8**

LIABILITIES	Note	31.12.2014 CHF millions	31.12.2013 CHF millions
Shareholders' equity			
Share capital	6	1'698.7	1'698.7
Share premium	7	234.4	234.4
Capital contribution reserve	7	22.2	21.7
Treasury share reserve	8	5.5	5.8
General legal reserve		227.6	215.4
Total legal reserve		489.7	477.3
Retained earnings to be carried forward		139.2	130.9
Net profit for the year		242.6	243.7
Total shareholders' equity		**2'570.2**	**2'550.6**
Long-term commitments			
Bonds	5	400.0	400.0
Total long-term commitments		**400.0**	**400.0**
Short-term commitments			
Deferred income	9.2	–	93.7
Transitional liabilities		1.7	1.5
Total short-term commitments		**1.7**	**95.2**
TOTAL LIABILITES		**2'971.9**	**3'045.8**

Notes to the parent company financial statements

Note 1 – Accounting principles

The financial statements of Pargesa Holding SA are drawn up in accordance with the company requirements stipulated in the Swiss Code of Obligations. The Company did not adopt in advance any accounting rules that will be mandatory for the financial year beginning 1 January 2015.

Note 2 – Restricted deposits

This item represents restricted deposits guaranteeing the par value of Pargesa Holding SA reserved shares already created but not yet in circulation.

	Number of shares		Carrying amount	
CHF millions	**2014**	**2013**	**2014**	**2013**
Reserved for the exercise of options awarded to the beneficiaries of incentive plans put in place by the Company	154'204	145'484	3.1	2.9
At the disposal of the Board of Directors	122'776	146'706	2.4	2.9
Total	**276'980**	**292'190**	**5.5**	**5.8**

Note 3 – Long-term investments

	% held		Carrying amount	
CHF millions	**2014**	**2013**	**2014**	**2013**
Pargesa Netherlands BV, Amsterdam	100.0	100.0	2'490.9	2'490.9
Other			21.3	26.2
Total			**2'512.2**	**2'517.1**

Note 4 – Loans to affiliated companies

These loans bear interest at the market rate.

Note 5 – Bond issues

On 15 November 2010, Pargesa Holding SA issued CHF 150 million in par value of bonds bearing annual interest of 2.5% and maturing at par on 15 November 2016. The price at issue was 100.624%.

On 10 December 2013, Pargesa Holding SA issued CHF 250 million in par value of bonds bearing annual interest of 1.5% and maturing at par on 10 December 2018. The price at issue was 100.279%.

Note 6 – Share capital

The Company's share capital is composed of the following:

	Number of shares		Par value	
CHF millions	**2014**	**2013**	**2014**	**2013**
Fully paid-in, registered shares with a par value of CHF 2 each	77'214'700	77'214'700	154.4	154.4
Fully paid-in, bearer shares with a par value of CHF 20 each	76'937'720	76'922'510	1'538.8	1'538.5
Fully paid-in, reserved bearer shares with a par value of CHF 20 each with no dividend rights (see note 2)	276'980	292'190	5.5	5.8
Total	**84'936'170(1)**	**84'936'170(1)**	**1'698.7**	**1'698.7**

(1) the number of registered shares is converted into the equivalent number of bearer shares by dividing by ten

On 1 June 1994, the Company created conditional capital with a maximum par value of CHF 242 million through the creation of 11'000'000 registered shares with a par value of CHF 2 and 11'000'000 bearer shares with a par value of CHF 20.

On 6 May 2014, the Company renewed its authorised capital. The Board of Directors has been granted authorisation, until 9 May 2014, to increase the share capital by CHF 253 million through the creation of 11'500'000 registered shares with a par value of CHF 2 and 11'500'000 bearer shares with a par value of CHF 20.

Bearer shares are listed on the SIX Swiss Exchange.

Note 7 – Share premium and capital contribution reserve

Pursuant to Swiss tax legislation, share premiums occurring after 31 December 1996 must be disclosed separately on the balance sheet. As a result, share premiums are split between two items: the "Share premium" item, which represents share premiums at 1 January 1997, and the "Capital contribution reserve", which represents shares premiums after 31 December 1996.

Funds from the capital contribution reserve may be distributed to shareholders without deducting the 35% Swiss federal withholding tax.

Note 8 – Treasury share reserve

	Number of shares		Par value	
CHF millions	**2014**	**2013**	**2014**	**2013**
Total	**276'980**	**292'190**	**5.5**	**5.8**

These treasury shares are entered under "Restricted deposits" at par value and do not carry either dividend or voting rights (see note 2).

Note 9 – Other commitments

1. CHF millions	2014	2013
Guarantees issued for wholly-owned subsidiaries [1]	269.5	1'287.0
Guarantees issued for minority shareholdings	0.1	0.1
Total	**269.6**	**1'287.1**

[1] These guarantees are intended to cover credit lines available to a Pargesa subsidiary. The guarantee for the redemption of the exchangeable bonds issued by Pargesa Netherlands BV in 2007 expired on 15 June 2014. At 31 December 2014, the credit lines had not been drawn down (no drawdown at 31 December 2013).

2. The Company entered into two contracts with its subsidiary Pargesa Netherlands BV, whereby it undertakes to issue Pargesa Holding SA shares, to be taken out of the Company's conditional capital, to holders of convertible bonds issued by Pargesa Netherlands BV:
   1. Contract signed in 2006 and expiring in 2013 – Pargesa Holding SA undertook to issue a maximum of 3'756'574 bearer shares and 3'756'574 registered shares. Pargesa Netherlands BV paid the Company a premium of CHF 58.6 million as compensation for this commitment. The premium was booked as a deferred income liability on the balance sheet. When the convertible bonds expired on 27 April 2013, the premium of CHF 58.6 million received in 2006 was booked to the income statement.
   2. Contract signed in 2007 and expiring in 2014 – Pargesa Holding SA undertook to issue a maximum of 4'906'588 bearer shares and 4'906'588 registered shares. Pargesa Netherlands BV paid the Company a premium of CHF 93.7 million as compensation for this commitment. The premium was booked as a deferred income liability on the balance sheet. When the convertible bonds expired on 15 June 2014, the premium of CHF 93.7 million received in 2007 was booked to the income statement.

   On 27 April 2013, Pargesa Netherlands BV redeemed the remaining 2006-2013 convertible bonds not yet repurchased.

   On 15 June 2014, Pargesa Netherlands BV redeemed the remaining 2007-2014 convertible bonds not yet repurchased.

3. On 3 May 2007, the Company introduced an incentive plan for Company employees, managers and executives, whereby they are awarded annual Pargesa Holding SA share options. In 2014, the Company granted 23'930 options, with each option enabling the holder to purchase one Pargesa Holding SA share at a price of CHF 79, which corresponds to the market price on the grant date. The right to exercise the options is vested over time, i.e. one third after one year, two thirds after two years and in full after three years. The options have a maximum term of ten years. The options may be exercised at any time from the fourth year and until the plan expires. Shares required to exercise options will be taken from the Company's stock of treasury shares (see note 2).

4. At 31 December 2014, the Company had a commitment to pay CHF 11.1 million into the Sagard II Private Equity Fund (CHF 10.0 million at 31 December 2013).

Note 10 – Significant shareholders

Shareholders with more than 5% of the voting rights are indicated in the table below:

	Capital		Votes	
In %	2014	2013	2014	2013
Parjointco (Power Group 50%/Frère Group 50%)	55.5	55.6	75.4	75.4
BNP Paribas Group	11.2	11.2	6.2	6.1

The ultimate shareholders of Parjointco are Albert Frère in Belgium and the Desmarais family in Canada.

Capital percentages are calculated based on the total number of issued shares (bearer equivalent) making up the capital, less treasury shares, i.e. a denominator of 84'659'190 at 31 December 2014.

Percentages of voting rights are calculated based on the total number of voting rights attached to the shares issued, i.e. a denominator of 154'429'400 at 31 December 2014.

The voting rights published in section 1.2 of the "Corporate Governance" chapter of this annual report are calculated in accordance with the Swiss Ordinance on Stock Exchanges and Securities Trading, which came into effect on 1 July 2007 and which makes it mandatory, inter alia, when calculating voting rights, to take into account all the potential voting rights resulting from the exercise of share conversion or acquistion rights.

Note 11 – Risk assessment

The Board of Directors carried out a risk assessment pursuant to Ch. 12, Article 663b of the Swiss Code of Obligations. The assessment concerned the identification of corporate risks relating to strategy, operations, compliance and finance. The Board of Directors examined the potential impact of the risks identified, their probability, and the measures and controls in place.

Note 12 – Transparency information

Shareholdings and conversion and options rights in Pargesa Holding SA at 31 December 2014 by members of the Board of Directors and Management or by persons related to them

		Shares		Share option rights
Number of shares		registered	bearer	bearer
Gérald Frère	Vice Chairman and Director	–	161'154	–
Marc-Henri Chaudet	Director	–	50	–
Arnaud Vial	Managing Director	–	–	10'820(2)
Andrew Allender	Deputy Managing Director and Financial Director	–	–	42'130(2)
Parjointco NV (1)		77'214'700	39'301'000	–
Total		**77'214'700**	**39'462'204**	**52'950**

(1) The figures under "Parjointco NV" represent the instruments held by Parjointco NV, the controlling shareholder of Pargesa, which is a "closely-related person", within the meaning of Article 678 of the Swiss Code of Obligations, of certain executive members of the Board of Directors (Albert Frère in Belgium and the Desmarais family in Canada).

(2) The entity that issued these Pargesa share option rights is Pargesa Holding SA, under a plan introduced in 2007 permitting the annual awarding of free options to Pargesa Holding SA shares at a price that corresponds to the market price on the grant date. The main features of this plan are as follows: term of ten years; rights fully vested after three years; conversion ratio of 1 option/1 share; strike price of CHF 79 for options granted in 2014, CHF 67 for options granted in 2013, CHF 65 for options granted in 2012, CHF 87 for options granted in 2011, CHF 87 for options granted in 2010, CHF 53 for options granted in 2009, CHF 116 for options granted in 2008, and CHF 133 for options granted in 2007; it concerns share capital of CHF 1'059'000

Following the introduction of the Ordinance against excessive compensation in listed limited liability companies (known as "ORAb") on 1 January 2014, information regarding compensation of the Board members and Management, as required by article 663bbis du CO, are now included in the Compensation report.

Proposal of the Board of Directors regarding the appropriation of profit

	2014 CHF millions	2013 CHF millions
Available income		
Net profit for the year	242.6	243.7
Retained earnings	138.9	130.9
Draw on treasury share reserve	0.3	–
Available income	**381.8**	**374.6**
Allocation		
Allocation to the general legal reserve	12.2	12.2
Dividend	192.2	223.5
Retained earnings to be carried forward	177.4	138.9
Profit allocated	**381.8**	**374.6**

If approved, the dividend for the financial year ending 31 December 2014 will be paid on the following terms:

For each bearer share with a par value of CHF 20:		
Gross dividend	CHF	2.27
Less 35% federal withholding tax	CHF	(0.79)
Net dividend	CHF	1.48

For each registered share with a par value of CHF 2:		
Gross dividend	CHF	0.227
Less 35% federal withholding tax	CHF	(0.079)
Net dividend	CHF	0.148

The dividend will be paid on 11 May 2015.

Report of the Statutory Auditor on the Financial Statements at the Annual General Meeting of Pargesa Holding SA, Geneva

Deloitte.

Geneva, March 19, 2015

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Pargesa Holding SA, which comprise the balance sheet as at 31 December 2014 and the statement of income and notes for the year then ended, presented on pages 126 to 132.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA

Thierry Aubertin
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