2010 FINANCIAL STATEMENTS

1.1.1. Consolidated financial statements at December 31, 2010

CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

ASSETS (In thousands of euros)	Notes	December 31, 2010	December 31, 2009
NON-CURRENT ASSETS			
Goodwill	3	1,031,189	671,224
Other intangible assets	4	101,496	74,484
Property, plant and equipment	5	2,179,837	1,782,307
Investment properties	7	18,086	19,206
Investments in associated companies	8	38,536	36,579
Deferred tax assets	25	2,553	2,682
Receivables and other non-current financial assets	9	83,229	68,387
Total non-current assets		**3,454,926**	**2,654,869**
CURRENT ASSETS			
Inventories and work-in-progress	10	356,521	295,140
Trade and other accounts receivable	11	302,801	320,538
Current tax assets		10,622	6,050
Other receivables	11	145,422	103,285
Cash and cash equivalents	12	296,176	234,708
Total current assets		**1,111,542**	**959,721**
TOTAL ASSETS		**4,566,468**	**3,614,590**

LIABILITIES (In thousands of euros)	Notes	December 31, 2010	December 31, 2009
SHAREHOLDERS' EQUITY			
Share capital	13	179,600	179,600
Additional paid-in capital		11,207	11,207
Consolidated reserves		1,950,172	1,691,382
Shareholders' equity		**2,140,979**	**1,882,189**
Minority interests		**416,123**	**199,384**
Shareholders' equity and minority interests		**2,557,102**	**2,081,573**
NON-CURRENT LIABILITIES			
Provisions for pensions and other post-employment benefits	14	49,737	44,090
Other provisions	15	87,103	87,498
Financial debts and put options	16	1,203,963	660,090
Deferred tax liabilities	25	146,458	146,016
Other non-current liabilities		22,808	26,231
Total non-current liabilities		**1,510,069**	**963,925**
CURRENT LIABILITIES			
Provisions	15	10,168	8,169
Financial debts and put options at less than one year	16	90,515	227,256
Trade and other accounts payable		238,587	189,820
Current taxes payable		9,496	6,962
Other liabilities	18	150,531	136,885
Total current liabilities		**499,297**	**569,092**
Total liabilities		**2,009,366**	**1,533,017**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,566,468**	**3,614,590**

CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	2010	2009
NET SALES	19	2,013,659	1,896,013
Goods and services purchased		(1,182,523)	(1,076,892)
ADDED VALUE	1.22	**831,136**	**819,121**
Personnel costs	20	(324,532)	(309,446)
Taxes		(45,055)	(55,532)
GROSS OPERATING EARNINGS	1.22 & 23	**461,549**	**454,143**
Depreciation, amortization and provisions	21	(158,485)	(158,340)
Other income (expense)	22	30,442	8,348
OPERATING INCOME	23	**333,506**	**304,151**
Cost of net borrowings and financial liabilities	24	(25,258)	(23,977)
Other financial income	24	6,655	8,779
Other financial expenses	24	(8,747)	(8,736)
NET FINANCIAL INCOME (EXPENSE)	24	**(27,350)**	**(23,934)**
Earnings from associated companies	8	2,680	1,021
EARNINGS BEFORE INCOME TAX		**308,836**	**281,238**
Income taxes	25	(44,595)	(47,669)
NET INCOME		**264,241**	**233,569**
Portion attributable to minority interests		61,505	42,171
PORTION ATTRIBUTABLE TO GROUP SHARE		**202,736**	**191,398**
EBITDA	1.22 & 23	**504,294**	**473,011**
EBIT	1.22 & 23	**336,942**	**321,923**
CASH FLOW FROM OPERATIONS		**408,912**	**387,368**
Earnings per share (in euros)			
Basic and diluted earnings per share	13	**4.52**	4.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	2010	2009
NET CONSOLIDATED INCOME	**264,241**	**233,569**
Net income from change in translation differences	116,427	(35,658)
Cash flow hedge instruments	5,308	(7,752)
Income tax on other comprehensive income	(1,828)	2,669
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)	**119,907**	**(40,741)**
TOTAL COMPREHENSIVE INCOME	**384,148**	**192,828**
Portion attributable to minority interests	68,350	35,884
PORTION ATTRIBUTABLE TO GROUP SHARE	**315,798**	**156,944**

The amount of income tax relating to each component of other comprehensive income is analyzed as follows:

	2010			2009		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Net income from change in translation differences	116,427	-	116,427	(35,658)	-	(35,658)
Cash flow hedge instruments	5,308	(1,828)	3,480	(7,752)	2,669	(5,083)
OTHER COMPREHENSIVE INCOME (net of income tax)	**121,735**	**(1,828)**	**119,907**	**(43,410)**	**2,669**	**(40,741)**

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	Notes	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**264,241**	**233,569**
Earnings from associated companies		(2,680)	(1,021)
Dividends received from associated companies		135	135
Elimination of non-cash and non-operating items:			
• depreciation, amortization and provisions		166,443	164,658
• deferred taxes		(12,394)	(5,962)
• net (gain) loss from disposal of assets		(7,942)	(1,312)
• unrealized fair value gains and losses		1,184	(2,671)
• other		(75)	(28)
Cash flows from operating activities		**408,912**	**387,368**
Change in working capital from operating activities - net		(6,192)	(4,260)
Net cash flows from operating activities (1)	27	**402,720**	**383,108**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of fixed assets:			
• property, plant and equipment and intangible assets		(321,265)	(270,221)
• financial investments		(22,467)	(14,455)
Inflows linked to disposals of fixed assets:			
• property, plant and equipment and intangible assets		17,678	6,082
• financial investments		9,202	2,325
Impact of changes in consolidation scope		(224,952)	(3,463)
Net cash flows from investing activities	28	**(541,804)**	**(279,732)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(83,584)	(88,945)
Increases in capital		9,729	5,504
Increases in borrowings		698,176	148,372
Redemptions of borrowings		(424,106)	(56,724)
Acquisitions of treasury shares		(22,749)	(9,029)
Disposals - allocations of treasury shares		27,320	20,172
Net cash flows from financing activities		**204,786**	**19,350**
Impact of changes in foreign exchange rates		7,993	(4,753)
Change in cash position		**73,695**	**117,973**
Net cash and cash equivalents – opening balance	29	213,011	95,038
Net cash and cash equivalents – closing balance	29	286,706	213,011

(1) Including cash flows from income taxes € (46,910) thousand in 2010 and € (51,898) thousand in 2009.
Including cash flows from interests paid and received € (19,392) thousand euros in 2010 and € (15,556) thousand in 2009.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands of euros)	Capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Total shareholders' equity and minority interets
At January 1, 2009	**179,600**	**11,207**	**(99,250)**	**1,746,954**	**(63,999)**	**1,774,512**	**179,256**	**1,953,768**
Consolidated net income				191,398		191,398	42,171	**233,569**
Other comprehensive income				(5,083)	(29,371)	(34,454)	(6,287)	**(40,741)**
Total comprehensive income				*186,315*	*(29,371)*	*156,944*	*35,884*	*192,828*
Dividends paid				(65,637)		(65,637)	(23,561)	**(89,198)**
Net change in treasury shares			9,634	989		10,623	-	**10,623**
Changes in consolidation scope				5,736		5,736	2,289	**8,025**
Increases in share capital						0	5,618	**5,618**
Other changes				11		11	(102)	**(91)**
At December 31, 2009	**179,600**	**11,207**	**(89,616)**	**1,874,368**	**(93,370)**	**1,882,189**	**199,384**	**2,081,573**
Consolidated net income				202,736		202,736	61,505	**264,241**
Other comprehensive income				3,480	109,582	113,062	6,845	**119,907**
Total comprehensive income				*206,216*	*109,582*	*315,798*	*68,350*	*384,148*
Dividends paid				(65,875)		(65,875)	(17,998)	**(83,873)**
Net change in treasury shares			4,319	166		4,485	-	**4,485**
Changes in consolidation scope						0	150,381	**150,381**
Increases in share capital				4,529		4,529	19,573	**24,102**
Other changes				(147)		(147)	(3,567)	**(3,714)**
At December 31, 2010	**179,600**	**11,207**	**(85,297)**	**2,019,257**	**16,212**	**2,140,979**	**416,123**	**2,557,102**

Group translation differences at December 31, 2010 are broken down by currency as follows (in thousands of euros):

U.S. dollar	(8,741)
Swiss franc	119,216
Turkish new lira	(42,085)
Egyptian pound	(26,221)
Kazakh tengue	(26,986)
Mauritanian ouguiya	(3,167)
Indian rupee	4,196
	16,212

1.1.2. Notes to the 2010 consolidated financial statements

NOTE 1 ACCOUNTING PRINCIPLES AND VALUATION METHODS

1.1. Statement of compliance

In compliance with European Regulation (EC) 1606/2002 issued by the European Parliament on July 19, 2002 on the enforcement of International Accounting Standards, Vicat's consolidated financial statements have been prepared, since January 1, 2005 – in accordance with International Financial Reporting Standards (IFRS) – as adopted by the European Union. Vicat has adopted those standards that are in force on December 31, 2010 for its benchmark accounting principles.

The standards, interpretations and amendments published by the IASB but not yet in effect as of December 31, 2010 were not applied ahead of schedule in the Group's consolidated financial statements at the closing date. This relates in particular to IAS 24 (revised) concerning disclosures in relation to related parties, the IFRIC 14 amendments concerning the assets of defined benefits schemes and minimum funding obligations and the IFRIC 19 amendments concerning the extinguishing of financial liabilities with equity instruments.

The consolidated financial statements at December 31 present comparative data for the previous year prepared under these same IFRS. The accounting methods and policies applied in the consolidated statements as at 31 December 2010 are consistent with those applied by the Group as at December 31, 2009, except for the new standards whose application is mandatory for the period beginning on or after January 1, 2010.

These new standards, with prospective application, relate at Group level to IFRS 3 (revised) "business combinations" and IAS 27 (revised) "consolidated and separate financial statements" the methods of application of which are described in note 1.4 "Business Combinations - Goodwill" of this Appendix.

These financial statements have been definitively prepared and approved by the Board of directors on February 25, 2011 and will be presented to the General Meeting of shareholders on May 6, 2011 for approval.

1.2. Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

The statement of comprehensive income is presented by type in two statements: the consolidated income statement and the consolidated statement of other comprehensive income.

The consolidated statement of financial position segregates current and non-current asset and liability accounts and splits them according to their maturity (divided, generally speaking, into maturities of less than and more than one year).
The statement of cash flows is presented according to the indirect method.

The financial statements were prepared using the historical cost method, except for the following assets and liabilities, which are recognized at fair value: derivatives, assets held for trading, assets available for sale, and the portion of assets and liabilities covered by an hedging transaction.

The accounting principles and valuation methods described hereinafter have been applied on a permanent basis to all of the financial years presented in the consolidated financial statements.

The establishment of consolidated financial statements under IFRS requires the Group's management to make a number of estimates and assumptions, which have a direct impact on the financial statements. These estimates are based on the going concern principle and are established on the basis of the information available at the date they are carried out. They concern mainly the assumptions used to:

- value the provisions (notes 1.17 and 15), in particular those for pensions and other post-employment benefits (notes 1.15 and 14);
- value the put options granted to third parties on shares in consolidated subsidiaries (notes 1.16 and 16);
- value financial instruments at their fair value (notes 1.14 and 17);
- perform the valuations adopted for impairment tests (notes 1.4, 1.11 and 3);
- define the accounting principle to be applied in the absence of a definitive standard (notes 1.7 and 4 concerning emission quotas).

The estimates and assumptions are reviewed regularly, whenever justified by the circumstances, at least at the end of each year, and the pertinent items in the financial statements are updated accordingly.

1.3. Consolidation principles

When a company is acquired, the fair value of its assets and liabilities is evaluated at the acquisition date. The earnings of the companies acquired or disposed of during the year are recorded in the consolidated income statement for the period subsequent or previous to, depending on the case, the date of the acquisition or disposal.

The annual financial statements of the companies at December 31 are consolidated, and any necessary adjusting entries are made to restate them in accordance with the Group accounting principles. All material intercompany balances and transactions are eliminated during the preparation of the consolidated financial statements.

Subsidiaries
Companies that are controlled exclusively by Vicat, directly or indirectly, are fully consolidated.

Joint ventures
Joint ventures, which are jointly controlled and operated by a limited number of shareholders, are proportionally consolidated.

Associated companies
Investments in associated companies over which Vicat exercises notable control are reported using the equity method. Any goodwill generated on the acquisition of these investments is presented on the line "Investments in associated companies (equity method)."

The list of the principal companies included in the consolidation scope at December 31, 2010 is provided in note 34.

1.4. Business combinations - *Goodwill*

With effect from January 1, 2010, business combinations are reported in accordance with IFRS 3 "Business Combinations" (revised) and IAS 27 "Consolidated and Separate Financial Statements" (revised). As these revised standards apply prospectively, they do not affect business combinations carried out before January 1, 2010.

Business combinations carried out before January 1, 2010:
These are reported using the acquisition method. Goodwill corresponds to the difference between the acquisition cost of the shares in the acquired company and purchaser's pro-rata share in the fair value of all identified assets, liabilities and contingent liabilities at the acquisition date. Goodwill on business combinations carried out after January 1, 2004 is reported in the currency of the company acquired. Applying the option offered by IFRS 1, business combinations completed before the transition date of January 1, 2004 have not been restated, and the goodwill arising from them has been maintained at its net value in the balance sheet prepared according to French GAAP as at December 31, 2003.

In the event that the pro-rata share of interests in the fair value of net assets, liabilities and contingent liabilities acquired exceeds their cost ("negative goodwill"), the full amount of this negative goodwill is recognized in the income statement of the reporting period in which the acquisition was made, except for acquisitions of minority interests in a company already fully consolidated, in which case this amount is recognized in the consolidated shareholders' equity.

The values of assets and liabilities acquired through a business combination must be definitively determined within 12 months of the acquisition date. These values may thus be adjusted at any closing date within that time frame.
Minority interests are valued on the basis of their pro-rata share in the fair value of the net assets acquired.

If the business combination takes place through successive purchases, each material transaction is treated separately, and the assets and liabilities acquired are so valued and goodwill thus determined.

Business combinations carried out on or after January 1, 2010:
IFRS 3 "Business Combination" (revised), which is mandatory for business combinations carried out on or after January 1, 2010, introduces the following main changes compared with the previous IFRS 3 (before revision):

- goodwill is determined once, on takeover of control. The Group then has the option, in the case of each business combination, on takeover of control, to value the minority interests:

- either at their pro-rata share in the identifiable net assets of the company acquired (partial-goodwill option);
- or at their fair value (full-goodwill option).

Valuation of the minority interests at fair value has the effect of increasing the goodwill by the amount attributable to such minority interests, translated by the recognition of goodwill as “full”.

• any adjustment in the acquisition price at fair value from the date of acquisition is to be reported, with any subsequent adjustment occurring after the 12-month appropriation period from the date of acquisition to be recorded in the income statement.

• the costs associated with the business combination to be recognized in the expenses for the period in which they were incurred.

• in the case of combinations carried out in stages, on takeover of control, the previous holding in the company acquired is to be revalued at fair value on the date of acquisition and any gain or loss which results is to be recorded in the income statement.

In compliance with IAS 36 (see note 1.11), at the end of each year, and in the event of any evidence of impairment, goodwill is subjected to an impairment test, consisting of a comparison of its net carrying cost with its value in use as calculated on a discounted projected cash flow basis. When the latter is below carrying cost, an impairment loss is recognized for the corresponding loss of value.

1.5. Foreign currencies

Transactions in foreign currencies:
Transactions in foreign currencies are translated into the operating currency at the exchange rates in effect on the transaction dates. At the end of the year, all monetary assets and liabilities denominated in foreign currencies are translated into the operating currency at the year-end exchange rates, and the resulting exchange rate differences are recorded in the income statement.

Translation of financial statements of foreign companies:
All assets and liabilities of Group companies denominated in foreign currencies that are not hedged are translated into euros at the year-end exchange rates, while income and expense and cash flow statement items are translated at average exchange rates for the year. The ensuing translation differences are recorded directly in shareholders’ equity. In the event of a later sale, the cumulative amount of translation differences relating to the net investment sold and denominated in foreign currency is recorded in the income statement. Applying the option offered by IFRS 1, translation differences accumulated before the transition date were zeroed out by allocating them to consolidated reserves at that date. They will not be recorded in the income statement in the event of a later sale of these investments denominated in foreign currency.

The following foreign exchange rates were used:

	Closing rate		Average rate	
	2010	2009	2010	2009
USD	1.3362	1.4406	1.3268	1.3933
CHF	1.2504	1.4836	1.3823	1.5099
EGP	7.7537	7.9113	7.4799	7.718
TRL	2.0694	2.1547	1.9973	2.1623
KZT	196.922	213.91	195.71	206.18
MRO	378.003	379.02	370.186	369.67
INR	59.758	67.04	60.6318	67.36

1.6. Other intangible assets

Intangible assets (mainly patents, rights and software) are recorded in the consolidated statement of financial position at historical cost less accumulated amortization and any impairment losses. This cost includes acquisition or production costs and all other directly attributable costs incurred for the acquisition or production of the asset and for its commissioning.
Assets with finite lives are amortized on a straight-line basis over their useful life (generally not exceeding 15 years).
Research costs are recognized as expenses in the period in which they are incurred. Development costs meeting the criteria defined by IAS 38 are capitalized.
The research and development costs recognized as expenses in 2010 amounted to € 1,913 thousand in 2010 (€ 1,757 thousand in 2009).

1.7. Emission quotas

In the absence of a definitive IASB standard concerning greenhouse gas emission quotas, the following accounting treatment has been applied:

- the quotas allocated by the French government in the framework of the National Plan for the Allocation of Quotas (PNAQ II) are not recorded, either as assets or liabilities. (14,011 thousand tonnes for the period 2008-2012);
- only the quotas held in excess of the cumulative actual emissions are recorded in the intangible assets at year end;
- recording of surpluses, quota sales and quota swaps (EUA) against Certified Emission Reduction (CERs) are recognized in the income statement for the year.

1.8. Property, plant and equipment

Property, plant and equipment are reported in the consolidated statement of financial position at historical cost less accumulated depreciation and any impairment losses, using the component approach provided for in IAS 16. When an article of property, plant and equipment comprises several significant components with different useful lives, each component is amortized on a straight-line basis over its respective useful life, starting at commissioning.

Main amortization durations are presented below depending on the assets category:

	Cement assets	Concrete & aggregates assets
Civil engineering	15 to 30 years	15 years
Major installations	15 to 30 years	10 to 15 years
Other industrial equipment	8 years	5 to 10 years
Electricity	15 years	5 to 10 years
Controls and instruments	5 years	5 years

Quarries are amortized on the basis of tonnage extracted during the year in comparison with total estimated reserves.
Certain parcels of land owned by French companies acquired prior to December 31, 1976 were revalued, and the adjusted value was recognized in the financial statements, but without a significant impact on the lines concerned.

Interest expenses on borrowings incurred to finance the construction of facilities during the period prior to their commissioning are capitalized. Exchange differences arising from foreign currency borrowings are also capitalized inasmuch as they are treated as an adjustment to interest costs and within the limit of the interest charge which would have been paid on borrowings in local currency.

1.9. Leases

In compliance with IAS 17, leases on which nearly all of the risks and benefits inherent in ownership are transferred by the lessor to the lessee are classified as finance leases. All other contracts are classified as operating leases.

Assets held under finance leases are recorded in tangible assets at the lower of their fair value and the current value of the minimum rent payments at the starting date of the lease and amortized over the shortest duration of the lease and its useful life, with the corresponding debt recorded as a liability.

1.10. Investment properties

The Group recognizes its investment properties at historical cost less accumulated depreciation and any impairment losses. They are depreciated on a straight-line basis over their useful life (10 to 25 years). The fair value of its investment properties is calculated by the Group's qualified departments. It is based primarily on valuations made by capitalizing rental income or taking into account market prices observed on transactions involving comparable properties, and is presented in the notes at each year-end.

1.11. Impairment

In accordance with IAS 36, the book values of assets with indefinite lives are reviewed at each year-end, and during the year, whenever there is an indication that the asset may be impaired. Those with finite lives are only reviewed if impairment indicators show that a loss is likely.

An impairment loss has to be recorded as an expense on the income statement when the carrying cost of the asset is higher than its recoverable value. The latter is the higher of the fair value less the costs of sale and the value in use. The value in use is calculated primarily on a discounted projected cash flow basis over 10 years. This time period corresponds to the Group's capital-intensive nature and the longevity of its industrial plant.

The projected cash flows are calculated on the basis of the following components that have been inflated and then discounted:

- the Ebitda from the Long Term Plan over the first 5 years, then projected to year 10;
- the sustaining capital expenditure;
- and the change in working capital requirement.

Projected cash flows are discounted at the weighted average capital cost (WACC) before tax, in accordance with IAS 36 requirements. This calculation is made per country, taking into account the cost of risk-free long-term money, market risk weighted by a sector volatility factor, and a country premium reflecting the specific risks of the market in which the concerned cash generating unit operates.

If it is not possible to estimate the fair value of an isolated asset, it is assessed at the level of the cash generating unit that the asset is part of insofar as the industrial installations, products and markets form a coherent whole. The analysis was thus carried out for each geographical area/country/activity, and the cash generating units were determined depending on the existence or not of vertical integration between the Group's activities in the area concerned.

The value of the assets tested, at least annually using this method for each cash generating unit comprises the intangible and tangible non-current assets and the Working Capital Requirement.

These impairment tests are sensitive to the assumptions held for each cash generating unit, mainly in terms of:

- discount rate as previously defined;
- inflation rate, which must reflect sales prices and expected future costs.

Tests are conducted at each year-end on the sensitivity to an increase or decrease of one point in the discount rate applied, in order to assess the effect on the value of goodwill and other intangible and tangible assets included in the Group's consolidated financial statements.

Recognized impairments can be reversed and are recovered in the event of a decrease, except for those corresponding to goodwill, which are definitive.

1.12. Inventories

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, and net market value (sales price less completion and sales costs).
The gross value of merchandise acquired for resale and of supplies includes both the purchase price and all related costs.

Manufactured goods are valued at production cost, including the cost of goods sold, direct and indirect production costs and the depreciation on all consolidated fixed assets used in the production process.

In the case of inventories of manufactured products and work in progress, the cost includes an appropriate share of fixed costs based on the standard conditions of use of the production plant.

Inventory depreciations are recorded when necessary to take into account any probable losses identified at year-end.

1.13. Cash and cash equivalents

Cash and cash equivalents include both cash and short-term investments of less than 3 months that do not present any risk of a change in of value. The latter are marked to market at the end of the period. Net cash, the change in which is presented in the statement of cash flows, consists of cash and cash equivalents less any bank overdrafts.

1.14. Financial instruments

Financial assets:
The Group classifies its non-derivative financial assets, when they are first entered in the financial statements, in one of the following four categories of financial instruments in accordance with IAS 39, depending on the reasons for which they were originally acquired:

- long-term loans and receivables, financial assets not quoted on an active market, the payment of which is determined or can be determined; these are valued at their amortized cost;
- assets available for sale which include in particular, in accordance with the standard, investments in non-consolidated affiliates; these are valued at the lower of their carrying value and their fair value less the cost of sale as at the end of the period;

- financial assets valued at their fair value by the income, since they are held for transaction purposes (acquired and held with a view to being resold in the short term);
- investments held to term, including securities quoted on an active market associated with defined payments at fixed dates; the Group does not own such assets at the year-end of the reporting periods in question.

All acquisitions and disposals of financial assets are reported at the transaction date. Financial assets are reviewed at the end of each year in order to identify any evidence of impairment.

Financial liabilities:
The Group classifies its non-derivative financial assets, when they are first entered in the financial statements, as financial liabilities valued at amortized cost. These comprise mainly borrowings, other financings, bank overdrafts, etc. The Group does not have financial liabilities at fair value through the income statement.

Treasury shares:
In compliance with IAS 32, Vicat's treasury shares are recognized net of shareholders' equity.

Derivatives and hedging:
The Group uses hedging instruments to reduce its exposure to changes in interest and foreign currency exchange rates resulting from its business, financing and investment operations. These hedging operations use financial derivatives. The Group uses interest rate swaps and caps to manage its exposure to interest rate risks. Forward FX contracts and currency swaps are used to hedge exchange rate risks.

The Group uses derivatives solely for financial hedging purposes and no instrument is held for speculative ends. Under IAS 39, however, certain derivatives used are not, not yet or no longer, eligible for hedge accounting at the closing date.

Financial derivatives are valued at their fair value in the balance sheet. Except for the cases detailed below, the change in fair value of derivatives is recorded as an offset in the income statement of the financial statement ("Change in fair value of financial assets and liabilities"). The fair values of derivatives are estimated by means of the following valuation models:

- the market value of interest rate swaps, exchange rate swaps and term purchase/sale transactions is calculated by discounting the future cash flows on the basis of the "zero coupon" interest rate curves applicable at the end of the preceding reporting periods, restated if applicable according to interest incurred and not yet payable;
- interest rate options are revalued on the basis of the Black and Scholes model incorporating the market parameters as at year end.

Derivative instruments may be designated as hedging instruments, depending on the type of hedging relationship:

- fair value hedging is hedging against exposure to changes in the fair value of a booked asset or liability, or of an identified part of that asset or liability, attributable to a particular risk, in particular interest and exchange rate risks, which would affect the net income presented;
- cash flow hedging is hedging against exposure to changes in cash flow attributable to a particular risk, associated with a booked asset or liability or with a planned transaction (e.g. expected sale or purchase or "highly probable" future operation), which would affect the net income presented.

Hedge accounting for an asset / liability / firm commitment or cash flow is applicable if:

- the hedging relationship is formally designated and documented at its date of inception;
- the effectiveness of the hedging relationship is demonstrated at the inception and then by the regular assessment and correlation between the changes in the market value of the hedging instrument and that of the hedged item. The ineffective portion of the hedging instrument shall be recognized in the income statement.

The application of hedge accounting results as follow:
- in the event of a documented fair value hedging relationship, the change in the fair value of the hedging derivative is recognized in the income statement as an offset to the change in the fair value of the underlying financial instrument hedged. Income is affected solely by the ineffective portion of the hedging instrument;
- in the event of a documented cash flow hedging relationship, the change in the fair value of the effective portion of the hedging derivative is recorded initially in shareholders' equity, and that of the ineffective portion is recognized directly in the income statement. The accumulated changes in

the fair value of the hedging instrument previously recorded in shareholders' equity are transferred to the income statement at the same rate as the hedged cash flows.

1.15. Employee benefits

The regulations, customs and contracts in force in the countries in which the consolidated Group companies are present provide for post-employment benefits, such as retirement indemnities, supplemental pension benefits, supplemental pensions for senior management, and other long-term post-employment benefits, such as medical cover, etc.
Defined contribution plan, in which contributions are recognized as expenses when they are incurred, does not represent a future liability for the Group, these plans do not require any provisions to be set aside.

Defined benefit plans include all post-employment benefit programs, other than those under defined contribution plans, and represent a future liability for the Group. The corresponding liabilities are calculated on an actuarial basis (wage inflation, mortality, employee turnover, etc.) using the projected unit credit method, in accordance with the clauses provided for in the collective bargaining agreements and with custom and practice.

Dedicated financial assets, which are mainly equities and bonds, are used to cover all or a part of these liabilities, principally in the United–States and Switzerland. These liabilities are thus recognized in the statement of financial position net of the fair value of such invested assets, if applicable. Any surplus of asset is only capitalized in the statement of financial position to the extent that it represents a future economic benefit that will be effectively available to the Group, within the limit of the IAS 19 cap.

Actuarial variances arise due to changes in actuarial assumptions and/or variances observed between these assumptions and the actual figures. The Group has chosen to apply the IFRS 1 option and to zero the actuarial variances linked to employee benefits not yet recognized on the transition balance sheet by allocating them to shareholders' equity. All actuarial gains and losses of more than 10% of the greater of the discounted value of the liability under the defined benefit plan or the fair value of the plan's assets are recognized in the income statement. The corridor method is used to spread any residual actuarial variances over the expected average remaining active lives of the staff covered by each plan, with the exception of variances concerning other long-term benefits.

1.16. Put options granted on shares in consolidated subsidiaries

Under IAS 27 and IAS 32, the put options granted to minority third parties in fully consolidated subsidiaries are reported in the financial liabilities at the present value of their estimated price with an offset in the form of a reduction in the corresponding minority interests.
The difference between the value of the option and the amount of the minority interests is recognized:

- in goodwill, in the case of options issued before January 1, 2010;
- in a reduction in the Group shareholders' equity (options issued after January 1, 2010).

The liability is estimated based on the contract information available (price, formula, etc.) and any other factor relevant to its valuation. Its value is reviewed at each year end and the subsequent changes in the liability are recognized:

- either as an offset to goodwill (options granted before January 1, 2010);
- as an offset to the Group shareholders' equity (options issued after January 1, 2010).

No impact is reported in the income statement other than the impact of the annual discounting of the liability recognized in the financial income; the income share of the Group is calculated on the basis of the percentage held in the subsidiaries in question, without taking into account the percentage holding attached to the put options.

1.17. Provisions

A provision is recognized when the Group has a current commitment, whether statutory or implicit, resulting from a significant event prior to the closing date which would lead to a use of resources without offset, which can be reliably estimated.
These include, notably, provisions for site reinstatement, which are set aside progressively as quarries are used and include the projected costs related to the Group's obligation to reinstate such sites.

In accordance with IAS 37, provisions whose maturities are longer than one year are discounted when the impact is significant. The effects of this discounting are recorded under net financial income.

1.18. Sales

In accordance with IAS 18, sales are reported at fair value of the consideration received or due, net of commercial discounts and rebates and after deduction of excise duties collected by the Group under its business operations. Sales figures include transport and handling costs invoiced to customers. Sales are recorded at the time of transfer of the risk and significant benefits associated with ownership to the purchaser, which generally corresponds to the date of transfer of ownership of the product or performance of the service.

1.19. Taxes

The finance act for 2010, passed on December 30, 2009, made French fiscal entities no longer liable for *Taxe Professionnelle* from 2010, replacing it by a Territorial Economic Contribution (CET) which includes two new local taxes:

- A Company Property Contribution (CFE) based on the property rental values of the present *Taxe Professionnelle*;
- A Company Added-Value Contribution (CVAE) based on the added value resulting from the statutory accounts.

The CET is capped at 3% of the added value.

From the point that the added value from the Group's French operations is much greater than the taxable income from such operations, the Group classifies the CET as an operating expense rather than a tax on income. Consequently, the CET is reported in the operating income in the same way as the *Taxe Professionnelle* was up to the end of December 2009.

1.20. Income taxes

Deferred taxes are calculated at the tax rates passed or virtually passed at the year-end and expected to apply to the period when assets are sold or liabilities are settled.
Deferred taxes are calculated, based on an analysis of the balance sheet, on timing differences identified in the Group's subsidiaries and joint ventures between the values recognized in the consolidated statement of financial position and the values of assets and liabilities for tax purposes.
Deferred taxes are recognized for all timing differences, including those on restatement of finance leases, except when the timing difference results from goodwill.
Deferred tax assets and liabilities are netted out at the level of each company. When the net amount represents a receivable, a deferred tax asset is recognized if it is probable that the company will generate future taxable income against which to allocate the deferred tax assets.

1.21. Segment information

In accordance with IFRS 8 "Operating segments" the segment information provided in note 26 is based on information taken from the internal reporting. This information is used internally by the Group Management responsible for implementing the strategy defined by the President of the Board of directors for measuring the Group's operating performance and for allocating capital expenditure and resources to the business segments and geographical areas.

The operating segments defined pursuant to IFRS 8 comprise the 3 segments in which the Vicat Group operates: Cement, Concrete & Aggregates and Other Products and Services.

The indicators disclosed were adapted in order to be consistent with those used by the Group Management, while complying with IFRS 8 information requirements: operating and consolidated sales, EBITDA and EBIT (cf. note 1.22), total non-current assets, net capital employed (cf. note 26), industrial investments, net depreciation and amortization charges and average number of employees.

The management indicators used for internal reporting are identical to the operating segments and geographical sectors defined above and determined in accordance with the IFRS principles applied by the Group in its consolidated financial statements.

1.22. Financial indicators

The following financial performance indicators are used by the Group, as by other industrial players and notably in the building materials sector, and presented with the income statement:

- **Added value:** the value of production less the cost of goods and services purchased;
- **Gross Operating Earnings:** added value less expenses of personnel, taxes and duties (except income taxes and deferred taxes), plus grants and subsidies;
- **EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization):** the result of adding Gross Operating Earnings and other ordinary income (expense);
- **EBIT (Earnings Before Interest and Tax):** the result of adding EBITDA and net depreciation, amortization and operating provisions.

1.23. Seasonality

Demand is seasonal in the Cement, Ready-Mixed Concrete and Aggregates sectors, tending to decrease in winter in temperate countries and during the rainy season in tropical countries. The Group therefore generally records lower sales in the first and fourth quarters i.e. the winter season in the principal Western European and North American markets. In the second and third quarters, in contrast, sales are higher, due to the summer season being more favorable for construction work.

NOTE 2 CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

A macro-economic environment of continuing contrasts

2010 financial year can be characterized as a year of transition, marked by a contrasted macro-economic environment. In fact, the signs of recovery remain slight in the main industrialized countries in which the Group operates, while dynamic growth continues in the developing countries. Against this background, the Vicat Group achieved a solid performance, reaping the benefits of the Performance 2010 and Performance Plus plans, through consolidation of its operational base and industrial plant. At the same time, the Group pursued an expansion policy in countries with high potential, as evidenced by the acquisition of Bharathi Cement Corporation Private Ltd in India and the start-up of the Jambyl Cement factory in Kazakhstan.

Acquisition of 51% of Bharathi Cement Corporation Private Ltd in India

At the end of April 2010, the Group announced the signature of an agreement with the shareholders of Bharathi Cement Corporation Private Ltd (BCCL), a cement manufacturer operating in the State of Andhra Pradesh, on the acquisition of 51% of the company's shares. This acquisition was financed by borrowings.

BCCL owns a cement factory comprising two production lines with a total annual capacity at the end of 2010 of 5 million tonnes of cement.

The acquisition of a majority stake in Bharathi Cement Corporation Private Ltd complements the Vicat Sagar Cement Private Ltd joint venture and strengthens the Group's position in this high potential market.

Pursuant to IFRS 3 (revised) (cf. note 1.11), the Group has chosen the partial goodwill option in reporting the acquisition of Bharathi Cement Corporation Private Ltd.

Start-up of production at the Jambyl Cement plant in Kazakhstan

The Jambyl Cement greenfield factory in Kazakhstan started production on schedule at the end of the year. This new cement plant has a production capacity of over 1.1 million tonnes in a full year and will enable the Group to take advantage of the high growth potential of Kazakhstan, which is a net importer of cement.

Acquisition of L. Thiriet & Cie

In December 2010, the Group acquired L. Thiriet & Cie, specialized in the production of concrete and aggregates located in the French department of Meurthe-et-Moselle. L. Thiriet & Cie operates 3 concrete plants and 4 aggregates quarries and has a total annual capacity of around 100,000 m^3 of concrete and 500,000 tonnes of aggregates. L. Thiriet & Cie had sales of €19 million in 2009. Through this acquisition, Vicat has expanded and strengthened its position in the south of the Lorraine region.

Refinancing of the Group's borrowings

The Group issued US $ 450 million and € 60 million of bond debt through a private placement on the American market. This issue was heavily oversubscribed and demonstrates the Group's wish to maintain an healthy diversification of its sources of financing and to extend the maturity of its debt. US $370 million from this issue were collected on December 21, 2010 and US $80 million and €60 million on January 11, 2011. All the dollar debt has been converted into a synthetic euro debt by means of cross currency swaps which became effective at the date when the funds were collected.

NOTE 3 GOODWILL

The change in the net goodwill by business sector is analyzed in the table below:

	Cement	Concrete and aggregates	Other products and services	Total
At December 31, 2008	**457,080**	**198,017**	**15,804**	**670,901**
Acquisitions / Additions [1]	11,156	907	4	12,067
Disposals / Decreases		(68)	(17)	(85)
Change in foreign exchange rates and other	(5,667)	(6,005)	13	(11,659)
At December 31, 2009	**462,569**	**192,851**	**15,804**	**671,224**
Acquisitions / Additions [2]	302,013	24,525	3,312	329,850
Disposals / Decreases				0
Change in foreign exchange rates and other	13,862	13,564	2,689	30,115
At December 31, 2010	**778,444**	**230,940**	**21,805**	**1,031,189**

(1) The increase in goodwill during 2009 resulted mainly from additional investments made in 2009 in application of the shareholders' agreement concluded in connection with the formation of a joint venture with the Indian cement company Sagar Cements, the objective of which being the construction of a greenfield cement plant in India.
(2) The increase in goodwill during 2010 resulted mainly from the acquisition of Bharathi Cement Corporation Private Ltd in India.

Impairment test on goodwill:
In accordance with IFRS 3 and IAS 36, at the end of each year and in the event of any evidence of impairment, goodwill is subject to an impairment test using the method described in notes 1.4 and 1.11.

The discount rates adopted for these tests are as follows:

(%)	France	Europe (excluding France)	U.S.A.	Turkey, Kazakhstan, India	West Africa and the Middle East
2010	7.2	7.51	9.37	8.02 to 8.72	8.47 to 8.97
2009	7.48	8.88 to 8.95	9.41	10.51	10.51

The impairment tests carried out in 2010 and 2009 did not result in the recognition of any impairment with respect to goodwills.

As at December 31, 2010, impairment tests were the subject of sensitivity tests based on a discount rate increased by 1%. A rise of 1% would have the effect of generating recoverable values lower than the net book value for certain cash generating units. The corresponding amount is €41 million.

NOTE 4 OTHER INTANGIBLE ASSETS

Other intangible assets are broken down by type as follows:

(In thousands of euros)	December 31, 2010	December 31, 2009
Concessions, patents and similar rights	65,404	48,161
Software	4,498	4,395
Other intangible assets	31,422	21,912
Intangible assets in progress	172	16
Other intangible assets	**101,496**	**74,484**

Net other intangible assets amounted to €101,496 thousand as at December 31, 2010 compared with €74,484 thousand at the end of 2009. The change during 2010 was due primarily to €6,829 thousand in amortization expense, €34,772 thousand on acquisitions and €2,428 thousand in changes in consolidation scope, with the balance resulting from positive changes in foreign exchange rates, reclassifications and disposals.
As at December 31, 2009, net other intangible assets amounted to €74,484 thousand compared with €43,600 thousand as at December 31, 2008. The change during 2009 was due primarily to €4,754 thousand in amortization expense, €17,654 thousand on acquisitions, changes in consolidation scope of €5,318 thousand, with the balance resulting from negative changes in foreign exchange rates, reclassifications and disposals.

With regard to greenhouse gas emission quotas, only the quotas held at year-end in excess of the cumulative actual emissions were recorded in other intangible assets at €3,029 thousand, corresponding to 220 thousand tonnes. Recording of surpluses, quota sales and quota swaps (EUA) against Certified Emission Reduction (CERs) were recognized in the income statement for the year at €12,035 thousand (€12,564 thousand at December 31, 2009).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Gross values (In thousands of euros)	Land & buildings	Industrial equipment	Other property, plant and equipment	Fixed assets work-in-progress and advances/ down payments	Total
At December 31, 2008	**725,596**	**1,922,828**	**143,920**	**278,429**	**3,070,773**
Acquisitions	24,490	56,196	8,934	165,865	255,485
Disposals	(5,632)	(29,568)	(8,972)	(221)	(44,393)
Changes in consolidation scope	2,150	1,057	18	1,482	4,707
Change in foreign exchange rates	(7,377)	(19,227)	(1,079)	(9,971)	(37,654)
Other movements	59,391	210,321	1,677	(270,814)	575
At December 31, 2009	**798,618**	**2,141,607**	**144,498**	**164,770**	**3,249,493**
Acquisitions	65,855	59,220	14,483	157,482	297,040
Disposals	(4,696)	(27,813)	(7,952)	(104)	(40,565)
Changes in consolidation scope	27,365	93,713	7,222	56,396	184,696
Change in foreign exchange rates	41,697	85,423	10,527	12,643	150,290
Other movements	28,374	152,989	3,578	(185,039)	(98)
At December 31, 2010	**957,213**	**2,505,139**	**172,356**	**206,148**	**3,840,856**

Depreciation and impairment (In thousands of euros)	Land & buildings	Industrial equipment	Other property, plant and equipment	Fixed assets work-in-progress and advances/ down payments	Total
At December 31, 2008	**(277,731)**	**(1,001,381)**	**(94,002)**	**(8)**	**(1,373,123)**
Increase	(25,783)	(105,318)	(13,358)		(144,459)
Decrease	4,790	27,810	8,221		40,821
Changes in consolidation scope	(523)	(383)	(16)		(922)
Change in foreign exchange rates	1,767	8,722	2		10,491
Other movements	87	(117)	27	8	5
At December 31, 2009	**(297,393)**	**(1,070,667)**	**(99,126)**	**0**	**(1,467,186)**
Increase	(26,838)	(120,029)	(12,648)		(159,515)
Decrease	3,067	25,612	7,585		36,264
Changes in consolidation scope	(1,298)	(10,018)	(687)		(12,003)
Change in foreign exchange rates	(12,275)	(39,684)	(6,621)		(58,580)
Other movements	1	149	(149)		1
At December 31, 2010	**(334,736)**	**(1,214,637)**	**(111,646)**	**0**	**(1,661,019)**
Net book value at December 31, 2009	501,225	1,070,940	45,372	164,770	1,782,307
Net book value at December 31, 2010	**622,477**	**1,290,502**	**60,710**	**206,148**	**2,179,837**

Fixed assets work-in-progress amounted to €151 million as at December 31, 2010 (€136 million as at December 31, 2009) and advances / down payments on plant, property and equipment represented € 55 million as at December 31, 2010 (€29 million as at December 31, 2009). Contractual commitments to acquire tangible and intangible assets amounted to €212 million as at December 31, 2010 (€70 million as at December 31, 2009).

The total amount of interest capitalized in 2010 was €4,027 thousand (€10,884 thousand in 2009), determined on the basis of local interest rates ranging from 1.70% to 5.71%, depending on the country in question.

NOTE 6 FINANCE AND OPERATING LEASES

Net book value by category of asset:

(In thousands of euros)	2010	2009
Industrial equipment	5,605	5,822
Other plant, property and equipment	1,166	1,721
Tangible assets	**6,771**	**7,543**

Minimum payment schedule:

	2010	2009
Less than 1 year	3,088	4,258
1 to 5 years	3,244	4,087
More than 5 years	27	-
Total	**6,359**	**8,345**

NOTE 7 INVESTMENT PROPERTIES

(In thousands of euros)	Gross values	Depreciation & Impairment	Net values
At December 31, 2008	**34,795**	**(14,771)**	**20,024**
Acquisitions	85		85
Disposals	(1,106)		(1,106)
Depreciation		(249)	(249)
Changes in foreign exchange rates	(3)	(5)	(8)
Changes in consolidation scope and other	480	(20)	460
At December 31, 2009	**34,251**	**(15,045)**	**19,206**
Acquisitions	2,664		2,664
Disposals	(5,188)		(5,188)
Depreciation		(221)	(221)
Changes in foreign exchange rates	2,235	(633)	1,602
Changes in consolidation scope and other	23		23
At December 31, 2010	**33,985**	**(15,899)**	**18,086**

Fair value of investment properties at December 31, 2009	58,216
Fair value of investment properties at December 31, 2010	**56,284**

Rental income from investment properties amounted to €2.9 million as at December 31, 2010 (€2.6 million as at December 31, 2009).

NOTE 8 INVESTMENTS IN ASSOCIATED COMPANIES

(In thousands of euros)

Change in investments in associated companies:	2010	2009
At January 1	**36,579**	**10,059**
Earnings from associated companies	2,680	1,021
Dividends received from investments in associated companies	(135)	(135)
Changes in consolidation scope [(1)(2)]	(2,431)	26,060
Changes in foreign exchange rates and other	1,843	(426)
At December 31	**38,536**	**36,579**

(1) Changes in consolidation scope in 2009 are related to the inclusion of Sodicapéi and Sinaï White Cement.
(2) Changes in consolidation scope in 2010 are related to the exclusion of Socava.

NOTE 9 RECEIVABLES AND OTHER NON-CURRENT ASSETS

(In thousands of euros)	Gross values	Impairment	Net values
At December 31, 2008	**97,347**	**(2,750)**	**94,597**
Acquisitions / Increases	14,338	(306)	14,032
Disposals / Decreases	(4,193)	552	(3,641)
Changes in consolidation scope	(29,992)		(29,992)
Changes in foreign exchange rates	(290)		(290)
Other	(6,319)		(6,319)
At December 31, 2009	**70,891**	**(2,504)**	**68,387**
Acquisitions / Increases	21,121	(325)	20,796
Disposals / Decreases	(7,896)	10	(7,886)
Changes in consolidation scope	1,668		1,668
Changes in foreign exchange rates	5,269	(142)	5,127
Other	(4,863)		(4,863)
At December 31, 2010	**86,190**	**(2,961)**	**83,229**
including:			
• investments in affiliated companies	24,209	(980)	23,229
• long term investments	1,911	(444)	1,467
• loans and receivables	51,974	(1,537)	50,437
• assets of employee post-employment benefits plans	8,096		8,096
At December 31, 2010	**86,190**	**(2,961)**	**83,229**

NOTE 10 INVENTORIES AND WORK-IN-PROGRESS

(In thousands of euros)	2010			2009		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials and consumables	250,830	(7,603)	243,227	211,089	(5,970)	205,119
Work-in-progress, finished goods and goods for sale	114,443	(1,149)	113,294	91,181	(1,160)	90,021
Total	**365,273**	**(8,752)**	**356,521**	**302,270**	**(7,130)**	**295,140**

NOTE 11 RECEIVABLES

(In thousands of euros)	Trade and other receivables	Provisions for Trade and other receivables	Net trade and other receivables	Other tax receivables	Social security-related receivables	Other receivables	Provisions for Other receivables	Net total Other receivables
At December 31, 2008	384,559	(15 897)	**368,662**	37,016	7,124	52,816	(2 911)	**94,044**
Increases		(6,787)	**(6,787)**				(149)	**(149)**
Uses		5,286	**5,286**				212	**212**
Changes in foreign exchange rates	(911)	169	**(742)**	(818)	26	(107)		**(899)**
Changes in consolidation scope	3,133	(29)	**3,104**	186		1,144		**1,330**
Other movements	(49,109)	124	**(48,985)**	6,025	(3,549)	6,271		**8,747**
At December 31, 2009	337,672	(17,134)	**320,538**	42,409	3,601	60,124	(2,848)	**103,285**
Increases		(4,450)	**(4,450)**			22	(297)	**(275)**
Uses		6,069	**6,069**				1,150	**1,150**
Changes in foreign exchange rates	9,316	(689)	**8,627**	603	89	1,517		**2,209**
Changes in consolidation scope	6,470	(46)	**6,424**	11,105	10	5,940		**17,055**
Other movements	(34,408)	1	**(34,407)**	7,238	84	14,676		**21,998**
At December 31, 2010	319,050	(16,249)	**302,801**	61,354	3,784	82,279	(1,995)	**145,422**
including matured at December 31, 2010:								
• for less than 3 months	55,441	(64)	55,377	2,947	495	12,168	-	**15,610**
• for more than 3 months	14,360	(11,291)	3,069	2,958	1	684	(16)	**3,627**
including not matured at December 31, 2010:								
• less than one year	245,952	(3,468)	242,484	28,249	3,168	61,896	(1,976)	**91,337**
• more than one year	3,297	(1,426)	1,871	27,200	120	7,531	(3)	**34,848**

NOTE 12 CASH AND CASH EQUIVALENTS

(In thousands of euros)	2010	2009
Cash	60,024	56,648
Marketable securities	236,152	178,060
Cash and cash equivalents	**296,176**	**234,708**

NOTE 13 COMMON STOCK

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares of €4, including 1,006,865 treasury shares as at December 31, 2010 (1,083,443 as at December 31, 2009) acquired under the share buy-back programs approved by the Ordinary General Meetings, and through Heidelberg Cement's disposal of its 35% stake in Vicat in 2007.

These are registered shares or bearer shares, at the shareholder's option. Voting rights attached to shares are proportional to the share of the capital which they represent and each share gives the right to one vote, except in the case of fully paid-up shares registered for at least 4 years in the name of the same shareholder, to which two votes are assigned.

The dividend paid in 2010 in respect of 2009 amounted to €1.50 per share, amounting to a total of €67,350 thousand, compared with €1.50 per share paid in 2009 in respect of 2008 and amounting to a total of €67,350 thousand. The dividend proposed by the Board of directors to the Ordinary General Meeting for 2010 amounts to €1.50 per share, totaling €67,350 thousand.

In the absence of any dilutive instrument, diluted earnings per share are identical to basic earnings per share, and are obtained by dividing the Group's net income by the weighted average number of Vicat ordinary shares outstanding during the year.

NOTE 14 EMPLOYEE BENEFITS

(In thousands of euros)	2010	2009
Pension plans and termination benefits (TB)	26,073	23,898
Other post-employment benefits	23,664	20,192
Total pension other post-employment benefit provisions	**49,737**	**44,090**
Assets belonging to the plans (note 9)	(8,096)	(6,848)
Net liabilities	**41,641**	**37,242**

Assets and liabilities recognized in the balance sheet

	2010			2009		
(In thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Present value of funded liabilities	345,824	39,543	385,367	260,206	29,582	289,788
Fair value of plan assets	(295,182)		(295,182)	(244,991)		(244,991)
Net value	**50,642**	**39,543**	**90,185**	**15,215**	**29,582**	**44,797**
Net unrecognized actuarial variances	(11,733)	(15,221)	(26,954)	(9,517)	(8,372)	(17,889)
Unrecognized past service costs	(36)	44	8	(15)	16	1
Net recognized assets	(21,598)		(21,598)	10,333		10,333
Net liabilities	**17,275**	**24,366**	**41,641**	**16,016**	**21,226**	**37,242**

Analysis of net annual expense

(In thousands of euros)	2010 Pension plans and TB	2010 Other benefits	2010 Total	2009 Pension plans and TB	2009 Other benefits	2009 Total
Current service costs	(7,248)	(715)	(7,963)	(6,732)	(559)	(7,291)
Financial cost	(14,258)	(1,886)	(16,144)	(12,620)	(1,577)	(14,197)
Expected return on plan assets	12,626		12,626	11,433		11,433
Recognized actuarial variations in the year	(1,251)	(469)	(1,720)	(1,399)	(256)	(1,655)
Recognized past service costs	(9)	(27)	(36)	(21)	(26)	(47)
Expense for the period	**(10,140)**	**(3,097)**	**(13,237)**	**(9,339)**	**(2,418)**	**(11,757)**

Change in financial assets used to hedge the plan

(In thousands of euros)	2010 Pension plans and TB	2010 Other benefits	2010 Total	2009 Pension plans and TB	2009 Other benefits	2009 Total
Fair value of assets at January 1	**244,991**	**0**	**244,991**	**225,457**	**0**	**225,457**
Expected return on assets	12,626		12,626	11,433		11,433
Contributions paid in	11,601		11,601	9,459		9,459
Translation differences	42,519		42,519	(395)		(395)
Benefits paid	(12,827)		(12,827)	(13,822)		(13,822)
Changes in consolidation scope and other	2,506		2,506			0
Actuarial gain (losses)	(6,234)		(6,234)	12,859		12,859
Fair value of assets at December 31	**295,182**	**0**	**295,182**	**244,991**	**0**	**244,991**

Change in net liabilities

(In thousands of euros)	2010 Pension plans and TB	2010 Other benefits	2010 Total	2009 Pension plans and TB	2009 Other benefits	2009 Total
Net liability at January 1	**16,016**	**21,226**	**37,242**	14,222	21,145	**35,367**
Expense for the period	10,139	3,098	13,237	9,339	2,418	11,757
Contributions paid in	(6,863)		(6,863)	(5,859)		(5,859)
Translation differences	(1,021)	1,649	628	(56)	(726)	(782)
Benefits paid by the employer	(1,456)	(1,605)	(3,061)	(1,668)	(1,611)	(3,279)
Change in consolidation scope	436		436			0
Other	22		22	38		38
Net liability at December 31	**17,273**	**24,368**	**41,641**	**16,016**	**21,226**	**37,242**

Principal actuarial assumptions

	France	Europe (excluding France)	U.S.A.	Turkey, Kazakhstan and India	West Africa and the Middle East
Discount rate					
2010	**4.5%**	**2.4% to 4.5%**	**5.25%**	**8.0 to 11.0%**	**5.0% to 11.0%**
2009	5.3%	3.3% to 5.3%	6.0%	12.0%	5.0% to 9.0%
Rate of return on financial assets					
2010	**4.0%**	**3.6%**	**8.5%**	**5.0%**	
2009	4.0%	4.4%	8.5%		
Wage inflation					
2010	**2.5% to 4.0%**	**1.5% to 3.0%**	**1.0% to 2.5%**	**4.8 to 7.5%**	**3.5% to 8.0%**
2009	2.5% to 4.0%	1.5% to 3.0%	0.0% to 3.0%	5.5%	4.0% to 8.0%
Rate of increase in medical costs					
2010			**4.5% to 7.0%**		
2009			4.5% to 7.0%		

The weight of the various asset categories in the portfolio of plan assets at December 31, 2010 is analyzed as follows:

(In %)	December 31, 2010
Stocks	26,6
Bonds	32,3
Real estate	19,1
Money market	6,1
Other	15,9
Total	**100,0**

The sensitivity of the defined benefit obligation at December 31, 2010 corresponding to a variation of ±25 basis points in the discount rate is €8.8 and (11.6) million respectively.
In addition, the sensitivity of the value of hedging assets at December 31, 2010 corresponding to a variation of ± 100 basis points in the rate of return of financial assets is €3.1 and (2.7) million respectively.

The estimated rate of change in medical costs used in calculating commitments related to post-employment benefits has a direct impact on the valuation of some of these commitments. The effect of a one-percentage-point variation in this rate of change in medical costs would be as follows:

(In thousands of euros)	1% increase	1% decrease
Increase (decrease) in the present value of the liabilities at December 31, 2010	4,844	(3,963)
Increase (decrease) in the service cost and in the financial cost	479	(376)

The amounts for 2010 and the four previous years of the present value of the defined benefit obligation, the fair value of the hedging assets and the adjustments based on experience are the following:

(In thousands of euros)	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Defined benefit obligation	(385,367)	(289,788)	(284,952)	(250,415)	(254,895)
Fair value of the plan assets	295,182	244,991	225,457	234,095	227,518
Surplus (deficit) in the plan	**(90,185)**	**(44,797)**	**(59,495)**	**(16,320)**	**(27,377)**
Adjustments related to the experience of measuring commitment	(4,062)	(2,999)	(1,875)	(4,999)	3,289
Adjustments related to the experience of measuring plan assets	(6,234)	3,553	(45,511)	(3,491)	7,322

NOTE 15 OTHER PROVISIONS

(In thousands of euros)	Restoration of sites	Demolitions	Other risks	Other costs	Total
At December 31, 2008	**28,784**	**820**	**(1) 55,831**	**6,317**	**91,752**
Increases	2,799	19	16,969	7,400	27,187
Uses	(2,702)	(66)	(7,400)	(2,017)	(12,185)
Reversal of unused provisions		(81)	(1,792)		(1,873)
Changes in foreign exchange rates	40	(2)	(262)	(34)	(258)
Changes in consolidation scope					0
Other movements	2,020		(9,678)	(1,298)	(8,956)
At December 31, 2009	**30,941**	**690**	**(1) 53,668**	**10,368**	**95,667**
Increases	2,745	150	8,938	7,551	19,384
Uses	(2,591)	(7)	(16,545)	(2,935)	(22,078)
Reversal of unused provisions	(16)		(629)	(450)	(1,095)
Changes in foreign exchange rates	3,262	144	1,121	149	4,676
Changes in consolidation scope	309		43	270	622
Other movements			(1)	96	95
At December 31, 2010	**34,650**	**977**	**(1) 46,595**	**15,049**	**97,271**
of which less than one year	*103*	*-*	*8,005*	*2,060*	*10,168*
of which more than one year	*34,547*	*977*	*38,590*	*12,989*	*87,103*

Impact (net of charges incurred) on 2010 income statement:	**Increases**	**Reversal of unused provisions**
Operating income	14,272	(822)
Non operating income (expense)	5,112	(273)

(1) At December 31, 2010, other risks included:

- an amount of € 20.0 million (€ 29.1 million as at December 31, 2009) corresponding to the current estimate of gross expected costs for repair of damage that occurred in 2006 following deliveries of concrete mixtures and concrete made in 2004 whose sulfate content exceeded applicable standards. This amount corresponds to the current estimate of the Group's pro rata share of liability for repair of identified damages before the residual insurance indemnity of € 4 million recognized in non-current assets on the balance sheet as at December 31, 2010 (€ 4 million as at December 31, 2009 – note 9);
- an amount of € 4.5 million, identical to that at December 31, 2009, corresponding to the residual amount of the *Conseil de la Concurrence* (the French Office of Fair Trade) penalty for a presumed collusion in Corsica, after reduction of the penalty by the *Cour d'appel de Paris* (the Paris Court of Appeal). The Group appealed this judgment before the *Cour de cassation* (the French Supreme Court of Appeal) which partially quashed the ruling of the *Cour d'appel de Paris* in July 2009;
- an amount of € 8.7 million (€ 6.7 million as at December 31, 2009) corresponding to the estimated amount of the deductible at year-end relating to claims in the United States in the context of work accidents and which will be covered by the Group;
- the remaining amount of other provisions amounting to about € 13.3 million as at December 31, 2010 (€ 13.4 million as at December 31, 2009) corresponds to the sum of other provisions that, taken individually, are not material.

NOTE 16 DEBTS AND PUT OPTIONS

The financial liabilities as at December 31, 2010 are analyzed as follows:

(In thousands of euros)	2010	2009
Debts at more than 1 year	1,193,774	660,090
Put options at more than 1 year	10,189	
Debts and put options at more than 1 year	**1,203,963**	**660,090**
Debts at less than 1 year	90,515	227,256
Put options at less than 1 year		
Debts and put options at less than 1 year	**90,515**	**227,256**
Total debts	1,284,289	887,346
Total put options	10,189	0
Total financial liabilities	**1,294,478**	**887,346**

16.1. Debts

Analysis of debts by category and maturity

December 31, 2010 (In thousands of euros)	Total	2011	2012	2013	2014	2015	More than 5 years
Bank borrowings and financial liabilities	1,244,582	65,130	354,888	132,151	263,613	128,262	300,538
Other borrowings and debts	18,049	7,019	7,660	351	483	281	2,255
Debts on fixed assets under finance leases	6,543	3,251	1,776	1,003	423	82	8
Current bank lines and overdrafts	15,115	15,115					
Debts	**1,284,289**	**90,515**	**364,324**	**133,505**	**264,519**	**128,625**	**302,801**
of which commercial paper	**152,000**		**25,000**		**127,000**		

Debts at less than one year are mainly comprised of bank overdrafts and the repayments due on the Sococim Industries loan and bilateral credit lines and on the first repayment of the Jambyl Cement loan.

The debts do not include credit lines issued in India at Vicat Sagar Cement Private Ltd. in 2010. These funds were not drawn drown as at December 31, 2010. These credit lines of a total amount of US $ 70 million and € 139 million which can be amortized over terms of 8 and 11 years were subscribed mainly with financing institutions (IFC, DEG, FMO) and commercial banks.

December 31, 2009 (In thousands of euros)	Total	2010	2011	2012	2013	2014	More than 5 years
Bank borrowings and financial liabilities	790,877	145,861	98,930	35,431	124,897	251,681	134,077
Other borrowings and debts	15,855	4,955	6,097	3,509	332	459	503
Debts on fixed assets under finance leases	7,873	3,699	2,571	1,094	418	91	
Current bank lines and overdrafts	72,741	72,741					
Debts	**887,346**	**227,256**	**107,598**	**40,034**	**125,647**	**252,231**	**134,580**
of which commercial paper	**136,000**					**136,000**	

Analysis of loans and debts by currency and type of interest rate

By currency (net of currency swaps)	December 31, 2010	December 31, 2009
Euro	1,084,572	642,591
U.S. dollar	120,733	122,978
Turkish new lira	3,576	53,141
CFA franc	44,022	59,040
Swiss franc	20,230	1,615
Mauritanian Ouguiya	6,415	7,981
Indian rupee	4,741	-
Total	**1,284,289**	**887,346**

By interest rate	December 31, 2010	December 31, 2009
Fixed rate	454,089	230,031
Floating rate	830,200	657,315
Total	**1,284,289**	**887,346**

The average interest rate for gross debt at December 31, 2010 was 3.21%. It was 3.73% at December 31, 2009.

16.2. Put options granted to the minority shareholders on the shares in consolidated subsidiaries

In the context of the acquisition of Mynaral Tas, a shareholders' agreement was concluded on October 10, 2008 between Vigier Holding, Home Broker JSC (formerly KazKommerts Invest) and Société Financière Internationale, in order to arrange their relationship within the company, under which the Group granted a put option to Société Financière Internationale on its 10% stake in Mynaral Tas. This option is exercisable at earliest on December 2013 and the exercised price shall be assessed by an expert.

No liability in relation to this option was recognized in the consolidated financial statements as at December 31, 2008 and 2009, considering the status of partial progress on the greenfield project being undertaken by the company, which made impossible the valuation of this commitment.

The liability in relation to this option in favor of Société Financière Internationale was recognized in the financial statements as at December 31, 2010, insofar as the construction of the plant is complete and production started up at the end of the year.

Reporting this option resulted in recognition of a liability of €10.2 million, corresponding to the discounted value of the option exercise price, with an offset in the form of the elimination of the corresponding minority interests. The difference between the two values has been reported as goodwill.

NOTE 17 FINANCIAL INSTRUMENTS

Foreign exchange risk

The Group's activities are carried out by subsidiaries operating almost entirely in their own country and local currency. This limits the Group's exposure to foreign exchange risk. These companies' imports and exports denominated in currencies other than their own local currency are generally hedged by forward currency purchases and sales. The foreign exchange risk on intercompany loans is hedged by the companies when the borrowing is denominated in a currency other than their operating currency.

The table below sets out the breakdown of the total amount of Group's assets and liabilities denominated in foreign currencies, primarily in US dollars, as at December 31, 2010:

(In millions)	USD	Euro	Swiss franc
Assets	147,5	25,0	-
Liabilities and off-balance sheet commitments	(982,7)	(17,8)	(29,0)
Net position before risk management	**(835,2)**	**7,2**	**(29,0)**
Hedging instruments	617,2	8,6	29,0
Net position after risk management	**(218,0)**	**15,8**	**0**

The Euros position does not include a loan of €14.3 million granted to Sococim Industries which the operating currency is the CFA Franc, and which has fixed parity with the euro.

The net position after risk management in US dollars corresponds mainly to the debts of the Kazakhstan subsidiaries to financing institutions and the Group, not swapped in the operating currency, in the absence of a sufficiently structured and liquid hedge market.

The risk of a foreign exchange loss on the net currency position arising from a hypothetical unfavorable and uniform change of one percent of the operating currencies against the US dollar, would amount, in euro equivalent, to a loss of €1.8 million (including €1.7 million for the Kazakhstan loan).

Moreover, the principal and interest due on loans originally issued by the Group in US dollars (US $240 and 450 million) were converted into euros through a series of cross currency swaps, included in the portfolio presented below (cf. a).

Interest rate risk

All floating rate debt is hedged through the use of caps on original maturities of 2, 3, 5, 10 and 12 years and of swaps on original maturities of 3 years.
The Group is exposed to interest rate risk on its financial assets and liabilities and its short-term investments. This exposure corresponds to the price risk for fixed-rate assets and liabilities, and cash flow risk related to floating-rate assets and liabilities.

Liquidity risk

As at December 31, 2010, the Group had €304 million in unused confirmed lines of credit that have not been allocated to the hedging of liquidity risk on commercial paper (€609 million as at December 31, 2009).

The Group also has a € 152 million commercial paper issue program. As at December 31, 2010, €152 million in commercial paper had been issued. Commercial paper consists of short-term debt instruments backed by confirmed lines of credit in the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.
Unused confirmed lines of credit are used to cover the risk of the Group finding itself unable to issue its commercial paper through market transactions. As at December 31, 2010, these lines matched the short term notes they covered, at €152 million.

Some medium-term or long-term loan agreements contain specific covenants especially as regards compliance with financial ratios, reported each half year, which can lead to an anticipated repayment (acceleration clause) in the event of non-compliance. These covenants are based on a profitability ratio (leverage: net debt/consolidated EBITDA) and on capital structure ratio (gearing: net debt/consolidated shareholders' equity) of the Group or its subsidiaries concerned. For the purposes of calculating these covenants, the net debt is determined excluding put options granted to minority shareholders. Furthermore, the margin applied to some financing operations depends on the level reached on one of these ratios.
Considering the small number of companies concerned, essentially Vicat SA, the parent company of the Group, the low level of gearing (38.6%) and leverage (1.96 x) and the liquidity of the Group's

balance sheet, the existence of these covenants does not constitute a risk for the Group's financial positions. As at December 31, 2010, the Group is compliant with all ratios required by covenants in financing contracts.

Analysis of the portfolio of derivatives as at December 31, 2010:

				Current maturity		
(In thousands of currency units)	Nominal value (currency)	Nominal value (euro)	Market value (euros)	< 1 year (euro)	1 - 5 years (euro)	> 5 years (euro)
Fair value hedges (a)						
Composite instruments						
• US dollar cross currency swap fixed / floating	120,000 ($)	89,807	(6,910) (1)		(6,910)	
Cash flow hedges (a)						
Composite instruments						
• US dollar cross currency swap fixed / fixed	120,000 ($)	89,807	(14,520) (2)		(14,520)	
• US dollar cross currency swap fixed / fixed	450,000 ($)	336,776	953 (3)			953
Other derivatives						
Interest rate instruments						
• Euro Caps	360,000 (€)	360,000	(1,924)		(1,924)	
• Dollar US Caps	40,000 ($)	29,936	0	0		
• Dollar US Swaps	30,000 ($)	22,452	(607)	(607)		
Exchange instruments						
• Hedging for foreign exchange risk on intra-Group loans						
• VAT $	97,500 ($)	72,968	1,145	1,145		
• VAT CHF	29,000 (CHF)	23,193	8	8		
• AAT €	4,340 (€)	4,340	20	20		
• Hedging for foreign exchange risk on operations (raw material purchases)	5,749 ($)	4,302	(20)	(20)		
			(21,855)			

(1) Offset by a € 7.8 million improvement in debt.
(2) Offset by a € 16.1 million improvement in debt.
(3) Offset by a € 1.8 million improvement in debt.

In accordance with of IFRS 7, the breakdown of financial instruments valued at fair value by hierarchical level of fair value in the consolidated statement of financial position is as follows as of December 31, 2010:

(In thousands of euros)	December 31, 2010	
Level 1: instruments quoted on an active market	**236.2**	Note 12
Level 2: valuation based on observable market information	**(21.9)**	see above
Level 3: valuation based on non-observable market information	**23.2**	Note 9

NOTE 18 OTHER LIABILITIES

(In thousands of euros)	2010	2009
Employee liabilities	55,271	51,740
Tax liabilities	21,938	17,627
Other liabilities and accruals	73,322	67,518
Total	**150,531**	**136,885**

NOTE 19 SALES

(In thousands of euros)	2010	2009
Sales of goods	1,902,599	1 782,808
Sales of services	111,060	113,205
Sales	**2,013,659**	**1 896,013**

Change in sales on a like-for-like basis:

(In thousands of euros)	December 31, 2010	Changes in consolidation scope	Changes in foreign exchange rates	December 31, 2010 on a like-for-like basis	December 31, 2009
Sales	**2,013,659**	55,421	55,811	**1,902,427**	1,896,013

NOTE 20 PERSONNEL COSTS AND NUMBER OF EMPLOYEES

(In thousands of euros)	2010	2009
Salaries and wages	231,089	217,451
Payroll taxes	88,118	85,726
Employee profit-sharing (French companies)	5,325	6,269
Personnel costs	**324,532**	**309,446**
Average number of employees of the consolidated companies	7,040	6,712

Profit sharing is granted to French employees in the form of either cash or Vicat shares, at the employee's option. The allocation price is determined on the basis of the average of the last 20 closing prices for the defined period preceding its payment.

NOTE 21 DEPRECIATION, AMORTIZATION AND PROVISIONS

(In thousands of euros)	2010	2009
Net charges to amortization of fixed assets	(166,440)	(149,182)
Net provisions	(1,913)	827
Net charges to other asset depreciation	1,001	(2,733)
Net charges to operating depreciation, amortization and provisions	**(167,352)**	**(151,088)**
Other net charges to non-operating depreciation, amortization and provisions [(1)]	**8,867**	**(7 252)**
Net charges to depreciation, amortization and provisions	**(158,485)**	**(158,340)**

(1) Including as at December 31, 2010 a write-back of €9.1 million (€7.6 million of provision as at December 31, 2009) associated with identification of the Group's pro-rata share of responsibility, over and above compensation from the insurers, in the incident which occurred in 2006 and is described in note 15.

NOTE 22 OTHER INCOME (EXPENSES)

(In thousands of euros)	2010	2009
Net income from disposal of assets	6,332	1,316
Income from investment properties	2,942	2,638
Other [1]	33,471	14,914
Other operating income (expense)	**42,745**	**18,868**
Other non-operating income (expense) [2]	**(12,303)**	**(10,520)**
Total	**30,442**	**8,348**

[1] Including as at December 31, 2010 an income of €18 million corresponding to a credit from the tax authorities to Sinaï Cement Company following a retroactive adjustment to the amount per tonne of clay tax enacted in the new 2010 law.
[2] Including as at December 31, 2010 an expense of €11.4 million (€8.9 million as at December 31, 2009) recorded by the Group, corresponding to the files recognized as expenses in 2010 in connection with the incident in 2006 as described in note 15.

NOTE 23 FINANCIAL PERFORMANCE INDICATORS

The rationalization of the passage between Gross Operating Earnings, EBITDA, EBIT and Operating Income is as follows:

(In thousands of euros)	2010	2009
Gross Operating Earnings	**461,549**	**454,143**
Other operating income (expense)	42,745	18,868
EBITDA	**504,294**	**473,011**
Net operating charges to depreciation, amortization and provisions	(167,352)	(151,088)
EBIT	**336,942**	**321,923**
Other non-operating income (expense)	(12,303)	(10 520)
Net charges to non-operating depreciation, amortization and provisions	8,867	(7,252)
Operating Income	**333,506**	**304,151**

NOTE 24 FINANCIAL INCOME (EXPENSE)

(In thousands of euros)	2010	2009
Interest income from financing and cash management activities	20,973	10,629
Interest expense from financing and cash management activities	(46,231)	(34,607)
Income from disposal of cash management assets	-	1
Cost of net borrowings and financial liabilities	**(25,258)**	**(23,977)**
Dividends	1,698	1,536
Foreign exchange gains	2,739	3,727
Fair value adjustments to financial assets and liabilities	-	2,671
Net income from disposal of financial assets	1,611	-
Write-back of impairment of financial assets	585	845
Other income	22	-
Other financial income	**6,655**	**8,779**
Foreign exchange losses	(3,996)	(3,953)
Fair value adjustments to financial assets and liabilities	(1,184)	-
Impairment on financial assets	(379)	(348)
Net income from disposal of financial assets	-	(3)
Discounting expenses	(3,188)	(4,374)
Other expenses	-	(58)
Other financial expenses	**(8,747)**	**(8,736)**
Net financial income	**(27,350)**	**(23,934)**

NOTE 25 INCOME TAX

Income tax expense

Analysis of income tax expense

(In thousands of euros)	2010	2009
Current taxes	56,989	53,631
Deferred tax (income)	(12,394)	(5,962)
Total	**44,595**	**47,669**

Reconciliation between the computed and the effective tax charge

The difference between the amount of income tax theoretically due at the standard rate and the actual amount due is analyzed as follows:

(In thousands of euros)	2010	2009
Net earnings from consolidated companies	261,560	232,548
Income tax	44,595	47,669
Net income before tax	306,155	280,217
Standard tax rate	34.43%	34.43%
Theoretical income tax at the parent company rate	**(105,409)**	**(96,479)**
Reconciliation:		
Differences between French and foreign tax rates	69,890	53,691
Transactions taxed at lower rates	(4,792)	(3,700)
Changes in tax rates	-	-
Permanent differences	(6,839)	(2,357)
Investment tax credits	2,172	1,254
Other	383	(78)
Actual income tax expense	**(44,595)**	**(47,669)**

Deferred tax

Change in deferred tax assets and liabilities

(In thousands of euros)	Deferred tax assets		Deferred tax liabilities	
	2010	2009	2010	2009
Deferred taxes at January 1	**2,682**	**2,124**	**146,016**	**150,609**
Expense / income for the year	(1,148)	596	(13,542)	(5,366)
Deferred taxes allocated to shareholders' equity [(1)]	-	-	1,551	(2,326)
Translation and other changes	(106)	(39)	12,028	1,474
Changes in consolidation scope	1,125	1	405	1,625
Deferred taxes at December 31	**2,553**	**2,682**	**146,458**	**146,016**

(1) Changes in deferred taxes mainly due to the change in the fair value of the hedging instrument, the effective portion of which is recognized in shareholders' equity (in documented cases of cash flow hedges).

Analysis of net deferred tax (expense) /income by principal category of timing difference

(In thousands of euros)	2010	2009
Fixed assets and finance leases	867	2,489
Financial instruments	379	(929)
Pensions and other post-employment benefits	2,005	1,229
Accelerated depreciation, regulated provisions and other	(2,700)	840
Other timing differences, tax loss carry-forwards and miscellaneous	11,843	2,333
Net deferred tax (expense) / income	**12,394**	**5,962**

Source of deferred tax assets and liabilities

(In thousands of euros)	2010	2009
Fixed assets and finance leases	124,567	104,628
Financial instruments	870	(102)
Pensions	(13,123)	(8,037)
Other provisions for contingencies and charges	10,810	16,911
Accelerated depreciation and regulated provisions	40,564	36,456
Other timing differences, tax loss carry-forwards and miscellaneous	(19,783)	(6,522)
Net deferred tax assets and liabilities	**143,905**	**143,334**
Deferred tax assets	(2,553)	(2,682)
Deferred tax liabilities	146,458	140,016
Net balance	**143,905**	**143,334**

NOTE 26 SEGMENT INFORMATION

a) Business segments

2010 (In thousand euros except number of employees)	Cement	Concrete and Aggregates	Other products and services	Total
Income statement				
Operating sales	1,224,454	752,416	333,410	2,310,280
Inter-sector eliminations	(191,138)	(36,123)	(69,360)	(296,621)
Consolidated net sales	**1,033,316**	**716,293**	**264,050**	**2,013,659**
EBITDA (cf. 1.22 and 23)	412,744	62,473	29,077	504,294
EBIT (cf. 1.22 and 23)	302,615	18,759	15,568	336,942
Balance sheet				
Total non-current assets	2,704,620	580,618	169,687	3,454,925
Net capital employed [(1)]	2,845,426	571,257	156,710	3,573,393
Other information				
Acquisitions of intangible and tangible assets	259,334	57,449	18,087	334,870
Net depreciation and amortization charges	107,545	44,808	14,244	166,597
Average number of employees	2,902	2,717	1,421	7,040

2009 (In thousand euros except number of employees)	Cement	Concrete and Aggregates	Other products and services	Total
Income statement				
Operating sales	1,129,077	724,453	313,614	2,167,144
Inter-sector eliminations	(179,190)	(28,914)	(63,027)	(271,131)
Consolidated net sales	**949,887**	**695,539**	**250,587**	**1,896,013**
EBITDA (cf. 1.22 and 23)	363,848	82,828	26,335	473,011
EBIT (cf. 1.22 and 23)	269,025	39,822	13,076	321,923
Balance sheet				
Total non-current assets	2,002,416	506,036	146,417	2,654,869
Net capital employed [(1)]	2,133,711	466,457	159,980	2,760,148
Other information				
Acquisitions of intangible and tangible assets	232,231	31,844	10,043	274,118
Net depreciation and amortization charges	92,054	43,396	13,732	149,182
Average number of employees	2,444	2,851	1,417	6,712

[(1)] Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital requirement, after deduction of provisions and deferred taxes.

b) Geographical sectors

Information on geographical sectors is presented according to the geographical location of the entities concerned.

2010 (In thousand euros except number of employees)	France	Europe (excluding France)	U.S.A.	Turkey, Kazakhstan and India	West Africa and the Middle East	Total
Income statement						
Operating sales	840,707	317,853	167,880	255,648	447,699	2,029,787
Inter-sector eliminations	(9,065)	(288)	-	-	(6,775)	(16,128)
Consolidated net sales	**831,642**	**317,565**	**167,880**	**255,648**	**440,924**	**2,013,659**
EBITDA (cf. 1.22 and 23)	183,926	86,167	(6,039)	38,717	201,523	504,294
EBIT (cf. 1.22 and 23)	131,403	58,965	(36,615)	18,295	164,894	336,942
Balance sheet						
Total non-current assets	607,504	554,047	401,538	1,143,631	748,205	3,454,925
Net capital employed (1)	637,457	521,996	396,104	1,192,712	825,124	3,573,393
Other information						
Acquisitions of intangible and tangible assets	56,385	41,655	4,937	167,094	64,799	334,870
Net depreciation and amortization charges	54,199	26,945	29,996	21,142	34,315	166,597
Average number of employees	2,490	1,053	1,029	1,429	1,039	7,040

2009 (In thousand euros except number of employees)	France	Europe (excluding France)	U.S.A.	Turkey, Kazakhstan and India	West Africa and the Middle East	Total
Income statement						
Operating sales	853,373	298,166,	186,577	156,172	415,500	1,909,788
Inter-sector eliminations	(9,440)	(277)	-	-	(4,058)	(13,775)
Consolidated sales	**843,933**	**297,889**	**186,577**	**156,172**	**411,442**	**1,896,013**
EBITDA (cf. 1.22 and 23)	206,417	79,885	11,800	21,664	153,245	473,011
EBIT (cf. 1.22 and 23)	153,150	54,875	(16,780)	7,716	122,962	321,923
Balance sheet						
Total non-current assets	601,168	474,321	396,507	484,679	698,194	2,654,869
Net capital employed (1)	660,540	458,815	390,250	499,547	750,996	2,760,148
Other information						
Acquisitions of intangible and tangible assets	69,919	37,708	5,346	81,334	79,811	274,118
Net depreciation and amortization charges	53,617	24,478	28,796	14,047	28,244	149,182
Average number of employees	2,569	1,061	1,150	906	1,026	6,712

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital requirement, after deduction of provisions and deferred taxes.

c) Information about major customers

The Group has no reliance on any major customers, none of which accounts for more than 10% of sales.

NOTE 27 NET CASH FLOWS GENERATED FROM OPERATIONS

Net cash flows from operating transactions conducted by the Group in 2010 amounted to € 403 million, compared with € 383 million in 2009.

This increase in cash flows generated by operating activities between 2009 and 2010 results from a € 21.5 million increase in cash flow from operations, offset to a lesser extent by a € 1.9 million increase in the change in the working capital requirement.

The working capital requirement (WCR) broken down by type is as follows:

(In thousands of euros)	WCR at December 31, 2008	Change in WCR in 2009	Other changes (1)	WCR at December 31, 2009	Change in WCR in 2010	Other changes (1)	WCR at December 31, 2010
Inventories	312,456	(15,407)	(1,909)	295,140	42,315	19,066	356,521
Other WCR components	108,928	19,667	(10,063)	118,532	(36,123)	(472)	81,937
WCR	**421,384**	**4,260**	**(11,972)**	**413,672**	**6,192**	**18,594**	**438,458**

(1) Exchange rates, consolidation scope and miscellaneous.

NOTE 28 NET CASH FLOWS FROM INVESTMENT ACTIVITIES

Net cash flows linked to Group investment transactions in 2010 amounted to € (542) million, compared with € (280) million in 2009.

Acquisitions of intangible and tangible assets

These include outflows corresponding to industrial investments, which amounted to € (321) million, compared with € (270) million euros in 2009.

The main intangible and tangible investments in 2010 were made in Kazakhstan, India, France, Switzerland and Senegal.

The main intangible and tangible investments in 2009 mainly corresponded to the continuation of the investments made under the Performance 2010 plan, principally in France, Senegal and Switzerland, and the increase of the investment in Kazakhstan.

Acquisition / disposal of shares of consolidated companies

Consolidated company share acquisitions and disposals during 2010 resulted in a total outflow of € (229) million and a total inflow of € 4 million, i.e. a net overall outflow of € (225) million.

The principal outflows from the Group during the year were mainly in the context of the acquisition of a 51% stake in the Indian company Bharathi Cement Corporation Private Ltd. In addition to the buy-back of minority interests, an increase in the share capital of Bharathi Cement Corporation Private Ltd was entirely underwritten by the Group and financed by borrowings, enabling the company to repay all its financial debt and release a cash flow surplus, thus contributing to the Group's increased cash flow at year end. The cash flow from Bharathi Cement Corporation Private Ltd was used in part to finance investments in the second half year.

The acquisition of shares in consolidated companies in 2009 translated into an overall outflow of € (4) million. No disposals were made in 2009.

The principal outflows from the Group in 2009 corresponded mainly to the acquisition of Swiss companies, in particular in the Concrete & Aggregates and Concrete Precasting sectors, and to the acquisition of additional shares in companies already consolidated.

NOTE 29 ANALYSIS OF NET CASH BALANCES

(In thousands of euros)	At December 31, 2010 Net	At December 31, 2009 Net
Cash and cash equivalents (see note 12)	296,176	234,708
Bank overdrafts	(9,470)	(21,697)
Net cash balances	**286,706**	**213,011**

NOTE 30 EXECUTIVE MANAGEMENT COMPENSATION

Pursuant to Article 225.102-1 of the French Code of Commerce, and in accordance with IAS 24, we hereby inform you that the total gross compensation paid to each executive director during the financial year 2010 was as follows:

J. Merceron-Vicat: 714 870 €
G. Sidos: 719 985 €
L. Merceron-Vicat: 213 911 €
S. Sidos: 32 750 €

These amounts do not include any variable components and represent the total compensation paid by Vicat SA and any companies it controls, or is controlled by, as defined by Article L. 233-16 of the Code of Commerce. Furthermore, no stock or stock options have been granted to the above executive directors with the exception of any income received under legal or contractual employee profit-sharing or incentive bonus plans.

Lastly, the aforementioned executive directors also benefit from a supplemental pension plan as defined in Article 39 of the French General Tax Code (CGI). The corresponding commitments (€ 5,437 thousand) were all recognized in provisions in the financial statements, in the same manner as all of the Group's post-employment benefits as at December 31, 2010 (note 1.15).

NOTE 31 TRANSACTIONS WITH RELATED COMPANIES

In addition to information required for related parties regarding the senior executives, described in note 30, related parties with whom transactions are carried out include affiliated companies and joint ventures in which Vicat directly or indirectly holds a stake, and entities that hold a stake in Vicat.

Such transactions were not significant in 2010 and were conducted under normal market terms and conditions.

These operations have all been recorded in compliance with the transactions stipulated in IAS 24 and their impact on the Group's consolidated financial statements for 2010 and 2009 is as follows, broken down by type and by related party:

	2010 Financial Year				2009 Financial Year			
(In thousands of euros)	Sales	Purchases	Receivables	Debts	Sales	Purchases	Receivables	Debts
Affiliated companies	258	1,225	3,940	139	774	1,122	5,857	-
Joint ventures	1,099	841	182	681	978	674	93	881
Other related parties	9	2,246	-	162	43	2,147	11	497
Total	**1,366**	**4,312**	**4,122**	**982**	**1,795**	**3,942**	**5,961**	**1,378**

NOTE 32 FEES PAID TO THE STATUTORY AUDITORS

Fees paid to statutory auditors and other professionals in their networks as recognized in the financial statements of Vicat SA and its integrated consolidated subsidiaries for 2010 and 2009 are as follows:

	KPMG				Wolff & Associés				Others			
	Amount (ex. VAT)		%		Amount (ex. VAT)		%		Amount (ex. VAT)		%	
(In thousands of euros)	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
AUDIT												
Statutory auditors, certification, examination of individual and consolidated accounts	935	808	50	44	388	378	21	20	546	664	29	36
• Vicat SA	186	189	10	10	185	184	10	10				
• Companies which are fully or proportionally consolidated	749	619	40	34	203	194	11	10	546	664	29	36
Other forms of investigation and directly related services	2		5						35	43	95	100
• Vicat SA												
• Companies which are fully or proportionally consolidated	2		5						35	43	95	100
Total Audit fees	**937**	**808**	**49**	**43**	**388**	**378**	**20**	**20**	**581**	**707**	**31**	**37**
OTHER SERVICES												
Legal, tax and employee-related services												
Others	5	4	100	100								
Total other services	5	4	100	100	0	0			0	0		
Total	**942**	**812**	**49**	**43**	**388**	**378**	**20**	**20**	**581**	**707**	**30**	**37**

NOTE 33 POST BALANCE SHEET EVENTS

No post balance sheet event has had a material impact on the consolidated financial statements as at December 31.

NOTE 34 LIST OF SIGNIFICANT CONSOLIDATED COMPANIES AS AT DECEMBER 31, 2010

Fully consolidated: FRANCE

COMPANY	ADDRESS	SIREN NO.	% CONTROL December 31, 2010	% CONTROL December 31, 2009
VICAT	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	057 505 539	----	----
ALPES INFORMATIQUE	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	073 502 510	99.84	98.96
ANNECY BÉTON CARRIÈRES	14 chemin des grèves 74960 CRAN GEVRIER	326 020 062	50.00	50.00
ATELIER DU GRANIER	Lieu-dit Chapareillan 38530 PONTCHARRA	305 662 504	100.00	100.00
BÉTON CONTRÔLE CÔTE D'AZUR	217 Route de Grenoble 06200 NICE	071 503 569	96.10	96.10
BÉTON DE L'OISANS	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	438 348 047	60.00	60.00
BÉTONS GRANULATS DU CENTRE	Les Genevriers 63430 LES MARTRES D'ARTIERE	327 336 343	100.00	100.00
BÉTON RHÔNE ALPES	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	309 918 464	99.83	99.53
BÉTON TRAVAUX	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	070 503 198	99.98	99.98
B.G.I.E. BÉTON GRANULATS IDF / EST	52-56 rue Jacquard Z.I. 77400 LAGNY SUR MARNE	344 933 338	100.00	100.00
BOUE	Lieu-dit Bourjaguet 31390 CARBONNE	620 800 359	100.00	100.00
BRA	2 Chemin du Roulet 69100 VILLEURBANNE	310 307 392	100.00	100.00
CONDENSIL	1327 Av. de la Houille Blanche 73000 CHAMBÉRY	342 646 957	60.00	60.00
DELTA POMPAGE	1327 Av. de la Houille Blanche 73000 CHAMBÉRY	316 854 363	100.00	100.00
FOURNIER	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	586 550 147	100.00	100.00
GRANULATS RHÔNE-ALPES	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	768 200 255	100.00	100.00
GRAVIÈRES DE BASSET	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	586 550 022	100.00	100.00
MARIOTTO BÉTON	Route de Paris 31150 FENOUILLET	720 803 121	100.00	100.00
MATERIAUX SA	7 bis Boulevard Serot 57000 METZ	378 298 392	99.99	99.99
MONACO BÉTON	24 Avenue de Fontvielle 98000 MONACO	326 MC 161	79.60	79.60
PARFICIM	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	304 828 379	100.00	100.00

Fully consolidated: FRANCE (continued)

COMPANY	ADDRESS	SIREN NO.	% CONTROL	
			December 31, 2010	December 31, 2009
RUDIGOZ	Les communaux Route de St Maurice de Gourclans 01800 PÉROUGES	765 200 183	100.00	100.00
SATMA	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	304 154 651	99.99	99.99
SATM	1327 Av. de la Houille Blanche 73000 CHAMBÉRY	745 820 126	100.00	100.00
SIGMA BÉTON	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	343 019 428	100.00	100.00
SOCIETE AZURÉENNE DE GRANULATS	217 Route de Grenoble 06200 NICE	968 801 274	95.76	100.00
L. THIRIET & CIE	Lieudit Chaufontaine 54300 LUNEVILLE	762 800 977	99.98	-
PAPETERIES DE VIZILLE	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	319 212 726	100.00	100.00
VICAT INTERNATIONAL TRADING	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	347 581 266	100.00	100.00
VICAT PRODUITS INDUSTRIELS	52-56 rue Jacquard Z.I 77400 LAGNY SUR MARNE	655 780 559	100.00	100.00

Fully consolidated: REST OF WORLD

COMPANY	COUNTRY	STATE / CITY	% CONTROL	
			December 31, 2010	December 31, 2009
SINAÏ CEMENT COMPANY	EGYPT	CAIRO	52.62	52.62
MYNARAL	KAZAKHSTAN	ALMATY	60.00	60.00
JAMBYL	KAZAKHSTAN	ALMATY	60.00	60.00
BUILDERS CONCRETE	U.S.A.	CALIFORNIA	100.00	100.00
KIRKPATRICK CONCRETE, INC.	U.S.A.	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY OF ALABAMA, INC.	U.S.A.	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	U.S.A.	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA, INC.	U.S.A.	DELAWARE	100.00	100.00
NATIONAL READY MIXED COMPANY, INC.	U.S.A.	CALIFORNIA	100.00	100.00
UNITED READY MIXED	U.S.A.	CALIFORNIA	100.00	100.00
VIKING READY MIXED COMPANY, INC	U.S.A.	CALIFORNIA	100.00	100.00
SONNEVILLE INTERNATIONAL CORP	U.S.A.	ALEXANDRIA	100.00	100.00
CEMENTI CENTRO SUD Spa	ITALY	GENOVA	100.00	100.00
CIMENTS & MATÉRIAUX DU MALI SA	MALI	BAMAKO	95.00	95.00
GÉCAMINES	SENEGAL	THIES	70.00	70.00
POSTOUDIOKOUL- SA	SENEGAL	RUFISQUE (DAKAR)	100.00	100.00

Fully consolidated: REST OF WORLD (continued)

COMPANY	COUNTRY	STATE / CITY	% CONTROL December 31, 2010	% CONTROL December 31, 2009
SOCOCIM INDUSTRIES	SENEGAL	RUFISQUE (DAKAR)	99.91	99.91
SODEVIT	SENEGAL	BANDIA	100.00	100.00
ALTOTA AG	SWITZERLAND	OLTEN (SOLOTHURN)	100.00	100.00
KIESWERK AEBISHOLZ AG (ex ASTRADA KIES AG)	SWITZERLAND	AEBISHOLZ (SOLEURE)	99.64	99.64
BÉTON AG INTERLAKEN	SWITZERLAND	MATTEN BEI INTERLAKEN (BERN)	75.42	98.55
BÉTON FRAIS MOUTIER SA	SWITZERLAND	BELPRAHON (BERN)	90.00	90.00
BÉTON GRAND TRAVAUX SA	SWITZERLAND	ASUEL (JURA)	75.00	75.00
BÉTONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	72.22	72.22
BIEDERMANN SAND UND KIES TRANSPORT AG	SWITZERLAND	SAFNERN (BERN)	(1)	100.00
CEMENTWERK DÄRLIGEN AG	SWITZERLAND	DÄRLIGEN (BERN)	(1)	98.55
CEWAG	SWITZERLAND	DUTINGEN (FRIBOURG)	100.00	-
COVIT SA	SWITZERLAND	SAINT-BLAISE (NEUCHATEL)	100.00	100.00
CREABÉTON MATÉRIAUX SA	SWITZERLAND	LYSS (BERN)	100.00	100.00
EMME KIES + BETON AG	SWITZERLAND	LÜTZELFLÜH (BERN)	66.66	66.66
FBF FRISCHBETON AG FRUTIGEN	SWITZERLAND	FRUTIGEN (BERN)	98.55	98.55
FRISCHBETON AG ZUCHWIL	SWITZERLAND	ZUCHWIL (SOLOTHURN)	88.94	88.94
FRISCHBETON LANGENTHAL AG	SWITZERLAND	LANGENTHAL (BERN)	81.17	81.17
GRANDY AG	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
KIES- UND BETONWERK REULISBACH AG	SWITZERLAND	ST STEPHAN (BERN)	98.55	98.55
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
MATERIALBEWIRTTSCHFTUNG MITHOLZ AG	SWITZERLAND	KANDERGRUND (BERN)	98.55	98.55
MICHEL & CO AG	SWITZERLAND	BÖNIGEN (BERN)	98.55	98.55
SABLES + GRAVIERS TUFFIERE SA	SWITZERLAND	HAUTERIVE (FRIBOURG)	50.00	50.00
SHB STEINBRUCH + HARTSCHOTTER BLAUSEE MITHOLZ AG	SWITZERLAND	FRUTIGEN (BERN)	98.55	98.55
STEINBRUCH VORBERG AG	SWITZERLAND	BIEL (BERN)	60.00	60.00
VIBETON FRIBOURG SA	SWITZERLAND	ST. URSEN (FRIBOURG)	100.00	100.00
VIBETON KIES AG	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIBETON SAFNERN AG	SWITZERLAND	SAFNERN (BERN)	90.47	90.47
VIGIER CEMENT AG	SWITZERLAND	PERY (BERN)	100.00	100.00
VIGIER HOLDING AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00

(1) Company merged in 2010.

Fully consolidated: REST OF WORLD (continued)

COMPANY	COUNTRY	STATE / CITY	% CONTROL December 31, 2010	% CONTROL December 31, 2009
VIGIER MANAGEMENT AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIRO AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00
WYSS KIESWERK AG	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
AKTAS	TURKEY	ANKARA	100.00	100.00
BASTAS BASKENT CIMENTO SANAYI VE TICARET A.S.	TURKEY	ANKARA	91.58	85.68
BASTAS HAZIR BETON SANAYI VE TICARET A.S.	TURKEY	ANKARA	91.58	85.68
KONYA CIMENTO SANAYI A.S.	TURKEY	KONYA	83.08	83.08
TAMTAS	TURKEY	ANKARA	100.00	100.00
BSA CIMENT SA	MAURITANIA	NOUAKCHOTT	64.91	64.91
BHARATHI CEMENT CORPORATION PRIVATE LTD	INDIA	HYDERABAD	51.00	-
VICAT SAGAR CEMENT PRIVATE LTD	INDIA	HYDERABAD	53.00	51.00

Proportionate consolidation: FRANCE

COMPANY	ADDRESS	SIREN NO.	% CONTROL December 31, 2010	% CONTROL December 31, 2009
CARRIÈRES BRESSE BOURGOGNE	Port Fluvial Sud de Châlon 71380 EPERVANS	655 850 055	49.95	49.95
DRAGAGES ET CARRIÈRES	Port Fluvial sud de Chalon 71380 EPERVANS	341 711 125	50.00	50.00
SABLIÈRES DU CENTRE	Les Genévriers Sud 63430 LES MARTRES D'ARTIERE	480 107 457	50.00	50.00

Proportionate consolidation: REST OF WORLD

COMPANY	COUNTRY	STATE / CITY	% CONTROL December 31, 2010	% CONTROL December 31, 2009
FRISHBETON TAFERS AG	SUISSE	TAFERS (FRIBOURG)	49.50	49.50
KIESWERK NEUENDORF	SUISSE	NEUENDORF (SOLEURE)	50.00	50.00

Equity method: REST OF WORLD

COMPANY	COUNTRY	STATE / CITY	% CONTROL December 31, 2010	% CONTROL December 31, 2009
HYDROELECTRA	SUISSE	AU (ST. GALLEN)	49.00	49.00
SILO TRANSPORT AG	SUISSE	BERN (BERN)	50.00	50.00
SINAÏ WHITE CEMENT	EGYPT	CAIRO	25.40	25.40

1.1.2. Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2010

To the Shareholders,

In compliance with the assignment entrusted to us by the shareholders in general meeting, we hereby present our report to you, for the year ended 31 December 2010, on:

- the audit of the accompanying consolidated financial statements of Vicat SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the assets, liabilities, and financial position of the consolidated group of entities as at 31 December 2010 and of the results of its operations for the year then ended.

Without qualifying our opinion, we draw your attention to the matter set out in notes 1.4 « Business Combination » and 2 « Changes in the consolidation scope » to the consolidated financial statements regarding the impact of the new accounting standard IFRS 3 revised.

2. Justification of our assessment

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- The new accounting standard IFRS 3 revised "Business Combination" was applied for the first time in the consolidated financial statements for the year ended 31 December 2010. As mentioned in the first part of this report, the note 1.4 specifies the new related accounting principles and method. As part of our assessment of the accounting rules and principles applied by your company, we have assessed the appropriateness of the above-mentioned accounting methods and related disclosures.

- At each reporting date, the company performs impairment testing of any goodwill acquired in a business combination and the assets with indefinite useful lives, and also assesses whether there is any indication that non-current assets may be impaired, using the methodology disclosed in the notes 1.11 and 3 of the financial statements. These estimates are based on assumptions which have by nature an uncertain characteristic; realizations can be sometimes significantly different than initial forecasts. It is in such a context that we have examined the procedures for the performance of the impairment testing, and the expected future cash flows and related assumptions. We have also verified that the related disclosures in the notes 1.4.1.11 and 3 provide appropriate information.

- Your Company recorded provisions related post-employment benefits and other long-term employee benefits in the consolidated financial statements. The notes 1.15 and 14 specify the methods of evaluation of post-employment benefits and other long-term employee benefits. These obligations have been evaluated by independent actuaries. The work we performed consisted of examining underlying data used in the calculations, assessing the assumptions, and verifying that the disclosures contained in the notes 1.15 and 14 provide appropriate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information relative to the group, given in the parent company's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, 28 February 2011
KPMG Audit - Département de KPMG S.A.
Bertrand Desbarrières - *Partner*

Chamalières, 28 February 2011
Wolff & Associés S.A.S.
Grégory Wolff - *Partner*

1.2. VICAT SA FINANCIAL STATEMENTS AT DECEMBER 31, 2010

1.2.1. Balance sheet at December 31, 2010

ASSETS	2010			2009
(In thousands of euros)	Gross amount	Amortization and depreciation	Net	Net
NON-CURRENT ASSETS				
Intangible assets				
Concessions, patents and similar rights	19,874	9,730	10,144	18,661
Goodwill	1,331	1,166	165	-
Other intangible assets	673	458	215	252
Property, plant and equipment				
Land	89,295	15,903	73,392	73,201
Buildings	160,341	110,328	50,013	53,170
Plant, machinery and equipment	511,714	388,951	122,763	123,764
Other tangible assets	26,889	22,035	4,854	5,617
Tangible assets under construction	8,868	-	8,868	6,359
Advances and payments on account	486	-	486	33
Financial investments				
Equity in affiliated companies	1,699,795	602	1,699,193	1,219,252
Other long-term investments	85	64	21	21
Loans	67	-	67	67
Other financial assets	71,970	19,687	52,283	55,068
Total non-current assets	**2,591,388**	**568,924**	**2,022,464**	**1,555,465**
CURRENT ASSETS				
Inventories and work-in-progress				
Raw materials and other supplies	54,176	-	54,176	55,649
Work-in-progress	12,389	-	12,389	9,229
Semi-finished and finished products	11,917	-	11,917	10,286
Goods for sale	183	-	183	158
Advances and payments on account on orders	3,180	-	3,180	1,380
Receivables				
Trade receivables and related accounts	89,141	159	88,982	123,088
Other receivables	176,337	607	175,730	127,307
Short-term financial investments:				
• treasury shares	12,302	1,243	11,059	14,389
• marketable securities				12,062
Cash	3,429		3,429	4,055
Accrued expenses	1,331		1,331	1,609
Total current assets	**364,385**	**2,009**	**362,376**	**359,212**
Expenses to be allocated	3,827		3,827	3,790
Translation adjustments – assets	6		6	14
TOTAL	**2,959,606**	**570,933**	**2,388,673**	**1,918,481**

LIABILITIES AND SHAREHOLDERS' EQUITY

(In thousands of euros)	2010	2009
SHAREHOLDERS' EQUITY		
Share capital [1]	179,600	179,600
Additional paid-capital and merger premiums	11,207	11,207
Revaluation adjustments	11,147	11,228
Reserve	18,708	18,708
Regulated reserves	112	112
Other reserves	551,320	511,094
Retained earnings	101,475	82,714
Income for the year	**118,027**	**124,862**
Regulated provisions	105,563	95,492
Total shareholders' equity	**1,097,159**	**1,035,017**
PROVISIONS		
Provisions for liabilities (risks)	5,489	5,182
Provisions for liabilities (expenses)	16,596	12,817
Total	**22,085**	**17,999**
LIABILITIES		
Bank borrowings and financial liabilities [2]	1,059,352	598,233
Other borrowings and financial liabilities	581	671
Trade payables and related accounts	35,882	30,474
Tax and employee-related liabilities	23,541	23,703
Payables to fixed assets suppliers and related accounts	8,401	9,596
Other liabilities	141,668	202,788
Accrued income		
Total	**1,269,425**	**865,465**
Translation adjustments – liabilities	**4**	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,388,673**	**1,918,481**
[1] Revaluation adjustments incorporated into capital	14,855	14,855
[2] Of which current bank facilities and credit balances (including commercial paper)	3,741	6,114

1.2.2. Income statement for the year ended on December 31, 2010

(In thousands of euros)	2010	2009
OPERATING REVENUE		
Sales of goods	6,477	3,425
Sales of finished products and services	437,524	445,284
Net sales	**444,001**	**448,709**
Change in inventories of goods	4,791	(936)
Production of assets capitalized	1,052	1,015
Operating subsidies	54	46
Reversals on depreciation, amortization and provisions, transferred expenses	3,073	6,473
Other revenues	14,211	25,007
Total operating revenue	**467,182**	**480,314**
OPERATING EXPENSES		
Purchases of goods	5,296	2,580
Change in inventories of goods	(25)	(44)
Purchases of raw materials and supplies	83,428	79,315
Change in inventories of raw materials and other supplies	1,472	(1,714)
Other purchases and external expenses	161,904	159,957
Taxes, duties and assimilated transfers	15,732	17,861
Salaries	42,292	41,425
Social security contribution and similar charges	19,872	19,044
Amortization and depreciation:		
• on non-current assets: amortization	22,068	21,704
• on current assets: depreciation	255	153
For contingencies and losses: charges to provisions	869	710
Other expenses	2,701	10,405
Total operating expenses	**355,864**	**351,396**
Earnings before interest and taxes	**111,318**	**128,918**
FINANCIAL INCOME		
From affiliated companies	70,536	57,188
From other marketable securities and long-term loans	1	8
Other interest and assimilated income	59	354
Reversal on depreciation and provisions, transferred expenses	3,108	22,977
Positive exchange rate differences	262	350
Total investment income	**73,966**	**80,877**
FINANCIAL EXPENSES		
Amortization, depreciation and provisions	12	14
Interest and assimilated expenses	29,751	21,734
Negative exchange rate differences	419	295
Total financial expenses	**30,182**	**22,043**
Net financial income (expense)	**43,784**	**58,834**
NET PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX	**155,102**	**187,752**

(In thousands of euros)	2010	2009
EXCEPTIONAL INCOME		
From non-capital transactions	932	433
From capital transactions	2,298	2,977
Reversals on depreciation and provisions, transferred expenses	3,812	2,314
TOTAL EXCEPTIONAL INCOME	**7,042**	**5,724**
EXCEPTIONAL EXPENSES		
From non-capital transactions	431	2,196
From capital transactions	1,615	1,821
Amortization, depreciation and provisions	17,674	30,843
TOTAL EXCEPTIONAL EXPENSES	**19,720**	**34,860**
NET NON-OPERATING INCOME (EXPENSE)	**(12,678)**	**(29,136)**
Employee profit-sharing	3,982	4,850
Income tax	20,415	28,904
TOTAL INCOME	**548,190**	**566,915**
TOTAL EXPENSES	**430,163**	**442,053**
NET EARNINGS	**118,027**	**124,862**

20.3.3. Notes to Vicat SA financial statements 2010

ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the laws and regulations applicable in France.

Significant accounting policies used in preparation of the accompanying financial statements are as follows:

Intangible assets are recorded at historical cost after deduction of amortization. Goodwill, fully amortized, corresponds to business assets received prior to the 1986 fiscal year. Greenhouse gas emission quotas are entered in accordance with the arrangements explained in note A1.

Research and development costs are entered as expenses.

Plant, property and equipment are recorded at acquisition or production cost. Property, plant and equipment acquired before December 31, 1976 have been restated.

Amortization is calculated on a straight-line basis over the useful life of assets. Amortization calculated on a tax rate method is reported in the balance sheet under "regulated provisions".

Mineral reserves are amortized based on the tonnages extracted during th year, compared with the estimated total reserves.

Investments are recorded at acquisition cost, subject to the deduction of any depreciation considered necessary, taking into account the percentage holding, profitability prospects and share prices if significant or market prices. Investments acquired before December 31, 1976 have been restated.

Inventories are valued using the method of weighted average unit cost.

The gross value of goods and supplies includes both the purchase price and all related costs.

Manufactured goods are recorded at production cost and include consumables, direct and indirect production costs and amortizations of production equipment.

Receivables and payables are recorded at nominal value.

Depreciations are made to recognize losses on doubtful receivables and inventories that may arise at year-end.

Receivables and payables denominated in foreign currencies are recorded using the exchange rates prevailing at the date of the transaction. At year-end, these receivables and payables are valued in the balance sheet at exchange rates in effect at year-end.

Issue expenses for borrowings are spread over the term of the borrowings.

Differences arising from revaluation of foreign currency receivables and payables are reported in the balance sheet under «Translation differentials». Additional provisions are made for unrealized currency losses that do not offset.

Short-term financial investments are valued at cost or at market value if lower.

SIGNIFICANT EVENTS OF THE PERIOD

During the year, the company participated in the increase in capital of its Parficim subsidiary for an amount of € 480 million.

In December 2010 and January 2011, the company issued a total of US $ 450 million and €60 million of bond debt to private American investors.

SALES ANALYSIS

Net sales by geographical area and activity break down as follows:

(In thousands of euros)	France	Other countries	TOTAL
Cement	374,374	33,650	408,024
Paper	23,393	12,584	35,977
TOTAL	**397,767**	**46,234**	**444,001**

ANALYSIS OF THE FINANCIAL STATEMENTS

A - Non-current assets

1) Intangible and tangible assets:

(In thousands of euros)	Gross value at beginning of year	Acquisitions	Disposals	Gross value at end of year
Concessions, patents, goodwill and other intangible assets	29,254	505	7,881	21,878
Land and improvements	88,218	1,624	547	89,295
Buildings and improvements	159,878	926	463	160,341
Plant, machinery and equipment	499,617	12,225	128	511,714
Other tangible assets	26,338	560	9	26,889
Tangible assets in progress	6,359	14,207	11,698	8,868
Advances and payments on account	33	459	6	486
TOTAL	**809,697**	**30,506**	**20,732**	**819,471**

(In thousands of euros)	Accumulated depreciation at beginning of year	Increase	Decrease	Accumulated depreciation at end of year
Concessions, patents, goodwill and other intangible assets	10,341	1,013	-	11,354
Land and improvements	13,959	895	9	14,845
Buildings and improvements	106,708	3,897	277	110,328
Plant, machinery and equipment	375,853	13,136	38	388,951
Other tangible assets	20,721	1,314	-	22,035
TOTAL	**527,582**	**20,255**	**324**	**547,513**

Quotas allocated by the French government in the framework of the National Quota Allocation Plan (PNAQ II) are not recorded, either as assets or liabilities. For 2010, they amount to 2,802 thousand tonnes of greenhouse gas emissions (14,011 thousand tonnes for the 2008-2012 period).

Recording of quota sales and quota swaps (EUA) against Certified Emission Reduction (CERs) are recognized in the income for the year at an amount of € 9,607 thousand (€ 12,564 thousand at December 31, 2009).

The quotas held at the end of the period exceeding the cumulative actual emissions are recorded in the assets and in the liabilities, on the basis of the market value at year-end, at € 3,029 thousand, corresponding to 220 thousand tonnes. No income is recorded in respect of the quotas held.

Tangible assets in progress are mainly comprised of industrial installations in the construction phase.

Property, plant and equipment are depreciated as follows:

• Construction and civil engineering for industrial installations	15 to 30 years
• Industrial installation	5 to 15 years
• Vehicles	5 to 8 years
• Sundry equipment	5 years
• Computer equipment	3 years

2) Financial investments:

Financial investments increased by €474,336 thousand, mainly as a result of:

• increases in investments in companies amounting to	479,934
• change in other financial investments	(5,598)
	474,336

Under the liquidity agreement with NATIXIS, the following amounts were recognized in the liquidity account at year-end:

- 11,269 Vicat shares representing a gross value of € 689 thousand;
- € 3,620 thousand in cash.

Loans and other long-term investments break down as follows (in thousands of euros):

• within one year	-
• over one year	72,037
	72,037

B - Shareholders' equity

Share capital amounts to € 179,600,000 and is divided into 44,900,000 shares of € 4 each.

The share ownership breaks down as follows:

• Employees	4.73%
including employee shareholders (*) 2.32%	
• Family, Parfininco and Soparfi	60.57%
• Vicat	2.24%

(*) In accordance with Article L. 225-102 of the *Code du commerce* (the French Commercial Code).

CHANGE IN SHAREHOLDERS' EQUITY

(In thousands of euros)	2010	2009
Shareholders' equity at the beginning of year	1,035,017	952,406
Shareholders' equity at the end of year	1,097,159	1,035,017
Change	62,142	82,611
ANALYSIS OF CHANGE		
Capital reduction	118,027	124,862
Dividends paid (1)	(66,035)	(65,637)
Revaluation change	80	
Regulated provision	10,070	23,386
	62,142	82,611

(1) Less dividends on treasury shares.

Regulated provisions break down as follows:

(In thousands of euros)	Value	Recovered at 1 year maximum	Recovered after more than 1 year
Price increase provision	11,717	2,227	9,490
Special tax depreciation	84,020	3,826	80,194
Special revaluation provision	2,447	-	2,447
Investment provision	7,378	464	6,914
TOTAL	**105,562**	**6,517**	**99,045**

C - Provisions

(In thousands of euros)	Amount at the beginning of year	Increase	Decrease (with use)	Decrease (unused provision)	Amount at the end of year
Provisions for restoration of sites	5,820	480	522	-	5,778
Provisions for disputes	4,559	302	49	-	4,812
Other charges	7,620	4,170	295	-	11,495
TOTAL	**17,999**	**4,952**	**866**	**-**	**22,085**

Provisions amount to € 22 million and cover in particular the forecast costs under the French quarry restauration of € 5.8 million. These provisions are made for each of the quarries based on tonnages extracted in relation to the potential deposit and the estimated cost of the work to be performed at the end of operations.

Provisions for disputes include a provision of € 4.5 million, corresponding to the residual amount of the penalty imposed by the *Conseil de la concurrence* (the French Office of Fair Trade) concerning a presumed collusion in Corsica after the initial amount of this decision was reduced by the *Cour d'appel de Paris* (the Paris Court of Appeal). The company appealed against this decision at the *Cour de cassation* (the French Supreme Court of Appeal), which partially quashed the ruling of the *Cour d'appel de Paris* in July 2009.

Other charges include a provision of € 9.6 million corresponding to tax due to the subsidiaries in the framework of the tax sharing agreement.

D - Borrowings and financial liabilities

During 2010, long-term debt and other bank borrowings increased by € 461,029 thousand.

STATEMENT OF MATURITIES

(In thousands of euros)	Gross amount	1 year or less	1 - 5 years	more than 5 years
Bank borrowings and financial liabilities [1]	1,055,611	-	776,892	278,719
Miscellaneous borrowings and financial liabilities	581	84	254	243
Short-term bank borrowings and bank overdrafts	3,741	3,741	-	-
[1] Including commercial paper	152,000		152,000	

Other information

At December 31, 2010 the Company has € 211 million in unused confirmed lines of credit that have not been allocated to the hedging of liquidity risk on commercial paper (€ 460 million at December 31, 2009).

The Company also has a program for issuing commercial paper amounting to 152 million euros. As at December 31, 2010, the amount of the notes issued was € 152 million. Commercial paper consists of short-term debt instruments backed by confirmed lines of credit in the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.

The medium and long-term loan agreements contain specific covenants, especially as regards compliance with financial ratios. The existence of these covenants does not represent a risk to the company's financial position.

FINANCIAL INSTRUMENTS

Foreign exchange risk

The principal and interest due on a borrowing originally issued by the Group in US dollars were converted to euros through a series of cross currency swaps.

Interest rate risk

The floating rate debt is hedged through the use of financial instruments (caps) on the original maturities of 5 to 12 years for an amount of € 360 million at December 31, 2010.

Liquidity risk

Unused confirmed lines of credit are used to cover the risk of the company finding itself unable to issue its commercial paper through market transactions. At December 31, 2010, these lines matched the short term notes they covered at € 152 million.

E - Statement of maturities for trade receivables and payables

All trade receivables and payables have a term of one year or less.

F - Other balance sheet and income statement information

The gain from allotment of shares for the purpose of employee profit-sharing amounts to € 361 thousand.

Other items are as follows:

Items concerning several balance sheet accounts (In thousands of euros)	**Associated companies**	**Payables or receivables represented by commercial paper**
Long-term investments	1,695,950	
Trade receivables and related accounts	24,392	16,477
Other receivables and related accounts	146,959	
Trade payables and related accounts	8,121	1,432
Other liabilities	112,014	
Income statement items		
Financial expenses	3,479	
Financial income excluding dividends	3,032	

Accrued liabilities (in thousands of euros)	**Amount**
Bank borrowings and financial liabilities	3,741
Trade payables and related accounts	14,646
Tax and employee-related payables	13,339
Other liabilities	512
TOTAL	**32,238**

Accrued expenses (in thousands of euros)	**Amount**
Operating expenses	1,120
Financial expenses	211
TOTAL	**1,331**

Short-term financial investments

Short-term financial investments break down as follows: 182,429 treasury shares for a net amount of €11,059 thousand acquired for the purpose of share allotment to employees. Their market value as of December 31, 2010, amounts to € 11,402 thousand.

Net financial income

Net financial income included a reversal of provisions for depreciation of treasury shares amounting to €3,087 thousand (€ 22,894 thousand in 2009).

ANALYSIS OF CORPORATE INCOME TAX AND ADDITIONAL CONTRIBUTIONS

Headings (In thousands of euros)	**Profit (loss) before tax**	**Corporate income tax**	**Social security contributions**	**Profit (loss) after tax**
Current profit (loss)	155,102	(28,035)	(1,167)	125,900
Net non-operating income (expense) and profit-sharing	(16,661)	8,438	350	(7,873)
Book profit (loss)	138,441	(19,597)	(817)	118,027

OFF-BALANCE SHEET COMMITMENTS

Commitments given (in thousands of euros)	**Value**
Accrued retirement indemnities [1]	10,614
Guarantees granted to subsidiaries	164,521
Forward purchases of fuels	3,133
TOTAL	**175,135**

[1] Including an amount of 4,187 thousand euros relating to supplemental pension scheme for officers and other managers of the Company under Article 39 of the *Code général des impôts* (the French General Tax Code).

Vicat SA granted a sell option to a minority shareholder of its subsidiary Mynaral Tas. This option, exercisable by December 2013 at the earliest, is valued at € 10.2 million as at December 31, 2010.

Vicat SA provided a guarantee for its subsidiary Vicat Sagar Cement Ltd in respect of a loan of € 191 million. This loan had not been taken up as at December 31, 2010.

Commitments received (in thousands of euros)	**Value**
Confirmed credit lines [1]	776,000
Other commitments received	4,560
TOTAL	**780,560**

[1] Including 152,000 thousand euros allocated to coverage of the program of the commercial paper issue.

Retirement indemnities are accrued in accordance with the terms of in the collective labor agreements. The corresponding liabilities are calculated using the projected unit credit method, which includes assumptions on employee turnover, mortality and wage inflation. Commitments are valued, including social security charges, pro rata to employees' years of service.

Principal actuarial assumptions are as follows:

Discount rate:	4.5%
Wage inflation:	from 2.5% to 4%
Inflation rate:	2%

IMPACT OF THE SPECIAL TAX EVALUATIONS

Headings (in thousands of euros)	**Allowances**	**Reinstatements**	**Amounts**
Income for the year			118,027
Income taxes			19,597
Social security contributions			818
Earnings before income tax			**138,442**
Change in special tax depreciation of assets	11,937	2,761	9,176
Change in investment provision	1,094	519	575
Variation in special revaluation provision	-	19	(19)
Variation in the price increase provision	566	227	339
Subtotal	**13,597**	**3,526**	**10,071**
Income excluding the special tax valuations (before tax)			**148,513**

Vicat has opted for a tax sharing regime with it as the parent company. This option relates to 24 subsidiaries. According to the tax sharing agreement, the subsidiaries bear a tax charge equivalent to that which they would have borne if there had been no tax sharing. The tax saving resulting from the tax sharing agreement is awarded to the parent company, notwithstanding the tax due to the tax loss subsidiaries, for which a provision is established. For 2010, this saving amounts to € 4,767 thousand.

Non tax-deductible expenses amount to € 367 thousand for 2010.

DEFERRED TAX

Headings (in thousands of euros)	**Amount**
Tax due on:	
• Price increases provisions	4,034
• Special tax depreciation	28,928
Total increases	**32,962**

Headings (in thousands of euros)		**Amount**
Tax paid in advance on temporarily non-deductible expenses		2,828
of which profit-sharing expenses	1,371	
Total reductions		**2,828**
Net deferred tax		**30,134**

Executive management compensation (in thousands of euros)	**Amount**
Compensation allocated to:	
• Directors	210
• Executive management	2,362

Employee numbers	**Average**	**At December 31, 2010**
Management	201	205
Supervisors, technicians, administrative employees	382	385
Blue-collar workers	270	269
Total Company	**853**	**859**
of which Paper Division	150	152

Vicat SA
SUBSIDIARIES AND AFFILIATES

(In thousands of currency units: Euro, USD, CFA Francs)

COMPANY OR GROUP OF COMPANIES 2010 FINANCIAL PERIOD	CAPITAL	RESERVES and retained earnings before appro-priation of income	OWNER-SHIP interests (%)	BOOK VALUE of shares owned		LOANS & ADVANCES granted by the company and not yet repaid	GUARAN-TEES granted by the company	SALES ex. VAT for the financial year ended	PROFIT OR LOSS (-) for the financial year ended	DIVIDENDS received by Vicat during the year	COMMENTS
				Gross	Net						
SUBSIDIARIES AND AFFILIATES WHOSE THE GROSS VALUE EXCEEDS 1% OF THE VICAT'S CAPITAL											
1) SUBSIDIARIES (at least 50% of the capital held by the company)											
BÉTON TRAVAUX 92095 PARIS LA DÉFENSE	27,997	184,806	99.97	88,869	88,869	95,559		15,678	14,783	19,243	
NATIONAL CEMENT COMPANY LOS ANGELES USA	280,521 (1)	156,404 (1)	97.85	229,581	229,581	42,636		222,744 (1)	(35,474) (1)		
PARFICIM 92095 PARIS LA DÉFENSE	67,728	1,447,805	99.99	1,343,624	1,343,624				45,047	45,560	
SATMA 38081 L'ISLE D'ABEAU CEDEX	3,841	2,871	100.00	7,613	7,613			18,704	212		
2) PARTICIPATIONS (10 to 50% of the capital held by the company)											
SOCIÉTÉ DES CIMENTS D'ABIDJAN IVORY COAST	2,000,000 (2)	11,613,896 (2)	17.14	1,596	1,596			50,494,531 (2)	4,222,309 (2)	692	Figures for 2009
SATM 38081 L'ISLE D'ABEAU	1,600	36,854	22.00	15,765	15,765			87,967	8,036	1,540	
OTHER SUBSIDIARIES AND AFFILIATES											
French subsidiaries (total)				9,999	9,379	828				469	
Foreign subsidiaries (total)				2,833	2,787						
TOTAL				**1,699,880**	**1,699,214**	**139,023**				**67,504**	

(1) Figures shown in USD
(2) Figures shown in CFA Francs

1.1.2. Statutory auditors' report on the financial statements

Year ended 31 December 2010

To the Shareholders,

In compliance with the assignment entrusted to us by the shareholders in general meeting, we hereby report to you, for the year ended 31 December 2010, on:

- the audit of the accompanying financial statements of Vicat SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as 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.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the *Code de commerce* (the French Commercial Code) relating to the justification of our assessments, we bring to your attention the following matters:

- The note « Accounting rules and methods » discloses significant accounting rules and methods applied in the preparation of the financial statements, and particularly regarding the assessment made by your Company on the intangibles and financial assets at the year ended 31 December 2010. As part of our assessment of the accounting rules and principles applied by your company, we have assessed the appropriateness of the above-mentioned accounting methods and related disclosures.

- Your Company has recorded provisions for costs of restoration of quarry, repayment of income tax to subsidiaries in according to the group tax agreement and a provision for litigation as disclosed in the note C. We have made our assessment on the related approach determined by your Company, as disclosed in the financial statements, based on information available as of today, and performed appropriate testing to confirm, based on a sample, that these methods were correctly applied. As part of our assessment, we have assessed the reasonableness of the above-mentioned accounting estimates made by your Company.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the *Code de commerce* (the the French Commercial Code) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders has been properly disclosed in the management report.

Paris La Défense, 28 February 2011
KPMG Audit - Département de KPMG S.A.
Bertrand Desbarrières - *Partner*

Chamalières, 28 February 2011
Wolff & Associés S.A.S.
Grégory Wolff - *Partner*