2010 ANNUAL REPORT

Constructive performance

VICAT

CONTENTS

Cover:
Above, Bharathi Cement plant in Kadapa, Andra Pradesh, India
Below, Jambyl Cement plant in Mynaral, Kazakhstan

KEY FIGURES

SALES

(in millions of euros)

Sales in 2010 were up 6.8%, or 0.3% at constant scope of consolidation and exchange rates.

EBITDA

(in millions of euros)

The EBITDA margin stands at 25.0%.

NET PROFIT

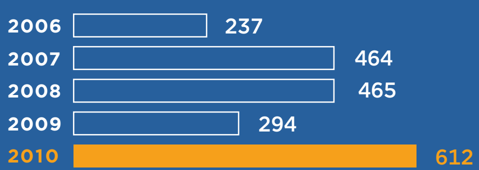
(in millions of euros)

Consolidated net profit amounts to 264 million euros, or 13.1% of sales.

CASH FLOW

(in millions of euros)

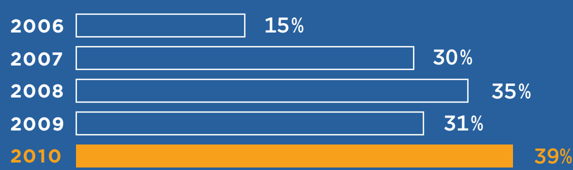
Cash flow remained high in 2010, at 409 million euros, and produced a free cash flow after industrial investments of 99 million euros.



TOTAL INVESTMENTS

(in millions of euros)

Investment in 2010 was marked by the development of greenfield projects and the acquisition of Bharathi Cement in India.

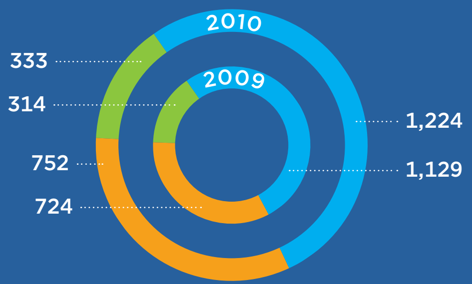


NET DEBT/TOTAL EQUITY

(in percentage)

Gearing stood at 39% on December 31, 2010.

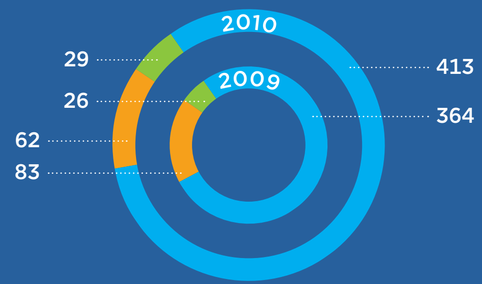
▼ CIMENT ▼ CONCRETE & AGGREGATE ▼ OTHER PRODUCTS & SERVICES



OPERATIONAL SALES

(before intra-group elimination, in millions of euros)

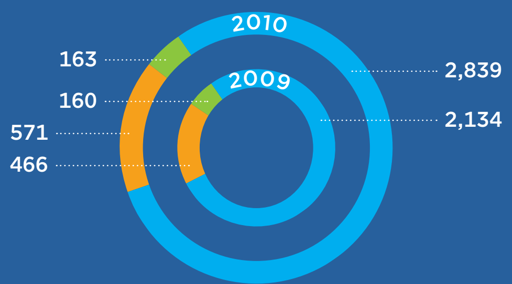
Business in Cement and Concrete & Aggregate, the Group's core activities, represents 86% of operational sales.



EBITDA

(in millions of euros)

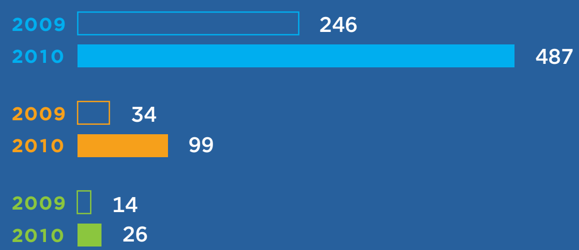
The resistance of the EBITDA margin in the different businesses reflects the combined effects of the Performance 2010 and Performance Plus plans implemented by the Group.



ASSETS EMPLOYED

(in millions of euros)

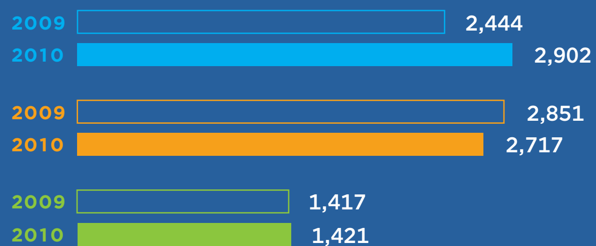
The rise in assets employed in Cement is the result of the Performance 2010 plan and acquisition of Bharathi Cement in India.



INVESTMENTS

(in millions of euros)

Industrial investment amounted to €335 million in 2010, essentially represented by the projects in India and Kazakhstan.



AVERAGE STAFF NUMBERS

The average headcount rose 4.9% as a result of growth in India and Kazakhstan.

CONSTRUCTIVE PERFORMANCE

Vicat has been producing cement for more than 150 years.

In 11 places throughout the world:

France, United States, Switzerland, Italy, Turkey, Kazakhstan, India, Senegal, Egypt, Mali, Mauritania.

ENVIRONMENT
Vicat acts to enhance the environmental performance of its plants, enrich the landscape, and contribute toward the strictly controlled elimination of waste.

With three businesses

CEMENT
51.3 % of sales

CONCRETE & AGGREGATE
35.6 % of sales

OTHER PRODUCTS & SERVICES
13.1 % of sales

sales
€2,014 M

consolidated net profit
€264 M

average headcount
€7,040

MESSAGE
from the Chairman

© Jean-Luc Mege

Jacques Merceron-Vicat
Chairman

As expected, 2010 was a year of transition.

The drop in business in some 'mature' countries was offset by development in emerging countries. Implementation in 2006 of the Performance 2010 plan applied to a number of countries where the Group operates, such as Turkey, Senegal, Egypt, and Switzerland, increased plant production capacities, thereby improving production costs, and enabled the Group to keep up with the economic expansion which generated an increase in cement sales.

2011 will be a year of contrasts but will benefit from three factors:

- slight resurgence in mature countries, with further cost reductions,
- continued positive effects of the Performance 2010 plan,
- external growth with production starting in Kazakhstan and the ramping up of Bharathi in India.

The Group strategy thus deployed combines internal and external growth, distributes risks through the diversification of countries, and will make it possible to draw the fullest benefit from worldwide recovery through reduced structural costs.

2011 WILL SEE COMMEMORATION OF THE 150TH ANNIVERSARY OF THE DEATH OF LOUIS VICAT, WHO INVENTED ARTIFICIAL CEMENT IN 1817.

Born on March 17, 1786, in Nevers, Louis Vicat died in Grenoble on April 10, 1861, having lived a life devoted to Science. A graduate engineer of the *École Polytechnique* working for the *Ponts* et *Chaussées* public-works administration, in 1817 he discovered the secret of making artificial cement while in charge of the construction of a bridge in Souillac, on the Dordogne river. His discovery was validated by the Royal Academy of Science and in 1819 his findings were published in his book '*Recherches expérimentales sur les chaux de construction, les bétons et les mortiers*'.

Even in his first writings, Louis Vicat accompanied his scientific reflection with practical considerations of use for industry.

With the personal disinterest of a scientist, he strived constantly to make his discoveries benefit the community at large, and thereby helped towards the creation and thriving development of the cement industry.

His son, Joseph Vicat, also a graduate engineer from the *École Polytechnique*, founded the company Vicat in 1853.

MESSAGE
from the Chief Executive Officer

The 2010 results show how solid the Vicat Group is, and how appropriate its strategy, implemented with determination.

The Group's geographical diversification, with thriving business in Turkey, Egypt, West Africa, and Switzerland, compensated the dearth of business in the United States.

These contrasts — consequences of the health of the economies of the different countries — were amplified by the consequences of atypical weather conditions.

At the same time, the modernization of the Group's plants, which since 2006 have been renovated under the Performance plans, enhanced the cost-effectiveness of our industrial facilities, improving operational profitability and the generation of cash flow. The full effect of this advantage was harnessed by a consequential commercial and marketing policy.

The Group's solidity meant Vicat was able to further the external growth of its cement business in Kazakhstan and in India where these major advances represent strong potential for organic growth as early as 2011. In Kazakhstan the Jambyl Cement plant, ideally situated for serving the country's main centers of consumption, is now on line. It will gradually ramp up production in 2011, reaching full output after a phase of adjustments.

In India our volume sales have increased substantially since the acquisition of Bharathi Cement on May 1. Since December, when its second kiln line came into operation, this ultramodern cement plant has had annual cement production capacity of 5 million tonnes. With the weight of this output, the proportion of our business in emerging countries amounted to 35% of consolidated sales.

Acquisitions were also made with a view to consolidating our more mature markets: Thiriet, a company specializing in concrete and aggregate in eastern France, became part of the Group; and in Switzerland, the acquisition of Cewag complements our existing precasting business in the French-speaking part of the country.

2010 also enabled the Group to improve its financial ratios by increasing the maturity of its debt and retaining low gearing.

The Group's 7,300 employees are the driving force behind these successes. Despite their cultural diversity, they share the common values of doing work consistently well and being on hand to serve customers at all times. For this I thank them from the bottom of my heart.

On the strengths exhibited this year, 2011 looks like being a year of consolidation of the Group's results, a year when operational profitability and generation of cash flow are expected to improve appreciably.

“The 2010 results show how solid the Vicat Group is, and how appropriate its strategy.”

Guy Sidos
Chief Executive Officer

© Jean-Luc Mege

STRATEGIC
thrusts

BUSINESS DEVELOPMENT STRATEGY

The Group focuses primarily on its historical business expertise, cement, and through vertical integration develops into the ready-mixed concrete and aggregate markets.

Cement, concrete, and aggregate are the Group's leading businesses and the foundation of its development and profitability.

Development in the field of ready-mixed concrete depends on the maturity of markets and their integration of industrial concrete production.

The objective is to establish a network of concrete batching plants around cement plants and near consumer centers, by either creating industrial facilities or acquiring existing market players.

The aggregate business—developed in countries where the Group has cement plants—helps provide a global answer to customers' construction materials requirements.

Development in these businesses relies on acquisitions and on industrial investment aimed at both increasing the capacity of existing facilities and opening up new quarries and other facilities. In application of this policy, in 2010 Vicat acquired the concrete and aggregate facilities of French company Thiriet in the east of the country.


© Janarbek Amankulov

GEOGRAPHICAL DEVELOPMENT STRATEGY

The Group currently has companies operating in eleven countries. It generates 59% of its sales outside France: close to 16% in the rest of Europe, 8% in the United States, and 35% in emerging countries (chiefly Egypt, Mali, Mauritania, Senegal, Turkey, and India). The proportion of Group business generated outside France is expected to keep growing in the years to come as a result of the increased production capacities of existing plants and the commissioning of the new greenfield plants.

By combining investment in developed countries and in emerging countries the Group's strategy aims to diversify geographical exposure and to distribute economic risks.

DEVELOPMENT PLAN

The Group stresses controlled development of its different businesses, associating a fine balance of dynamic organic growth sustained by industrial investment to meet market demand and a policy of selective external growth for tackling new markets with an attractive growth potential or for accelerating vertical integration.

SUSTAINED ORGANIC GROWTH THROUGH INDUSTRIAL INVESTMENT

On the markets it works in, the Group is constantly making industrial investments aimed at:

- modernizing its production resources to achieve greater efficiency and better economic performance in its plants, and thus to have the industrial capacity to respond to more intense competition; and
- increasing its production capacity in order to keep pace with the development of its markets and consolidate or enhance its position as regional leader.

The Group thus completed the Performance 2010 plan in 2009. Since the end of 2006 this plan has brought about a close to 50% increase in cement production capacity while at the same time appreciably improving the productivity of the Group's existing industrial resources. This program, which had already been applied in France, Turkey, and Egypt, was implemented in Senegal and Switzerland in 2009.

EXTERNAL GROWTH

The Group's strategy is to penetrate new markets through the cement business, but only very selectively. In its drive for external growth, the Group thus aims to meet all the following criteria:

- projects to be located near large markets with attractive growth potential,
- projects to guarantee availability of long-term mineral reserves (target of 100 years for cement) through land acquisition and award of definitive operating licenses,
- projects to be net contributors to Group profits in the short term.

Accordingly, in April 2010 the Group secured a majority shareholding in Bharathi Cement, in southern India. As of the end of 2010 Bharathi Cement has annual cement production capacity of 5 million tonnes. The Group may also seize opportunities to penetrate new developing markets by building new "greenfield" cement plants. Such projects are examined very selectively, however, in accordance with the Group's external growth criteria outlined above. It was in application of these principles that at the end of 2010 the Group brought a 1.1-million-tonne greenfield cement plant in Kazakhstan on line. Vicat had taken a majority shareholding in the operation in December 2007.
Similarly, in June 2008, the Group signed a deal under which it became the majority shareholder in a partnership in India for building a 5.5-million-tonne greenfield cement plant in the State of Karnataka. Construction of the first phase of that project began in 2010.

GROUP STRATEGY IN 2010

The strategy developed by the Group has demonstrated how robust it is in the current highly unfavorable macroeconomic climate.

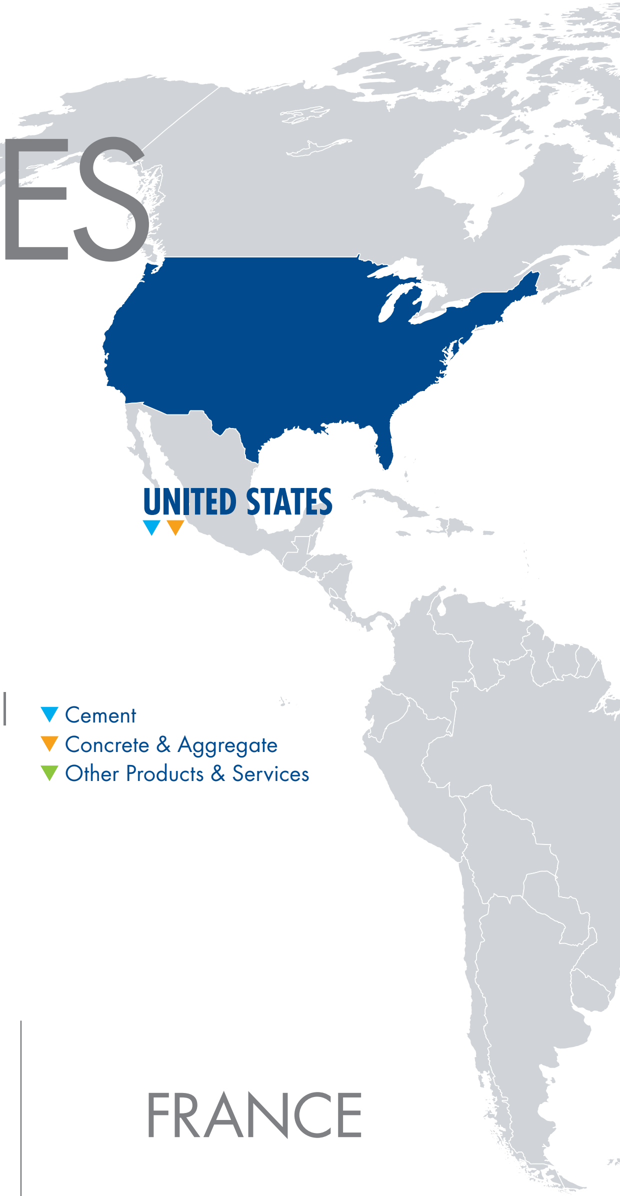
Supported by a sound financial situation, with levels of gearing and leverage among the lowest in the sector, the Group completed its Performance 2010 plan for internal growth in 2009, generating lower production costs through modernization of industrial facilities and increased Group production capacity in Senegal and Switzerland.

The external growth operations undertaken in Kazakhstan and India are progressing as programmed. In addition, by acquiring Bharathi Cement the Group has strengthened and accelerated its development in southern India. This operation, which complements the Vicat Sagar Cement project, resulted in sales of more than one million tonnes of cement in India in 2010.

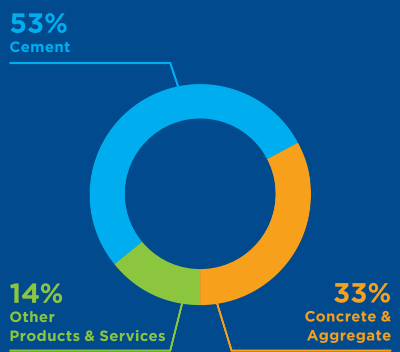
Given the reigning economic environment, the Group will exercise its acquisition policy with caution, taking care to maintain the essential financial ratios.

3 BUSINESSES 5 REGIONS

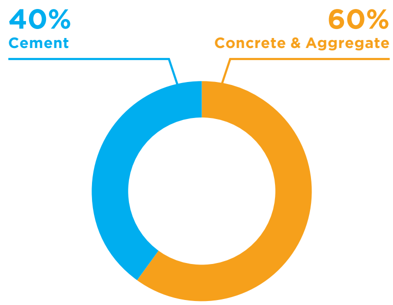
The Group carries out its main businesses — Cement, Ready-Mixed Concrete, and Aggregates — in eleven countries. These businesses represent close to 86% of operational sales. In France and Switzerland the Group is also involved in other activities complementing its main businesses.



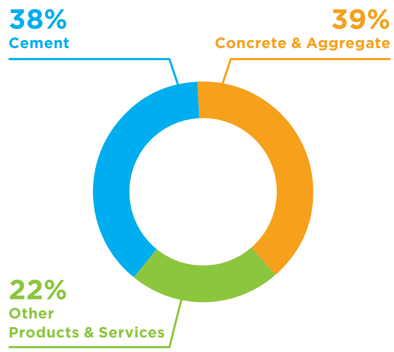
TOTAL



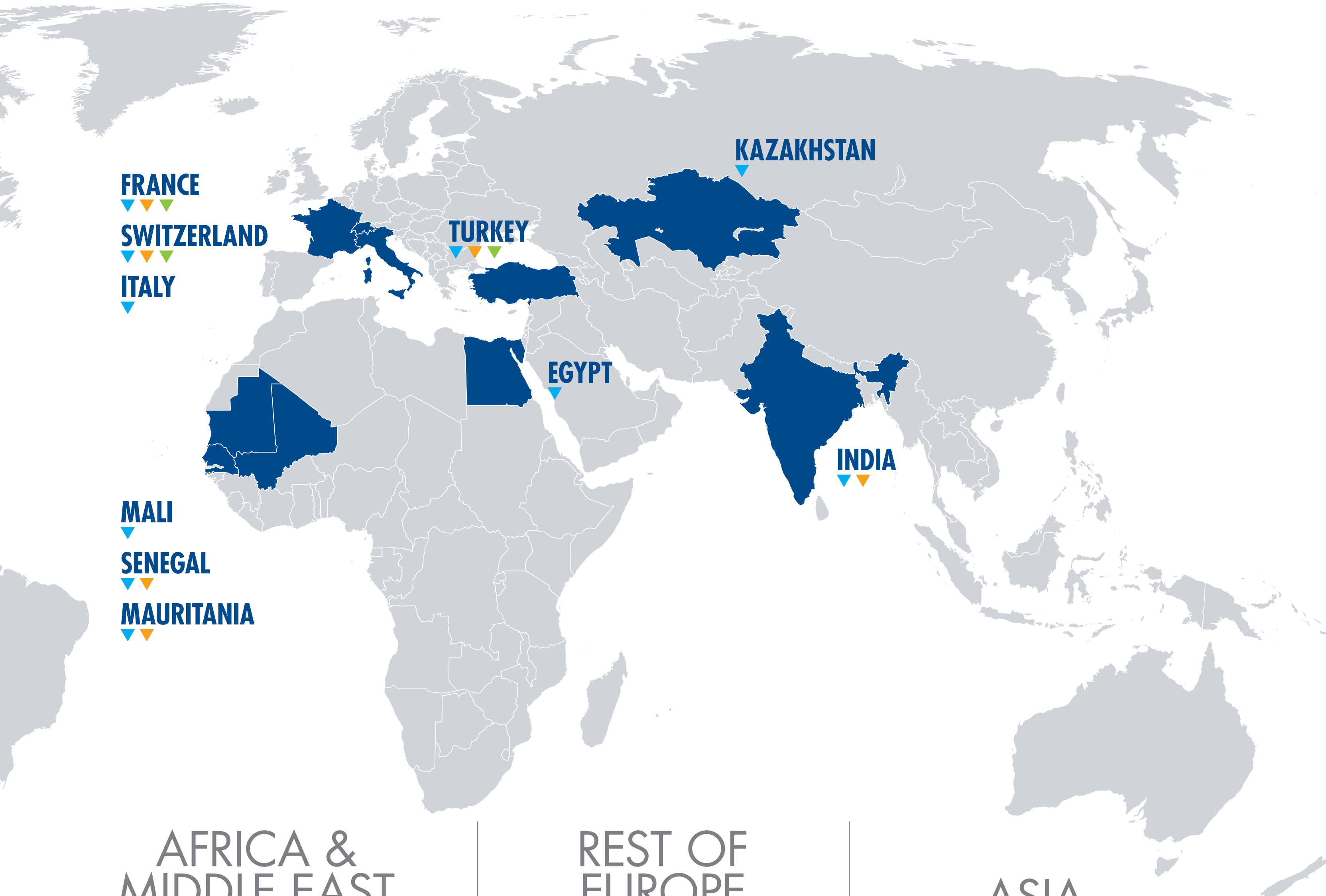
UNITED STATES



FRANCE

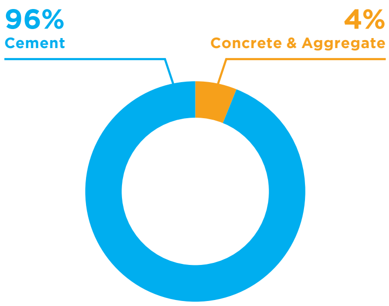


	TOTAL	UNITED STATES	FRANCE
Sales	€2,014 M	€168 M	€832 M
% / TOTAL	100%	8%	41%
EBITDA	€504 M	-€6 M	€184 M
% / TOTAL	100%	-1%	37%



AFRICA & MIDDLE EAST

EGYPT - SENEGAL - MALI - MAURITANIA



€441 M

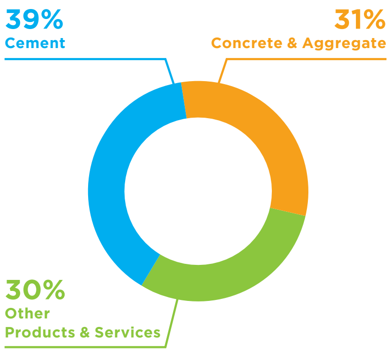
22%

€201 M

40%

REST OF EUROPE

SWITZERLAND - ITALY



€317 M

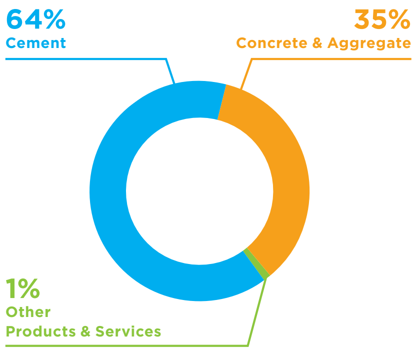
16%

€86 M

17%

ASIA

TURKEY - KAZAKHSTAN – INDIA



€256 M

13%

€39 M

8%

La Grave de Peille
cement plant, southern France

FRANCE

sales
€832 M

employees
2,490

Breakdown of sales per business

38%
Cement
39%
Concrete & Aggregate
22%
Other
Products & Services

FRANCE

CEMENT

5 CEMENT PLANTS
3.1 MILLION TONNES SOLD

INDUSTRY BACKGROUND

Recovery in the housing sector became much more obvious from the middle of 2010. The number of new housing project startups in 2010 (346,000) was up 3.5% relative to the previous year. The number of building permits was up 15.1% for the same period, boosted by historically low mortgage rates and economic-recovery initiatives.

In the non-residential sector business fell back 3.6% relative to 2009 as a result of reductions in corporate investment.

For the year as a whole, with a slowdown of no more than 1%, sales in the public-works sector remained constant. In 2010 the sector drew the full benefits of the economic-recovery initiatives set up in 2008. Local authorities and major concerns such as railtrack operator RFF and power transmission system operator RTE were particularly active investors.

▼ Cement consumption

Thousands of tonnes	2009	2010	Variation
Domestic production	18,568	**18,092**	-2.6%
Imports	1,813	**1,693**	-6.6%
Total France	20,381	**19,785**	-2.9%

For the third year running, cement consumption fell back in 2010 (2.9%) against the backdrop of general economic uncertainty. The total drop over the three years is more than 20%. 2010 is believed to be end of the bad run, for without the severe impact poor weather had on construction activity at the start and end of the year, the situation would have been brighter. It is of note that imports yielded more ground (6.6%) than domestic production (2.6%).

COMMERCIAL ACTIVITY

▼ Cement volume sales

Thousands of tonnes	2009	2010	Variation
Domestic	2,818	**2,819**	=
Exports	266	**298**	+12.0%
Total	3,084	**3,117**	+1.1%

In this context, with volume sales remaining stable across the country and a rise in exports (12%), Vicat performed well in 2010. Effective commercial action and more intense interacting with clients made the Group stand out from the general market trend. The reduced demand for cement and pressure from imports pushed down selling prices in France which lost close to 2.5% relative to 2009.

PLANT OPERATION

The kiln utilization rate for 2010 was slightly higher than that of 2009. Cement production costs were steady due to good management of energy and maintenance costs. The rate of substitution with secondary fuels increased by close to 1.4 points. The substantial drop in supplies of meat and bone meal was compensated by increased amounts of shredded solid waste, particularly at the Xeuilley plant.

ENVIRONMENT

The European Commission finally adopted the revised directive on the allocation of CO_2 quotas for the period 2013–2020. The text is yet to be validated by the European Parliament but it can no longer be amended. CO_2 allowances will therefore be calculated on the basis of clinker production for the reference years, multiplied by the benchmark coefficient, i.e. 766 kg of CO_2 per tonne of clinker. The coefficient for Vicat is already close to this objective in 2010.

FRANCE

CEMENT

CONCRETE & AGGREGATE

139 BATCHING PLANTS
2.9 MILLION CUBIC METERS SOLD

44 AGGREGATE QUARRIES
9.9 MILLION TONNES SOLD

INVESTMENT

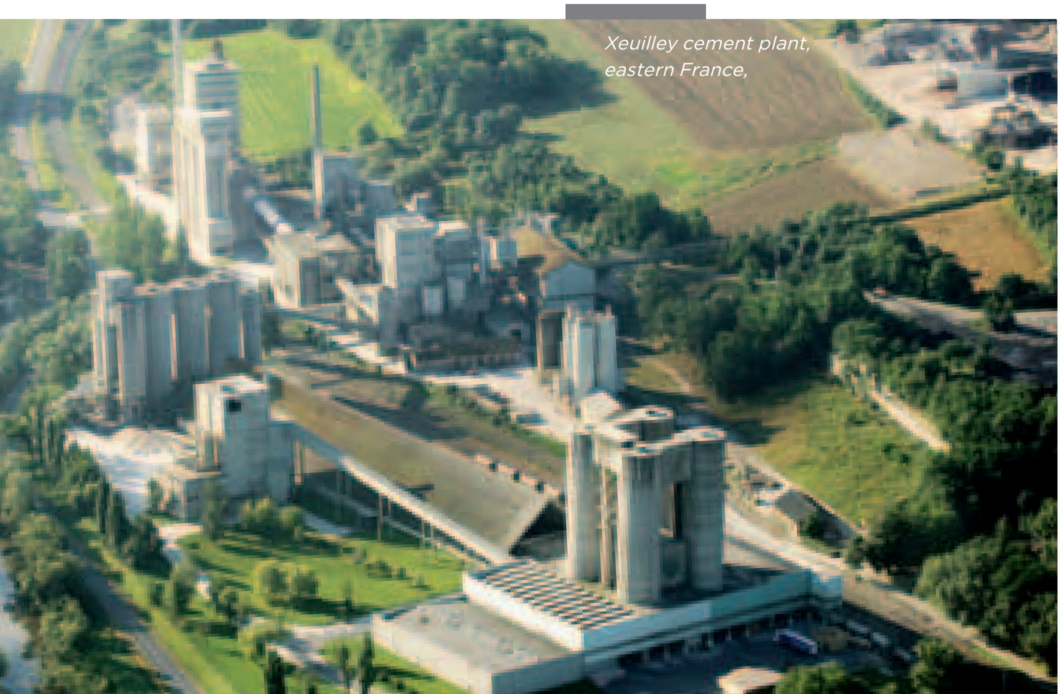
Investment was limited in 2010 because of the slowdown of the market. Nevertheless, the program for installing hooding machines on the bagging lines at the Montalieu and Xeuilley plants was carried through, and major electrical renovations were carried out at three plants. Investments targeting environmental protection were also made: mechanization of supply to the Xeuilley clinker store, and creation of firewater and stormwater detention basins at the Saint-Égrève plant.

INDUSTRY BACKGROUND

The ready-mixed concrete market in France grew 0.4%.

▼ Regional concrete production

Thousands of tonnes	2009	2010	Variation
South Central	706	693	-1.6%
East Central	859	771	-10.6%
North Central	1,348	1,254	-7.0%
Eastern France, South	609	597	-2.4%
Paris Region	4,839	4,888	+0.1%
Eastern France, North	1,087	1,040	-5.7%
Southwestern France	2,308	2,378	+3.0%
Northern France	1,734	1,752	+1.1%
Southeastern France	3,709	3,825	+3.1%
Alpine Region	4,229	4,182	-1.1%
Total France	37,153	37,302	+0.4%



Xeuilley cement plant, eastern France,

After a large drop in business in 2009 (-16% relative to 2008), 2010 was therefore a period of leveling off. Bad weather conditions in December 2010 had a very strong effect on business in the north of France and, to a lesser extent, in the Alpine region.

The overall trend for the French aggregate business to the end of December was down about 3.2%, with the national market trading 364 million tonnes in 2010. Volumes sold were impacted by sluggish sales in December because of particularly severe winter conditions.

GROUP BUSINESS

▼ Evolution of business

	2009	2010	Variation
Volumes sold			
Concrete (thousands of cubic meters)	2,848	2,874	+0.9%
Aggregate (thousands of tonnes)	9,891	9,938	+ 0.5%
Number of facilities			
Batching plants	140	139	- 1
Aggregate quarries	48	44	- 4

In the regions where it has batching plants Vicat sold close to 1% more concrete than in 2009 while at the national level the market rose 0.4%.

The Georges Pompidou cultural center in Metz, in eastern France, used concrete supplied by Béton Granulats Île-de-France Est (BGIE).

© Valéry Dubois

In the Alpine region the Group increased volume sales by 3.7%, compared to a corresponding market rise of 0.6%. This performance obtained in an increasingly competitive environment is the result of reorganization of commercial and marketing functions. In addition, the Group took action to develop sales of special concretes, especially self-consolidating concrete which has a higher premium value. Keen competition on a still-sensitive market engendered an average drop in the average selling price of about 2.6%.

Group aggregate sales in 2010 were little changed overall but the situation varied from region to region: up 60% in eastern France–North (railroad project); stability in the Rhône Valley, Toulouse, southeastern France, and the Lyons region; decreases in volumes sold in Savoy, South Central France, and the Paris region. Selling prices were stable 2010.

INVESTMENTS

For the ready-mixed-concrete business investments concerned maintenance of production resources, safety, and the environment.

For the aggregate business the most noteworthy operation of the year was the safety-related work in the tunnels and preparation for change at the La Courbaisse quarry (Nice) which will increase output from around 400,000 tonnes per year to close to 1,000,000 tonnes. Major investment was also made to maintain quarry reserves, especially in the Rhône Valley.

ACQUISITION OF THIRIET

At the end of the year the Group acquired the company Thiriet, thereby reinforcing its position in the Lorraine region of eastern France. Located south-east of regional capital Nancy, Thiriet has three batching plants (100,000 m3) and four quarries (500,000 tonnes). With staff of about 100 it generated sales of €19 million in 2009.

This external-growth operation means the Vicat Group ready-mixed-concrete division has filled the gaps in its coverage of Nancy and developed coverage in the eastern part of the Meurthe-et-Moselle region, thereby consolidating the market for the Xeuilley cement plant.

With respect to aggregate, Thiriet has substantial reserves which will ensure a 20-year supply in the Lorraine region where aggregate is particularly scarce.

FRANCE

OTHER PRODUCTS & SERVICES

A89 motorway project, Lyons area.

PAPETERIES DE VIZILLE: PRINTING & WRITING PAPERS

INDUSTRY BACKGROUND

After a 15% drop in volume sales in 2009, paper business was brisk in the first half of 2010 before slowing down again towards the end of the year. The continuous rise in raw-materials prices since the summer of 2009 was inverted, in part at least, in the second half of the year. Slightly higher selling prices were not enough to fully compensate the global rise in costs.

GROUP BUSINESS

Evolution of business

Volumes sold	2009	2010	Variation
Printing & Writing (thousands of tonnes)	26,037	**25,618**	-1.6%
Bags (thousands)	58,539	**61,146**	+4.4%
Sales (millions of euros)	36.9	**40.0**	+8.4%

The greaseproof and security paper ranges recently developed by Vizille have continued to make market inroads. On the other hand, it was necessary to intensify exports to compensate the shortage of business opportunities in the traditional sectors in France. After 8 months operating at full capacity in the first part of the year, market conditions imposed several plant shutdowns in the last quarter.

PAPETERIES DE VIZILLE: BAGS

INDUSTRY BACKGROUND

There was a hesitant recovery in the European bags sector in 2010, especially for minerals and chemicals.

GROUP BUSINESS

Despite the profound stability of the French market, Vizille was able to draw some benefit from the announcement by the world market leader that it was to restructure its business in Europe, with site closures in France. Selling prices, which had dipped appreciably at the end of 2009, had room for hikes in the last quarter.

SATM & SUBSIDIARIES

MAJOR PROJECTS

In 2010 business in Major Projects was up on 2009 in terms of sales, but volumes were down. The second half was well up on the second half of 2009. Highlights of the year include:

- the contract for supplying concrete for test building 411 at the French atomic energy agency (CEA) facility in Valduc;
- the start of concrete supply contracts for the Violay, Bussière, and Chalosset tunnels on the A89 motorway;
- the start of concrete supplies for the lining segments of the future

▼ **Breakdown of sales by SATM & subsidiaries (per business)**

Millions of euros	Sales as of 31/12/09	Turnover	Sales as of 31/12/10	Turnover	Variation
Transport	66.7	65%	74.0	66%	+10.9%
Major projects	13.2	13%	14.0	13%	+5.7%
Miscellaneous	22.9	22%	23.9	21%	+4.5%
Total	102.8	100%	111.9	100%	+8.8%

emergency evacuation tunnel for the Fréjus road tunnel;
- the end of construction of the third Saint-Martin-La-Porte access decline as part of enabling works for the Lyons–Turin tunnel.

TRANSPORT

Despite a generally difficult economic situation in 2010, accentuated by stiff competition, SATM did well by achieving sales up 10.9% compared to 2009. The highlights of 2010 are:

- consistent business — in volume terms — in tanker transport, and a strong rise in tipper business;
- implementation of substantial logistics resources for the A89 motorway project;
- the positioning of the Vitrolles facility with Cap Vracs as of September 1, 2010;
- consolidation of the position on the dispersed market for tipper transport in Grenoble.

VICAT PRODUITS INDUSTRIELS

(construction chemicals)

INDUSTRY BACKGROUND

After strong growth up until 2008 the premixed-mortar market continued on the downward trend observed since the start of 2009 (-10%). Only the ETICS external insulation range maintained a sound level of business as a result of measures implemented under sustainable-development initiatives.

GROUP BUSINESS

Against the difficult economic backdrop aggravated by particularly inclement weather at the start and end of the year, VPI's sales lost 9%.

- The Building division lost ground (3%) relative to the other divisions, falling back to 63% of total VPI sales as the result of losing a private-label-brand contract.
- The Home Improvements division rose to 30% of total sales, compared to 27% in 2009, as a result of finalizing commercial operations with the Kingfisher group.
- The Civil Engineering division represents about 7% of sales, unchanged from 2009.

▼ **Evolution in sales**

Millions of euros	2009	2010	Variation
Building	45.9	39.7	-14%
Home improvements	19.2	19.2	0%
Civil engineering	4.8	4.5	-7%
Total	69.9	63.4	- 9%


SATM truck delivering a batching plant of the Group

UNITED STATES

sales
€168 M

employees
1,029

Breakdown of sales per business

40%
Cement

60%
Concrete & Aggregate

Lebec cement plant, California

CEMENT

2 CEMENT PLANTS
1,2 MILLION TONNES SOLD

INDUSTRY BACKGROUND

The residential construction sector is still suffering from the high number of repossessions, even if the numbers are easing off. Residential construction expenditure fell 4.0% in a year. The Portland Cement Association estimates that the nose-dive has bottomed out (62% drop since the peak of 2006) and is announcing a rise in 2011.
Private non-residential construction is lagging behind residential construction. The drop of 15.1% in 2009, then 26.1% in 2010, is expected to finish only in 2011, followed by a slight rally in 2012.

▼ Cement consumption

Thousands of tonnes	2009	2010	Variation
Total Southeast	7,266	7,062	-2.8%
Total California	6,525	6,115	-6.3%
Total United States	68,382	68,451	+0.1%

The pattern in the second half suggests a rise in volume sales is starting in most of the States where the Group does business. For the period from June to October 2010, the change was positive in Georgia, Tennessee, Mississippi, North and South Carolina, and California compared to the same period in 2009. Although it may yet be too soon to speak of outright recovery, there is reason to believe that there is rebound from rock bottom. Only Alabama suffered from negative growth in the second part of the year, although the rate of the fall did ease off.

COMMERCIAL ACTIVITY

▼ Evolution of volume sales

Thousands of tonnes	2009	2010	Variation
Sales volume	1,271	1,212	-4.6%

Southeast

National Cement's leading sales areas — Alabama and the Atlanta region — were the hardest hit. Construction activity in Atlanta was lower than in the rest of Georgia. However, the Group has increased its market share in all areas except Georgia where it is stable: subsidiary Walker has succeeded in increasing volume sales in this area.

California

Together with the Group's firm position on pricing, the low private and public sector business in California has been making selling particularly difficult. The Group's ready-mixed-concrete organization has taken steps to consolidate market share undermined in 2010.

Prices continued to fall throughout the year. However, it appears that the drop in average prices has stabilized: they have not fallen any further since September in California, since October in the Southeast.

PLANT OPERATION

At Lebec 2010 saw three periods of firing and clinker storage and three periods of shutdown. Two of the shutdowns allowed for adaptive maintenance operations while the third gave rise to temporary layoffs.

Technical performance achieved the levels expected. There were good results in terms of kiln availability rates and fuel substitution rates.

Safety results were also good: the plant has been operating for close to two years without a single lost-time accident.

Production costs were kept under control in 2010, benefitting from sound management of electric power requirements, the lowest-ever natural-gas consumption, even higher alternative-fuel substitution rates, and compliance of fixed costs with the budget proposal.

At Ragland, production costs for clinker, cement, and mortar improved substantially. Special attention was paid to variable costs. The proportion of substitute fuels rose more than one point. Moreover, the cost of electric power fell substantially as a result of a better power demand setup, a new power-supply contract, and optimized management of different rates.

INVESTMENTS

Investment was kept to the strict minimum at all facilities.

ENVIRONMENT

New National Emission Standards for Hazardous Air Pollutants limits for the cement industry were published on September 9, 2010. National Cement will have to comply with the new rules as of September 9, 2013. The new limits chiefly concern emissions of mercury, hydrocarbons, hydrochloric acid, and particulates at the kiln exhaust stack.

CONCRETE

44 BATCHING PLANTS

1.4 MILLION CUBIC METERS SOLD

INDUSTRY BACKGROUND

Like the cement market, the ready-mixed-concrete market was sluggish in 2010, and was highly competitive. Alabama and the Atlanta region have not as yet shown any real sign of business picking up.

GROUP BUSINESS

▼ Evolution of business

	2009	2010	Variation
Concrete (thousands of cubic meters)	1,438	1,429	-0.7%
Number of batching plants	47	44	-3

The Group recorded good business performance business in the South-east in 2010, however, as testified by the growth in Kirkpatrick market share in Alabama, together with that of Walker. From the start of the year prices dropped considerably in Alabama but the trend stabilized as of September.

In California, Group market share in the south of the State improved as a result of a commercial policy stressing continued presence and a highly reactive pricing policy. On the whole, prices dropped appreciably from the start of the year.

Mixers at BVRM and at National Ready Mix were changed preventively. This will reduce maintenance costs at the two batch plants.

EUROPE
SWITZERLAND
ITALY

sales
€317 M

employees
1,053

Breakdown of sales per business

39%
Cement

31%
Concrete & Aggregate

30%
Other
Products & Services

Façade of the "Tropenhaus" attraction in Frütingen, using Creabeton products

SWITZERLAND

CEMENT

1 CEMENT PLANT

0,8 MILLION TONNES SOLD

INDUSTRY BACKGROUND

The construction sector enjoyed another record year, with resumption of industrial investments and sustained high housing demand as a result of population growth and attractive lending rates.

Public-works activity was buoyed up throughout 2009 and 2010 by economic recovery plans at the cantonal and federal government levels. For as long as Switzerland has good road and rail infrastructures, the country's geographic location, in a mountainous region at the heart of Europe, makes it a vital thoroughfare for the transport of goods. Increased traffic is expected to sustain medium-term and long-term investment in projects such as the Saint Gotthard Tunnel, projects which take several years to build.

▼ Cement consumption

Thousands of tonnes	2009	**2010**	Variation
Domestic production	4,333	**4,533**	4.6%
Imports	250	**300**	20.0%
Total Switzerland	4,583	**4,883**	5.5%

Reflecting the dynamics of the construction sector, cement consumption remained high. The less vigorous situation of neighboring countries (Italy, Germany) accentuated pressure from importers in border regions.

COMMERCIAL ACTIVITY

▼ Evolution of sales

Thousands of tonnes	2009	**2010**	Variation
Volume sales	752.4	**829.5**	10.3%

On a slightly growing market Ciments Vigier recorded sound progress by winning new clients and supplying large projects. Net plant-gate prices are down, however. There was no general cement price rise in 2010 and deliveries to the more distant regions and remote construction sites took their toll on average prices.

PLANT OPERATION

The Reuchenette plant drew full benefit from the investments made in 2009. Clinker production rose 26%, to 730 thousand tonnes, putting an end to the need to purchase clinker as was done in previous years.

Unit production costs are down as a result of better thermal efficiency and lower fuel costs.

INVESTMENTS

The plant capacity increase initiated at the end of 2008 continued in 2010 with introduction of a stage of raw-materials crushing and drying which enables raw meal supplies to keep flowing during the winter months when otherwise the material can be wet or even frozen. Subsequent to the increase in clinker production capacity, cement storage and shipping capacity has also been boosted: a new bulk loading station for trains has been installed, increasing car loading rates.

ENVIRONMENT

Under the terms of the CO_2 emissions reduction agreement applicable to Swiss cement plants, the 2010 cement production sets the limit for emission rights for 2011 and 2012. Since this agreement came into force Vigier has been able to build up CO_2 emission rights by using substitute fuels which meet approximately two thirds of kiln heat requirements. In addition, the precalcination plant allows greater use of biogenic fuel (waste wood from construction sites) which now provides twice as much heat as previously. 'Waste-to-heat' has made a substantial contribution to maintaining a high rate of kiln-firing substitution despite the rise in output.

SWITZERLAND

CONCRETE & AGGREGATE

19 BATCHING PLANTS
0.5 MILLION CUBIC METERS SOLD

21 AGGREGATE QUARRIES
2.4 MILLION TONNES SOLD

INDUSTRY BACKGROUND

Business in the sector was brisk in 2010, with some regional variations due to climate differences (long 2009 winter, 2010 winter starting earlier than in 2009) but also to the location of construction projects.

For concrete it was a good year with some contrasting regional situations. For aggregate, the year followed the pattern of the ready-mixed-concrete sector.

GROUP BUSINESS

Evolution of business

	2009	2010	Variation
Volumes sold			
Concrete (thousands of cubic meters)	502	481	-4.00%
Aggregate (thousands of tonnes)	2,610	2,444	-6.38%
Number of facilities			
Batch plants	18	19	+1
Aggregate quarries	20	21	+1

Concrete batching plants were kept busy but the absence of large construction projects in the Bernese Alps and Solothurn regions penalized volume sales. Neither of these regions saw contracts for more than 10,000 cubic meters. While business in the Biel region was stable, the volumes of ready-mixed concrete sold in the Fribourg region rose slightly, but competition is fierce and selling prices have dropped.

The drop in activity is appreciable for the disposal business, volumes dropping 13.5% relative to 2009 due to the absence of large tunneling projects.

INVESTMENTS

Investments in 2010 chiefly concerned an increase in land reserves with quarrying approvals.

OTHER PRODUCTS & SERVICES

PRECASTING

€105.9 M OPERATIONAL SALES

INDUSTRY BACKGROUND

Business in precast-concrete garden products (flags, pavers) and, to a lesser extent, products for public works, remained brisk. The policy limiting railtrack maintenance has reduced demand for rail products across Europe. In the short term the rise in value of the Swiss franc against the euro is favoring imports.

Precast concrete products

COMMERCIAL ACTIVITY

▼ Evolution of business

Thousands of tonnes	2009	2010	Variation
Volume sales	368.8	**391.0**	6.3%
Sales (millions of euros)	101.0	**105.9**	4.8%

Sales of catalog products remained strong, partially offsetting the end of deliveries to major motorway projects at the end of 2009. Sales of concrete products rose in part due to the launching of new items such as the Delta Bloc® noise-barrier system. While the rail division succeeded in maintaining sound levels of business, prices slipped under the pressure of imports.

PLANT OPERATION

In 2010 a fire destroyed a precasting shop at the Granges plant. Output was maintained by transferring production to other plants, particularly the Cewag plant which is very flexible. The business-interruption loss was indemnified by insurance. Reconstruction will start once the Vaud Canton building insurance division has given its approval.

In Lyss, handling of products in the Exacta range (concrete blocks that look like building stone) was automated. In Einigen a gas-fired heating system has replaced the former oil-fired system for firing calcium-silicate bricks, thereby reducing costs.

INVESTMENTS

By buying Cewag the company acquired a 36,000-square-meter site with rail and motorway connections between Bern and Fribourg.

ITALY

▼

CEMENT

INDUSTRY BACKGROUND

The building sector is one of the hardest hit by the economic slowdown. Government investment and expenditure is not sufficient to offset the effects of the crisis.

The situation remained difficult in 2010, with an estimated drop of 6.4% in investment in the building sector; forecasts for 2011 are low for industry as well, except for renovation which is expected to see a positive trend.

The increase in private-housing sales (+4.4%) in 2010 is encouraging.

▼ Cement consumption

Thousands of tonnes	2009	2010	Variation
Domestic production	34,343	**32,246**	-6.1%
Imports	1,742	**1,576**	-9.5%
Total	36,085	**33,822**	-6.3%

COMMERCIAL ACTIVITY

CCS volume sales were down more than the market average.

▼ Evolution of sales

Thousands of tonnes	2009	2010	Variation
Volume sales	424	**279**	-34.2%

Against the backdrop of fierce price cutting, CCS decided to reduce volume sales in southern and central Italy and maintain margins by selecting clients; volume sales therefore dropped substantially, but the situation is now improving since in the last quarter the slump in sales eased off.

Average 2010 selling prices were appreciably lower across all regional markets as a whole. The price drop was significant in Tuscany and in southern Italy, and even more marked in Sardinia. The last quarter saw the return of relatively stable prices.

PLANT OPERATION

Production costs reduced significantly as a result of the conditions for purchasing clinker and cement on the domestic market, especially in the second half of the year. Payroll costs improved as a result of a drop in staff numbers and temporary layoffs. Savings were also made on energy and logistics costs.

INVESTMENTS

Investment was restricted to projects relative to safety and replacement of spare parts.

ENVIRONMENT

At Oristano the new clinker and raw materials elevator has been operating constantly, eliminating dust emissions from the plant. The Imperia facility was certified against ISO 9001–2000, particularly with respect to safety procedures for unloading ships.

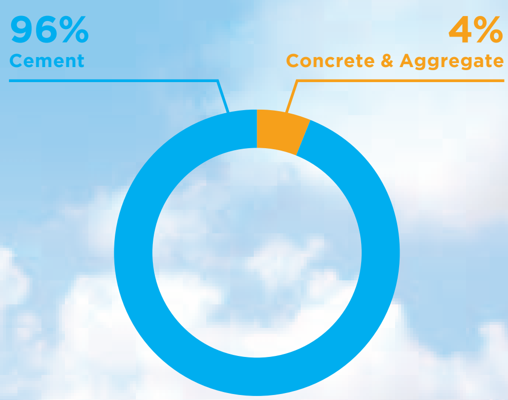
AFRICA AND THE MIDDLE EAST

EGYPT, SENEGAL, MALI, MAURITANIA

sales
€441 M

employees
1,039

Breakdown of sales per business



Sinaï Cement Plant in El Arish

EGYPT

CEMENT

1 CEMENT PLANT

3,8 MILLION TONNES SOLD

INDUSTRY BACKGROUND

Since 2009 business in the construction sector has been boosted by several initiatives undertaken by the Egyptian government. These growth-enhancing actions include broad projects in housing and the energy sector such as:

- the National Project for Housing program, involving construction of 524,000 low-cost social-housing units, due to reach completion at the end of 2012 (315,000 homes have already been built);
- construction of two natural-gas power plants, one north of Cairo and one south of Suez.

Cement consumption

Thousands of tonnes	2009	2010	Variation
Total consumption	47,823	49,463	+3.1%

The moderate growth recorded in 2010 follows on from a 24.9% increase in cement consumption in 2009. Cement continued to be imported, with imports reaching a total of about 1,640 thousand tonnes in 2010.

COMMERCIAL ACTIVITY

Evolution of volume sales

Thousands of tonnes	2009	2010	Variation
Domestic	3,493	3,728	+6.9%
Export	0	25	-
Total	3,493	3,753	+7.6%

The increase in the plant's milling capacity has enabled Sinai Cement (SCC) to develop more rapidly than the general market trend, especially in the Sinai, Cairo, and Nile Delta regions. Consequently, the SCC market share rose to 7.5% by the end of the year. In addition, SCC started exporting again, as of September 2010. The Egyptian government took steps to regulate cement prices on the local market; these measures are effective since selling prices barely changed in 2010.

PLANT OPERATION

Plant operation was excellent in 2010. To meet demand the plant beat all its previous clinker and cement production records. With clinker output slightly up on 2009 and an 8.4% increase in cement production, the El Arish plant produced more than 3.35 million tonnes of clinker and 3.77 million tonnes of cement in 2010.

INVESTMENTS

The fourth cement mill, which came on line in April 2010, was successfully optimized in the second half of the year, enabling SCC to appreciably increase its sales volumes. It is a slide-shoe-bearing ball mill capable of achieving output of 140 tonnes per hour. Being similar in design to the other three cement mills, spare-parts management will be optimized.

ENVIRONMENT

The Sinai Cement plant is an environmental showcase in Egypt. To monitor and control plant performance, systems for continuous measurement of NOx, SOx, and dust concentrations have been installed. A strategy for substitution of noble fuels by alternative fuels is currently being drawn up. Landscaping work was carried out around the cement mills and at the entrance to the plant, with five hundred trees being planted.

SENEGAL

CEMENT

1 CEMENT PLANT

2.4 MILLION TONNES SOLD

ENVIRONMENT

All the work undertaken to reduce stack dust emissions and fugitive dust, together with improvements to the working environment and the environment of local populations achieved concrete results in the form of successful certification against ISO 14001 in December 2010, confirming Sococim's commitment to sustainable development. Sococim continued its environmental endeavors in the following fields:

- greening of quarries and greater recovery of rainwater for internal use;
- reduction of greenhouse-gas emissions by planting jatropha in quarries and burning peanut shells (for which a CDM certification request has been filed).

INDUSTRY BACKGROUND

The first half of 2010 was marked by an appreciable increase in the demand for cement in Senegal. This swing is in large part due to:

- the launch of infrastructure projects financed by the national government or external agencies;
- the plentiful supply of cement in all outlets as a result in the increase in national production capacity.

The second half of the year was dampened by an exceptionally wet rainy season, driving sales down until the end of the year when volumes began to rise again somewhat.

▼ Cement consumption

Thousands of tonnes	2009	2010	Variation
Total consumption	2,263	**2,395**	+5.8%

COMMERCIAL ACTIVITY

▼ Evolution of volume sales

Thousands of tonnes	2009	2010	Variation
Domestic	1,615	**1,487**	-7.9%
Export	546	**748**	+37.7%
Total	2,161	**2,235**	+3.4%

With competition having become very intense, ex-plant selling prices were down slightly in 2010. After some losses in the first half, Sococim local market share picked up as a result of a targeted action plan.

Mali and Gambia were the main export destinations, but new clients in Guinea, Guinea Bissau, Benin, Congo, Liberia, and Sierra Leone also helped increase volume sales.

PLANT OPERATION

Due to investment under the Performance 2010 plan productivity was increased and production costs were reduced, making cement competitive on international markets. Clinker production rose 30.2% to 1,591 thousand tonnes. These improvements are the result of:

- elimination of clinker purchases, because of increased kiln capacity;
- fuel and electric power savings due to the new kiln line;
- increased use of substitute fuels;
- increasing electric power production using locally produced gas;
- more reliable, optimized process lines.

INVESTMENTS

After the major outlay of recent years Sococim Industries limited investments, focusing on two main issues:

- increasing volume sales through projects targeting packaging and logistics, to make installations more flexible and more efficient,
- reducing energy costs by intensifying the development of secondary fuels and electric power generation using Senegalese gas.

Sococim Industries cement plant in Rufisque

SENEGAL

AGGREGATE

2 AGGREGATE QUARRIES

2.4 MILLION TONNES SOLD

ENVIRONMENT

The reforestation plan for the area around the Bandia limestone aggregate quarry was implemented in accordance with the initial schedule.

INDUSTRY BACKGROUND

While 2009 suffered from shrinkage of the market, 2010 saw a revival of activity in the construction and public works sector.

GROUP BUSINESS

▼ Evolution of business

	2009	2010	Variation
Aggregate (thousands of tonnes)	2,024	2,396	+18.3%
Aggregate quarries	2	2	=

Demand for basalt aggregate was steady due to the very high levels of activity in the public-works sector in 2010. The situation in the construction sector was more status quo. The limestone aggregate generally used for construction faced stiff competition from basalt aggregate for which selling prices gave away a lot of ground in 2009.

INVESTMENTS

Acquisition of some of the quarrying approvals of another operator gave Gécamines close to 20 years of extra quarry reserves. Other investments in 2010 were chiefly for quarrying and overburden stripping, with loading and haulage machines being purchased.

The investment programmed for Gécamines in 2011 marks an important new step in the company's development by increasing total production capacity to 1.4 million tonnes per year. The new unit is scheduled to be operational by the end of the first half.

SODEVIT limestone-aggregate quarry in Bandia

MALI

CEMENT

INDUSTRY BACKGROUND

The market is driven chiefly by major projects. As part of the program for increasing power supply, several power plants are approaching completion and construction of Taoussa hydropower dam is to start in March 2011. The following projects are lined up for 2011 and the following years:

- Power interconnection between Ségou and Sikasso (in the east of Mali),
- Bamako–Ségou motorway (200 km),
- Timbuktu–Gao highway (424 km),
- Bamako administrative complex,
- Rehabilitation/extension of Bamako-Sénou airport
- Further work under the 5-year program for 20,000 social-housing units,
- Bamako and Mopti hospitals.

Cement consumption

Thousands of tonnes	2009	**2010**	Variation
Total consumption	1 135	**1 316**	16%

GROUP BUSINESS

At the end of December 2010 Group volume sales stood at 438,970 tonnes, of which 88,980 tonnes had been sold by Ciments et Matériaux du Mali (CMM), compared to 463,371 tonnes and 39,480 tonnes respectively in 2009. The rise in CMM sales is the result of the company's new strategy for winning regional market share, together with its commercial initiatives. Due to stiff competition, the average selling price slid back appreciably in 2010.

MAURITANIA

CEMENT

1 MILLING PLANT
0.2 MILLION TONNES SOLD

INDUSTRY BACKGROUND

Apart from rehabilitation of roads in the city of Nouakchott in the second half of the year, for the 50th anniversary of the country's independence, the public-works sector was quiet in 2010. Private-sector construction resisted downward pressure despite difficult conditions due to the shortage of financial resources.

Cement consumption

Thousands of tonnes	2009	**2010**	Variation
Total consumption	630	**625**	-1%

COMMERCIAL ACTIVITY

BSA Ciment continued to gain in stature on the Mauritanian market, increasing its market share by 10 points as a result of more regular operation of its industrial plant. Creation of a depot in Nouadhibou enabled BSA Ciment to introduce its products into the region and to complement its network of ten depots in the city of Nouakchott.

Evolution of sales

Thousands of tonnes	2009	**2010**	Variation
Volume sales	104	**166**	+60%

PLANT OPERATION

The 8-MW power plant installed on the site has enabled the mill to be optimized, with periods of uninterrupted operation generating improved technical ratios.

Jambyl Cement plant in Mynaral, Kazakhstan

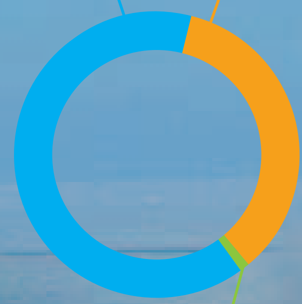
ASIA

TURKEY
KAZAKHSTAN
INDIA

sales
€256 M

employees
1,429

Breakdown of sales per business



TURKEY

CEMENT

2 CEMENT PLANTS
3.4 MILLION TONNES SOLD

INDUSTRY BACKGROUND

After deep recession in 2008 and 2009, the construction sector was one of the main forces driving the Turkish economy in 2010. Progress was due in large part to the sound health of the private housing sector, while construction of commercial and industrial buildings slipped back again.

Cement consumption is estimated at 48.9 million tonnes in 2010, representing an increase of close to 15% which compensates the successive drops of 3.4% in 2008 and 0.9% in 2009. Consumption increases were steady from March onwards, becoming very brisk at the end of the year which enjoyed particularly mild weather.

▼ Cement consumption

Thousands of tonnes	2009	2010 (est.)	Variation
Marmara	10,801	12,300	13.9%
Aegean	3,811	4,050	6.3%
Mediterranean	6,484	6,550	1.0%
Black Sea	5,746	6,900	20.1%
Central Anatolia	7,762	9,250	19.2%
Eastern Anatolia	2,488	3,250	30.6%
Southern Anatolia	3,762	4,250	13.0%
Others	1,800	2,325	29.2%
Total	42,654	48,875	14.6%

Central Anatolia, the Group's core market, was well up for the year, with a 19% increase, after drops for three years running. The southern region, the market of Konya Çimento, was not favored by the same vigor: for one thing, the slump had been less dramatic in 2009; and secondly, business in the Mediterranean region made practically no ground.

COMMERCIAL ACTIVITY

The volumes of cement sold rose more than 10% over the year:

- domestic sales rose substantially (15.8%), with a very high increase for Baştaş (+20%) and a more moderate improvement for Konya (+12.5).
- exports fell close to 32%, most export production going from Konya to neighboring countries.

▼ Evolution of Group sales

Thousands of tonnes	2009	2010	Variation
Cement	3,033	3,350	+10.4%
including exports	359	245	-31.8%
Lime	54	56	+2.7%
Total	3,087	3,406	+10.3%

Domestic ex-plant selling prices rose appreciably in 2010, accompanied by increasing inflation. Konya is better placed than Baştaş.

PLANT OPERATION

The revival of commercial activity meant both plants were able to operate more regularly. Electric power prices continued to rise, although more slowly than in previous years. To limit the effect of these high prices, special attention was paid to optimizing the use of plant.

ENVIRONMENT

The salient points of environmental issues were:

- the Baştaş plant was connected to the Environment Ministry's on-line emissions-monitoring system;
- the tree-planting program continued, with more than 9,000 trees being added across all sites;
- all the Group's subsidiaries in Turkey succeeded in passing the audits for maintaining their certifications (ISO 9001 and 14001, OHSAS 18001).

TOKİ project under construction near Ankara

TURKEY

CEMENT

The strategy for increased use of substitute fuels and raw materials continued to be applied, with a large rise in the use of whole tires at both plants and the conclusion of several contracts for supply of substitute materials (ash, soil, gypsum). Cözüm (a subsidiary specializing in waste processing) was granted its permit for final operation. The permit for the Baştaş plant was extended to allow it to accept a greater number of substitute fuels.

INVESTMENTS

Investment in 2010 dealt primarily with improving the production costs of the plants. This included the installation of automatic substitute-fuel feed systems.

CONCRETE & AGGREGATE

36 BATCHING PLANTS
3.0 MILLION CUBIC METERS SOLD

7 AGGREGATE QUARRIES
5.5 MILLION TONNES SOLD

INDUSTRY BACKGROUND

With concrete volume sales increasing by around 12.9% the sector attracted new operators. The number of batching plants also increased, giving denser geographical coverage and greater competition.

▼ Ready-mixed concrete market

	2009	2010	Variation
Production (thousands of cubic meters)	66,430	**75,000**	+12.9%
Number of batching plants	845	**860**	+1.8%

Turkey's consumption of aggregate in 2010 is estimated to have been 210 million tonnes, against 240 million in 2009. The utilization breakdown is as follows:

- 70% for concrete and precasting;
- 30% for road construction and asphalting.

The volume of aggregate sold on the Ankara market in 2010 is estimated at 17 million tonnes, benefiting from brisk activity in the cement and ready-mixed concrete sectors.

GROUP BUSINESS

▼ Evolution of business

	2009	2010	Variation
Volumes sold			
Concrete (thousands of cubic meters)	2,341	**2,971**	+26.9%
Aggregate (thousands of tonnes)	4,019	**5,528**	+38%
Number of facilities			
Batch plants	36	**36**	=
Quarries	6	**7**	+1

On a recovering concrete market the Group clearly displayed its ambition to develop business in order to guarantee outlets for cement. Concrete volume sales increased by 630,000 cubic meters over the year, up 26.9%. Sales were particularly high in the Ankara region because of some large TOKİ (Housing Development Administration) projects, although volumes dropped off towards the end of the year as these projects reached completion. Although selling prices increased appreciably over the year they are under strong competitive pressure in all market areas, with particularly intense competition in Ankara.

Tamtaş now has seven aggregate quarries: five in the Ankara region, one in Konya, and one in the Mediterranean region, acquired in 2010. Volume sales rose 38% compared to 2009. The rise in selling prices was moderate, slightly below the yearly inflation rate.

Baştaş Çimento plant in Elmadag, near Ankara

KAZAKHSTAN

CEMENT

1 CEMENT PLANT

1.1 MILLION TONNES SOLD

INDUSTRY BACKGROUND

Major projects undertaken by the government, financed through international funding topped up by the State, were the main reason for a slight increase in volume sales, for the construction market has remained at the same low level as in 2009.

▼ Cement consumption

Thousands of tonnes	2009	2010	Variation
Consumption	5,000	**5,775**	+15.5%

PROJECT PROGRESS

Despite a late start to works in March 2010 due to difficulties caused by flooding resulting from the thaw, construction progressed in accordance with the schedule and plant testing took place on time. Consequently it was possible to start production in the last quarter of 2010, as planned: the quarry was opened in June, clinker production started at the end of November, and the first cement rolled out in December.

By the end of December 2010 the plant had produced 52,000 tonnes of clinker and 5,200 tonnes of cement.

At the end of 2010, however, there was still a lot of finishing work to be carried out for the plant to be 100% complete, including testing the bagging line, the bulk loading system for trains, finishings to buildings, paving of the main access roads, grounds, etc. All the plant's ancillary installations (water and power supply, railroad and rail terminal, quarry haulage road) had been completed and were accepted before the end of the year. Construction of the staff village, on which work started in mid-2010, is progressing to schedule. This seven-building complex will be home to 97 families.

The recruitment drive is over. Staffing currently takes account of the initial contingencies associated with the setting up of work teams and the roster system which will gradually be abandoned as accommodation in the staff village becomes available. At the end of the year the plant headcount was 215 employees: 3 expats, 155 laborers from all parts of Kazakhstan, and 57 persons for positions requiring a small amount of training, recruited from the local area.

To start with, to provide ongoing training for staff and a sound level of performance for the plant, a start-up team of Chinese personnel made up of 45 staff with experience in cement plant operation has been left in place. In addition, a few Vicat-Group experts, engineers, and operators who most effectively helped with commissioning accepted similar assignments for a few more months.

Jambyl Cement plant in Mynaral

COMMERCIAL ACTIVITY

Application of the commercial strategy in 2010 involved:

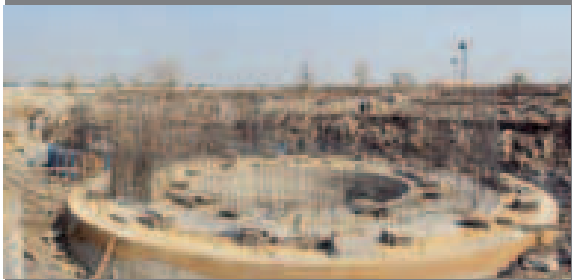
- recruiting sales personnel in four target regions,
- identifying and preparing cement-distribution terminals connected to the rail network in Almaty and Astana; other towns will be targeted subsequently;
- ensuring the availability of rail cars for purchase so that at the end of 2011 the company will have a sufficiently large fleet to enable Jambyl Cement to meet all shipping requirements.

Cement could be delivered only after technical certification of the two different products and administrative approval of the plant and its ancillary installations, both of which were obtained in December 2010. Only a symbolic amount of cement was loaded and delivered to customers in 2010.

ENVIRONMENT

The Jambyl Cement plant uses state-of-the-art cement technologies (vertical raw-meal crusher, bag houses, roofed clinker store, etc.) which will help manage the environmental impacts of the business by optimizing power and energy consumption and keeping emissions within international standards.

PROGRESS OF THE VICAT SAGAR CEMENT PROJECT



Vicat Sagar Cement Private Limited (VSCPL), in which the Group now has a 53% share, is a special-purpose vehicle for setting up a greenfield cement plant with annual capacity of 5.5 million tonnes in the north-east of the State of Karnataka. Financing for the project has been set up and will be activated early in 2011.

The company is currently actively engaged in the acquisition of quarry sites in accordance with the program specified. The main approvals for construction and commissioning of the plant have been obtained.

Construction started at the end of the first half of the year. All the main excavation work is complete, and all the structural works are out of the ground. The equipment supply contracts concluded account for 85% of the total.

Almost all the land required to build the branch line connecting the plant to the rail network has been acquired and the subcontractor in charge of the works has started construction in order to have the line operating by the start of 2012.

During the second half of the year the Group decided to create a subsidiary, Gulbarga Power Private Limited, which will run the power plant necessary for the cement works. This company was founded to build and operate a 30-MW coal-fired captive power plant and an 8.4-MW waste heat recovery system. This technique will provide 25% of the site's power requirements without burning any extra fuel.

INDIA

CEMENT

1 CEMENT PLANT UNDER CONSTRUCTION
2.5 MILLION-TONNE CAPACITY

1 CEMENT PLANT OPERATING
5 MILLION-TONNE CAPACITY

ACQUISITION OF BHARATHI CEMENT

In April 2010 Vicat took a 51% shareholding in Bharathi Cement (BCCPL) and has therefore been consolidating the company's results since May 1, 2010.

BCCPL has a modern cement plant in the south of Andhra Pradesh, with two production lines totaling annual capacity of 5 million tonnes of cement since commissioning of the second line in December 2010. With this acquisition Vicat has become a leading player on the southern Indian cement market and will be able to develop interesting synergies with Vicat Sagar Cement.

Bharathi Cement also conducts business in fields that complement cement production. It has obtained the approvals required for its aggregate quarries for the Bangalore market. The targeted annual sales figure is 450,000 tonnes. It also has a plant producing polypropylene laminated bags which started up in November 2010.

INDUSTRY BACKGROUND

Cement consumption

Thousands of tonnes	2009	2010	Variation
Consumption of southern India & Maharashtra	84,532	**88,725**	+5.0%

2010 cement consumption in the states of southern India (Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, and Goa) and in the State of Maharashtra is estimated at close to 89 million tonnes, up 5.0% on 2009.

Regional per capita cement consumption rose to 244 kg/person for the 2009/2010 tax year compared to 233 kg/person the previous year, a 4.9% increase.

COMMERCIAL ACTIVITY

Volumes sold

Thousands of tonnes	2009	2010	Variation
Total	-	**1,028**	

From May to December 2010, the period for which the Group consolidated Bharathi Cement accounts, the company sold 982,000 tonnes of cement and 46,000 tonnes of clinker. Its penetration onto the market was extremely quick. At the end of December its sales network consisted of 1,541 distributors and agents. The high-strength, fast-setting type "A" cement marketed and the strong polypropylene laminated bags are the two pillars of its marketing strategy which enable the company to identify itself with the market leaders and distinguish itself from other competitors.

Bharathi Cement plant in Kadapa, Andhra Pradesh

PLANT OPERATION

The plant, which is in the Kadapa district, benefits from the state-of-the-art technologies of leading international suppliers. The area is known for its superior-quality limestone deposits whose excellent quality gives high early strength and ultimate long-term strength, enabling Bharathi Cement to produce Type "A" cement of very high quality.

The first 5,250-tonne-per-day clinker production line came into operation in October 2009. The kiln of the second line of the same capacity started up at the end of December 2010.

INVESTMENTS

In 2010 BCCPL pushed through construction of its second production line which is very similar to the first but for a few enhancements, particularly with respect to cement milling; it has two Loesche mills with unit capacity of 230 tonnes per hour.

ENVIRONMENT
The plant has state-of-the-art equipment designed and erected in compliance with environmental standards.

Bharathi Cement depot

HUMAN RESOURCES

five regions
11 COUNTRIES

working days lost
-3.5%

average headcount
7,040

employees outside France
4,550

Construction in progress at the Jambyl Cement plant, Kazakhstan

© Janarbek Amankulov

The key factor in the Group's success in the more than one hundred and fifty years of its existence is that employees subscribe to Vicat corporate values, which are chiefly:

- management **REACTIVITY** and **QUICK DECISION-MAKING**;
- a **TASTE FOR INNOVATION**, **RESEARCH & DEVELOPMENT**, **AND PROGRESS** feeding on the discoveries of Louis Vicat in the 19th century;
- **TENACITY**, which has enabled the Group to overcome the challenges it has confronted since it was founded;
- a shared **SENSE OF BELONGING**, which generates an **ABILITY TO MOBILIZE ENERGIES**, along with a **POWERFUL FORCE OF ACTION** for achieving objectives.

HUMAN RESOURCES POLICY

Human resources policy must match the individual skills of staff members and the collective skills of teams to the Group's development strategy, for the short, medium, and long term. This policy is designed in accordance with values underpinning the company culture, and aims to promote them. It also aims to maintain and develop the appeal of the Group for its employees, and to foster ever greater company loyalty; with this in mind, in-house promotion is given priority wherever possible. It must enable everyone to legitimately aspire to career prospects consistent with their ambitions and abilities. Mobility — in both functional and geographical terms — is one of the prerequisites for such progress.

TRAINING

The development of employee skills is of the utmost importance for the Group, which is why a significant proportion of payroll costs is invested in training programs every year.

In 2010 the Group's personnel training program stressed acquisition of enhanced skills by the workforce in Kazakhstan. This program will be developed further in 2011 so that the Jambyl Cement plant can be operated by essentially Kazakh staff. In the meantime, a number of Chinese personnel and expatriate French staff are employed at the facility to assist in this transition.

More than 1,100 training courses were organized for Group personnel in 2010, with more than 4,000 members of staff attending. In addition to technical training, internal and external courses for developing the horizontal skills required within the Group (management training, project management, languages, etc.) are also given.

Laboratory worker, Bharathi Cement, India

ANALYSIS OF STAFFING CHANGES

The average number of Group staff increased 4.9% in 2010 as a result of the acquisitions in Kazakhstan and India, chiefly in the second half of the year.

▼ Change in mean staffing
per geographical area

	2009	2010	Variation
France	2,569	**2,490**	-3.1%
Switzerland/Italy	1,061	**1,053**	-0.8 %
United States	1,150	**1,029**	-10.5%
Turkey/ Kazakhstan/India	906	**1,429**	+57.7%
Senegal/ Mauritania/Mali/ Egypt	1,026	**1,039**	+1.3%
Total	**6,712**	**7,040**	**+4.9%**

In France, the headcount as of December 31, 2010, was up slightly (2.2%) due to an increased in scope of consolidation, with acquisition of Thiriet in December (+102 staff). Average staff numbers in France

SAFETY

In 2010 the Group continued to expand its risk awareness and prevention campaigns.

Group accident frequency and severity rates improved despite the increase in staff numbers as a result of acquisitions in Kazakhstan and India.

In France, results improved on the whole, the Cement business being the exception. The Group pursued its initiatives for safety-management certification, and its Concrete & Aggregate division was certified against the OHSAS 18001 specification in November 2010. This certification is just one aspect of a more general initiative aimed at developing a genuine safety culture within the Group, without which there will be no tangible safety improvements.

▼ Safety indicators

	2009	2010
Lost-time accidents	157	**162**
Working days lost	6,207	**5,989**
Accident frequency rate	13.6	**13.2**
Accident severity rate	0.54	**0.49**

for 2010 dropped relative to 2009, however, decreasing from 2,569 to 2,490, the new acquisition having little effect on the average for the year.

▼ Change in end-of-year staff numbers per type of movement

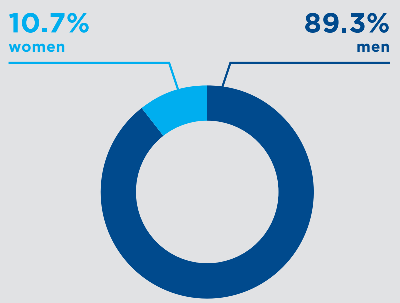
Staff numbers at December 31, 2009	6,669
Natural departures (resignation, end of contract, death)	-499
Departure for retirement, early retirement, dismissal, other causes	-309
Variation in scope of consolidation	529
New hires	979
Staff numbers at December 31, 2010	7,369

This 10.5% rise in staff numbers is chiefly due to hiring before and after startup of the Jambyl Cement plant in Kazakhstan and to the acquisition of Bharathi Cement in India in May 2010. The headcount in the Turkey–Kazakhstan–India zone those rose 73.6% over the year.

▼ Change in seniority in the Group

	Average age		Average seniority	
	2009	2010	2009	2010
Group total	42.6	**41.7**	9.8	**9.4**
France	41.6	**42.6**	11.9	**12.4**

▼ Gender breakdown



The proportion of women in the overall headcount decreased slightly between 2009 and 2010 (from 10.9% to 10.7%) due to incorporation of the new plants in Kazakhstan and India where women are not a large part of the labor force.

On the other hand, the proportion of women in management rose both in France and across the Group, increasing from 14.5% to 17.7% for the Group as a whole and from 17.8% to 19.2% in France.

Control room at El Arish cement plant, Egypt

ENVIRONMENT

main thrusts
5 THRUSTS

substitute fuels used
14.5%

quarries restored
615,552M²

quarries with
a restoration plan
84%

Restored quarry alongside the Grave de Peille cement plant, France

The Group's environmental policy focuses on five main issues:

- **BETTER INTEGRATION** of raw-materials **QUARRIES** into their environments,
- **OPTIMIZED CHOICE OF ENERGY SOURCES** to maximize the proportions of secondary fuels and other waste used,
- **MANAGEMENT** and recycling of **WATER**,
- **REDUCTION** of emissions,
- **CLIMATE PROTECTION** through management of greenhouse gases.

It also pays special attention to the integration of its operations into the surrounding communities.

INTEGRATION OF QUARRIES INTO THE ENVIRONMENT

The Group's ongoing environmental strategy for quarry operation focuses on three fundamental issues.

QUARRY RESTORATION

84% of the Group's quarries have a restoration plan. In 2010 more than 600,000 m² were restored under these programs. These schemes, the purposes of which are multiple, are adapted to each local situation and its requirements, and integrate such things as prairies, woodland, ponds and lakes. Of particular note are the afforestation projects at the Baştaş and Konya plants in Turkey where 9,000 trees were planted in 2009, taking the total number to 103,000 (Konya quarries) and 102,000 (Baştaş quarries), and in Senegal where more trees have been planted in the area around the Bandia aggregate quarry.

MEASURES TO OFFSET QUARRYING

In parallel with its projects, the Group is keen to establish environmental offsets drawn up in conjunction with local nongovernmental organizations and local and national authorities. These may be operations targeting a specific species, or broader programs for the biotope as a whole. Examples include the signature on July 20, 2010 of a partnership agreement between subsidiary Granulats Vicat and the Ain region fishing federation in respect of the restoration and future management of gravel quarries.

REDUCTION OF ENVIRONMENTAL IMPACTS

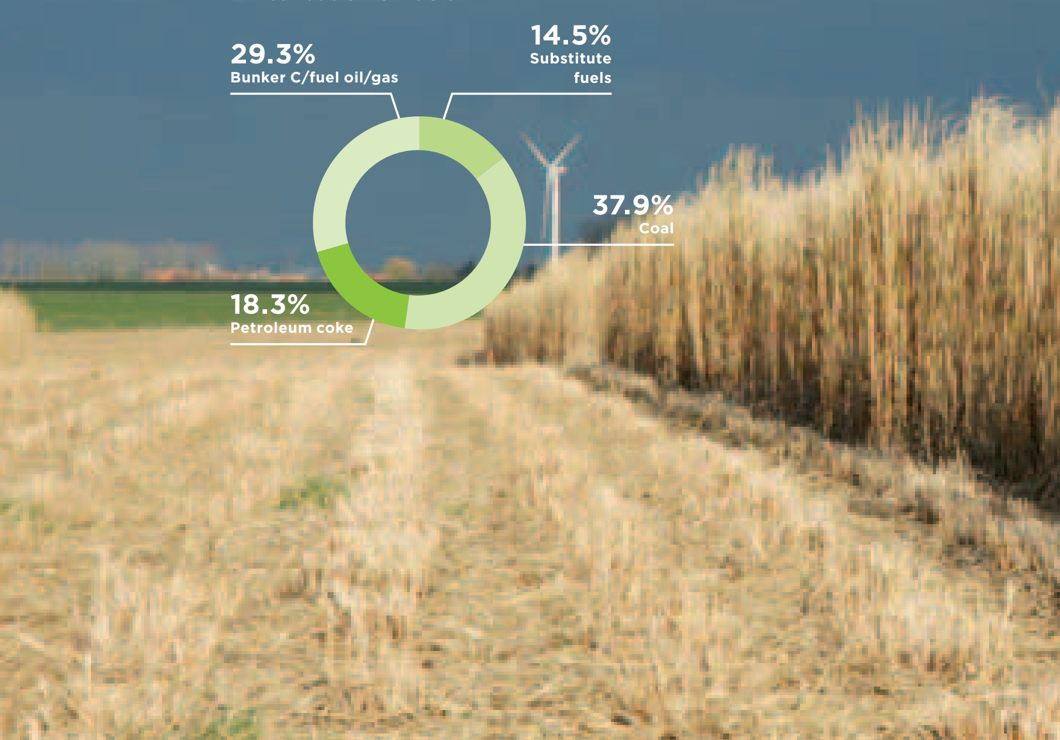
Keeping the disturbance caused by quarries and their effect on biodiversity to the strictest minimum is an integral part of the way the Group works.

OPTIMIZED CHOICE OF ENERGY SUPPLIES

Miscanthus (elephant grass) crop in France's Ain region

The choice of the fuels used in cement plants systematically integrates environmental parameters. This can mean choosing fuels emitting less CO_2, such as gas, or using substitute fuels whenever a waste-collection scheme is industrially and economically viable (subject to approval by the relevant regulatory authorities).

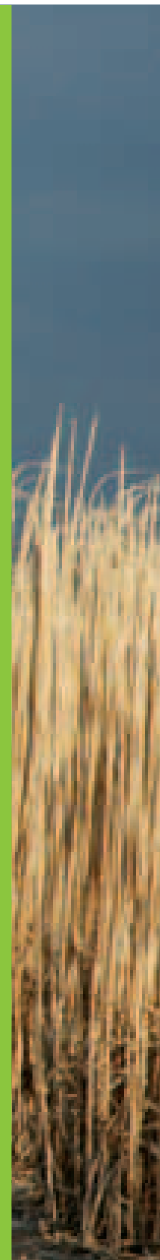
▼ Distribution of fuels



In 2010 there were two significant changes in the mix of fuels used: an appreciable increase in the rate of substitution by secondary fuels which rose from 13.6% of the heat input in 2009 to 14.5% in 2010; and an increase in the proportion of coal used.

This evolution does not wholly reflect the actual progress made, because of the effect of an unfavorable fuel mix, while clinker production increased substantially due to the integration of Bharathi Cement and, to a lesser extent, Jambyl Cement which for the moment use no substitute fuels, only coal. The rate of substitution in fact increased by more than one point in France and Turkey, more than 5 points in the United States, and more than 6 points in Senegal. Overall, but excluding India and Kazakhstan, the rate of use of substitute fuels was 15.5% in 2010, compared to 13.6% in 2009.

Several projects currently under way in Turkey, Senegal, and Switzerland will increase the rate of substitution even more.



Worker at jatropha nursery in Rufisque, Senegal

WATER MANAGEMENT AND RECYCLING

Water management is an important consideration in the three basic businesses of the Group:

- In the Cement business, water is used for cooling purposes only, and the Group is developing means for minimizing abstraction from the natural environment by putting emphasis on recycling and capture of rainwater.
- In the Ready-Mixed Concrete business, water is used both as mix water in the concrete and also for washing plant and vehicles. In France, the business continued implementation of the water management program undertaken in 2007.
- In the Aggregate business, while large volumes of water are required for washing materials, there is compensation in the form of recycling systems, as, for example, at the Sablières de Grésivaudan facility which operates on a closed circuit. The proportion of recycled water has been growing every year and reached 72% in 2010.

EMISSIONS REDUCTIONS

The Group is constantly striving to cut back the emissions caused by its industrial activities. Consequently, emissions are monitored regularly, and action plans are implemented to reduce them.

The major investments made by the Group in recent years, including installation of bag filters in several cement plants (Konya in Turkey, Montalieu and Créchy in France, and Rufisque in Senegal), are producing the expected results, reducing particulate emissions even further and placing the Group among the manufacturers with the best performance in the sector.

Similarly, the greenfield plants recently brought on line or currently under construction use the latest technologies, thereby guaranteeing environmental performance consistent with international standards.

▼ Evolution of emissions

	% of 2010 clinker production covered by analysis	Total emissions (tonnes)		Emissions (g / t of clinker)	
		2009	**2010**	2009	**2010**
Particulates	92%	451	**402**	42	**33**
Sox	47%	2,942	**1,753**	552	**285**
Nox	67%	8,605	**9,612**	1,164	**1,092**

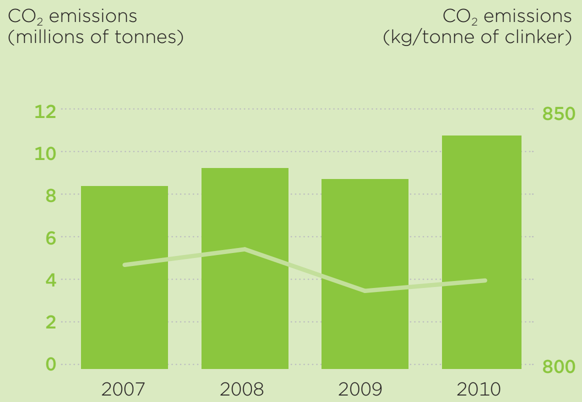
Jatropha seeds

GREENHOUSE GAS EMISSIONS

In all the countries where the Vicat Group works, action has been taken to contribute to the collective effort made by countries that signed the Kyoto Protocol to reduce greenhouse gas emissions. For the cement business this chiefly concerns CO_2 emissions resulting from decarbonation of limestone and from fuels used to fire kilns.

In 2010, total emissions from Vicat Group cement plants amounted to 10,762,802 tonnes of CO_2. This represents a significant increase in absolute terms (23%) as a result of the 22.6% rise in clinker production. CO_2 emissions per tonne of clinker were stable, at 817 kg, particularly as a result of the plant production mix and the growing proportion of biomass fuels used.

▼ Vicat Group CO_2 emissions



The European Commission has finally adopted the revised directive on the allocation of CO_2 quotas for the period 2013–2020. The text is yet to be validated by the European Parliament but it can no longer be amended. CO_2 allowances will therefore be calculated on the basis of clinker production for the reference years, multiplied by the benchmark coefficient, i.e. 766 kg of CO_2 per tonne of clinker. The coefficient for Vicat is already close to this objective in 2010.

Drinking-water plant financed by Vicat Sagar Cement in Chatrasala, India

CORPORATE SOCIAL RESPONSIBILITY

In the same way that it ensures that its facilities are at one with the natural environment, the Group pays special attention to the integration of its operations into the surrounding communities. In every country where it works, therefore, the Group encourages and develops actions intended to meet the requirements of local populations and to facilitate corporate relations with local communities. Such actions can take many forms: social programs, educational or cultural projects, charity work, or action to improve health. As in previous years, 2010 saw this policy implemented very concretely in several fashions, some of which are detailed below.


Théodore Monod Museum, renovated with funding from Sococim Industries, Dakar, Senegal

In **FRANCE** the Group is a partner for the '100 opportunities, 100 jobs' project in Nice which aims to make it easier for youngsters from deprived districts to secure jobs. The Group is also a member of the Alizé project in Savoy which fosters the economic development of very small businesses in the area, particularly in the Maurienne Valley.

In the same vein, in **EGYPT** the Vicat Group gave financial assistance to people affected by flooding in El Arish, near the Sinai Cement plant, at the start of the year. Sinai Cement has also been contributing to the development of the Sinai University in El Arish for several years.

In **SENEGAL**, Sococim Industries was the leading sponsor for renovation of the Théodore Monod Museum of African Art in Dakar which in December 2010 hosted the 3rd World Festival of Negro Art. The refurbished museum was officially opened by the President of the Republic on December 1, 2010.

The newly created 'Fondation Sococim' invested itself enthusiastically in the Théodore Monod Museum rehabilitation operation, and is also studying means of supporting entrepreneurial initiatives in the economic fabric close to the cement plant.

In **INDIA** construction of the Vicat Sagar Cement plant close to the village of Chatrasala has been accompanied by an extensive environmental and social program developed in conjunction with the local people and authorities. The program covers a number of aspects: local employment, infrastructures, education, etc. The first concrete result was the construction and commissioning of a village drinking-water plant.

In **KAZAKHSTAN** construction of the Jambyl Cement plant close to the village of Mynaral went hand in hand with assistance for the local school in the form of funding for renovation of the heating system and glazing. In addition the company built a housing complex for around one hundred families close to the village, together with central facilities and a small supermarket.


Staff accommodation built near Mynaral village, Kazakhstan

BOARD & MANAGEMENT

MANAGEMENT

JACQUES MERCERON-VICAT
Chairman

GUY SIDOS
Chief Executive Officer

JEAN-MICHEL ALLARD
Assistant General Manager

ÉRIC HOLARD
Assistant General Manager

RAOUL DE PARISOT
Assistant General Manager

BERNARD TITZ
Assistant General Manager, General Secretary

ÉRIC BOURDON
Performance and Investment Manager

PIERRE-OLIVIER BOYER
Human Relations Manager

PHILIPPE CHIORRA
Legal Department Manager

GILBERT NATTA
Business Development Manager

DOMINIQUE RENIÉ
Technical Manager

JEAN-PIERRE SOUCHET
Financial Manager

BOARD OF DIRECTORS ON DECEMBER 31, 2010

JACQUES MERCERON-VICAT
Chairman

PIERRE BREUIL
XAVIER CHALANDON
RAYNALD DREYFUS
JACQUES LE MERCIER
LOUIS MERCERON-VICAT
BRUNO SALMON
SOPHIE SIDOS
GUY SIDOS
P&E MANAGEMENT
represented by
PAUL VANFRACHEM

AUDITORS

Incumbents
KPMG AUDIT
WOLFF & ASSOCIÉS SAS

Substitutes
CABINET CONSTANTIN
EXPONENS CONSEIL
ET EXPERTISE

CORPORATE GOVERNANCE

In accordance with legislation and the associated recommendations, Vicat has made the following decisions:

WITH RESPECT TO CORPORATE GOVERNANCE,

Vicat has chosen to apply the corporate governance code drawn up by AFEP[1] and MEDEF[2]. Consequently the following initiatives have been undertaken, particularly in the last two years:

- the membership of the board of directors has been renewed, taking the number of independent directors to half;
- two committees have been created: an audit committee and a remuneration committee;
- the quality of financial information has been improved and is followed up by an "Investor Relations" manager;
- the leadtime for issuing accounts has been shortened;
- a Registration Document has been published;
- recommendations regarding the remuneration of managers have been taken into account;
- the Chairman has issued a report on corporate governance and internal control.

WITH RESPECT TO INTERNAL CONTROL AND RISK MANAGEMENT,

the reference framework chosen by the Company is that of the AMF[3] published in January 2007. The guide drawn up in accordance with this framework defines internal control as a means of ensuring:

- compliance with laws and regulations;
- application of the instructions and guidelines stipulated by General management;
- the correct operation of the Company's internal procedures, particularly those concerned with safeguarding assets;
- the reliability of financial information

The Company has undertaken a process of risk identification and analysis which has mapped out Group's major risks.

More information can be found in the Chairman's report on corporate governance and internal control included in the Registration Document (page 200).

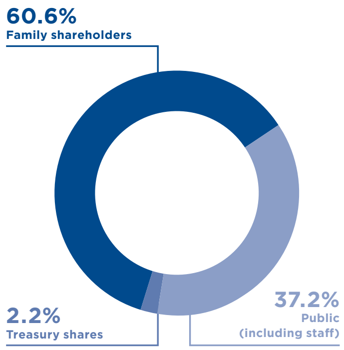
1 Association Française des Entreprises Privées – French association of private-sector companies.
2 Mouvement des Entreprises de France – French Business Confederation.
3 AMF : Autorité des Marchés Financiers – French financial markets authority.

STOCK MARKET & SHAREHOLDERS

SHAREHOLDING

The company's share capital consists of 44,900,000 shares with par value of 4 euros, i.e. 179,600,000 euros.

The breakdown of share capital as of December 31, 2010 is shown below.

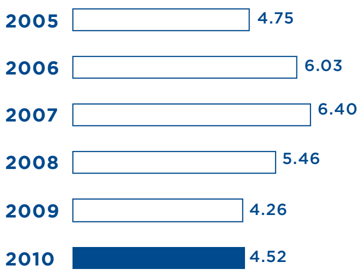


DIVIDEND

Based on the 2010 results, and confident of the Group's ability to sustain its ongoing development, the Board of Directors has decided to propose that the Annual General Meeting of shareholders on May 6, 2011 vote to maintain the same dividend as in 2010, 1.50 euros per share.

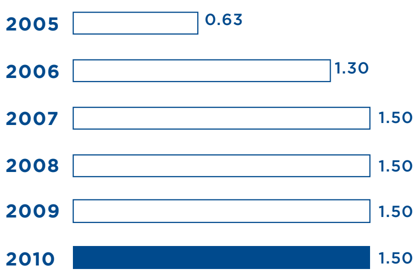
▼ Profit per share

in euros



▼ Dividend per share

in euros



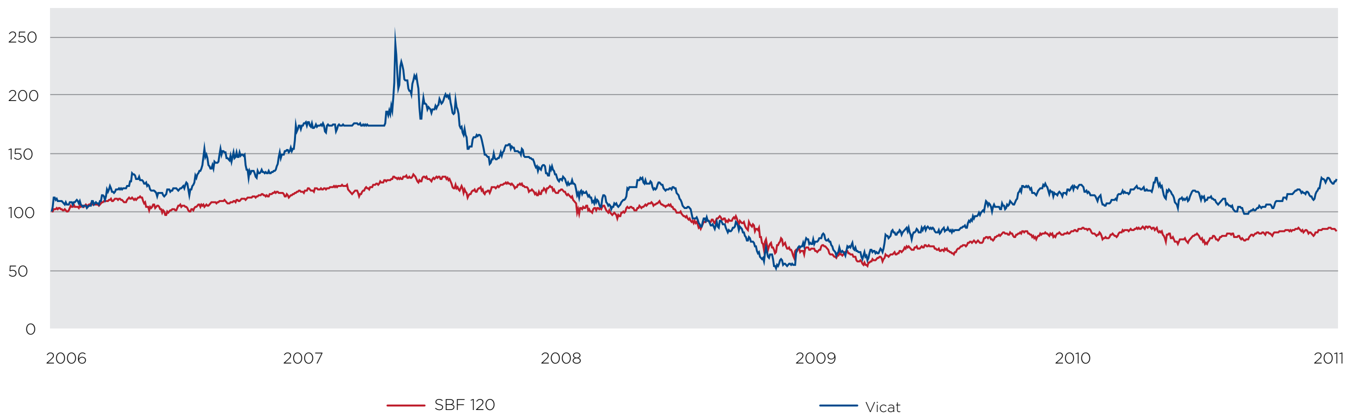
SHAREHOLDER INFORMATION

Shareholder and investor service:
Tel.: +33 1 5886 8614 - Fax: +33 1 5886 8788

Email: relations.investisseurs@vicat.fr
Website: www.vicat.fr
Mnemonic: VCT
ISIN code: FR0000031775
Sicovam: 03177
Bloomberg: VCT.PA
Reuters: VCTP.PA

STOCK-MARKET STATUS

▼ Share price evolution



Since March 21, 2011, Vicat has been part of the Paris Bourse's SBF 120 index. Vicat shares have qualified for trading under the Service du Règlement Différé (SRD) deferred settlement market since February 26, 2008.

FINANCIAL COMMUNICATION POLICY

Vicat is determined to maintain excellent communication with shareholders, maintaining transparency and ease of access to information at all times. The Group therefore undertakes to make information on its business, strategy, results, and objectives available to the public at regular intervals.

The Group's communication program includes:

- publication on the Company's websites (www.vicat.fr and www.vicat.com) of AMF compliant information;
- quarterly, half-yearly, and yearly press releases regarding any significant information concerning the life and development of the Group;
- an annual report;
- a registration document;
- a dedicated website: www.vicat.fr (also www.vicat.com); "Financial Information" section.

Also, Vicat takes part in a great many conferences and other events aimed at facilitating and intensifying direct contact between the Group and various members of the financial community.

Financial communication calendar

May 3, 2011 *(posted after close)* Sales for first quarter 2011
May 6, 2011 Annual General Meeting
August 4, 2011 *(posted after close)* Sales and results for first half 2011
November 3, 2011 *(posted after close)* Sales for nine months 2011

KEY EVENTS IN 2010

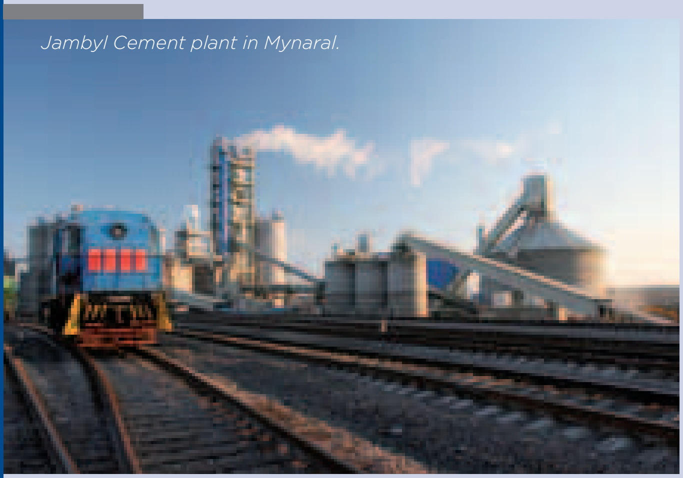
Development of Vicat in India

Laying the Vicat Sagar foundation stone.

Bharathi Cement plant in Kadapa, Andhra Pradesh.

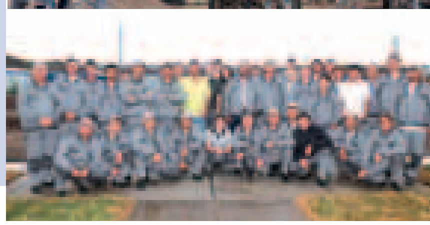
In 2010 the Group pushed through implementation of the Vicat Sagar project, laying the foundation stone and starting construction of the green-field plant. The acquisition of 51% of Bharathi Cement has accelerated the Group's development and reinforced its position in southern India.

Kazakhstan plant commissioned



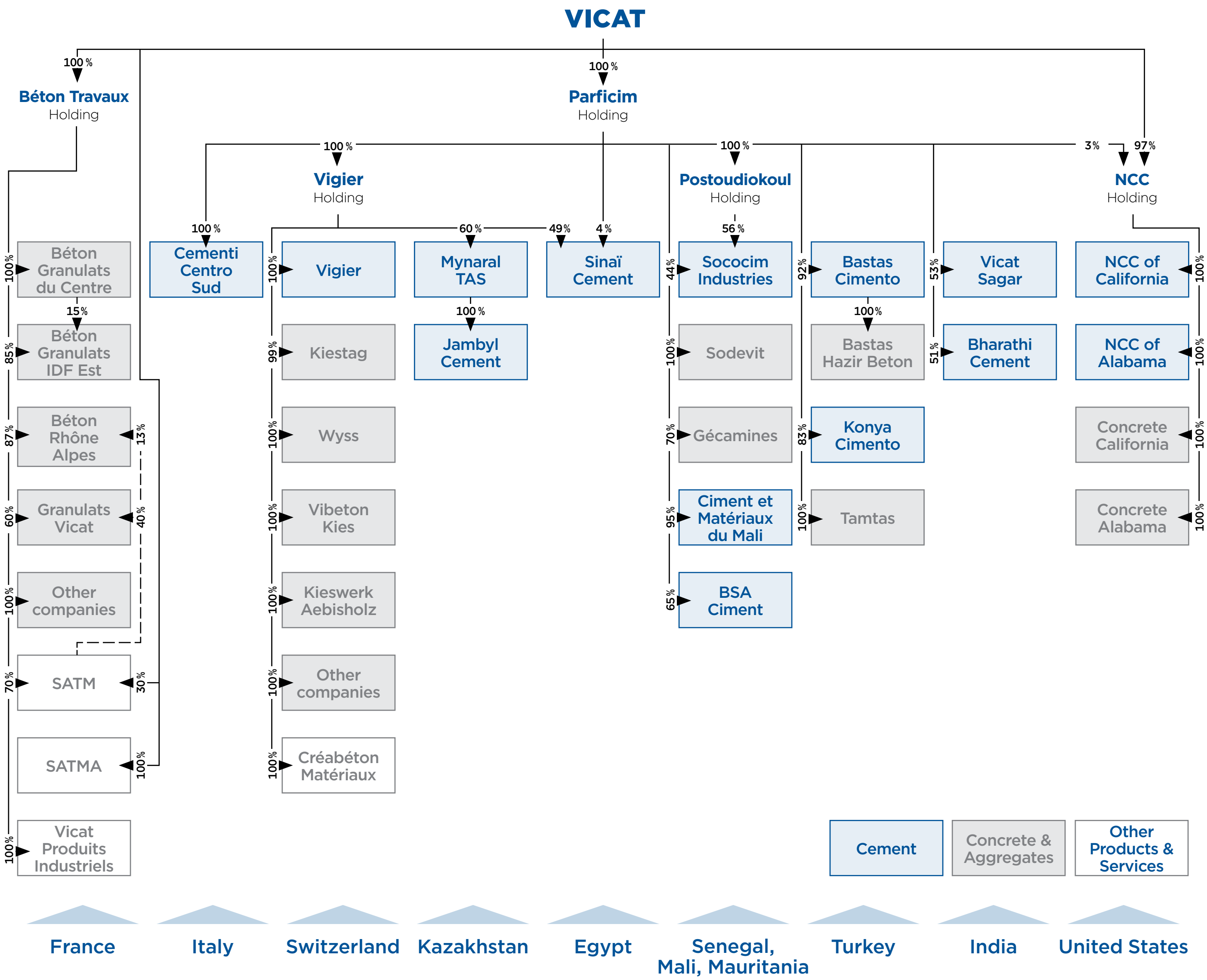
Jambyl Cement plant in Mynaral.

In Kazakhstan the Jambyl Cement plant came on line in December 2010, according to schedule. Located in Mynaral, near Lake Balkhash and the limestone quarry, it is close to major centers of cement consumption to which deliveries can be made by rail. The state-of-the-art dry-process plant with annual production capacity of 1.1 million tonnes therefore benefits from competitive production costs on the local market.



Financial REPORT

SIMPLIFIED LEGAL ORGANISATION CHART FOR THE GROUP AS AT DECEMBER 31, 2010



* The organisation chart above summarizes the principal links between the Group's companies. The percentages mentioned correspond to the share of the capital held. For the purposes of simplification, some intragroup holdings have been combined.

COMMENT ON THE KEY GROUP FIGURES

I. CHANGE IN CONSOLIDATED SALES

Consolidated sales for the 2010 financial year were €2,014 million up 6.2% compared with the previous year, resulting from:

- organic growth of +0.3%, representing an increase of over €6 million and coming mainly from strong growth in the emerging countries, Egypt, Senegal, Turkey, offset by a fall in sales in the United States and France;
- a rise of 2.9%, representing an increase of almost €56 million, due to the favorable exchange rate movements in 2010 compared with 2009, particularly against the US dollar (+€80 million), the Swiss franc (+€25.2 million), the Egyptian pound (+€6.7 million) and the Turkish lira (+€15.9 million); and
- a rise of 2.9%, representing an increase of €55.4 million, associated with changes in the consolidation scope, due primarily to the acquisition of Bharathi Cement on May 1, 2010.

1.1. SALES AS AT DECEMBER 31, 2010 BY BUSINESS SEGMENT

The change in consolidated sales by business segment in 2010, compared with 2009, is as follows:

(in millions of euros except %)	2010	2009	Change	Change 2010/2009	Of which exchange rate effect	change in consolidation scope	organic growth
Cement	1,033	950	83	+8.8%	25.5	47.3	10.6
Concrete & Aggregates	716	695	21	+3.0%	21.4	2.3	(2.9)
Other Products & Services	264	251	13	+5.4%	8.9	5.8	(1.3)
Total	**2,014**	**1,896**	**118**	**+6.2%**	**55.8**	**55.4**	**6.4**

1.1.1. Cement

(in millions of euros)	December 31, 2010	December 31, 2009	% change Reported	At constant consolidation scope and exchange rates
Volume (kt)	16,179	14,507	11.5%	
Operational sales	1,224	1 130	8.4%	1.4%
Eliminations	(191)	(179)		
Consolidated sales	1,033	950	8.8%	1.1%

Consolidated sales by the Cement division grew by 8.8% and by 1.1% at constant scope and exchange rates. Volumes recorded strong growth of 11.5% over the period.

1.1.2. Concrete & Aggregates

(in millions of euros)	December 31, 2010	December 31, 2009	% change Reported	% change At constant consolidation scope and exchange rates
Concrete volumes (in thousand m^3)	7,749	7,121	8.8%	
Aggregates volumes (kt)	20,766	18,675	11.2%	
Operational sales	752	724	3.9%	0.3%
Eliminations	(37)	(29)		
Consolidated sales	716	696	3.0%	-0.4%

The consolidated sales posted by the Concrete & Aggregates division rose by 3.0% and were almost stable at constant scope and exchange rates. Concrete delivery volumes grew by 8.8% over the period, while Aggregates volumes moved up 11.2%.

1.1.3. Other Products & Services

(in millions of euros)	December 31, 2010	December 31, 2009	% change Reported	% change At constant consolidation scope and exchange rates
Operational sales	333	313	6.3%	1.5%
Eliminations	(69)	(63)		
Consolidated sales	264	250	5.4%	-0.5%

Consolidated sales recorded by the Other Products & Services division advanced by 6.3% and by 1.5% at constant scope and exchange rates.

1.2. SALES AS AT DECEMBER 31, 2010 BY GEOGRAPHIC DESTINATION AREA

The breakdown of consolidated sales by geographic sales area is as follows :

(in millions of euros)	2010	%	2009	%
France	785	38.9	809	42.7
America	168	8.4	187	9.8
Turkey, Kazakhstan, India	194	9.6	141	7.4
Africa, Middle East and others	515	25.6	431	22.8
Europe (excluding France)	352	17.5	328	17.3
TOTAL	**2,014**	**100**	**1,896**	**100**

By geographic sales area, the share of consolidated sales made in France fell, as did that in the United States, owing to the downturn in business in these markets resulting from the contraction of the construction sector.
The share of business in the emerging countries grew markedly, from 30.2% in 2009 to 35.2% in 2010, owing to sustained growth in the Africa & Middle East and Turkish markets and in particular sales in India following the acquisition of Bharathi Cement on May 1, 2010.

II. CONSOLIDATED INCOME STATEMENT

2.1. CONSOLIDATED INCOME STATEMENT

(in millions of euros)	2010	2009	% change Reported	% change At constant consolidation scope and exchange rates
Consolidated sales	2,014	1,896	+6.2%	+0.3%
EBITDA*	504	473	+6.6%	+2.3%
Margin (%)	25.0	24.9		
Consolidated net income	203	191	+5.9%	+2.1%

*EBITDA is calculated by adjusting gross operating income for other ordinary income and expenses.
**EBIT is calculated by adjusting EBITDA for net depreciation, amortisation and additions to ordinary provisions.

The Group's operating performance (EBITDA margin) firmed up slightly compared with 2009, primarily as a result of :

- the combined effects of the "Performance 2010" plan, notably including an improvement in the performance of the Group's industrial tool and a halt to external clinker purchases, and the complementary "Performance Plus" plan, with the resulting cost savings being retained,
- a positive volume effect linked to the Group's momentum in emerging markets and the progressive improvement in conditions in mature countries during the second half of 2010,
- a significant non-recurring gain of €18 million recorded during the fourth quarter in Egypt corresponding to the retroactive adjustment to the amount of cement tax per tonne.

These factors helped to offset :

- a negative price effect linked to competitive pressures in the United States, Italy and, to a lesser extent, in France, coupled with an unfavourable geographical mix linked to higher sales to export markets and to more remote regions in West Africa, France and Switzerland,
- the impact of the start-up of the Bharathi Cement plant in India, which at this stage is generating margins significantly below the average for the Group.

As a result, the Group's consolidated EBITDA moved up 6.6% compared with 2009 to reach €504 million, representing a rise of 2.3% at constant scope and exchange rates. The EBITDA margin edged up to 25.0% from 24.9% in 2009. It recorded a significant improvement in the second half of 2010 to reach 26.5%, up from 23.6% in the first half, which demonstrated the Group's resilience in spite of the still mixed conditions that prevailed during the year.

Consolidated EBIT rose by 4.7% compared with 2009 to reach €337 million, representing an increase of 1.4% at constant scope and exchange rates. The EBIT margin came to 16.7% in 2010, compared with 17.0% in 2009.

The increase in financial expenses reflects the impact of an increase in the level of debt by comparison with 31 December 2009, offset partly by the fall in interest rates. The Group's gearing (net financial debt to equity ratio) stood at 38.6% at 31 December 2010, up from 31.3% at 31 December 2009. The increase in the gearing was primarily attributable to the acquisition in India of a 51% interest in the Bharathi Cement group at the end of April 2010. Nonetheless, this represented a significant improvement in the gearing at 30 June 2010, which stood at 41%.

The Group's effective average tax rate stood at 14.6%, compared with 17.0% in 2009. This decline reflects the stronger contribution made by geographical regions with the lowest tax rates, including Senegal and Egypt owing to the success of the Group's investments there, and the contraction in the Group's business activities in the United States and France, where tax rates are the highest.

The net consolidated margin stood at 13.1% of consolidated sales, up from 12.3% in 2009.

Net income attributable to equity holders of the parent rose by 5.9% and by 2.1% at constant scope and exchange rates to reach €203 million.

2.2. INCOME STATEMENT BY GEOGRAPHICAL REGION

2.2.1. Income statement, France

(in millions of euros)	2010	2009	% change Reported	% change At constant consolidation scope
Consolidated sales	832	844	-1.5%	-1.5%
EBITDA	184	206	-10.9%	-10.9%
EBIT	131	153	-14.2%	-14.2%

Consolidated sales in France posted a small decline of 1.5% over the full year in 2010. EBITDA fell back 10.9% to €183.9 million. The EBITDA margin on operational sales came to 21.9% compared with 24.2% in 2009.

- Consolidated sales recorded by the Cement business decreased by 1.8% over the full year, which does not reflect the significant improvement in the environment over this period. The Group posted renewed growth in volumes, which rose by 1.2% in France and for export markets from France. Selling prices declined slightly over the full year, owing to an unfavourable geographical mix and competitive pressures seen chiefly in north-eastern and south-eastern France during the first quarter. Against this backdrop, the EBITDA margin on operational sales fell by around 170 basis points compared with 2009. This reduction was chiefly attributable to a negative price effect and the reduced level of business recorded at the beginning of the year as a result of the very challenging weather conditions. Accordingly, the EBITDA margin recovered appreciably during the second half to reach a level close to that posted for the second half of 2009, in spite of the highly adverse weather conditions in the fourth quarter of 2010.
- The Concrete & Aggregates division's sales declined by 1.8%. Trends at the division were similar to those at the Cement business. Concrete & Aggregates volumes rose by 1.0% and 3.6% respectively, as these markets benefited from the gradual recovery in the construction and residential market. While aggregate prices posted a small increase, the Group's selling prices declined in concrete because of stronger competitive pressures in certain regions. Against this backdrop, the EBITDA margin on operational sales dropped by around 280 basis points compared with 2009. Even so, in line with the trend at the Cement division, the EBITDA margin during the second half of the financial year improved slightly by comparison with the first half.
- Consolidated sales recorded by the Other Products & Services division were stable compared with 2009, with a slowdown in the Construction Chemicals business largely offset by a solid increase in the Transport activity. The EBITDA margin on operational sales recorded by this business posted a decline of around 70 basis points owing primarily to a significant contraction in the margin in the Paper business.

2.2.2. Income statement for Europe (i.e. Europe excluding France)

(in millions of euros)	2010	2009	% change Reported	% change At constant consolidation scope and exchange rates
Consolidated sales	318	298	+6.6%	-4.6%
EBITDA	86	80	+7.9%	-3.5%
EBIT	59	55	+7.5%	-3.8%

Consolidated sales in the financial year to 31 December 2010 moved up 6.6% in Europe excluding France. At constant scope and exchange rates, sales fell by 4.6%. The adverse weather conditions at the end of the year have dampened the buoyant activity in Switzerland in the fourth quarter of 2010.

In addition, the economic and competitive environment continued to deteriorate in the Italian market during the year.
The EBITDA margin on operational sales recorded a small increase of 30 basis points to reach 27.1% compared with 26.8% in 2009.

In Switzerland, the Group's consolidated sales grew by 13.6% and by 0.9% at constant scope and exchange rates.

- In the Cement division, sales posted a rise of 10.7%. This performance was largely attributable to a solid increase in volumes driven by deliveries to major construction projects, further momentum in the local market and extensions of certain catchment areas, which largely helped to offset the impact of the highly adverse climate conditions at the end of the year. Selling prices fell back slightly during the year owing to a less favourable geographical mix associated with deliveries to more distant construction projects and customers, especially at the beginning of the year. By leveraging a policy of energy efficiency, notably including greater use of alternative fuels, the EBITDA margin on operational sales recorded by the Cement business thus posted a solid increase of close to 150 basis points compared with 2009.

- The Concrete & Aggregates division's consolidated sales declined by 4.4% due to volumes' contractions of 4.2% in Concrete and of 6.4% in Aggregates over the full year. Selling prices remained broadly stable over the full year. As a result, the EBITDA margin on operational sales fell by around 150 basis points.

- Sales generated by the Precast division recorded a small decline of 1.5%. Volumes remained firm (rising 6.6%), but the top-line trend was held back by a significant decline in the average selling price owing to a highly unfavourable product mix, this year. Despite this final item, the EBITDA margin on operational sales recorded a solid increase of close to 200 basis points.

In Italy, sales were down by 45.5% due to a very steep decline in volumes owing to the downturn in the macroeconomic and industry environment, as well as poor weather conditions at the beginning of the year.
This trend was confirmed during the fourth quarter, which nevertheless brought a slight slowdown in the pace of the contraction in volumes sold. Amid these tough conditions, pricing pressures naturally remained strong throughout the year, and the Group decided to continue concentrating on maintaining its profitability rather than volumes, notably by focusing its sales and marketing efforts on certain strategic customers. As a result of these factors, the EBITDA margin on operational sales remained positive throughout the year, but nonetheless posted a very steep decline of over 900 basis points.

2.2.3. Income statement for the United States

(in millions of euros)	2010	2009	% change: Reported	% change: At constant consolidation scope and exchange rates
Consolidated sales	168	187	-10.0%	-14.3%
EBITDA	-6	12	n.s	n.s
EBIT	-37	-17	n.s	n.s

Business trends in the United States were again depressed by the tough macroeconomic and industry environment, which was exacerbated by unfavourable weather conditions in the first quarter. As a result, consolidated sales in the financial year to 31 December 2010 decreased by 14.3%.
Against this backdrop, the Group's EBITDA declined significantly over the full year to show a loss of €6 million.

- The Cement division's consolidated sales declined by 17.6% during the 2010 financial year. Although volumes posted a decline of 4.6% over the full year, this trend gave rise to some encouraging signs as the quarters passed, with renewed growth over the full year in the south-east and a tangible slowdown in the pace of contraction in California. Selling prices again recorded another notable decline over the full year as a result of a persistently tough competitive environment. Even so, market prices increased very slightly on a sequential basis in the south-eastern US during the fourth quarter. Accordingly, the Group recorded negative EBITDA in this business in the United States over the full year. Even so, it is worth noting that the business made a positive contribution to the Group's EBITDA again during the second half.

- The Concrete division posted a 12.8% fall in its consolidated sales. In line with the Cement division, this evolution nevertheless represents an improvement in the situation in the south-east of the country, with a very slight increase in volumes sold over the full year. In California, volumes returned to brisk growth during the second part of the year after a steep decline in the first half. Selling prices were again heavily affected by the economic environment and strong competitive pressures, especially in California. Even so, the pace of the decline gradually slowed down during the financial year, in both the south-eastern US and in California. Taking these factors into account, the Group recorded negative EBITDA in this business in the United States.

2.2.4. Income statement for Turkey, India and Kazakhstan

(in millions of euros)	2010	2009	% change Reported	% change At constant consolidation scope and exchange rates
Consolidated sales	256	156	+63.7%	+23.2%
EBITDA	39	22	+78.7%	+43.0%
EBIT	18	8	+137.1%	+103.5%

Consolidated sales in Turkey came to €208 million, representing growth of 23.2% over the full year. Volumes posted strong growth during the full year owing to the vigorous economic recovery and supportive weather conditions in the fourth quarter. Against the backdrop of a recovery across the construction sector at large, selling prices recorded a solid increase, although persistent competitive pressures were evident in the Ankara region.
Taking these factors into account, the EBITDA margin on operational sales improved by close to 300 basis points to 17.7%, up from 14.9% in 2009.

- The Cement division's sales grew by 16.1% over the year. Volumes rose by over 10% over 2010 as a whole, with growth in excess of 15% in the fourth quarter. This performance was driven by a hefty increase in volumes sold in the domestic market, with the Group focusing on the local market rather than exports. Against this backdrop, prices posted a solid increase, even though competitive pressures remained tangible, notably in the Ankara region.
  Taking these factors into account, the EBITDA margin on operational sales recorded by the business posted a strong improvement of around 470 basis points compared with 2009, on the back of a significant increase during the second half compared with the first half of the financial year.
- The Concrete & Aggregates division's consolidated sales rose by 33.2% thanks to the strong increase in volumes sold, both over the year as a whole (growth of 26.9% in Concrete and 38.1% in Aggregates) and in the fourth quarter (growth of 21.0% in Concrete and 39.9% in Aggregates). Amid this strong recovery in volumes, selling prices gradually picked up, recording a solid increase over the year as a whole. Even so, the EBITDA margin on operational sales contracted by around 80 basis points over the full year compared with 2009 owing to a steep decline in profitability in the Concrete business as a result of an increase in production costs.

In India, the Group posted sales of €47.3 million after 1 May 2010, the date from which Bharathi Cement was consolidated. The Group's business trends in India were brisk, with over 1 million tonnes of cement and clinker sold from this date, representing an excellent performance in spite of the Group's status as a newcomer in a market characterised by substantial overcapacity. After a sharp fall during the monsoon season, market prices recovered significantly in the fourth quarter then held firm, wiping out the decrease in previous months.
As anticipated, activity in India generated an EBITDA margin less than half (11%) the Group average from 1 May 2010 owing to the ramping up phase of the Bharathi Cement plant. In addition, it is worth noting

that although the Group's profitability in the region was very severely affected in the third quarter by the unusually negative monsoon season, the gradual ramp-up in sales volumes, coupled with the significant improvement in selling prices during the fourth quarter, enabled the Group to deliver a very clear improvement in its EBITDA margin during this last period.

In Kazakhstan, the Jambyl Cement greenfield plant entered the production phase during December 2010 in line with the original schedule. After a gradual ramp-up, the Jambyl Cement plant, which has annual capacity of over 1.1 million tonnes, will be able to fully leverage its latest-generation technologies and its ideal geographical positioning to seize opportunities in a Kazakh market forecast to achieve strong growth over the next few years and currently characterised by a production capacity shortage.

2.2.5. Income statement for Africa and the Middle East

			% change	
(in millions of euros)	2010	2009	Reported	At constant consolidation scope and exchange rates
Consolidated sales	441	411	+7.2%	+5.5%
EBITDA	202	153	+31.5%	+29.0%
EBIT	165	123	+34.1%	+31.3%

The Africa and Middle East region recorded consolidated sales of €441 million in the financial year to 31 December 2010, representing growth of 5.5% at constant scope and exchange rates. The EBITDA margin on operational sales came to 45.0% in 2010 compared with 36.9% in 2009. This very strong increase takes into account the non-recurring gain arising from a retroactive adjustment of the cement tax per tonne in Egypt. After elimination of this gain, the EBITDA margin on operational sales stood at 41.0%, representing an increase of over 400 basis points compared with the previous year.

- In Egypt, consolidated sales recorded a solid increase of 7.6%. After a number of adverse non-recurring events that occurred in the first quarter, the Group again notched up strong growth, recording a robust increase in volumes (7.4%) throughout the period. Against this backdrop, prices remained stable over the full year.

  The EBITDA margin on operational sales recorded by the Group in Egypt recorded an exceptionally strong but not meaningful increase, since it included a gain of €18 million linked to the adjustment to cement tax. Restated for this exceptional gain, the EBITDA margin on operational sales in Egypt still showed a significant improvement in excess of 230 basis points.
- In West Africa, consolidated sales rose by 3.7% during the year. This increase was driven by solid growth in cement volumes of 6.2% over the year. Average selling prices declined slightly, primarily owing to the sales geographical diversification policy.

  The EBITDA margin on operational sales recorded in West Africa enjoyed a very strong increase of around 530 basis points owing to the effects of the "Performance 2010" plan, notably including sales growth, the improved efficiency of production facilities and the halt to external clinker purchases

2.3. INCOME STATEMENT BY BUSINESS SEGMENT

2.3.1. Cement

(in millions of euros)	December 31, 2010	December 31, 2009	% change Reported	% change At constant consolidation scope and exchange rates
Volume (kt)	16,179	14,507	+11.5%	
Operational sales	1,224	1,129	+8.4%	+1.4%
Consolidated sales	1,033	950	+8.8%	+1.1%
EBITDA	413	364	+13.4%	+9.2%
EBIT	303	269	+12.5%	+9.4%

Sales recorded by the Cement division grew by 8.8% and by 1.1% at constant scope and exchange rates. Volumes recorded strong growth of 11.5% over the period.

EBITDA advanced by 9.2% to €413 million. The EBITDA margin on operational sales stood at 33.7% compared with 32.2% in 2009.

2.3.2. Concrete & Aggregates

(in millions of euros)	December 31, 2010	December 31, 2009	% change Reported	% change At constant consolidation scope and exchange rates
Concrete volumes (km^3)	7,749	7,121	+8.8%	
Aggregates volumes (kt)	20,766	18,675	+11.2%	
Operational sales	752	724	+3.9%	+0.3%
Consolidated sales	716	696	+3.0%	-0.4%
EBITDA	62	83	-24.6%	-28.4%
EBIT	19	40	-52.9%	-55.7%

The consolidated sales posted by the Concrete & Aggregates division rose by 3.0% and were almost stable at constant scope and exchange rates. Concrete delivery volumes grew by 8.8% over the period, while Aggregates volumes moved up 11.2%.

EBITDA dropped by 28.4%. The EBITDA margin on operational sales declined significantly to just 8.3%, down from 11.4% in 2009.

2.3.3. Other Products & Services

(in millions of euros)	December 31, 2010	December 31, 2009	% change Reported	% change At constant consolidation scope and exchange rates
Operational sales	333	314	+6.3%	+1.5%
Consolidated sales	264	251	+5.4%	-0.5%
EBITDA	29	26	+10.4%	+2.9%
EBIT	16	13	+19.1%	+10.3%

Consolidated sales recorded by the Other Products & Services division advanced by 6.3% and by 1.5% at constant scope and exchange rates.

EBITDA rose by 2.9% compared with 2009. The EBITDA margin on operational sales thus recorded a slight increase to 8.7% compared with 8.4% in 2009.

III. CHANGE IN THE FINANCIAL STRUCTURE

At the end of the 2010 financial year, the Group had a solid financial structure as evidenced by the following indicators:

(in millions of euros)	2010	2009	Évolution
Gross financial debt	1,284	887	397
Cash and cash equivalents	-296	-235	-61
Net financial debt	**988**	**653**	**335**
Consolidated shareholders' equity	**2,557**	**2,082**	**469**
Gearing	*38.60%*	*31.40%*	
EBITDA	504.3	473	
Leverage	*x1.96*	*x 1.38*	

The medium and long-term financing agreements contain covenants especially as regards compliance with financial ratios. Given the small number of companies concerned, essentially Vicat SA, the Group's parent company, the low level of net indebtedness, representing 38.6% of consolidated shareholders' equity (gearing) and 1.96 times the consolidated EBITDA (leverage), and the liquidity of the Group's balance sheet, the existence of these covenants does not constitute a risk to the Group's financial position. As at December 31, 2010, the Group complied with all the ratios set out in the covenants contained in these financing agreements.

In June 2010, the Group finalized the financing of Vicat Sagar's greenfield cement works in India. This finance, arranged by the International Finance Corporation (IFC), a subsidiary of the World Bank, amounts to approximately €190 million. It comprises an initial tranche of €135 million arranged by the IFC in conjunction with three development finance institutions, DEG, FMO and PROPARCO, and a second tranche of €55 million syndicated by the IFC to Crédit Agricole CIB, Crédit Industriel et Commercial, Natixis and Société Générale. The maturities of these two tranches are respectively 11 and 8 years. At the beginning of 2011, this finance was the subject of a swap in rupees at fixed rate, thus protecting the subsidiary against interest and exchange rate fluctuations while providing finance which is cost competitive in rupees.

On January 12 last, the Group announced that it had issued US $ 450 million and €60 million of bond debt through a private placement on the American market (USPP / United States Private Placement).

This issue, which was largely oversubscribed, illustrates the Group's determination to maintain a healthy diversification of its sources of finance and to extend the maturity of its debt.

The proceeds from the issue will be used to repay certain credit lines early and significantly extend the average maturity of the Group's debt. This stands at 5 years after the issue, compared with slightly more than 2 years before the issue.

As at December 31, 2010, the Group had the following confirmed financing lines, used and/or available:

Type of line	Borrower	Year set up	Currency	Authorization in millions of currencies	Authorization in millions of €	Use (millions of €)	Due date	Fixed rate (FR)/ Variable rate (VR)
US Private Placement	**Vicat SA** **Vicat SA**	**2003** **2010**	**$** **$**	**240,0** **370,0**	**211,9** **278,7**	**211,9** **278,7**	**2013 to 2015** **2017 to 2022**	**VR/FR** **FR**
Syndicated loan	Vicat SA	2009	€	445.0	445.0	(1)	2012	VR
Bank bilateral lines	Vicat SA	2009	€	240.0	240.0	(1)	2014	VR
	Vicat SA	2010	€	80.0	80.0	(1)	2011	VR
	Vicat SA	Without	€	11.0	11.0	(1)	Without	VR
Total bank lines	**Vicat SA**		**€**	**776.0**	**776.0**	**565.0**	**2011 to 2014**	**VR**
	Sococim	2006	FCFA	20 000.0	30.5	30.5	2011	FR
	Sococim	2007	€	14.3	14.3	14.3	2011 to 2013	VR
	Sococim	2009	FCFA	37 000.0	56.4	10.0	2011	VR
	CMM	2007	FCFA	200.0	0.3	0.3	2011 to 2012	FR
(Club Deal)	SCC	2007	EGP	300.0	38.7	0.0	2012	VR
	NCC	2008	$	10.0	7.5	0.0	2011 & 2012	VR
	Vigier	2009	CHF	23.0	18.4	18.4	2011 to 2019	VR
	Jambyl	2008	$	50.0	37.4	37.4	2012 to 2018	VR
	Jambyl	2008	$	110.0	82.3	82.3	2011 to 2015	VR
Total loans or bilateral lines					**285.7**	**193.1**		
Fair value of the derivatives						(4.7)		
Total medium-term					**1 552.3**	**1 244.1**		
Other debts						40.4		
Total gross debt					**1 552.3**	**1 284.4**		

As at December 31, 2010 the Group had unused confirmed financing lines, not assigned to hedging the liquidity risk on commercial paper, amounting to €304 million (€609 million as at December 31, 2009). In addition the Group established dedicated financing of over €190 million to cover the requirement resulting from the construction of the Vicat Sagar Cement greenfield factory in India.

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 for the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.

Out of the total gross debt of €1,284 million, the amount at fixed rate was €454 million as at December 31, 2010. Taking into account hedging transactions amounting to €412 million (caps and swaps), the amount of debt at variable rate not hedged came to €418 million. This share of the debt which is not hedged is the result of the existence of available cash and cash equivalents, expected changes in the debt (in particular the completion in January 2011 of the US Private Placement which enabled €120 million of debt at variable rate to be converted to fixed rate) and finally emerging markets on which hedging instruments are not always available.

IV. OUTLOOK 2011

For 2011, the Group wishes to provide the following information concerning its various markets:

- **In France**, the Group anticipates a gradual recovery in volumes during 2011, with prices expected to stabilise or increase very slightly.
- **In Switzerland**, the environment is likely to remain broadly positive, with support coming from the ongoing major infrastructure projects and pricing levels that are expected to improve slightly.
- **In Italy**, the Group anticipates that the situation is likely to remain difficult, with an unfavourable competitive environment. Even so, given the current levels of cement consumption, volumes should gradually stabilise and prices should rise.
- **In the United States**, even though visibility remains very limited on both the macroeconomic front and the likely level of investment by states, the Group anticipates a very gradual improvement in its markets, in terms of both volumes and pricing.
- **In Turkey**, the improvement in the environment in 2010 is likely to continue during 2011. Against this backdrop, the Group should be able to take full advantage of the efficiency of its production facilities as a result of its investments under the "Performance 2010" plan.
- **In Egypt**, the Group wishes to state that its manufacturing base has not been affected by recent events and that to date, the plant has been operating normally. The Group remains confident about the performance of the Egyptian market and in its ability to reap the full benefit of its expansion.
- **In West Africa**, the market environment is likely to remain broadly positive, but will remain closely linked to investments by government authorities in major infrastructure projects and also to trends in money transfers from West Africans living abroad. Leveraging on its fully modernised and efficient production facilities, the Group will continue to pursue its expansion efforts across the entire region of West Africa.
- **In India**, the acquisition of a majority shareholding in Bharathi Cement and the start-up of its second production line in late 2010 have enabled the Group to strengthen significantly its position in India, a market in which cement consumption is experiencing strong growth. This partnership, which represents Vicat's second major transaction complementing its existing joint venture Vicat Sagar Cement, will give rise to two major players in southern India, ultimately possessing total nominal capacity of over 10 million tonnes and able to draw on substantial business synergies and ambitious expansion plans.
- **In Kazakhstan**, Vicat is pleased with the start-up of the 1.1 million tonnes capacity Jambyl Cement plant during December. Thanks to its ideal geographical location and highly effective production base, the Group should gradually be able to take full advantage of a market poised for solid growth in the construction and infrastructure sector.

Against this backdrop, Vicat is determined to continue prudently with its growth strategy, which is supported by:

- its solid financial structure,
- the benefits of the Performance plans, particularly lower production costs resulting from the modernisation of its production facilities and the strengthening of its industrial and commercial positions.
- and, lastly, the success of its expansion in Kazakhstan and India.

CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2010

CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2010

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
FOR THE YEAR 2010

(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
FOR THE YEAR 2010

(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
FOR THE YEAR 2010

(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 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):

US 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

NOTES TO THE 2010 CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES 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 group has adopted those standards that are in force on December 31, 2010 for its benchmark accounting policies.

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 policies 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 policies. 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 are 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 within 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 rate 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 maintenance 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 in question 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 thus 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.SA	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:

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

	2010			2009		
(In thousands of euros)	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

	2010			2009		
(In thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	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

	2010			2009		
(In thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	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

	2010			2009		
(In thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	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)	United States	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 damages 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
US 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 Euro 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:

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

(In thousands of currency units)	Nominal value (currency)	Nominal value (euro)	Market value (euros)	Current maturity < 1 year (euro)	Current maturity 1 - 5 years (euro)	Current maturity > 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	146,016
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)	United States	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)	United States	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 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 Commercial Code, 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 French Commercial Code. 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	UNITED STATES	CALIFORNIA	100.00	100.00
KIRKPATRICK CONCRETE, INC.	UNITED STATES	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY OF ALABAMA, INC.	UNITED STATES	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	UNITED STATES	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA, INC.	UNITED STATES	DELAWARE	100.00	100.00
NATIONAL READY MIXED COMPANY, INC.	UNITED STATES	CALIFORNIA	100.00	100.00
UNITED READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
VIKING READY MIXED COMPANY, INC	UNITED STATES	CALIFORNIA	100.00	100.00
SONNEVILLE INTERNATIONAL CORP	UNITED STATES	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

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 policies 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 policies 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 SA
Bertrand Desbarrières - *Partner*

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

STATUTORY FINANCIAL STATEMENTS
AT DECEMBER 31, 2010

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**

BALANCE SHEET AT DECEMBER 31, 2010

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

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**

INCOME STATEMENT
FOR THE YEAR ENDED ON DECEMBER 31, 2010

(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**

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. 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 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 Private 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 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

TRADE PAYABLES OUTSTANDING [3]

The total amount of "Supplier" invoices recognized under the item "Trade payables and associated accounts" at the end of 2010 was €20,888,934.

Breakdown by date due (in euros)	**Amount**
Due	943,210
Less than 30 days	14,494,659
31 to 60 days	5,451,065
Total	**20,888,934**

(3) This additional information is not part of the Appendix to the financial statements.

ANALYSIS OF THE INCOME FOR THE YEAR

Earnings before non-operating items, profit-sharing and taxes :	155,102,081
In light of :	
. other non-operating income and expenses	- 12,678,482
. employees profit-sharing expense	- 3,982,186
. corporate income tax	- 20,414,515
Net earnings for 2010 fiscal year were :	**118,026,898**

PROPOSED NET EARNINGS APPROPRIATION

We propose the following appropriation of net earnings :

2010 year earnings	118,026,898
Retained earnings of prior periods	101,475,116
TOTAL TO BE DISTRIBUTED	219,502,014
We propose the following distribution:	
. dividend of 1.50 € per share of par value 4 euros	67,350,000
. statutory reserve	
. other reserves	50,152,014
Retained earnings	**102,000,000**

DISTRIBUTIONS MADE IN THE LAST THREE YEARS (for a comparable number of shares)

Year	2007	2008	2009
Dividend paid	1.50	1.50	1.50

Note: the dividend amounts quoted take into account all existing shares.

When payment is made, the dividend on treasury shares will be allocated to the «retained earnings» account.

Dividends distributed are entitled to 40% tax relief under the conditions set out in Article 158-3 of the *Code général de l'impôt* (General Tax Code).

FIVE-YEARS FINANCIAL RESULTS

ARTICLES L. 225-81, L. 225-83 AND L. 225-102 OF THE COMMERCIAL CODE

(In euros)	2006	2007	2008	2009	2010
1) Share capital at year-end					
Share capital	187,084,800	187,084,800	179,600,000	179,600,000	179,600,000
Number of shares issued	46,771,200	46,771,200	44,900,000	44,900,000	44,900,000
2) Total operating earnings					
Net sales	475,747,670	510,432,697	511,841,942	448,708,588	444,001,111
Earnings before tax, employee profit-sharing, depreciation & amortization and provisions	176,747,531	204,175,655	201,208,409	186,205,363	175,735,104
Income tax	39,340,000	18,005,000	22,621,500	28,903,959	20,414,515
Employee profit-sharing for the year	5,050,000	5,415,687	5,332,772	4,849,805	3,982,186
Earnings after tax, depreciation & amortization and provisions	109,683,603	82,336,178	103,414,454	124,861,843	118,026,898
Dividends paid out	60,802,560	70,156,800	67,350,000	67,350,000	67,350,000
3) Earnings per share					
Earnings after tax and employee profit-sharing, but before depreciation & amortization and provisions (1)	2.95	4.03	3.86	3.40	3.37
Earnings after tax, employee profit-sharing, depreciation & amortization and provisions(1)	2.44	1.83	2.30	2.78	2.63
Dividend paid per share	1.30	1.50	1.50	1.50	1.50
4) Employees					
Number of employees	828	842	850	848	859
Total salaries (2)	36,008,346	37,860,259	38,720,960	40,694,345	41,518,392
Total amount paid in social welfare benefits (social security contributions, charities, etc.)	17,685,934	18,482,985	18,191,928	19,044,121	19,872,426

(1) Over the adjusted number of shares
(2) Retirement indemnities paid in respect to early retirement excluded

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 policies.

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 SA
Bertrand Desbarrières - *Partner*

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

Design and production: The Crew Communication
Financial section printed on white laid paper by Papeteries de Vizille

FSC
Mixed Sources
Product group from well-managed
forests and other controlled sources

A French société anonyme with a share capital of €179,600,000
Head office: Tour Manhattan – 6, place de l'Iris – 92095 Paris-La Défense Cedex – France
RCS Nanterre 057 505 539

Copies of this annual report are available free of charge from Vicat,
Tour Manhattan – 6, place de l'Iris – 92095 Paris-La Défense Cedex – France,
as well as on the Vicat websites (www.vicat.com and www.vicat.fr).