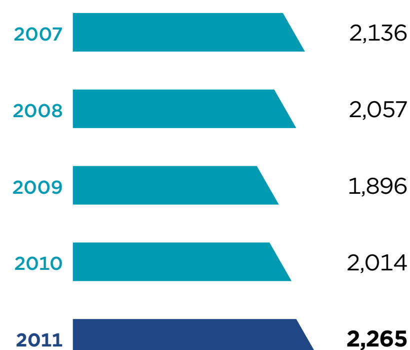
2011 ANNUAL REPORT

A constructive performance

Key figures

SALES

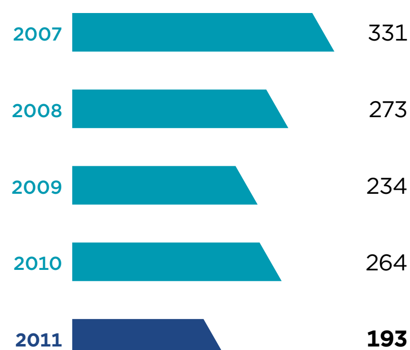
(in millions of euros)



Sales rose by 12.5% in 2011, or by 9.6% on a like-for-like basis and at constant exchange rates.

NET PROFIT

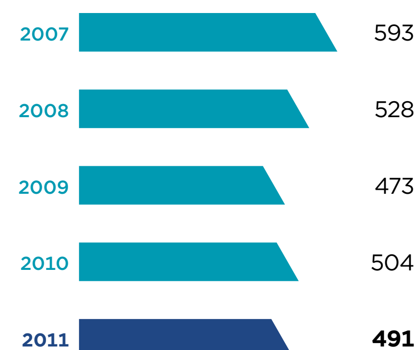
(in millions of euros)



Consolidated net profit amounted to 193 million euros for a consolidated net margin of 8.5%.

EBITDA

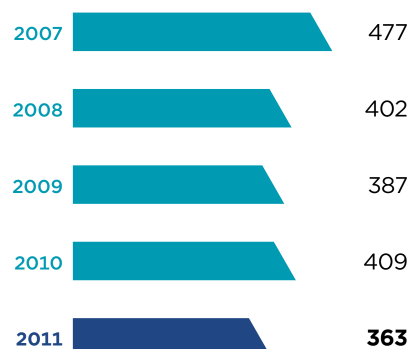
(in millions of euros)



The EBITDA margin was 21.7%.

CASH FLOW

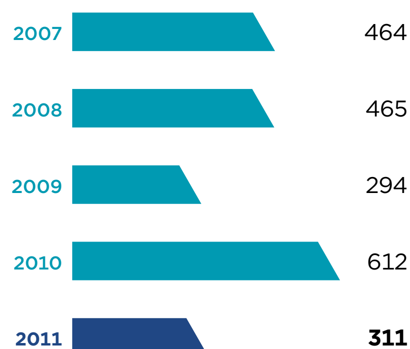
(in millions of euros)



Cash flow remained high in 2011, at 363 million euros, with free cash flow (after capital expenditure) of 83 million euros.

TOTAL INVESTMENTS

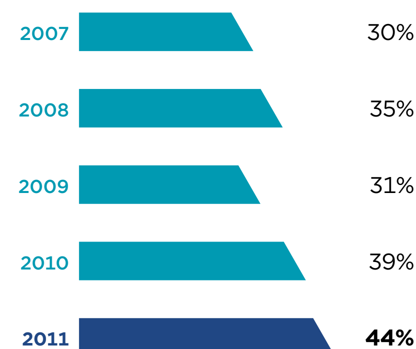
(in millions of euros)



In 2011, total investment volume was affected by the build-up of capital expenditure in India for construction of the Vicat Sagar Cement plant.

NET DEBT/TOTAL EQUITY

(in percentage)



Gearing stood at 43.8% at December 31, 2011.

▼ Cement ▼ Concrete & Aggregates ▼ Other Products & Services

OPERATING REVENUES

(% of total)

Cement and Concrete & Aggregates, the Group's core businesses, generate 85% of operating revenues.

EBITDA

(% of total)

While the operating margin was lower than in 2011, it reflects the Group's resilience and financial strength.

CAPITAL EMPLOYED

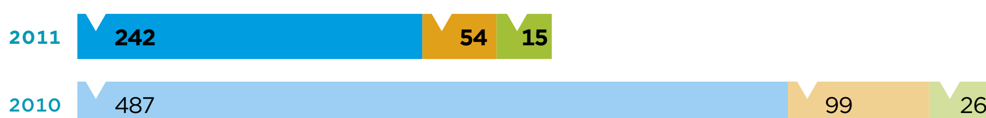
(% of total)

There was no change in capital employed between 2010 and 2011.

CAPITAL EXPENDITURE

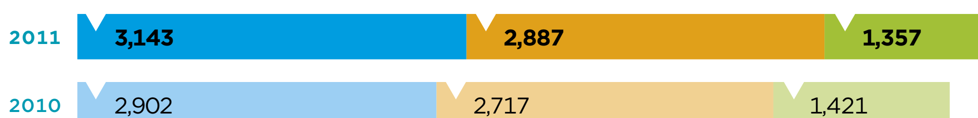
(in millions of euros)

Capital expenditure amounted to €331 million in 2011, mainly reflecting projects underway in India.



AVERAGE NUMBER OF EMPLOYEES

The average headcount rose by 4.9% due to the build-up of operations in India and Kazakhstan.



THE VICAT GROUP
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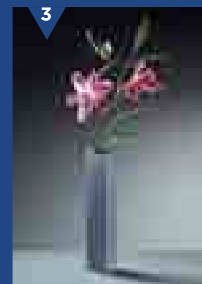


1- Bharathi Cement plant in Andhra Pradesh (India).

2- R&D engineer at the Louis Vicat technical center in L'Isle d'Abeau.

3- Concrete vase by Creabeton Matériaux.

4- Centre Pompidou-Metz (France).

5- Quarry serving the Konya Çimento cement plant (Turkey).

KEY FIGURES

A constructive performance

Vicat has been engaged in cement production for over 150 years

SALES

€2,265M

CONSOLIDATED NET PROFIT

€193M

AVERAGE HEADCOUNT

7,387

11 BUSINESS LOCATIONS THROUGHOUT THE WORLD

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

3 BUSINESS LINES

CEMENT

50.2% of sales

CONCRETE & AGGREGATES

36.1% of sales

OTHER PRODUCTS & SERVICES

13.7% of sales

ENVIRONMENT

Vicat is committed to mitigating the environmental impact of its plants, to site beautification, to minimizing the pollution generated by its industry and to highly efficient waste disposal.

Jacques Merceron-Vicat
Chairman

The Group continues to expand and to further strengthen its balance sheet

In 2011, the economic and financial crisis persisted in the developed world, while several developing countries underwent political upheavals and changes of government.

Against this troubled backdrop, the Vicat Group continued to expand, with an overall increase in business and mixed results by region.

In the United States, despite the lackluster construction market, sales volume increased at the end of the year.

In Egypt, which underwent social and political upheaval, results in 2011 fell far short of the excellent performance registered in 2010. They are expected to improve following the July 2012 presidential elections, which are expected to restore stability and security.

In France, Switzerland, West Africa and Turkey, growth was robust, with an appreciable improvement in performance.

In Kazakhstan, the first year of business was satisfactory, in a favorable price climate.

In India, Bharathi Cement continued its business development in the main southern States while maintaining its price levels owing to strong brand recognition. The startup of the Vicat Sagar Cement plant in the second half of 2012 will bring our Indian business up to full speed and give the Group a leading position in southern India.

Vicat's geographical diversity enabled the Group to spread its risk and to keep EBITDA stable in 2011 by comparison with 2010 (excluding a non-recurring item in Egypt in 2010 involving a retroactive adjustment of the cement tax).

The Group will pursue its strategy of increasing production capacity and reducing production costs. In 2012, it will reap the full benefits of the capital investments carried out under the Performance 2010 plan, continue to build up Jambyl Cement in Kazakhstan and Bharathi Cement in India, and, in the second half, start production at the Vicat Sagar Cement plant in Karnataka.

Its modern, high-performance spare capacity will enable the Group to consolidate its positions and seize opportunities for growth in the countries where it is active.

Our priorities for 2012 are to control production costs–partly by using a higher proportion of substitute fuels–and to increase selling prices whenever possible, while reducing our debt to give the Group the flexibility it needs to grow through acquisitions.

The Group continues to expand and to strengthen its solid financial position. It is also perpetuating its long tradition of research and innovation in order to continue to offer its customers products and service of the highest quality.

To meet these objectives, particularly during this time of crisis, the Group is relying on the strong corporate values shared by its personnel, namely a passion for the business, responsiveness, presence in the field, determination, and seamless integration of our businesses into the sites where we operate.

We are confident in our ability to succeed and will propose paying a dividend of €1.50 per share.

2012 set to benefit from business growth in India and Kazakhstan

Guy Sidos
Chief Executive Officer

2011 was an unusual year. Vicat's results did not tell the whole story since, despite lower earnings, the Group showed good resilience to a difficult political and economic environment.

Although Sinai Cement in Egypt saw earnings fall by more than two thirds, EBITDA was almost at the same level as in 2010 due to its development in Asia (Kazakhstan and India) and the operational efficiency of its production facilities. The fall in Egyptian earnings had a major impact on the income statement, since our Egyptian business was exempt from income tax whereas there was a greater contribution from Vicat's other countries, where income is taxed at standard rates.

In 2012, the business environment should be increasingly stable, and the Vicat Group should benefit from the build-up of its operations in Kazakhstan and India, where its ultra-modern, high-capacity plants are located on important logistics routes.

While there are no plans for major acquisitions in 2012, the Vicat Sagar Cement plant is due to begin operations in the second half, completing this greenfield project in which construction began less than two years ago.

This project will absorb a large part of the Group's capital expenditure, the total amount of which is expected to remain stable. This will allow Vicat to start reducing its debt levels, as part of the careful policy of consolidating positions developed in the last few years. In 2011 Vicat strengthened its balance sheet by renegotiating and diversifying its sources of finance, while at the same time increasing the average maturity of its debt which now stands at over five years.

The Group has stepped up its research and development efforts, which are focused on enhancing performance, protecting the environment and making products easier to use.

Vicat is one of the few companies in the construction materials sector that can offer solutions involving mineral-based materials that meet builders' needs in areas ranging from structural to finishing work. Accordingly, the Group has set up a new unit names "Construction Solutions", which is intended to address new requirements for thermal efficiency and comfort in modern construction. Partnerships have been established to develop this holistic approach to construction, including a major research program with France's national solar energy institute. The Group's 7,400 employees have played a vital role in our achievements, showing once again how professional, committed, and effective they are, and I offer them my sincere thanks.

▲ Jambyl Cement plant in Mynaral (Kazakhstan).

Controlled growth

The Group's priority is to achieve controlled expansion across all business lines, through a finely balanced combination of strong organic growth underpinned by capital expenditure to meet market demand and a policy of targeted growth by acquisition to enter new, high-potential markets or to promote accelerated vertical integration.

Fast-paced organic growth

The Group sustains a high level of capital expenditure in the markets in which it operates, with a view to:
• modernizing its production facilities to improve the efficiency and output of its plants, thereby securing the manufacturing capacity it needs in response to intensifying competition; and
• increasing its production capacity to keep up with growth in its markets and to consolidate or to enhance its positions as regional leader.
The Group completed the Performance 2010 plan in 2009. Since the end of 2006, this plan has boosted cement production capacity by nearly 50%, while appreciably improving the productivity of the Group's existing industrial facilities. Armed with this potential for greater output, the Group is poised to seize new growth opportunities.

Targeted growth through acquisitions

The Group's strategy is to penetrate new markets via the cement business through highly selective acquisitions that meet the following criteria:
• they must be located near large markets with attractive growth potential,
• they must have control over long-term mineral reserves (target: of 100 years for cement) through control of the land and secure operating licenses,
• they must generate a net contribution to Group profits in the short term.

In April 2010, the Group secured a majority interest in Bharathi Cement, in southern India. As of the end of 2011, the company had a very modern facility with annual cement production capacity of 5 million metric tons.

The Group may also seize opportunities to penetrate new developing markets through greenfield construction of cement plants. Such projects are subject to highly selective review and must meet the same three criteria as acquisitions.

In keeping with this strategy, at the end of 2010, the Group brought a 1.1 million metric ton greenfield cement plant in Kazakhstan on line, after acquiring a majority interest in the project in December 2007. Similarly, in June 2008, the Group signed a deal under which it became the majority shareholder in a partnership in India to build a 5.5 million metric ton greenfield cement plant in the State of Karnataka. Construction on the first phase of the project began in 2010 and the facility will be placed in service in the second half of 2012.

Business development strategy

The Group focuses primarily on its historical area of expertise, cement, and is expanding into the ready-mixed concrete and aggregate markets through vertical integration in order to secure access to cement consumption centers. In addition, in some markets, it is developing synergies with complementary activities to consolidate its offering and strengthen its regional positioning.

Cement is the Group's leading business and the foundation underpinning its growth and profitability.

The Group is developing its operations in ready mixed concrete to reinforce its cement business, as a function of the maturity of markets and their integration in industrial concrete production. The objective is to establish a network of concrete batching plants around cement plants and near consumption centers, by building new plants or acquiring existing companies active in this market.

The Group's presence in Aggregates is intended to provide a global response to its customers' construction materials requirements and to provide secure supplies of aggregates for development of the ready-mixed concrete business. It is expanding in this segment through acquisitions and capital investment aimed at both increasing the capacity of existing facilities and opening up new quarries and other installations.

Geographical expansion strategy

58%
Percentage of sales generated outside France.

35%
Percentage of sales generated in emerging economies.

The Group operates in eleven countries. It generates 58% of its sales outside France, including nearly 18% in the rest of Europe, 7% in the United States, and 35% in emerging countries (chiefly Egypt, Mali, Mauritania, Senegal, Turkey, and India).

The percentage of Group sales generated outside France is expected to keep growing in the years ahead as a result of the increased production capacities of existing plants and the commissioning of the new greenfield plants.

The Group's strategy is designed to diversify its geographical exposure and to spread risk judiciously through a combination of investment in developed countries, which generate a steadier stream of cash flow, and in emerging countries, which may be exposed to stronger market fluctuations while offering greater potential for long-term growth.

GROUP STRATEGY IN 2011

In 2011, the Group's strategy demonstrated its viability in an unfavorable macroeconomic climate.

Underpinned by its sound balance sheet, with gearing and leverage among the lowest in the sector, in 2009, the Group completed its Performance 2010 plan for organic growth. It lowered its production costs by modernizing its plant and increased Group production capacity in Senegal, Switzerland, and Turkey.

The Jambyl Cement plant in Kazakhstan, which was placed in service on April 1, 2011, sold more than 500,000 metric tons during its first financial year.

The acquisition initiated in India with Vicat Sagar Cement is on schedule. In addition, by acquiring Bharathi Cement, the Group strengthened and accelerated its expansion in southern India, where it sold over two million metric tons of cement in 2011.

In 2011, the Vicat Group consolidated its financial position by renegotiating and diversifying its sources of funding while increasing the average maturity of its debt. Working from this basis, the Group will pursue its cautious strategy of acquisitions, while ensuring that it maintains sound key financial ratios.

BUSINESSES

3 business lines 5 regions

The Group carries out its main businesses – Cement, Ready-Mixed Concrete, and Aggregates – in eleven countries. These segments generate 85% of operating revenues. The Group is also active in complementary businesses in France and in Switzerland.

Cement

Concrete & Aggregates

Other Products & Services

	Total	United States	France
Sales	€2,265M	€165M	€938M
% of total	100%	7%	41%
EBITDA	€491M	€(9)M	€202M
% of total	100%	-2%	42%

▶ Bharathi Cement plant in Andhra Pradesh (India).

Rest of Europe	Africa & Middle East	Asia
€403M	€411M	€348M
18%	18%	15%
€102M	€122M	€74M
21%	25%	15%
Switzerland Italy	Egypt Senegal Mali Mauritania	Turkey Kazakhstan India

FRANCE

Sales
€938M

Employees
2,579

BREAKDOWN OF SALES BY BUSINESS LINE

Cement	Concrete & Aggregates	Other Products & Services
38%	39%	23%

▶ Construction of the 240 meter -long Saint Gervais bridge in Upper Savoy.

Cement
5 cement plants
3.4 million metric tons sold

Market conditions

The construction sector returned to growth in 2011. The number of new residential building permits rose by 16.4% to more than 521,000. New housing starts rose by 20.2% to 406,000 units.

In the non-residential sector, project startups were up 14.3% at the end of October after several years of declining investment.

The drop in calls for tenders by local authorities had a negative impact on investment and business in the public works sector, with sales edging up by an estimated 1.5% over the year.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011	Change
Domestic production	18,091	19,542	+8.0%
Imports	1,693	1,807	+6.7%
Total	**19,784**	**21,349**	**+7.9%**

The trend in cement consumption in mainland France reversed in 2011, with a rise of 7.9% following three consecutive years of decline. This growth was driven by a recovery in the construction industry combined with highly favorable weather conditions.

Business activity

Vicat delivered solid sales growth of 11.9% in 2011, outpacing the 7.9% growth in consumption. This progress was due to the integration of Thiriet, to a favorable product mix, and to a number of large projects such as the Carré de Jaude development in Clermont-Ferrand and the A89 motorway, coupled with highly favorable weather conditions in the Alpine region.

SALES VOLUME

Thousands of metric tons	2010	2011	Change
Domestic	2,819	3,154	+11,9%
Exports	298	276	-7,5%
Total	**3,117**	**3,430**	**+10,0%**

▼ The Montalieu cement plant in France's Alpine region.

Vicat focused on sales in France, resulting in a 7.5% drop in exports. The effect of the product mix and the volumes delivered to major projects had a negative impact on average selling prices, which were down slightly at the end of the year.

Plant operation

2011 saw a strong rise in production in all the plants. The Montalieu plant even set a new production record and Xeuilley came close to its highest output ever.

Despite enhanced productivity induced by these good levels of output and the higher volumes of substitute fuels used, production costs increased due to the higher costs of electricity and other fuels for firing the kilns.

Capital expenditure

Capital expenditure was adjusted owing to economic uncertainties. It was confined to developing greater use of substitute fuels, improvements to customer service and replacing equipment.

Concrete & Aggregates

141 batching plants
3.2 million cubic meters sold
42 aggregate quarries
11.3 million metric tons sold

Market conditions

After a stable year in 2010, with growth of just 0.4% on 2009, the French ready-mixed-concrete market rose by more than 10% in 2011.

In addition to the recovery in the residential sector, business was also favorably affected by a combination of projects that were postponed in December 2010 due to poor weather and highly favorable weather conditions throughout 2011.

In the aggregates market, cumulative growth at the end of December was 4%, with the French market accounting for 377 million metric tons in 2011.

Group sales

VOLUMES SOLD

	2010	2011	Change
Concrete (thousands of cubic meters)	2,867	**3,165**	+10,4%
Aggregates (thousands of metric tons)	10,346	**11,251**	+8,7%

NUMBER OF FACILITIES

	2010	2011	Change
Batching plants	141	**141**	=
Aggregate quarries	41	**42**	+1

Vicat concrete sales followed the trend, with sales volume rising by 10.4%. Part of this increase was due to the consolidation of Thiriet, a company acquired at the end of 2010. Despite market pressure, the average selling prices for Vicat's Concrete business followed an upward trend.

▶ Plant at the La Courbaisse: aggregate quarry in the hills above the French Riviera.

▶ The Boulingrin covered market in Rheims, a listed historic monument, was renovated with Vicat self-consolidating concrete.

Special programs were devoted to the development of special concretes and cost reduction.

Despite some regional disparities, aggregate sales volume for 2011 was up 8.7% on 2010, with a particularly good performance in the southeastern and central (Auvergne) regions and in the eastern region (Lorraine), where work on the high-speed rail line boosted sales. Selling prices were appreciably higher than in 2010.

The change in number of facilities in 2010 and 2011 reflect the integration of the four Thiriet quarries and the closure of three quarries, though two of these continue to operate as processing sites.

Quality and safety

Work carried out to improve the quality and safety in the ready-mixed concrete division was rewarded by a three-year renewal of ISO certification and a one-year renewal of OHSAS certification. Moreover, the safety drive has produced a three-fold reduction in the accident frequency rate in three years.

In the Aggregates business, which continues to apply procedures for OHSAS management system certification, ISO 9001 quality certification was renewed. In terms of safety, the Aggregate division recorded an accident frequency rate of 20%, down on 2010, with a comparable severity rate.

Capital expenditure

Capital expenditure in the ready-mixed concrete sector focused on the upkeep of production facilities, the development of special concretes, safety, and the environment. One important change was the startup of the new Somain batching plant, which replaces the Escaudain facility.

The year's most significant plant investment in Aggregates was the replacement of the plant at the La Courbaisse quarry, near Nice, which will allow this remarkable quarry to tap the full potential of the hard rock in the hills above the city. Substantial investments were also made to ensure the sustainability of our raw materials reserves.

Other Products & Services

▲ SATM snow hauling.

Papeteries de Vizille
PRINTING & WRITING PAPERS

Market conditions

After good sales volume in 2010, the paper business stalled in April 2011 and recorded a 15% average drop over the full year. Raw materials prices, which had begun to rise in the summer of 2010, started to decline in the last quarter. Selling prices continued to advance steadily throughout the year before losing ground as from November.

Group sales

The company's traditional range of products for publishing and banking suffered drops in sales volume while recently developed high-security and greaseproof papers continued to grow. A plan for repositioning the company offering on products with high value-added is being implemented and has already resulted in withdrawal from certain markets because of their low profitability.

The company is having a wood-fired boiler built; when it comes into service in early 2013, it will reduce production costs.

VOLUMES SOLD

	2010	2011	Change
Printing & Writing (thousands of metric tons)	25,618	**23,224**	-9.4%
Bags (thousands)	61,146	**66,113**	+8.1%
Sales (millions of euros)	**40.0**	**41.3**	**+3.3%**

Papeteries de Vizille
BAGS

Market conditions

Sales volume stabilized at a high level in all markets, despite pressure on sales to the construction and civil engineering towards the end of the year. Kraft paper prices reached historically high levels, though they too lost some ground towards the end of the year.

Group sales

Vizille took advantage of consolidation among its competitors to increase sales volume and steadily raise prices but this did not entirely offset the increase in Kraft paper prices. As a result of the production capacity increase achieved at the end of 2010, production efficiency was improved in 2011.

SATM & subsidiaries

BREAKDOWN OF SALES (BY SEGMENT)

In millions of euross	2010	2011	Change
Transport	74.0	**85.4**	+15.4%
Major projects	14.0	**34.1**	+143.6%
Total	**88.0**	**119.5**	**+35.2%**

Major projects

In 2011, business picked up significantly for the Major Projects division, in terms of both volumes and sales, with a significant year-on-year improvement in the second half. Highlights of the year included:

- winning the contract for the supply of concrete for preliminary work for the Penly EPR reactor,
- winning the contract for the supply of concrete for Building 218 on the French atomic energy commission's (CEA) site in Valduc,
- good business for the A89 motorway, largely due to lining work on the La Bussière, Chalosset, and Le Violay tunnels,
- continued supplies of concrete for Test Building 411 on the CEA site in Valduc,
- continued supplies of concrete for lining segments of the emergency tunnel at the Fréjus road tunnel.

Transport

The transport sector picked up in 2011 with a recovery at the end of the year. Fuel prices rose by 17% relative to the average for 2010.

Against this backdrop, SATM Transport's sales were up 15.5% on 2010, due partly to an increase in volumes hauled, especially in the Tanker sector, and to repositioning and consolidation of market share in the Lyon and Grenoble areas.

▶ Fountain on Old Town Square in Mladá Boleslav, Czech Republic, made with Prompt natural quick-setting cement.

Vicat Produits Industriels

(Construction chemicals)

Market conditions

After market volume growth of 10% in the first half, the third quarter suffered a drop in business. The slowdown was mitigated in the fourth quarter, however, partly as a result of good weather conditions. Prices across all product ranges came under intense pressure, as did raw materials prices, albeit to a lesser extent.

VPI sales

SALES TREND

In millions of euros	2010	2011	Change
Building	39.7	44.1	+11.1%
Home improvement	19.2	21.6	+12.5%
Civil engineering	4.5	3.6	-20.0%
Total	**63.4**	**69.3**	**+9.4%**

Against this industry backdrop, VPI's sales volume resumed on an uptrend. The commercial action plan focused on VPI-branded products, tiling adhesives, and external insulation yielded good results:

- the Construction division accounted for 64% of VPI's sales (63% at the end of 2010). The commercial action plan was supplemented by a marketing action plan to support this division, particularly through its 'Comfort Solutions' operations,
- the Home Improvement division accounted for 31% of total sales (30% at the end of 2010).This business was supported by several major commercial operations with big-name home-improvement outlets,
- the Civil Engineering division accounted for 5% of VPI sales (7% at the end of 2010). As in 2010, this relative drop was due to the lack of major projects drawing on the Technia range.

EUROPE

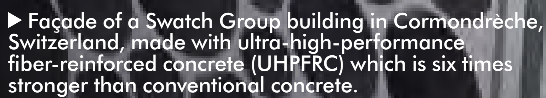
Switzerland
Italy

Sales
€403M

Employees
1,089

BREAKDOWN OF SALES BY SEGMENT

Cement	Concrete & Aggregates	Other Products & Services
37%	36%	27%



▶ Façade of a Swatch Group building in Cormondrèche, Switzerland, made with ultra-high-performance fiber-reinforced concrete (UHPFRC) which is six times stronger than conventional concrete.

Switzerland

Cement
1 cement plant
0.9 million metric tons sold

▲ The Reuchenette plant.

Market conditions

As in 2010, demand for housing remained strong. Low interest rates and uncertainties regarding stock markets drained funds into large numbers of real-estate projects. Against a background of growth and sound public finances, investment in infrastructure continued, supporting business in public works.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011	Change
Domestic production	4,533	**4,687**	+2,9%
Imports	425	**500**	+17,6%
Total	**4,978**	**5,187**	**+4,2%**

Cement consumption reflects the sound economic situation in the construction sector. On the negative side, importers put greater pressure on the market.

Commercial activity

SALES VOLUME

Thousands of metric tons	2010	2011	Change
Total	**840**	**880**	**+4.8%**

Like the Swiss market as a whole, Vigier registered robust sales growth, with an increase in ex-plant selling prices.

Plant operation

The Reuchenette plant sold 880,000 metric tons in 2011.

Increased production and the good technical ratios achieved for plant operation did not fully offset the effect of higher energy prices on production costs. The heat input required to produce each metric ton of clinker remained stable and the substitution rate increased, accounting for more than two thirds of heat energy consumed.

Capital expenditure

Apart from a new cement silo which will make shipping more flexible, expenditure for the production capacity expansion project has been completed.

ENVIRONMENT

The plant's substitution rate was improved as a result of greater use of biomass fuels (more than one fourth of total requirements), especially wood. In addition, equipment for reducing NOx emissions has been installed.

Switzerland

Concrete & Aggregates
22 batching plants
0.8 million cubic meters sold
21 aggregate quarries
2.9 million metric tons sold

Precasting
€122.8 million operating revenues

Market conditions
Like the construction sector overall, the concrete and aggregate market improved. For Ready-Mixed Concrete, as for Cement, border regions are exposed to foreign competition, which is taking advantage of the weaker euro and putting pressure on selling prices. In Aggregates, the market dynamic was comparable.

Group sales

VOLUMES SOLD

	2010	2011	Change
Concrete (thousands of cubic meters)	481	756	+57.5%
Aggregate (thousands of metric tons)	2,444	2,917	+19.4%

NUMBER OF FACILITIES

	2010	2011	Change
Batching plants	19	22	+3
Aggregate quarries	21	21	=

In addition to persistently favorable economic conditions, our regions benefitted from several large projects, which boosted ready-mixed concrete sales by 17.5% on a like-for-like basis. Selling prices also rose, except in the Basel region.

Capital expenditure
The Group's Swiss companies invested essentially in equipment renewal, with two exceptions: the acquisition of an additional concrete batching plant in the Jura region, to meet demand for a motorway construction project, and a production capacity increase at the Aebisholz aggregate quarry, also to meet high demand.

▶ Vigier Beton supplied concrete for a flood-relief tunnel.

Market conditions
The economic situation remained good for both infrastructure products (pipes, manholes, curbs) and garden products (paving, walls, garages). In garden products, which are sold in the consumer market, sales volume is highly sensitive to weather conditions.

Italy

▲ A Vena® façade element made by Creabeton Matériaux.

Cement
1 milling plant
2 terminals
0.4 million metric tons sold

Market conditions

The building sector as a whole remained mired in recession. In the public sector, in addition to cutbacks on the number of projects, the government is delaying payments, thereby creating significant difficulties for companies.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011	Change
Total	**34,283**	**32,500**	**-5.2%**

In Italy, volume losses varied by region, with declines of 5.3% in northern Italy, 0.7% in central Italy, 2.7% in southern Italy and 10.0% in Sardinia.

Volumes fell in both the building and the civil works sectors. Exports were also down by nearly 25%.

Commercial activity

SALES VOLUME

Thousands of metric tons	2010	2011	Change
Total	**279**	**365**	**+30.8%**

Following the plunge in 2010, sales volumes picked up slightly in 2011 but failed to return to their 2009 level. All regions registered growth, to varying degrees, underpinned by expansion of the company's presence in Tuscany and by export sales.

The cement selling price rose in the second half of 2011.

Business activity

The precasting division, which is in the firing line from importers, had to defend its market share, partly at the expense of selling prices. Since the market was extremely buoyant, sales volume moved up, offsetting the price effect. Sales volume was also boosted by deliveries to some large motorway construction projects.

SALES TREND

	2010	2011	Change
Volume sales (thousands of metric tons)	391	410	+5.0%
Sales (millions of euros)	**105.7**	**122.8**	**+3.3%**

Plant operation

High sales resulted in high plant utilization rates, thereby generating productivity gains. The first large batches of rail ties for the Gotthard tunnel project were manufactured using a special machine.

UNITED STATES

Sales
€165M

Employees
1,012

BREAKDOWN OF SALES BY SEGMENT

Cement	Concrete
39%	61%

▶ Ragland cement plant, Alabama (United States).

Cement
2 cement plants
1.3 million metric tons sold

Market conditions

The residential sector has not yet shown any real sign of recovery. Even so, the number of new housing starts rose to 607,000 in 2011 from 587,000 in 2010. Some small signs of optimism are starting to emerge on the real estate front. The non-residential sector picked up slightly towards the end of 2011, buoyed by the manufacturing sector and public services.

The effects of the federal government's recovery program were felt but are beginning to die down as the distribution of funds for roadworks comes to an end.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011	Change
Southeast	7,210	7,242	+0.4%
California	6,218	6,889	+10.8%
Total USA	**68,544**	**70,424**	**+2.7%**

Business activity

SALES VOLUME

Thousands of metric tons	2010	2011	Change
Total	**1,212**	**1,267**	**+4.5%**

Cement sales volume in the Southeast remained at the 2010 level, due mainly to the solid momentum of the Group's Concrete subsidiaries. In California, sales volume moved up 6.8%, with an appreciable increase in sales in Los Angeles, while business remained sluggish in the San Joaquin Valley owing to a persistently lackluster residential market.

In the Southeast, prices underwent gradual but appreciable erosion throughout the year, while in California prices remained low.

Plant operation

As in 2010, the plants were compelled to adjust their utilization rates to the level of sales. Efforts were made to reduce production costs in every area.

Despite a rise in coal prices, variable costs were kept at much the same level as in 2010 at the Ragland plant due to a strong rise in the use of substitute fuels. At Lebec, despite rising oil-coke prices, variable costs were reduced owing to a reduction in the cost of electricity as a result of optimization of operating periods and use of substitute materials in the raw mix.

Concrete
47 batching plants
1.6 million cubic meters sold

Market conditions

Like the cement sector, the ready-mixed concrete sector continued to suffer from the residential housing crisis and the slump in the commercial sector and benefitted only from the federal government's recovery program, despite competition from the mobile batching plants of public-works contractors.

▲ Construction of a bridge over Lassen Street in Chatsworth.

Group sales

SALES TREND

	2010	2011	Change
Concrete (thousands of cubic meters)	1,429	1,600	+12,0%
Number of batching plants	47	47	=

As evidenced by the 12% rise in sales volume, the Group's Concrete division managed to seize available market opportunities, in both the Southeast and California. It was also able to hold prices stable throughout the year in both regions.

In the Southeast, the division won several large contracts in a variety of areas, including industrial projects with Hyundai, service contracts with Pell City Hospital, and public works projects in the Birmingham region. In Southern California, the year ended up on 2010 owing to public works, mainly the resumption of the project to widen the busiest freeway in Los Angeles.

As part of the overhead cost reduction plan, the Fresno and Atlanta offices were closed and administrative functions were consolidated in Los Angeles and Birmingham.

AFRICA AND MIDDLE EAST

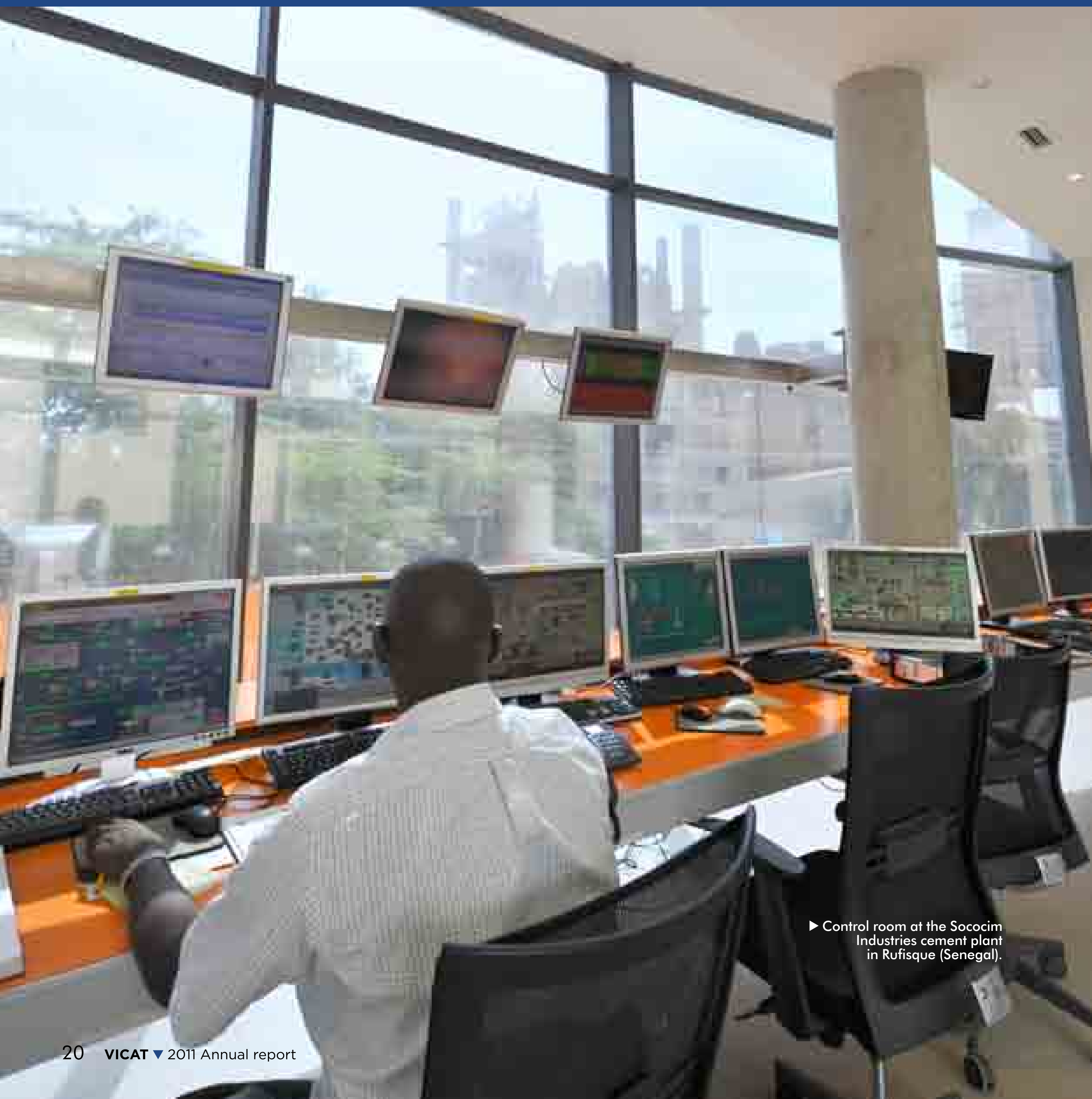
Egypt, Senegal, Mali, Mauritania

Sales
€411M

Employees
1,093

BREAKDOWN OF SALES BY SEGMENT

Cement	Concrete & Aggregates
94%	6%



▶ Control room at the Sococim Industries cement plant in Rufisque (Senegal).

Egypt

Cement
1 cement plant
3.2 million metric tons sold

Market conditions

After a year of robust growth in 2010, the building and construction sectors were hit by the drop in business following the political upheaval in Egypt in the first quarter of 2011.

Cement consumption edged down by a modest 1.6% in 2011, following a 24.8% jump in 2010.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011	Change
Total	**49 463**	**48 692**	**-1,6 %**

Consumption dropped by 5.2% in the first half of 2011, followed by growth of 2.4% in the second half. The recovery was confirmed in the fourth quarter, with a rise of 6.8%, albeit on a low basis of comparison, as the road transport strike in December 2010 adversely affected sales in the same year-ago period.

▲ Sinai Cement plant.

Business activity

The revolution in Egypt cut into Sinai Cement's sales, which were down 14.9% at the end of 2011. Sales declined owing to poor security in the Sinai region, a shortage of bunker oil and logistics problems on the peninsula.

SALES VOLUME

Thousands of metric tons	2010	2011	Change
Domestic	3,728	3,172	-14.9%
Exports	25	20	-19.1%
Total	**3,753**	**3,192**	**-14.9%**

Average ex-plant selling prices dropped appreciably. However, there has been an uptrend in the price per bag in the main markets since early December 2011.

Plant operation

Production costs moved up year-on-year despite containment efforts owing to deteriorating security conditions on the Sinai Peninsula. The interruption of the natural gas supply to the plant following attacks on the pipeline brought about a change to the fuel mix, with greater use of more expensive bunker oil.

Even so, in 2011, the El Arish plant produced 2.6 million metric tons of clinker and sold 3.2 million metric tons of cement to meet customer demand.

The consequences of political events also slowed down implementation of the 2011 investment plan.

Senegal

Cement
1 cement plant
2.7 million metric tons sold

Market conditions

The Senegalese construction and engineering sector has been growing steadily for more than a decade, owing mainly to public expenditure on housing construction and infrastructure development.

Public works have benefitted from major government investment in projects such as the Dakar–Diamniadio toll highway, Blaise Diagne International Airport, the extension of Dakar Harbor, and a large number of new roads linking to connect the capital Dakar to remote regions of the country and between Senegal and neighboring countries.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011	Change
Total	**2,395**	**2,592**	**+8.2%**

In 2011, Senegalese cement production rose by 17% year-on-year to 4.8 million metric tons. While local market demand increased by 8.2% to 2.6 million metric tons, regional demand moved up by nearly 10% to 6 million metric tons. As a result, exports of cement produced in Senegal advanced by 27% to 2.1 million metric tons, thereby making a significant contribution to the country's balance of payments.

Business activity

SALES VOLUME

Thousands of metric tons	2010	2011	Change
Domestic	1,487	1,615	+8.6%
Exports	748	1,037	+38.6%
Total	**2,235**	**2,652**	**+18.6%**

The domestic sales of Sococim Industries rose by 8.6%.

Export sales jumped by 38.6%, driven by the strategy of expansion into countries of the sub-region, particularly Gambia, Mali, Guinea Bissau, and Benin.

The average ex-plant price remained stable on the domestic market, but the effect of the substantial rise in export sales lowered the overall price.

Plant operation

In 2011, production of clinker increased significantly, and that of cement even more, owing to the continued program to optimize process lines and higher productivity.

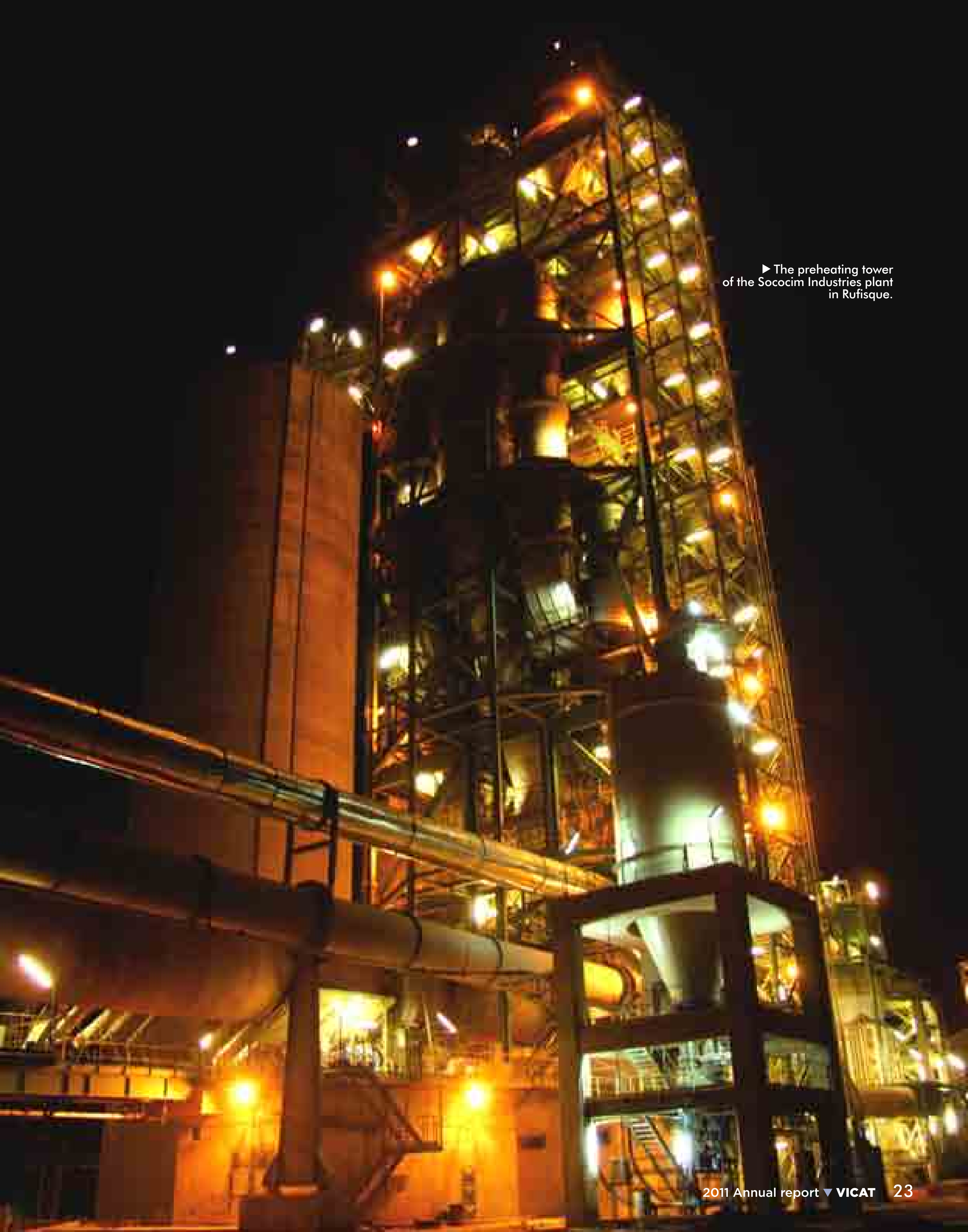
Despite the steady increase in the use of substitute fuels to replace coal (up 14% in 2011), production costs rose owing to higher electricity prices, as a result of governmental restrictions on the use of locally produced gas by private-sector operators coupled with a 30% jump in the cost of liquid fuels over the year.

ENVIRONMENT

In 2011, Sococim Industries' environmental commitment was reflected in:

- a reduction in fugitive-dust emissions as a result of installation of a new baghouse and conveyors to avoid handling materials on the ground;
- continued improvement in working conditions achieved through a vast program for renovation of staff premises and greening of all the grounds at the plant;
- a continued reduction in greenhouse gas emissions by increased use of peanut shells. The Clean Development Mechanism accreditation file was validated under the terms of the United Nations Framework Convention on Climate Change (UNFCCC).

Based on the plant's current environmental performance, Sococim's ISO 14001 certification was renewed in December 2011.



▶ The preheating tower
of the Sococim Industries plant
in Rufisque.

Senegal

▲ Bargny quarry.

Concrete & Aggregates

2 aggregate quarries
3.0 million metric tons sold

Market conditions

The upturn in the construction and engineering market recorded in 2010, underpinned by robust momentum in the public works market, accelerated in 2011, as the construction of large new government projects broke ground.

Group sales

Basalt sales benefited appreciably from the prevailing situation, in terms of both volumes and prices.

The limestone business remained at the same level as in 2011. However, due to a shortage of basalt, some contractors used limestone for part of their works, thereby generating an appreciable increase in sales volume together with a rise in the selling price of limestone.

SALES TREND

	2010	2011	Change
Volumes sold (thousands of metric tons)	2,396	2,968	+23.9%
Aggregate quarries	2	2	=

Capital expenditure

The increased sales of basalt recorded by Gecamines in 2011 were made possible by major investment in the main production unit, whose capacity was almost doubled, and in expanding the fleet of quarrying equipment.

Mali

Cement
0.6 million metric tons sold

Market conditions

The robust growth trend of 2010 continued, with a rise of 14% in 2011, in a climate of low prices because of plentiful supply and the gradual improvement of roads.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011	Change
Total	**1,348**	**1,540**	**+14.2%**

There was a downturn in public-works projects.

Group sales

During the year ended December 31, 2011, Group sales volume amounted to 561,739 metric tons, 112,610 metric tons of which were sold by Ciments Matériaux du Mali (CMM), compared with a total of 438,970 metric tons in 2010 and 88,980 metric tons sold by CMM. Due to increased competition, the average selling price lost ground.

▼ Bamako government center.

BUSINESSES ▼ AFRICA AND MIDDLE EAST

Mauritania

Cement
1 milling plant
0.4 million metric tons sold

Market conditions

Cement consumption increased by only 2% in 2011 as a result of the low number of new projects and stagnating consumer buying power.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011	Change
Total	**639**	**652**	**+2.0%**

A number of road construction projects announced by the government were launched, including the Kiffa-Ankossa and Atar–Tidjikja roads at the beginning of the year and around fifty bridges and water retention schemes in southern Mauritania.

Business activity

BSA Ciment consolidated its position in the Mauritanian market.

SALES VOLUME

Thousands of metric tons	2010	2011	Change
Total	**166**	**203**	**+22.2%**

Plant operation

An independent power supply was installed, making it possible to maintain production at all times and to improve the mill's capacity utilization rate.

ASIA

Turkey
Kazakhstan
India

Sales
€348M

Employees
1,614

BREAKDOWN OF SALES BY SEGMENT

Cement	Concrete & Aggregates	Other Products & Services
75%	24%	1%

▶ Bharathi Cement plant in Andhra Pradesh (India).

Turkey

Cement
2 cement plants
3.4 million metric tons sold

▲ Viewing port on a cement kiln.

Market conditions

Business in the construction market remained brisk throughout 2011, despite a slowdown over the last few months of the year.

After an upswing in 2010, with a rise of 17.3%, cement consumption in Turkey continued to trend up, advancing by an estimated 10% to 55 million metric tons.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011 (est.)	Change
Marmara	12,607	**13,251**	+5.1%
Aegean	4,090	**4,520**	+10.3%
Mediterranean	6,732	**7,624**	+13.2%
Black Sea	7,019	**7,873**	+12.2%
Central Anatolia	9,519	**9,950**	+4.5%
Eastern Anatolia	3,362	**3,474**	+3.3%
Southern Anatolia	4,391	**4,845**	+10.3%
Others	2,325	**3,570**	+53.6%
Total	**50,045**	**55,108**	**+10.1%**

In 2011, the strongest growth came from the Mediterranean and Aegean regions (resumption of investment in tourist projects) and the Black Sea region (energy infrastructure). After a year of robust growth, central Anatolia registered a more moderate rise.

This performance in the domestic market offset the downturn in export markets, which were adversely affected by the consequences of the 'Arab spring': in 2011, total exports of clinker and cement were nearly 25% lower than in 2010.

Business activity

Cement sales volume was stable in 2011:

- Domestic sales were up 3.4% year-on-year. Konya Çimento, which benefitted from the flourishing situation in the Mediterranean coastal area, registered higher growth, while sales were stable for Bastas Çimento;
- Export sales slumped by 40.8% due to events in neighboring countries (Syria, Libya, etc.), which resulted in a substantial drop in selling prices to destinations around the Mediterranean fringe.

SALES TREND

Thousands of metric tons	2010	2011	Change
Cement	3,351	**3,363**	+0.4%
Exports	*245*	***145***	*-40.8%*
Lime (Baştaş)	56	**60**	+7.1%
Total	**3,407**	**3,423**	**+0.5%**

Net domestic ex-plant selling prices increased appreciably over the year, with Bastas Çimento recording the highest rises.

Plant operation

Other than periods of annual maintenance and shutdown, all the plants ran continuously throughout the year.

Efforts to use more substitute fuels continued. The substitution rate was tripled at Bastas Çimento relative to the previous year and nearly doubled at Konya Çimento. This took the total substitution rate for Turkey to close to 9% in 2011. Electricity prices soared at the end of the year.

▶ The two kiln lines
at the Konya Çimento cement plant.

Turkey

Concrete & Aggregates

36 batching plants
2.5 million cubic meters sold
7 aggregate quarries
4.8 million metric tons sold

▲ Serick concrete batching plant.

Market conditions

2011 sales volume of ready-mixed concrete increased by 10% across the country. This growth is continuing to attract new independent manufacturers.

The number of facilities is also increasing, intensifying geographical coverage and competition.

READY MIXED CONCRETE MARKET

	2010	2011	Change
Production (thousands of cubic meters)	79,680	88,000	+10.4%
Batching plants	900	1,000	+11.1%

Aggregate consumption remained stable in 2011, in a market estimated at 210 million metric tons.

Aggregate sales in the Ankara market are estimated to be close to 14 million metric tons for 2011, down about 18% on 2010 due to the completion of major projects.

Group sales

SALES VOLUME

	2010	2011	Change
Concrete (thousands of cubic meters)	2,971	2,450	-17.5%
Aggregate (thousands of metric tons)	5,528	4,797	-13.2%

NUMBER OF FACILITIES

	2010	2011	Change
Batching plants	40	36	-4
Aggregate quarries	7	7	=

Ready-mixed concrete sales fell back 17.5% in 2011, with the drop hitting hardest in the Ankara region where large projects undertaken in 2010 came to a close, while the Mediterranean coastal region registered solid growth. Average selling prices rose appreciably, as part of the increases i n cement and fuel costs were passed on and owing to a higher volume of sales including additional services (delivery, pumping).

Seven aggregate quarries were in operation in 2011: five in the Ankara region, one in Konya, and one in the Mediterranean region. Sales volume appears to have lost less ground than the overall market. The increase in selling prices was higher than the rate of inflation in 2011.

Kazakhstan

Cement
1 cement plant
0.5 million metric tons sold

▲ Process operator in the Jambyl Cement plant control room.

Market conditions

The trend for the construction industry reversed in 2011 with public-sector support for infrastructure and housing. The 2011-2014 National Housing Program aims to build 24.3 million square meters of housing, chiefly in Almaty, Astana, and Aktau.

The Kazakh government has allocated 1.2 billion dollars for a road construction project: in 2012 the country will build sections of the Western Europe–Western China motorway with the aim of opening the new road corridor in 2013.

In 2011, the cement market showed a positive trend, with growth of 7.8% year-on-year. Sales volume was quite high over the summer and, as might be expected, reduced in November and December. Imports, representing 15% of consumption, dropped by 20% in 2011.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011	Change
Domestic production	4,653	5,342	+14.8%
Imports	1,146	909	-20.7%
Total	**5,799**	**6,250**	**+7.8%**

The increase in domestic production was due to the startup of the Jambyl Cement plant. Pricing momentum was positive, with seasonal variations mitigated in the last quarter.

Business activity

Marketing really got under way at the end of winter when the plant was fully operational, and sales increased rapidly. Jambyl Cement sold over 500,000 metric tons and gradually increased its market share, particularly in the Almaty and Astana regions. The company succeeded in establishing a good brand image for its cement, which is now well-known in the market.

Plant operation

Plant testing and adjustments were completed at the end of the first quarter of 2011; a total of more than 500,000 metric tons of clinker was produced in 2011.

Capital expenditure

The main investments in 2011 were aimed at providing the plant with an adequate supply of strategic spare parts; delivery of these parts should be complete by the start of 2012.

The village of Samal, where site employees will live, is being handed over: ninety-six apartments with the capacity to accommodate 250 to 300 people will gradually be allocated to personnel as of April.

The company's cement haulage capacity was improved by purchasing an extra 100 hopper cars for delivery early in 2012.

▶ Maintenance personnel at work at the Jambyl Cement plant in Mynaral.

▶ Jambyl Cement plant in Mynaral.

India

Cement

1 cement plant
1 cement plant under construction
2.0 million metric tons sold

▲ Entrance to the Bharathi Cement plant in Andhra Pradesh.

Market conditions

Cement consumption in the southern states of India (Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, and Goa) and in the State of Maharashtra amounted to 88.7 million metric tons in 2011, i.e. an increase of 0.7% on 2010, compared with growth of 4.3% in the previous year.

In the first quarter, consumption expanded by 2.5%, followed by a sharp downturn in the second and third quarters, with a drop of 1.7% for the two quarters. Growth resumed in the fourth quarter, at 4.0%.

▼ The Bharathi Polymers plant is India's first producer of polypropylene laminated bags.

CEMENT CONSUMPTION

Thousands of metric tons	2010	2011	Change
Consumption of southern India + Maharashtra	**88,045**	**88,721**	**+0.7%**

Growth in cement consumption in the three main states of southern India was negative or low while Maharashtra saw brisk growth of 7.0%.

Market prices continued to increase in all the southern Indian states in 2011.

Business activity

Bharathi Cement sold more than 2 million metric tons of cement, chiefly in the states of southern India and in Maharashtra. Its penetration of the market was rapid thanks to a very dense commercial network.

The Bharathi Cement brand benefits from a good reputation and is much appreciated by customers. Commercial positioning is based largely on high-quality products.

SALES VOLUME

Thousands of metric tons	2010	2011	Change
Total	**1,028**	**2,056**	**+100%**

Selling prices continued to advance throughout 2011. The rise was high in Andhra Pradesh, Tamil Nadu, and Karnataka but more moderate in the states of Kerala and Goa.

Plant operation

The Bharathi Cement plant in the south of Andhra Pradesh is equipped with the very latest technologies. The first clinker production line, with a capacity of 5,250 metric tons per day, came on line in October 2009.

The kiln on the second line started up at the end of 2010. The Kadapa plant produced 1.75 million metric tons of clinker in 2011 and 2.09 million metric tons of cement.

The Bharathi Cement plant began to use substitute fuels in the second half of the year.

Capital expenditure

In 2011, Bharathi Cement continued to commission equipment for its second production line. This line is the same as the first except for the cement milling process, which uses two 230 ton-per-hour Loesche mills.

Progress on the Vicat Sagar Cement project

The objective of Vicat Sagar Cement Private Limited (VSL), in which the Vicat Group has a 53% shareholding, is to build a greenfield cement plant with initial capacity of 2.75 million metric tons per year in the Gulbarga cluster in the State of Karnataka.

Construction work is proceeding: all civil engineering work is complete, except for the bagging line, cement mill and preheating tower, which will all be completed in early 2012. Mechanical fabrication and erection is under way in the pre-clinkerization zone and the kiln has been erected. Some 90% of all the equipment – including all the critical imported items – has been delivered to the site. Plant start-up will be phased in during the second half of 2012.

Construction of the railroad connecting the plant to the public network is well underway and the first buildings of the site village will be placed in service in the first quarter of 2012.

Vicat Sagar Cement has begun to recruit. It aims to fill certain key positions at the plant and head office with local candidates whenever possible.

The company intends to market its products under the name 'Bharathi Cement', which has the advantage of limiting marketing costs and ensuring reliable distribution of volumes produced under a well-established brand name.

At Gulbarga Power Private Ltd, a Group subsidiary devoted to generating power for Vicat Sagar Cement, significant progress has been made on the civil works and mechanical erection of the 30-MW power plant and installation of the 8.4 MW combined-cycle plant, and startup is expected to occur once the 28-km-long 110-kV transmission line connecting the plant to the Sedam substation has been completed.

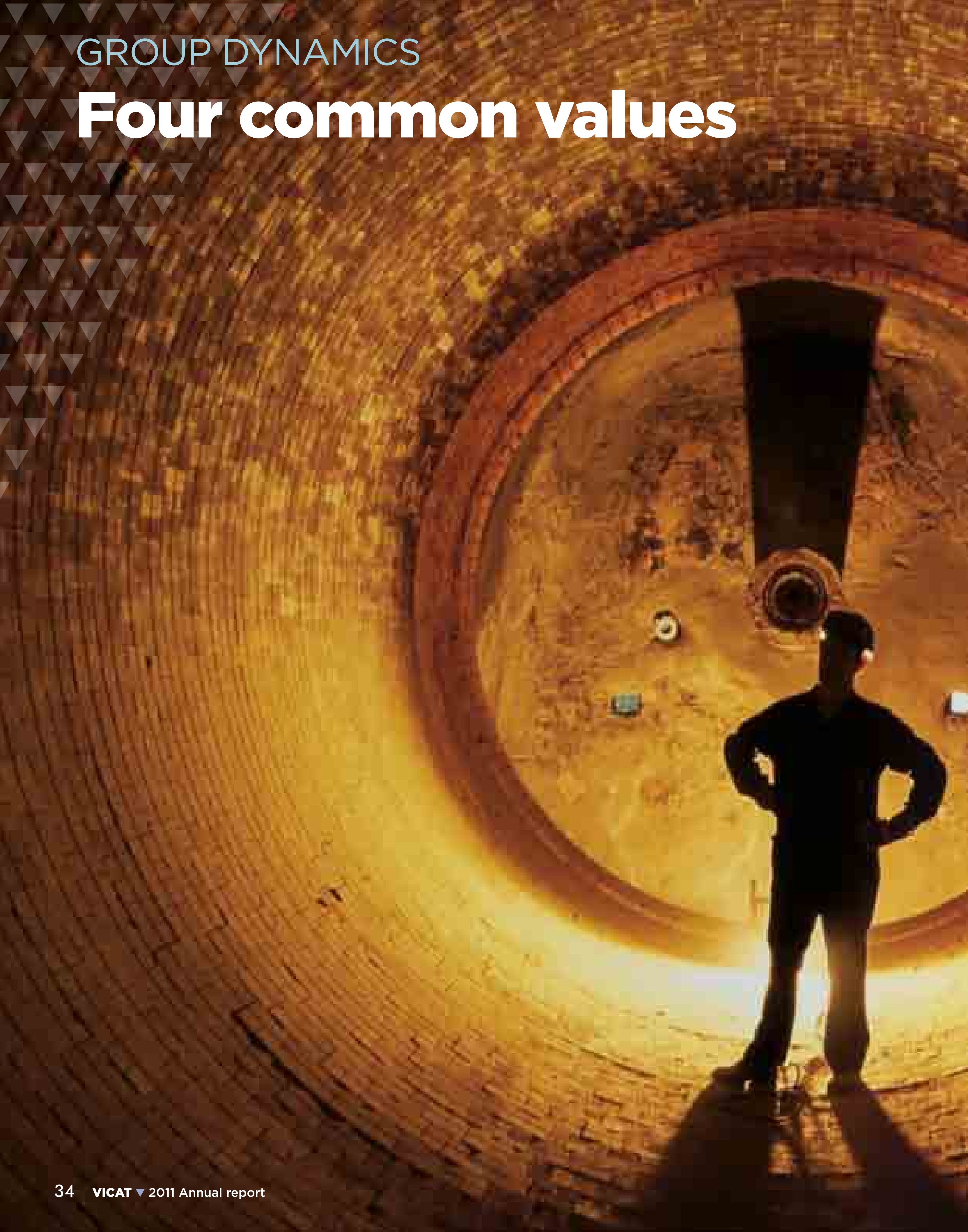
▼ Vicat Sagar Cement construction site in Karnataka, March 2012.

Aggregates

1 aggregate quarry
0.3 million metric tons sold

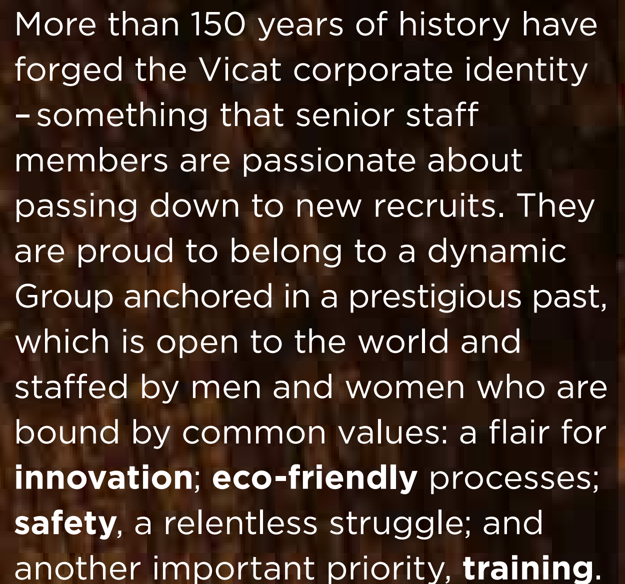
At the end of 2010 Bharathi Cement acquired the company Mines & Rock, which owns a sand and aggregate quarry about 50 kilometers from Bangalore, in the State of Karnataka. The company resumed business in January 2011 and sells its output in the northern outskirts of Bangalore.

Output and sales gradually increased throughout the year, attaining 276,000 metric tons for the 2011 financial year.



GROUP DYNAMICS

Four common values



More than 150 years of history have forged the Vicat corporate identity – something that senior staff members are passionate about passing down to new recruits. They are proud to belong to a dynamic Group anchored in a prestigious past, which is open to the world and staffed by men and women who are bound by common values: a flair for **innovation**; **eco-friendly** processes; **safety**, a relentless struggle; and another important priority, **training**.

DEVELOPMENT AND INNOVATION

The Vicat Group, an international operator in the manufacture of cement and related products and materials, boasts top-class knowhow through more than 150 years of research, discoveries, and involvement in countless construction projects.

HUMAN RESOURCES – TRAINING – SAFETY

Engineers, technicians, supervisors, employees specializing in their own particular field, qualified and experienced workers – through their know-how, all contribute to the excellence of products and the development of business.

ENVIRONMENT

In each of its industrial activities, the Vicat Group takes a determined approach towards environmental responsibility.

▶ The inside of a cement kiln prior to firing up.

Development and innovation

Priority to constructive solutions and processes

All product design, development, and follow-up research operations at Louis Vicat are concentrated within the technical center in L'Isle d'Abeau, near Lyon.

The center, which opened in 1993, is located in the heart of the Rhône-Alpes region, close to the Group's historic facilities in Grenoble and to the emblematic Montalieu cement plant. It is staffed by some 90 scientists and technicians working in three laboratories:

- the materials and microstructures lab which analyses materials,
- the Sigma Béton lab which checks aggregates and formulates and checks concrete mixes,
- the laboratory for formulating industrial products for the building industry, which develops mixes for finishing products.

◀ Thermogravimetric analysis coupled with mass spectrometer analysis in the materials and microstructures laboratory of the Louis Vicat technical center in L'Isle d'Abeau (France).

The main research and development projects for anticipating or meeting the demands of customers aim to achieve various objectives in the following fields:

Processes

• Improving the energy efficiency of cement plants by developing and using new cement technologies and by replacing fossil fuels with substitute fuels is a natural aspect of sound industrial ecology (using the waste produced by human activity) and increasing the proportion of biomass fuels used. In 2012, the use of substitute fuels will save the equivalent of 300,000 metric tons of coal. It is vital that the research laboratory be close to production sites in order to carry out successful research and follow up its application.

• More recently, new research directions have appeared. They concern the development of new cements which, with equivalent mechanical properties, will result in lower CO_2 emissions. This issue, which is fundamental for the future of the industry, is part of the Group's ambition to contribute towards collective environmental action. It mobilizes considerable human resources in the fields of crystallography, heat transmission, and use of admixtures. Equipment using the very latest technologies has been made available for this research, including diffractometers, X-ray fluorescence, and field-emission scanning electron microscopy. The new products generated by this fundamental research are then tested in conjunction with the concrete research and development teams, which who are also located at the L'Isle d'Abeau site.

▲ Inductively-coupled plasma spectrometer in the materials and microstructures laboratory of the Louis Vicat technical center in L'Isle d'Abeau (France).

Constructive solutions

• New concretes are regularly developed to meet the expectations of customers in construction and civil engineering. Today's concretes have seen several technological breaks from the past, including self-consolidating concretes whose hyperfluidity allows them to flow smoothly into complex formwork. The development of high, then very high-performance concretes (HPC and VHPC), and more recently ultra-high-performance fiber reinforced concrete (UHPFRC) has multiplied the strength of the material tenfold (200 MPa compressive strength). These concretes meet the requirements for building tall buildings and other structures with increasingly high performance, while giving practically free rein to architectural creativity.

• Changes to thermal design codes (in France, RT 2005, BBC, RT 2012, and soon RT 2020, resulting from the Grenelle de l'Environnement environmental round table) are taken into account at the earliest opportunity. Research here aims to determine very precisely how concrete contributes to the development of new constructive solutions for greater energy efficiency in buildings. Codes for calculating the thermal inertia of concrete are being developed under a joint research program with the French solar energy institute and atomic energy commission (INES/CEA) in Chambéry.

• An offering for eco-construction based on natural cement (quick-setting natural cement from the Chartreuse mountain range) and bio-sourced materials like hempcrete is being developed.

• The analysis capabilities of the Louis Vicat technical center make it possible to diagnose the disorders of concretes used in the 19th and 20th centuries and to propose remedial solutions. As a member of the Cercle des Partenaires du Patrimoine (heritage partners circle) of the French Ministry of Culture and Communication, Vicat takes part in research operations related to the restoration of old buildings.

PARTNERSHIP POLICY

The Louis Vicat technical center works with several public and private-sector research centers (French atomic energy commission, national solar energy institute in Chambéry, *Institut National Polytechnique* in Grenoble, laboratories of schools of architecture and universities, laboratories of customers in construction and civil engineering, etc.). It regularly files patent applications.

In 2007, the Vicat Group became a founding member of the Pôle Innovations Constructives, which it now chairs. This center of excellence based in the north of the Isère *département* focuses the work of a network of interested parties in the construction industry, including manufacturers, institutional representatives, architects, medium, small, and very small enterprises, tradesmen, *Les Grands Ateliers de L'Isle d'Abeau* (itself a center of excellence), schools of architecture, the *École Nationale des Travaux Publics de l'État* engineering school and the *Centre de Formation des Apprentis du BTP* apprenticing center. It aims to promote greater awareness of innovations in the construction sector, particularly in response to the issues of sustainable development.

▼ Preparation of fused beads for X-ray fluorescence examination.

Human resources policy

The Group's human resources policy is designed to ensure that the individual skills of staff members and the collective skills of teams meet the needs of the Group's development strategy in the short, medium, and long term, in keeping with the values underpinning the corporate culture and while promoting these values. It also seeks to maintain and develop the appeal of the Group for its employees and to foster their loyalty to the company and therefore places the priority on in-house promotion wherever possible, so that all staff members can 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

Action for operational results

1,300
training courses organized within the Group

4,200
employees trained in 2011

In 2011, the Group training plan focused on safety, accident prevention and environmental issues, on optimization of industrial performance and on business performance. These training initiatives aiming for operational results effectively contributed to the Group's improvement in these areas.

The local crews in Kazakhstan learned to run the Jambyl cement plant, with the support of a team of expatriates and a small team of Chinese personnel.

In India, the increased capacity of the Bharathi Cement subsidiary when the second production line came on stream was accompanied by recruitment and training of extra personnel. More than 1,300 training courses were given and more than 4,200 Group employees received training in 2011.

▶ Control room of the Bharathi Cement plant (India).

▶ Safety drill at the Xeuilley cement plant (France).

SAFETY AND ACCIDENT PREVENTION

Accident frequency and severity rates down significantly

In 2011 the Group continued to expand its safety and accident-prevention awareness campaigns and training. On a like-for-like basis, the accident frequency and severity rates were the lowest ever recorded by the Group, which continues to dedicate substantial efforts to safety and to accident prevention – a goal that requires exercising constant vigilance?

SAFETY INDICATORS

	2010	2011	Change
Lost-time accidents	244	**199**	-18%
Working days lost	7,135	**6,704**	-6%
Accident frequency rate	18.1	**14.4**	-20%
Accident severity rate	0.53	**0.49**	-8%

PERSONNEL

Headcount up nearly 5%

7,387
employees

4,808
employees outside France

The average number of Group staff rose by 4.9%, from 7,040 in 2010 to 7,387 in 2011.

This rise is chiefly due to the startup of the Jambyl Cement plant in Kazakhstan and the second production line of Bharathi Cement as well as the buildup of Vicat Sagar Cement in India. Average staff numbers in the Turkey-Kazakhstan-India zone rose 13% in a year. By comparison, sales in the region jumped by 35.3% on a like-for-like basis over the same period.

The average headcount in France rose by 3.6% owing to the acquisition of Thiriet SA (consolidated at 31/12/2010). On the same scope of consolidation, the average number of employees in France dropped by 1.9% between 2011 and 2010 as a result of ongoing optimization of the organization of the different businesses.

▲ Standard floor concrete poured using the chute of a mixer truck.

CHANGE IN AVERAGE HEADCOUNT BY GEOGRAPHICAL AREA

	2010	2011	Change
France	2,490	**2,579**	+3.6%
Switzerland/Italy	1,053	**1,089**	+3.4%
United States	1,029	**1,012**	-1.7%
Turkey/ Kazakhstan/India	1,429	**1,614**	+13.0%
Senegal/ Mauritania/ Mali/Egypt	1,039	**1,093**	+5.2%
Total	**7,040**	**7,387**	**+4.9%**

Human resources

▲ Measuring cement fineness in the laboratory at the Jambyl Cement plant (Kazakhstan).

Staff numbers in Switzerland rose by 3.4%, chiefly as a result of development of operations in Concrete, with the integration of two new companies.

In the United States, average staff numbers continued to drop in 2011 (-1.7%) as a result of the economic crisis. The trend was even more pronounced at December 31, 2011 with the end-of year headcount falling by 4.3% to 1,003.

The 5.2% increase in the Egypt-West Africa region is chiefly explained by a program for recruiting personnel previously employed as casual day labor in the aggregate business in Senegal. The number of employees at Sococim Industries, the cement branch, dropped by 0.7% between 2010 and 2011.

CHANGE IN YEAR-END HEADCOUNT BY TYPE OF MOVEMENT

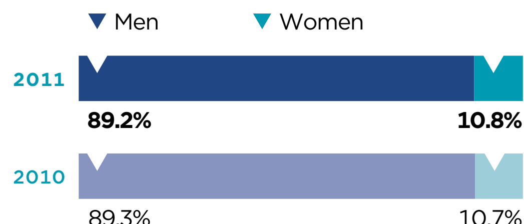
	Numbers
Headcount at December 31, 2010	7,369
Departures due to attrition (resignation, end of contract, death)	-578
Departures due to retirement, early retirement, dismissal, other causes	-299
Change in scope of consolidation	21
New hires	958
Headcount at December 31, 2011	**7,471**

CHANGE IN SENIORITY IN THE GROUP

	Average age		Average seniority	
	2010	2011	2010	2011
Group total	41.7	41.5	9.4	9.5
France	*42.6*	*42.8*	*12.4*	*11.7*

The reduction in average seniority in France is due to the acquisition of Thiriet SA, with the integration of just over 90 staff and renewal of teams.

GENDER BREAKDOWN



The proportion of women in the overall Group headcount increased slightly between December 31, 2010 and December 31, 2011 (from 10.7% to 10.8%).

The proportion of women in management rose across the Group (from 11.7% to 12%). It also moved up in France, from 17.6% to 18.8%.

▼ Control room at the Merkez concrete batching plant (Turkey).

Corporate social responsibility

In **Egypt**, the Group maintained its programs for assistance to inhabitants of regions close to its El Arish cement plant in the Sinai, particularly with respect to education. Its subsidiary Sinai Cement awarded scholarships to sixty students at El Arish University in 2011, the same number as in 2010.

In **India**, the Bharathi Cement subsidiary continued to invest in assistance for schooling and in health infrastructures (water purification plant, public toilets, etc.) and road infrastructures in villages close to its plant. The Vicat Sagar subsidiary carried out similar same actions in its geographical area and also introduced a vocational training plan for 65 youngsters.

In **Kazakhstan**, Jambyl Cement and Mynaral Tas invested in support for the village and in infrastructure, mainly school- related projects. Samal, the village built by the Group to house plant employees, is nearing completion and will be ready to accommodate its first residents in April 2012.

In **Senegal**, the Sococim Industries foundation financed its first two projects for small businesses creating employment in villages near the cement plant.

In **Turkey**, the Group continued its involvement in professional training programs and scholarships for students.

In **France**, the Vicat Group continued to participate in the '100 chances, 100 jobs' program in Nice. Since it started in October 2009, this program has helped in the social mainstreaming of 90 youngsters with no qualifications. By the end of 2011, 50 of these young people had secured a work contract for longer than six months had enrolled in work-study programs. In December 2011, Vicat took part in the launch of a new '100 chances, 100 jobs' program in the north of the Isère département in the Rhône-Alpes region.

In the field of higher education, in 2011, the Vicat Group assisted in the development of the Catholic University of Lyon by joining the University's sponsorship campaign committee. The Group also committed to supporting the projects of the University, which is a member of the Pôle de recherche et d'enseignement supérieur de Lyon center of excellence.

▲ The library of the Maurice Gueye cultural center financed by Sococim Industries (Senegal).

In Savoy, in southeastern France, the ALIZE program for supporting small businesses in industry or providing services to industry came to a very successful end in 2011, after running for three years. Of 48 applications submitted, 38 were accepted, enabling the companies concerned to benefit from interest-free loans or from the specialist skills of large companies partnering the operation, including Vicat.

In 2012 the program will be renewed for a further three years under the chairmanship of Vicat, which will take over from the Saint-Gobain Group.

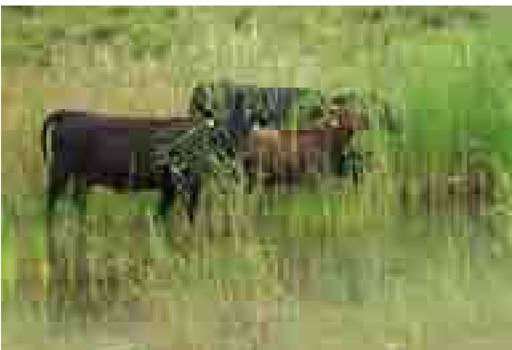
In **Switzerland**, Vigier runs courses on its premises to assist persons who have lost their jobs for health reasons to adjust and to rejoin the workforce. In 2011, a dozen people participated in the initiative, which enables participants to maintain ties to the corporate world so that they can eventually return to work.

◀ Schoolchildren on a field trip to the Sablières de Grésivaudan quarry (France).

Environment

▲ More than 90,000 trees have been planted around the Bastas Cimento plant as part of the regional reforestation project (Turkey).

▼ Dexter cattle graze in the restored Lyss Chrutzwald quarry (Switzerland).



As in previous years, the Group continued its policy of environmental responsibility, focusing its endeavors 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,**
- **water resource management and recycling,**
- **reducing pollution (emissions, noise),**
- **climate protection through management of greenhouse gases.**

Integration of quarries into the environment

493,000 m²
rehabilitated in 2011

120,000
trees planted in Turkey

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

Quarry restoration

85% of the Group's quarries have a restoration plan. In 2011 more than 493,000 m² were restored under these programs. These multipurpose schemes are adapted to each local situation and its requirements, and integrate such things as prairies, woodlands, ponds and lakes. Of particular note are the afforestation projects at the Bastas and Konya plants in Turkey, where 120,000 trees were planted in 2011, and in Senegal where quarries are following two distinct afforestation options: trees whose fruit has an energy value are planted in areas yet to be quarried; and forest trees are planted after quarrying.

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. 2011 saw the conclusion of an important limestone quarry project in Montalieu with offset in the form of exceptional environmental measures, such as combining quarrying with the 161-hectare regional natural reserve, formerly a voluntary reserve, and the 40-hectare woodland reserve associated with an ecological management plan.

▼ The Mépieu quarry project in Isère and land clearance after years of quarrying have led Vicat to request that 40 hectares of forest be classified as a woodland reserve (France).

Environmental impact mitigation

Minimizing pollution from quarries and their impact on biodiversity is a core concern for the Group.

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 ways to minimize water extraction 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 to implement the water management program undertaken in 2007.**
- **In the Aggregates business, while large volumes of water are required for washing materials, there is an offset 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 rising steadily and now stands at 72%.**

Optimized choice of energy supplies

15.6%
of heat input provided by substitute fuels

The choice of fuels used in cement plants systematically integrates environmental parameters.

This can mean choosing fuels that emit 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).

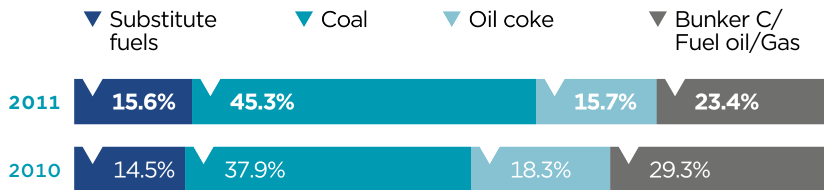
In 2011, there were two significant changes in the mix of fuels used: an appreciable increase in the rate of substitution by secondary fuels, which rose from 14.5% of the heat input in 2010 to 15.6% in 2011, and a further increase in the proportion of coal used.

As in 2010, this change does not wholly reflect actual progress due to the effect of an unfavorable fuel mix, as clinker production increased substantially owing to the integration of Bharathi Cement and, to a lesser extent, Jambyl Cement, which do not use any substitute fuels at this time and operate only on coal. Egypt also had to make up for a shortage of gas by burning oil. Apart from these exceptional cases, the rate of substitution increased by close to 5 points in Turkey and the United States, by more than 3 points in Senegal, and by more than 6 points in Switzerland. Overall, excluding India and Kazakhstan, the rate of use of substitute fuels was 18.4% in 2011, compared with 15.5% in 2010.

This is the result of successful achievement of the Group's development projects:
• In Turkey, with the development of the Cözüm subsidiary,
• In Senegal, with the use of several kinds of fuels (some of which are derived from biomass) extended to kiln No. 5,
• In Switzerland, through the use of wood chips derived from construction and demolition waste recovered by the Concrete & Aggregates division, increasing the proportion of biomass-derived fuel to nearly 28%.

In all these developments, priority has been given to biomass, the proportion of which rose from less than 5% to more than 6%, taking a good position in the industry benchmark for biomass utilization.

BREAKDOWN OF FUELS



▼ Some of the different substitute fuels used to fire cement kilns: olive mill cake (OMC), dewatered sludge, shredded bulky waste (SBW), and wood chips.

Reducing emissions

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.

Inclusion of all kilns in this monitoring alters the basis for comparison with previous years. Nevertheless, particulate emissions are well below published industry benchmark figures. This is a result of the major investment effort made by the Group in recent years, including installation of baghouses in several existing plants. Similarly, the Greenfield plants currently being built or commissioned use recent technologies to guarantee that environmental performance meets international standards.

The slight increase in SO_2 emissions is chiefly due to the variability of raw mixes at certain plants exposed to the phenomenon, but the emissions level lies in the middle of the range of the industry benchmark. The increase in NOx emissions is due to greater use of coal, but the level is at the bottom of the range in the industry benchmark.

CHANGE IN EMISSIONS

	% of 2011 clinker production covered by analysis	Total emissions (metric tons) 2011	Emissions (g/t of clinker) 2011
Particulate matter	100%	**622**	**46**
SOx	48%	**2,057**	**312**
NOx	68%	**11,912**	**1,273**

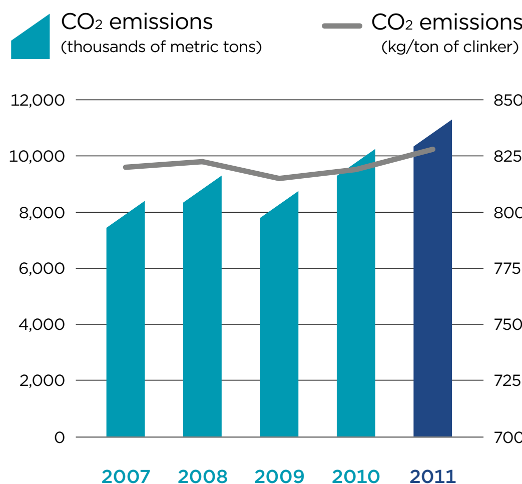
▲ Dedusting system on the raw meal crusher at the Jambyl Cement plant in Mynaral (Kazakhstan).

Greenhouse gas emissions

In all countries where the Vicat Group operates, the company has taken action to contribute to the collective effort of Kyoto Protocol signatory countries 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 2011, total emissions from Vicat Group cement plants amounted to 11,322,000 metric tons of CO_2. This represents a slight increase in CO_2 emissions per ton of clinker, at 828 kg per ton, up 1.3%, mainly due to the increased use of coal due as plants in India and Kazakhstan came on line. Even so, because of its highly modern plants, the Group's carbon footprint ranks among the lowest on the available world benchmark.

EMISSIONS BREAKDOWN



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 recent years, with:

- changes in the composition of the board of directors to increase the proportion of independent directors to 50%;
- the creation of two Board committees: an audit committee and a compensation committee;
- improvements in the quality of financial information, which it is monitored by an 'Investor Relations' manager;
- reducing the lead time for financial reporting;
- publication of a Registration Document;
- taking into account recommendations on executive compensation;
- preparation of a Chairman's report on corporate governance and internal control.

INTERNAL CONTROL AND RISK MANAGEMENT,

The Company has adopted the AMF[3] reference framework 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 the Executive Management;
- proper operation of the Company's internal procedures, particularly those concerned with safeguarding assets;
- reliability of financial information.

The Company has undertaken a process of risk identification and analysis used as a basis for mapping the Group's major risks.

For more information, please refer to the Chairman's report on corporate governance and internal control on page 131 et seq. of this Annual Report).

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

▼ Louis Vicat is one of the 72 scientists, engineers, and industrialists whose work or discoveries brought France recognition between 1789 and 1889 and whose names are inscribed around the edge of the first level of the Eiffel Tower.

▶ Tour Manhattan, the head office of the Vicat Group i n Paris-La Défense (France).

MANAGEMENT

Jacques Merceron-Vicat
Chairman

Guy Sidos
Chief Executive Officer

Raoul de Parisot
Chief Operating Officer

Philippe Chiorra
Senior Executive Vice-President
Chief Legal Officer

Éric Holard
Senior Executive Vice-President

Bernard Titz
Senior Executive Vice-President
General Secretary

Christophe Bérenger
Director, Human Relations

Éric Bourdon
Director, Performance and Investments

Pierre-Olivier Boyer
Director, Strategic Partnerships

Gilbert Natta
Director, Business Development

Dominique Renié
Chief Technology Officer

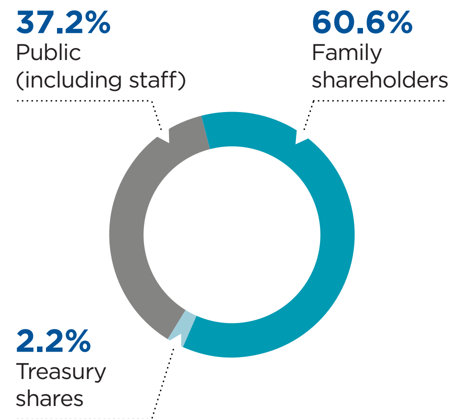
Jean-Pierre Souchet
Chief Financial Officer

Shareholders

OWNERSHIP STRUCTURE

The company's share capital amounts to 179,600,000 euros, consisting of 44,900,000 shares with par value of 4 euros each.

Ownership of the share capital as of December 31, 2011 is shown opposite.



DIVIDEND

Based on 2011 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 4, 2012 vote to maintain the same dividend as in 2011, i.e. 1.50 euros per share.

EARNINGS PER SHARE

(in euros)

Year	Earnings per share
2009	4.26
2010	4.52
2011	**3.64**

DIVIDEND PER SHARE

(in euros)

Year	Dividend per share
2009	1.50
2010	1.50
2011	**1.50**

BOARD OF DIRECTORS

on December 31, 2011

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

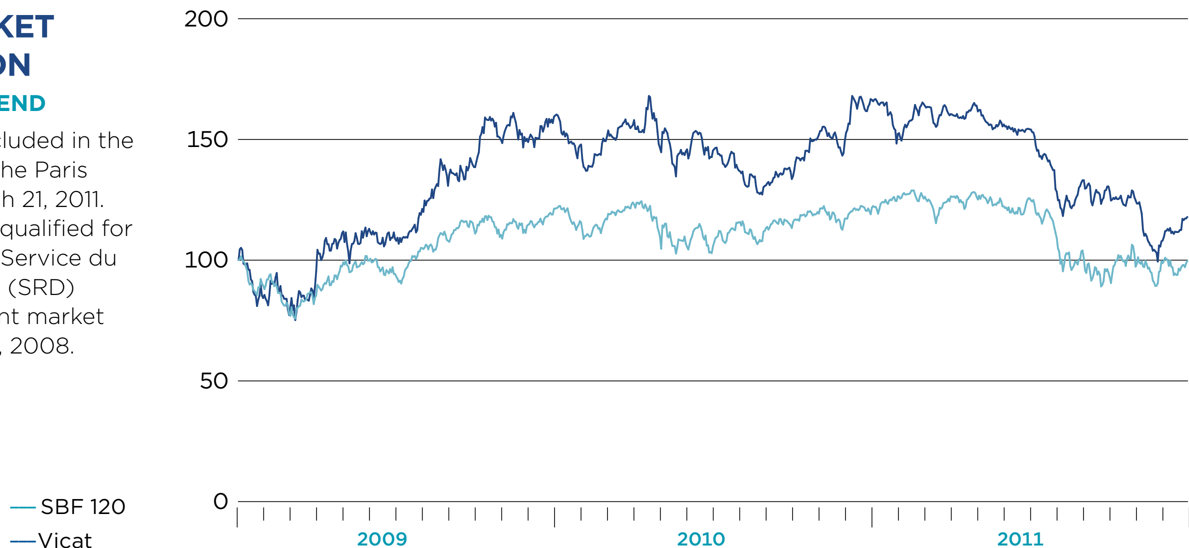
Alternates
Cabinet Constantin
Exponens Conseil et Expertise

Stock market and financial information

STOCK MARKET INFORMATION

SHARE PRICE TREND

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



FINANCIAL REPORTING

Vicat is dedicated to maintaining close communication with shareholders, 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 of AMF-compliant information on the Company's websites (www.vicat.fr and www.vicat.com);
- quarterly, half-yearly, and yearly press releases regarding any significant information on 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.

Vicat also participates in many conferences and other events aimed at facilitating and promoting closer direct contact between the Group and members of the financial community.

FINANCIAL REPORTING CALENDAR

May 2, 2012
(posted after close)
Q1-2012 sales

May 4, 2012
Annual General Meeting

August 6, 2012
(posted after close)
H1-2012 -half sales and earnings

November 5, 2012
(posted after close)
9M-2012 sales

SHAREHOLDER INFORMATION

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

E-mail:
relations.investisseurs@vicat.fr

Websites:
www.vicat.fr, www.vicat.com

Symbol: VCT

ISIN code: FR0000031775

Sicovam: 03177

Bloomberg: VCT.PA

Reuters: VCTP.PA

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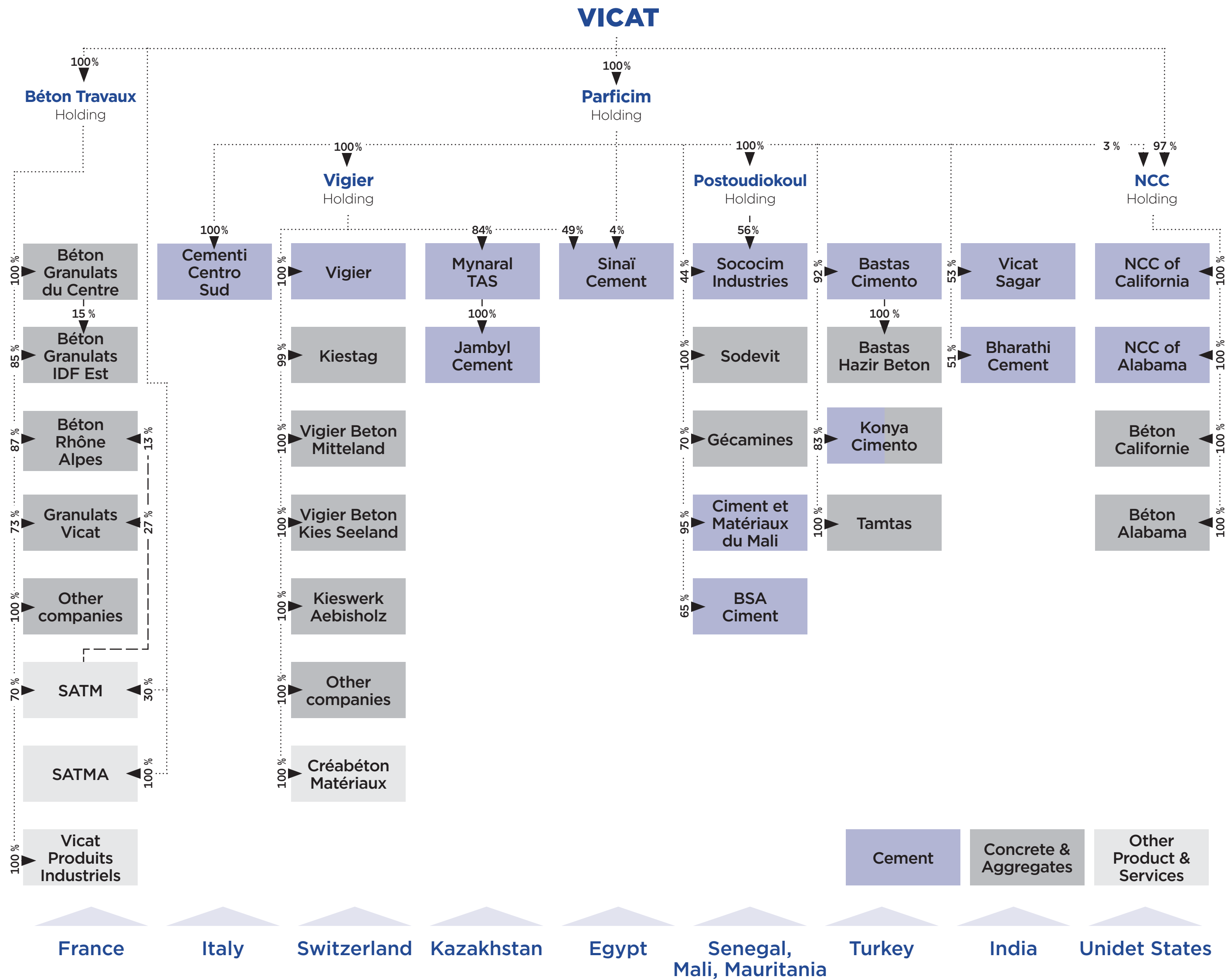
SIMPLIFIED LEGAL ORGANIZATION CHART FOR THE GROUP

AS AT DECEMBER 31, 2011



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

Vicat SA is the parent company of the Group. It conducts industrial and commercial operations in the cement and paper industries in France.

The roles fulfilled by the managers of the Company and its main subsidiaries are contained in the corporate governance and internal audit report in appendix 1 of this Registration Document.

Notes on the key Group figures

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I. CHANGE IN CONSOLIDATED SALES

Consolidated sales for the 2011 financial year were €2,265 million, up 12.5 % compared with the previous year, resulting from:

- Solid growth in sales at constant consolidation scope and exchange rates of 9.6 %, which nevertheless reflected contrasting developments:

- with some regions remaining difficult, such as the United States, other regions affected by social and political events, such as Egypt, and others showing dynamic growth such as France, Switzerland, West Africa and Turkey,
- and favourable weather conditions in the 1st and 4th quarters, particularly in Europe.

- A fall of 1.2 % (€24.1 million) due to exchange rate movements, with the rise in the Swiss franc partly offsetting the depreciation of the Egyptian pound, Turkish lira and US dollar.
- A net rise of 4.1 % representing an increase of over €83 million, associated with changes in the consolidation scope, due primarily to the full consolidation of Bharathi Cement in India with effect from May 1, 2010, and, to a lesser extent, the consolidation of the Concrete and Aggregates companies in Switzerland, France and India.

1.1. SALES AS AT DECEMBER 31, 2011 BY BUSINESS SEGMENT

The change in consolidated sales by division as at December 31, 2011 compared with December 31, 2010, is as follows:

(in millions of euros except %)	2011	2010	Change	Change (%)	Of which exchange rate effect	Of which change in consolidation scope	Of which organic growth
Cement	1,138	1,033	104	+ 10.1 %	(35)	40	99
Concrete & Aggregates	818	716	102	+ 14.2 %	(3)	43	61
Other Products & Services	310	264	46	+ 17.4 %	13	0	33
Total	**2,265**	**2,014**	**252**	**+ 12.5 %**	**(24)**	**83**	**193**

1.1.1. Cement

(in millions of euros)	December 31, 2011	December 31, 2010	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Volume (kt)	18,035	16,179	+ 11.5 %	
Operational sales	1,356	1,223	+ 10.7 %	+ 10.4 %
ELIMINATIONS	(218)	(189)		
Consolidated sales	1,138	1,033	+ 10.1 %	+ 9.5%

Consolidated sales in the Cement division increased by 10.1 % and by 9.5 % at constant consolidation scope and exchange rates. Volumes increased by 11.5 % over the period.

1.1.2. Concrete & Aggregates

(in millions of euros)	December 31, 2011	December 31, 2010	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Concrete volumes (in thousand m^3)	7,969	7,749	+ 2.8 %	
Aggregates volumes (kt)	22,219	20,766	+ 7.0 %	
Operational sales	854	753	+ 13.5 %	+ 8.4 %
Eliminations	(36)	(37)		
Consolidated sales	818	716	+ 14.2 %	+ 8.5 %

Consolidated sales in the Concrete & Aggregates division increased by 14.2 % and by 8.5 % at constant consolidation scope and exchange rates. Concrete delivery volumes increased by 2.8 % over the period and aggregates volumes by 7 %.

1.1.3. Other Products & Services

(in millions of euros)	December 31, 2011	December 31, 2010	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Operational sales	391	333	+ 17.3 %	+ 13.5 %
Eliminations	(81)	(69)		
Consolidated sales	310	264	+ 17.4 %	+ 12.4 %

Consolidated sales in the Other Products & Services division increased by 17.4 % and by 12.4 % at constant consolidation scope and exchange rates.

1.2. SALES AS AT DECEMBER 31, 2011 BY GEOGRAPHIC SALES REGION

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

(in millions of euros)	2011	%	2010	%
France	902	39.8	785	38.9
America	165	7.3	168	8.4
Turkey, India and Kazakhstan	345	15.2	241	12.0
Africa and the Middle East	421	18.6	468	23.2
Europe (excluding France)	432	19.1	352	17.5
Total	**2,265**	**100.0**	**2,014**	**100.0**

By geographic sales region, the share of consolidated sales made in Africa and the Middle East and in the United States fell, taking into account the events which occurred in Egypt during the course of 2011. The contribution from France increased to almost 40 %. Finally, the share of sales in the rest of Europe increased significantly, boosted by mild weather conditions in the first and last quarters and a favourable business environment over the year as a whole; as did the share of sales in the Turkey, India and Kazakhstan region, with the full year of consolidation of Bharathi Cement in India and the rapid rise in output from this plant and from the Jambyl Cement plant in Kazakhstan. Overall, the contribution from emerging markets fell to 33 % compared with 35 % in 2010, owing to the difficult situation in Egypt.

II. CONSOLIDATED INCOME STATEMENT

2.1. CONSOLIDATED INCOME STATEMENT

(in millions of euros)	2011	2010	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Consolidated sales	2,265	2,014	+ 12.5 %	+ 9.6 %
EBITDA*	491	504	- 2.6 %	- 4.8 %
Margin (%)	*21.7*	*25.0*		
Net income. Group share	164	203	- 19.3 %	- 21.1 %

*EBITDA: sum of gross operating income and other income and expenses on on-going business.

The Group's operating performance (EBITDA margin) was down compared with 2010, primarily as a result of:
- the very significant impact of events in Egypt on the market and on the operating environment; in addition, the Group did not benefit in 2011 from the €18 million in non-recurring income recorded in 2010 in respect of the retroactive adjustment to the clay tax,
- the macroeconomic situation in the United States, even though the Group noted an improvement in trends during the second half of 2011,
- start-up costs related to the Jambyl Cement greenfield plant in Kazakhstan,
- a slight increase in energy costs.

Conversely, 2011 operating performance benefited from the following factors:
- a positive volume effect deriving from the gradual business recovery in mature markets and further strong momentum in emerging markets, with the exception of Egypt,
- the positive effects of the successful geographical diversification of the Group's business activities and in particular the rapid ramp-up in the Bharathi Cement plant in India,
- the combined effects of efficient plants and of the on-going efforts to keep costs under control.

As a result, the Group's consolidated EBITDA dropped slightly by 2.6 % compared with 2010 to reach €491 million, representing a fall of 4.8 % at constant scope and exchange rates. Stripping out the non-recurring gain of €18 million recorded in Egypt during 2010, the Group's EBITDA posted a small increase during 2011 compared with 2010.

The 2011 EBITDA margin slipped to 21.7 %. During the second half of the year, the EBITDA margin contracted slightly to 21.2 % from 22.1 % in the first half of 2011 owing chiefly to the deterioration in market and operating conditions in Egypt, as a result of the political events that occurred at the beginning of the year. Though lower over the full year, the level of Vicat's operating margin in 2011 reflects the Group's resilience and solid finances given the events that occurred in Egypt, the persistently challenging macroeconomic situation in the United States and, as expected, the start-up costs related to the Jambyl Cement greenfield plant in Kazakhstan and higher energy costs. However, excluding Egypt's contribution, the EBITDA margin was stable at 21 %.

The amortisation charge increased by close to €14 million in 2011, notably due to the start-up of the Jambyl Cement greenfield plant in Kazakhstan and the start-up of the second line at Bharathi Cement in India. As a result, consolidated EBIT fell by 8.1 % compared with 2010 to reach €309 million, down 10.9 % at constant scope and exchange rates. The EBIT margin stood at 13.7 % in 2011, compared with 16.7 % in 2010.

The substantial rise in its net interest expenses was the main factor in the significant increase in the Group's net debt expense. This trend reflected the combined effect of higher interest rates, a larger portion of its debt carrying a fixed rate and a long maturity date, and an increase in the Group's average outstanding debt owing chiefly to the acquisition of Bharathi Cement in India.

The Group's gearing (net debt to equity ratio) remained moderate at 43.8 % at December 31, 2011 compared with 38.6 % recorded at December 31, 2010.

The Group's effective tax rate stood at 25.7 %, compared with 14.6 % in 2010. This marked rise in the effective tax rate was attributable to an adverse shift in the country mix. There was a strong drop in the contribution from Egypt, where the Group benefited from a preferential tax regime, plus a larger contribution from countries with higher tax rates, including France, Turkey and India. In addition, the rate was also boosted by the non-recurring impact from the cost of subsidiaries taking advantage of the tax amnesty in Turkey.

The net margin on consolidated income was 8.5 % of consolidated sales, compared with 13.1 % in 2010.

Net income, Group share totalled €164 million, compared with €203 million in 2010, representing a drop of 19.3 % or 21.1 % at constant scope and exchange rates.

2.2. GROUP INCOME STATEMENT BROKEN DOWN BY GEOGRAPHIC REGION

2.2.1. Income statement for France

(in millions of euros)	2011	2010	Change (%) Reported	Change (%) At constant consolidation scope
Consolidated sales	939	832	+ 12.9 %	+ 10.7 %
EBITDA	202	184	+ 9.6 %	+ 7.9 %
EBIT	147	131	+ 11.8 %	+ 10.1 %

Consolidated sales in France as at December 31, 2011 recorded a strong rise of 10.7 %. EBITDA advanced by 7.9 % to €202 million. The EBITDA margin came to 20.9 %, compared with 21.9 % in 2010. This small erosion in the Group's operating margin was primarily caused by the contraction in the Cement division's EBITDA margin as a result of higher energy costs.

- In the **Cement division**, consolidated sales grew at a brisk pace of 9.4 % reflecting the upturn in the environment during the year. The Group capitalised on a significant rise of 8.7 % in volumes and slightly firmer selling prices owing to positive product and geographical mixes. This momentum was underpinned by the improvement in market conditions and by the impact of the favourable weather conditions during the first quarter of 2011 and again towards the end of the year. Accordingly, the division's EBITDA contribution posted a solid rise. Conversely, the EBITDA margin on operational sales fell by 240 basis points notably as a result of the higher energy costs.
- The consolidated sales recorded by the **Concrete & Aggregates division** rose by 8.4 % at constant consolidation scope. Concrete & Aggregates volumes moved up significantly, posting rises of over 10 % and close to 9 % respectively. Average selling prices remained stable over the period in Concrete and posted a slight increase in Aggregates. The division as a whole was boosted by the rebound in economic activity in France and clement weather conditions at the beginning and end of the year. As a result, the EBITDA margin on operational sales expanded very slightly.
- The **Other Products & Services division** recorded an 18.6 % increase in its consolidated sales. All the businesses experienced growth, including a significant rise in Transportation (40.5 %) owing to the combined effects of the firmer macroeconomic environment and more favourable weather conditions during the first and last quarters of the year. As a result of these factor, the EBITDA margin on operational sales advanced by 40 basis points.

2.2.2. Income statement for Europe (excluding France)

(in millions of euros)	2011	2010	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Consolidated sales	403	318	+ 26.8 %	+ 6.8 %
EBITDA	102	86	+ 18.6 %	+ 5.5 %
EBIT	72	59	+ 21.9 %	+ 9.0 %

Consolidated sales in Europe excluding France as at December 31, 2011 increased significantly by 26.8 % and by 6,8 % at constant consolidation scope and exchange rates.

EBITDA also recorded a strong increase to €102 million. The EBITDA margin on operational sales declined as a result of the significant margin contraction in Italy and smaller decline in Switzerland.

In **Switzerland**, the Group's consolidated sales advanced by 26.8 % and by 5.6 % at constant scope and exchange rates on the back of strong market momentum and the favourable weather conditions seen during the first and fourth quarters.

- In the **Cement division**, consolidated sales posted a healthy rise of 12.4 %. At constant scope and exchange rates, the top line was stable (up 0.4 %). Operational sales (before intra-group eliminations) increased by almost 11 % at constant scope and exchange rates. Volumes rose by more than 5 %, as the Group fully capitalised on the momentum of the Swiss market, which was underpinned by a consistently robust construction sector over the year and by clement weather conditions in the first and fourth quarters. Selling prices continued to firm up throughout the period. Accordingly, the divisional EBITDA contribution from the Swiss operations posted a solid rise despite a contraction of 230 basis points in EBITDA margin predominantly as a result of higher energy costs.
- The consolidated sales recorded by the **Concrete & Aggregates division** rose by 51.0 % and by 12.7 % at constant scope and exchange rates. Concrete and Aggregates volumes rose sharply. They were boosted by the momentum of the Swiss market in both the infrastructure and residential sectors, as well as by highly favourable weather conditions and the positive impact of changes in the consolidation scope in Concrete. Selling prices moved higher in Concrete, but slipped slightly lower in Aggregates. As a result of these factors, the division's EBITDA in Switzerland increased significantly. Even so, the EBITDA margin on operational sales declined very slightly.
- The **Precast division's** sales climbed 15.6 % and rose by 3.2 % at constant scope and exchange rates on the back of volume growth and EBITDA grew over the period.
- In **Italy**, consolidated sales increased by 26.0 %, lifted by volume growth amid still depressed market conditions, reflecting the impact of clement weather conditions during the first and fourth quarters. Although selling prices recorded a rise on a sequential basis, the increase was too small to offset the sharp contraction seen during 2010. Together, these factors generated EBITDA of close to €2 million over the full year. It is also worth noting that EBITDA was significantly better during the second than in the first half of 2011.

2.2.3. Income statement for the United States

(in millions of euros)	2011	2010	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Consolidated sales	165	168	- 1.5 %	+ 3.3 %
EBITDA	(9)	(6)	- 55.7 %	- 63.3 %
EBIT	(39)	(37)	- 6.0 %	- 11.2 %

Consolidated sales in the United States slipped 1.5 % lower on a reported basis, but grew by 3.3 % at constant scope and exchange rates. This performance was underpinned by the slight improvement in the construction market during the second half. During the first half, it was dragged down by downbeat economic conditions and poor weather in both Alabama and California.

Amid these tough conditions, the Group posted negative EBITDA of €9 million in 2011, compared with negative €6 million in 2010.

- The **Cement division's** consolidated sales contracted by 8.5 % and by 4.0 % at constant scope and exchange rates, as prices slipped below their 2010 levels, especially in Alabama. That said, prices were broadly stable on a sequential basis in California. Volumes sold rose by over 3 % on the back of a healthy increase in California and stable volumes in the south-eastern US. Operational sales were almost flat (down 0.6 %) at constant scope and exchange rates. This performance was underpinned by the slight improvement in the construction market during the second half of 2011, after a difficult first half in both Alabama and California. In an environment depressed by a three-year economic slump, divisional EBITDA in the United States remained negative.
- The consolidated sales recorded by the **Concrete division** rose by 1.5 % and by 6.5 % at constant exchange rates. This performance came on the back of a brisk increase in volumes sold in both the south-eastern US and in California, which fully made up for the impact of the drop in selling prices compared with 2010. Even so, given the very low level of volumes and selling prices, the division's EBITDA contribution in the United States was negative.

2.2.4. Income statement for Turkey, India and Kazakhstan

(in millions of euros)	2011	2010	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Consolidated sales	348	256	+ 36.2 %	+ 35.3 %
EBITDA	74	39	+ 91.5 %	+ 89.5 %
EBIT	44	18	+ 140.0 %	+ 134.8 %

In **Turkey**, consolidated sales came to €195 million during 2011, representing a decline of 6.5 %, but an increase of 9.3 % at constant scope and exchange rates. Notwithstanding a slight slowdown in the construction market from spring 2011 onwards, sales volumes continued to move in the right direction thanks to the Cement division's momentum, with infrastructure and commercial projects leading the way. Against this backdrop, selling prices posted a healthy increase. As a result, the EBITDA margin on operational sales rose by 360 basis points to 21.2 %.

- In the **Cement division**, volumes continued to move in the right direction thanks to the momentum of infrastructure and commercial projects, despite the slight slowdown in the construction market referred to above. The consolidated sales recorded by the division rose by 1.0 % and by 18.1 % at constant scope and exchange rates. Operational sales rose by over 13 % at constant scope and exchange rates. This upbeat performance flowed from a healthy rise in the average selling price throughout the period backed up by a favourable geographical sales mix. Volumes were almost flat in 2011 compared with 2010, with a slight increase in domestic market volumes, offsetting the significant decline in export volumes. This trend was in line with the Group's strategy of fully capitalising on

the momentum of its local markets. As a result of these factors, the EBITDA margin on operational sales recorded another strong improvement.

- **The Concrete & Aggregates division's** consolidated sales declined by 15.8 % and by 1.5 % at constant scope and exchange rates. Volumes dropped considerably in both concrete and aggregates as a result of an unfavourable base of comparison, as the Group's performance during 2010 was boosted by exceptionally high demand from infrastructure projects. In line with the Group's strategy of improving its selling prices, prices increased significantly and almost offset the impact of the volume contraction. As a result, given the cost-cutting drive, divisional EBITDA in Turkey posted a slight increase on its 2010 level.

In **India**, the Group posted sales of €126.4 million during 2011, compared with €47.3 million in the period from May 1, 2010 (the date from which Bharathi Cement was first consolidated) to December 31, 2010. Organic growth came to 90 %.

With market conditions still impacted by temporary over-capacity and a weaker increase in demand than anticipated by the market, Bharathi Cement continues to execute its deployment plan in line with the Group's expectations. With over 2 million tonnes of cement sold, Vicat recorded an excellent performance during the period. Selling prices posted a solid increase of close to 40 % during 2011. This success validates the wisdom of the Group's strategy predicated on a brand name with a strong reputation and a solid distribution network covering the whole of southern India, including rural areas.

The EBITDA margin on operational sales came to 25.1 % during the year, up from 9.9 % in 2010. The key factors driving this increase were the rapid ramp-up in production, the price increase and the first-class technical performance of the Bharathi Cement plant.

In **Kazakhstan**, Vicat continued to ramp up the industrial and commercial operations launched on April 1, 2011 at a brisk pace, in line with the Group's expectations. Volumes of cement sold totalled over 500,000 tonnes during the period in a favourable pricing environment. As a result, sales totalled €26.9 million over the period.

Accordingly, the Group recorded positive EBITDA of just over €1 million during the year.

2.2.5. Income statement for Africa and the Middle East

(in millions of euros)	2011	2010	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Consolidated sales	411	441	- 6.8 %	- 3.1 %
EBITDA	122	202	- 39.2 %	- 36.9 %
EBIT	86	165	- 48.0 %	- 46.0 %

The Africa and Middle East region recorded consolidated sales of €411 million in the financial year to December 31, 2011, down 6.8 % and down 3.1 % at constant scope and exchange rates. The momentum of the Group's business in West Africa partly offset the significant decline in the Egyptian market, which was hard hit by political events earlier in the year and the complex situation that has arisen since.

The EBITDA margin on consolidated sales came to 29.2 % in 2011, well short of the 45.5 % posted in 2010. This downturn largely reflects the very steep decline in margins in Egypt owing to the combined effect of the business contraction (volumes and selling prices), the significant increase in production costs and, lastly, the impact of an €18 million non-recurring gain registered in 2010 on the retroactive adjustment to cement tax in Egypt.

- In **Egypt**, consolidated sales recorded a contraction of 33.3 % and a decline of 26.4 % at constant scope and exchange rates. This fall was attributable to a contraction of around 15 % in volumes and selling prices. These trends are chiefly attributable to the political events that occurred at the beginning of the year, as they have had an impact on market conditions and the operating environment. The current situation and in particular the associated security problems have given rise to a number of additional costs, notably including energy and quarry operating costs.

As a result, the EBITDA margin on operational sales experienced a very significant downturn. In these conditions, EBITDA generated in Egypt in 2011 was down by two-thirds when compared to 2010, including the impact of the non-recurring element. Even so, the Group remains confident about the performance of the Egyptian market in the medium and longer term and in its ability to reap the full benefit of its expansion.

- In **West Africa**, sales rose 19.0 % and 19.6 % at constant scope and exchange rates. This performance was driven by brisk growth in cement volumes. The average selling price

for the region declined slightly owing primarily owing to an unfavourable mix, albeit one in line with the Group's geographical diversification strategy, and the resulting strong increase in export sales. EBITDA recorded solid progress even if EBITDA margin dropped back 330 basis points owing predominantly to the increase in transportation costs and electricity costs inflated by gas supply issues, which temporarily obliged the Group to use alternative and more costly means of generating electricity.

2.3. GROUP INCOME STATEMENT BROKEN DOWN BY BUSINESS SEGMENT

2.3.1. Cement

(in millions of euros)	2011	2010	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Volume (kt)	18,035	16,179	+ 11.5 %	
Operational sales	1,356	1,224	+ 10.7 %	+ 10.4 %
Consolidated sales	1,138	1,033	+ 10.1 %	+ 9.5 %
EBITDA	380	413	- 8.0 %	- 8.5 %
EBIT	261	303	- 13.8 %	- 14.7 %

Consolidated sales recorded by the Cement division grew by 10.1 % and by 9.5 % at constant scope and exchange rates. Volumes increased by 11.5 % over the period.

EBITDA came to €380 million, representing a decline of 8.5 % at constant scope and exchange rates. The EBITDA margin on operational sales dropped to 28.0 % from 33.7 % in 2010. The contraction largely reflects the strong downturn in profitability in Egypt and the dilutive impact of Kazakhstan as operations gradually ramp up there.

2.3.2. Concrete & Aggregates

(in millions of euros)	2011	2010	Change (%) Reported	At constant consolidation scope and exchange rates
Concrete volumes (km³)	7,969	7,749	+ 2.8 %	
Aggregates volumes (kt)	22,219	20,766	+ 7.0 %	
Operational sales	854	752	+ 13.5 %	+ 8.4 %
Consolidated sales	818	716	+ 14.2 %	+ 8.5 %
EBITDA	78	62	+ 24.9 %	+ 13.8 %
EBIT	30	19	+ 61.4 %	+ 32.4 %

The Concrete & Aggregates division recorded consolidated sales up 14.2 % and up 8.5 % at constant scope and exchange rates. Concrete delivery volumes grew by 2.8 % over the period, while Aggregates volumes moved up 7 %.

Given the improvement in the division's trading environment, more positive pricing trends and the Group's efforts to cut costs over recent years, EBITDA rose by 24.9 % and by 13.8 % at constant scope and exchange rates. The EBITDA margin on operational sales rose to 9.1 % from 8.3 % in 2010.

2.3.3. Other Products & Services

(in millions of euros)	2011	2010	Change (%) Reported	At constant consolidation scope and exchange rates
Operational sales	391	333	+ 17.3 %	+ 13.5 %
Consolidated sales	310	264	+ 17.4 %	+ 12.4 %
EBITDA	33	29	+ 14.8 %	+ 8.1 %
EBIT	18	16	+ 17.3 %	+ 10.3 %

Consolidated sales recorded by the Other Products & Services division advanced by 17.4 % and by 12.4 % at constant scope and exchange rates.

EBITDA rose by 14.8 % compared with 2010 to reach €33.4 million, representing an increase of 8.1 % at constant scope and exchange rates.

III. CHANGE IN THE FINANCIAL STRUCTURE

At the end of the 2011 financial year, the Group had a solid financial structure as evidenced by the following indicators:

(in millions of euros)	2011	2010	Change
Gross financial debt	1,436	1,284	+ 152
Cash and cash equivalents	(359)	(296)	+ 63
Net financial debt (excluding option)	**1,077**	**988**	**+ 89**
Consolidated shareholders' equity	**2,461**	**2,557**	**(96)**
Gearing	*43.8 %*	*38,6 %*	
EBITDA	491.9	504.3	
Leverage	*X 2,19*	*X 1,96*	

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 indebtness representing 43.8 % of consolidated shareholders' equity (gearing) and 2.19 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, 2011, the Group complied with all the ratios set out in the covenants contained in these financing agreements.

On January 12, 2011, 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 Group also renewed in advance a syndicated line of credit, due to mature in July 2012, for a period of 5 years and on more favourable terms.

These two transactions significantly extended the average maturity of the Group's debt. This stood at 5 years on completion of the operations, compared with just over 2 years prior to such action.

As at December 31, 2011, the Group had the following confirmed financing lines, used and/or available:

Type of line	Borrower	Year set up	Authorization in millions of Currency	currencies	€	Use (millions of €)	Due date	Fixed rate (FR)/ Variable rate (VR)
US Private Placement	**Vicat SA**	**2003**	**$**	**240.0**	**211.9**	**211.9**	**2013 to 2015**	**VR/FR**
	Vicat SA	**2011**	**$**	**450.0**	**339.2**	**339.2**	**2017 to 2022**	**FR**
	Vicat SA	2011	€	60.0	60	60.0	2017	FR
Syndicated loan	Vicat SA	2011	€	480.0	480	*	2016	VR
Bank bilateral lines	Vicat SA	2009	€	240.0	240	*	2014	VR
	Vicat SA	Without	€	11.0	11	*	Without	VR
Total bank lines (1)	**Vicat SA**		**€**	**731.0**	**731**	**458.0**	**2014 to 2016**	**VR**
	Sococim	2009	FCFA	30,000.0	45.7	24.4	2012	FR
	CMM	2007	FCFA	100.0	0.2	0.2	2010 to 2012	FR
(Club Deal)	SCC	2007	EGP	300.0	38.4	0.0	2012	VR
	Vigier	2009	CHF	21.0	17.3	17.3	2012 to 2019	FR
	Vigier	2011	CHF	55.0	45.2	45.2	2012 to 2014	FR
	Jambyl	2008	$	50.0	38.6	38.6	2012 to 2018	VR
	Jambyl	2008	$	88.0	68	68.0	2012 to 2015	VR
	VSCL	2011	$	70.0	47.1	33.0	2014 to 2021	FR
	VSCL	2011	€	83.8	77	56.0	2014 to 2021	FR
	VSCL	2011	€	55.0	50.4	36.7	2014 to 2018	FR
Total loans or bilateral lines of subsidiaries					**428.0**	**319.3**		
Fair value of the derivatives						(17.1)		
Total medium-term					**1,770.1**	**1,371.3**		
Other debts						64.8		
Total gross debt (2)					**1,770.1**	**1,436.1**		

(1) The "Total bank lines" line corresponds to all confirmed lines of credit, most originally for a term of one to five years, available to the Company and the authorized amount of which is €731 million. These lines are used depending on the Company's financing needs by drawdown of notes and in order to hedge the liquidity risk of the commercial paper programme, bearing in mind that the total amount of the drawdown and notes issued must not exceed the total authorized. As at December 31, 2011, the bilateral bank lines amounting to €240 million were not used. The syndicated credit line is used to the amount of €458 million, part of which (€208 million) is used to hedge commercial paper. Given that these lines of credit can be substituted for one another and that the drawdowns can be assigned to the longest line, the information is presented here on an overall basis.

(2) The amount of gross debt used does not include the debt relating to the put options (€20.4 million).

As at December 31, 2011, the Group had confirmed financing lines, which were not used and were not assigned to hedging the liquidity risk on commercial paper, amounting to €381 million (€304 million as at December 31, 2010).

The Group also has a €300 million commercial paper issue programme. As at December 31, 2011, €208 million in commercial paper had been issued. The commercial paper, which comprises short-term credit instruments, is backed by confirmed financing lines for the amount issued and classified as such in medium-term debt in the consolidated balance sheet.

Out of the Group's gross debt of €1,436 million, the amount at fixed rate was €906 million as at December 31, 2011. Taking into account hedging transactions amounting to €387 million (caps), the debt at variable rate not hedged amounted to €143 million. This share of the debt which is not hedged takes into account the existence of excess cash and cash equivalents available (€359 million) and corresponds mainly to debt placed in a market for which hedging instruments are not always available.

IV. OUTLOOK FOR 2012

For 2012, the Group wishes to provide the following guidance concerning its various markets:

- In **France**, the Group anticipates, excluding weather condition effects, a very slight downturn in volumes during 2012 in a more favourable pricing environment.
- In **Switzerland**, the environment is likely to remain broadly positive, excluding weather condition effects, with stable volumes and prices expected to firm up slightly.
- In **Italy**, the Group expects the situation to improve after a very tough year in 2011. Even so, given current levels of cement consumption, volumes should gradually stabilise and selling prices should pick up.
- In the **United States**, the Group anticipates a very gradual improvement in its markets, in terms of both volumes and pricing.
- In **Turkey**, the improvement in the industry environment in 2011 is likely to continue into 2012 despite tighter macroeconomic conditions. Against this backdrop, the Group should be able to take full advantage of its efficient production facilities resulting from its investments under the “Performance 2010” plan.
- In **Egypt**, despite a situation that is expected to remain fragile especially during the first half, the market remains upbeat in volume terms and prices are expected to be more favourable, but operating conditions will remain complex. The Group remains confident about the positive performance of the Egyptian market in the medium and long term.
- In **West Africa,** in a market environment that is likely to remain broadly favourable, the Group will continue to build up its commercial positions across the region, drawing on a fully modernised and efficient manufacturing base, given that a new competitor is expected to arrive in Senegal during the second half of 2012, which may have a negative impact on the market.
- In **India**, the ramp-up in Bharathi Cement is set to continue, in line with the Group’s expectations. In addition, the gradual start-up of the Vicat Sagar plant’s lines during the second half of the year will give rise to two major players in southern India, serving complementary markets, able to draw on substantial business synergies, with total nominal capacity of over 7 million tonnes.
- In **Kazakhstan**, 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 sectors in what is expected to be a supportive pricing environment.

In this environment, Vicat will pursue its development strategy, combining growth in its sales and operating income, while gradually reducing its debt burden.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2011

(in thousands of euros)	*Notes*	2011	2010
ASSETS			
NON-CURRENT ASSETS			
Goodwill	*3*	1,000,195	1,031,189
Other intangible assets	*4*	100,789	101,496
Property, plant and equipment	*5*	2,218,465	2,179,837
Investment properties	*7*	19,089	18,086
Investments in associated companies	*8*	37,900	38,536
Deferred tax assets	*25*	2,104	2,553
Receivables and other non-current financial assets	*9*	82,899	83,229
Total non-current assets		**3,461,441**	**3,454,926**
CURRENT ASSETS			
Inventories and work-in-progress	*10*	360,104	356,521
Trade and other accounts receivable	*11*	349,994	302,801
Current tax assets		16,685	10,622
Other receivables	*11*	144,857	145,422
Cash and cash equivalents	*12*	359,404	296,176
Total current assets		**1,231,044**	**1,111,542**
Total assets		**4,692,485**	**4,566,468**

(in thousands of euros)	*Notes*	2011	2010
LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	*13*	179,600	179,600
Additional paid-in capital		11,207	11,207
Consolidated reserves		1,920,957	1,950,172
Shareholders' equity		**2,111,764**	**2,140,979**
Minority interests		**349,054**	**416,123**
Shareholders' equity and minority interests		**2,460,818**	**2,557,102**
NON-CURRENT LIABILITIES			
Provisions for pensions and other post-employment benefits	*14*	52,631	49,737
Other provisions	*15*	78,370	87,103
Financial debts and put options	*16*	1,350,415	1,203,963
Deferred tax liabilities	*25*	171,429	146,458
Other non-current liabilities		21,762	22,808
Total non-current liabilities		**1,674,607**	**1,510,069**
CURRENT LIABILITIES			
Provisions	*15*	10,911	10,168
Financial debts and put options at less than one year	*16*	106,092	90,515
Trade and other accounts payable		241,862	238,587
Current taxes payable		16,088	9,496
Other liabilities	*18*	182,107	150,531
Total current liabilities		**557,060**	**499,297**
Total liabilities		**2,231,667**	**2,009,366**
Total liabilities and shareholders' equity		**4,692,485**	**4,566,468**

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR 2011

(in thousands of euros)	Notes	2011	2010
NET SALES	19	2,265,472	2,013,659
Goods and services purchased		(1,395,552)	(1,182,523)
ADDED VALUE	1.22	**869,920**	**831,136**
Personnel costs	20	(353,022)	(324,532)
Taxes		(45,679)	(45,055)
GROSS OPERATING EARNINGS	1.22 & 23	**471,219**	**461,549**
Depreciation, amortization and provisions	21	(167,142)	(158,485)
Other income (expense)	22	(2,329)	30,442
OPERATING INCOME	23	**301,748**	**333,506**
Cost of net borrowings and financial liabilities	24	(40,419)	(25,258)
Other financial income	24	31,324	6,655
Other financial expenses	24	(34,800)	(8,747)
NET FINANCIAL INCOME (EXPENSE)	24	**(43,895)**	**(27,350)**
Earnings from associated companies	8	1,572	2,680
EARNINGS BEFORE INCOME TAX		**259,425**	**308,836**
Income taxes	25	(66,297)	(44,595)
CONSOLIDATED NET INCOME		**193,128**	**264,241**
Portion attributable to minority interests		29,521	61,505
PORTION ATTRIBUTABLE TO GROUP SHARE		**163,607**	**202,736**
EBITDA	1.22 & 23	**490,938**	**504,294**
EBIT	1.22 & 23	**309,490**	**336,942**
CASH FLOW FROM OPERATIONS		**363,030**	**408,912**

Earnings per share (in euros)			
Basic and diluted Group share of net earnings per share	13	3.64	4.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR 2011

(in thousands of euros)	2011	2010
CONSOLIDATED NET INCOME	**193,128**	**264,241**
Net income from change in translation differences	(123,653)	116,427
Cash flow hedge instruments	8,892	5,308
Income tax on other comprehensive income	(4,191)	(1,828)
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)	**(118,952)**	**119,907**
TOTAL COMPREHENSIVE INCOME	**74,176**	**384,148**
Portion attributable to minority interests	(3,410)	68,350
PORTION ATTRIBUTABLE TO GROUP SHARE	**77,586**	**315,798**

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

	2011			2010		
(in thousands of euros)	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Net income from change in translation differences	(123,653)	-	(123,653)	116,427	-	116,427
Cash flow hedge instruments	8,892	(4,191)	4,701	5,308	(1,828)	3,480
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)	**(114,761)**	**(4,191)**	**(118,952)**	**121,735**	**(1,828)**	**119,907**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR 2011

(in thousands of euros)	*Notes*	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**193,128**	**264,241**
Earnings from associated companies		(1,572)	(2,680)
Dividends received from associated companies		2,586	135
Elimination of non-cash and non-operating items:			
- depreciation, amortization and provisions		173,457	166,443
- deferred taxes		(1,296)	(12,394)
- net (gain) loss from disposal of assets		(1,980)	(7,942)
- unrealized fair value gains and losses		(1,116)	1,184
- other		(177)	(75)
Cash flows from operating activities		**363,030**	**408,912**
Change in working capital from operating activities - net		(11,186)	(6,192)
Net cash flows from operating activities (1)	*27*	**351,844**	**402,720**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of fixed assets:			
- property, plant and equipment and intangible assets		(280,878)	(321,265)
- financial investments		(10,695)	(22,467)
Inflows linked to disposals of fixed assets:			
- property, plant and equipment and intangible assets		11,703	17,678
- financial investments		2,954	9,202
Impact of changes in consolidation scope		(23,725)	(224,952)
Net cash flows from investing activities	*28*	**(300,641)**	**(541,804)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(122,031)	(83,584)
Increases in capital		6,556	9,729
Increases in borrowings		212,860	698,176
Redemptions of borrowings		(64,089)	(424,106)
Acquisitions of treasury shares		(17,307)	(22,749)
Disposals - allocations of treasury shares		17,348	27,320
Net cash flows from financing activities		**33,337**	**204,786**
Impact of changes in foreign exchange rates		(27,233)	7,993
Change in cash position		**57,307**	**73,695**
Net cash and cash equivalents – opening balance	*29*	286,706	213,011
Net cash and cash equivalents – closing balance	*29*	344,013	286,706

(1) Including cash flows from income taxes €(64,837) thousand in 2011 and €(46,910) thousand in 2010.
Including cash flows from interests paid and received €(33,510) thousand in 2011 and €(19,392) thousand in 2010.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands of euros)	Capital	Additional paid-in capital	Treasury shares	Conso-lidated reserves	Translation reserves	Share-holders' equity	Minority interests	Total share-holders' equity and minority interets
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**
Consolidated net income				163,607		163,607	29,521	193,128
Other comprehensive income				6,243	(92,264)	(86,021)	(32,931)	(118,952)
Total comprehensive income				*169,850*	*(92,264)*	*77,586*	*(3,410)*	*74,176*
Dividends paid				(65,946)		(65,946)	(56,323)	(122,269)
Net change in treasury shares			1,407	(896)		511		511
Changes in consolidation scope				(24,182)		(24,182)	(9,040)	(33,222)
Increases in share capital				(6,560)		(6,560)	11,774	5,214
Other changes				(10,624)		(10,624)	(10,070)	(20,694)
At December 31, 2011	**179,600**	**11,207**	**(83,890)**	**2,080,899**	**(76,052)**	**2,111,764**	**349,054**	**2,460,818**

Group translation differences at December 31, 2011 are broken down by currency as follows (in thousands of euros):

US Dollar	773
Swiss franc	130,234
Turkish new lira	(85,736)
Egyptian pound	(29,133)
Kazakh tengue	(27,169)
Mauritanian ouguiya	(3,369)
Indian rupee	(61,652)
	(76,052)

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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. The Vicat Group has adopted those standards that are in force on December 31, 2011 for its benchmark accounting policies.

The standards, interpretations and amendments published by the IASB but not yet in effect as of December 31, 2011 were not applied ahead of schedule in the Group's consolidated financial statements at the closing date. This relates mainly to IFRS 7 concerning disclosures requirements for transfers of financial assets and IAS 1 amendments concerning the presentation of other comprehensive income.

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 2011 are consistent with those applied by the Group as at December 31, 2010, except for the new standards whose application is mandatory for the period beginning on or after January 1, 2011 without significant impact on the 2011 consolidated financial statements. The main standards in question are IAS 24 (revised) concerning information to be provided in relation to transactions with related parties and Annual improvements.

These financial statements were finalized and approved by the Board of Directors on March 8, 2012 and will be presented to the General Meeting of shareholders on May 4, 2012 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 statutory 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 significant companies included in the consolidation scope at December 31, 2011 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 Combinations" (revised), which is mandatory for business combinations carried out on or after January 1, 2010, introduced 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, resulting in the recognition of a "full" goodwill.
- 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	
	2011	2010	2011	2010
USD	1.2939	1.3362	1.3917	1.3268
CHF	1.2156	1.2504	1.234	1.3823
EGP	7.819	7.7537	8.2503	7.4799
TRL	2.4432	2.0694	2.3351	1.9973
KZT	192.49	196.922	204.188	195.71
MRO	374.644	378.003	395.669	370.186
INR	68.713	59.758	64.8669	60.6318

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.

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 Reductions (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/market/business, 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. Moreover, the discount rate includes a country risk premium and an industry sector risk premium reflecting the cyclical nature of certain factors inherent in the business sector, enabling an understanding of the volatility of certain elements of production costs, which are sensitive in particular to energy costs.

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 is always recognized in the income statement.

The application of hedge accounting results as follows:
- 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, etc.) and other long-term 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);
- or 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. 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.

The Group has recognized the "Contribution Economique Territoriale" (C.E.T.) (French local business tax), for which French tax-paying companies are liable, as an operating expense rather than an income tax, since the added value from the Group's French businesses is much greater than the taxable income from such businesses. Consequently, the C.E.T. is reported in operating income in the same way as the "Taxe Professionelle" was up to December 31, 2009.

1.20. 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 Chairman 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 & 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 1.21),

total non-current assets, net capital employed (cf. note 26), industrial investments, net depreciation and amortization charges and 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.

1.21. 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.

1.22. 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 marked by events in the Middle East

Vicat returned a particularly solid performance in 2011 in an economic environment marked contrasting developments over the course of the year. All businesses grew, confirming the pertinence of the Group's development strategy. As a result of investments made under the Performance 2010 plan and external growth measures in India and Kazakhstan, Vicat was able to take advantage of the strong dynamism in these new emerging markets and the sustained strength of more mature markets. Business activity continued on an upward trend in France, Turkey and West Africa, although affected by the difficult situation in Egypt, following the events in early 2011.

Increase in output from the Jambyl Cement plant in Kazakhstan

The Jambyl Cement factory in Kazakhstan with a full year production capacity of over 1.1 million tonnes and which started up in December 2010, has been fully operational since April 1, 2011. During the 1st quarter of 2011, the Group proceeded to commission the various production facilities. With the return of milder weather, the first tonnes of cement produced by the Jambyl Cement factory were sold at the end of the first quarter. Production and sales increased steadily, bringing cement sales over the year as a whole to over 500,000 tonnes, in a favorable price environment.

Tax amnesty in Turkey

The Turkish government offered all companies the opportunity to take advantage of a tax amnesty for the years 2006 to 2009, covering corporation tax, VAT, social security contributions, arrears on payments to the administrative authorities and to public sector utility companies (water, gas, electricity, etc.).
This measure enabled the government (according to a statement by the Finance Minister on June 2) to collect TRL 58.3 billion ($ 36.5 billion) from the 5,112 companies which signed up, i.e. an average of TRL 11 million per company.
Like most large companies in Turkey, the Group opted to sign up to this amnesty, limiting its application to corporation tax. The present value of the tax expense recognized in the financial statements of the Group's Turkish companies as at December 31, 2011 was € 6.3 million.

Establishment of a revolving line of credit

During the first half of the year, the Group consolidated its sources of finance, extended their maturity and improved their terms. On June 14, 2011, the Group finalized the signature of a revolving line of credit for € 480 million for a period of 5 years. This facility will be used for general corporate purpose including the refinancing of an existing € 445 million multi currency revolving credit facility reaching maturity in July 2012. This new line enabled the average maturity of Group borrowings to be extended to almost 5 years, that of Vicat SA to over 5 years.
This financing was established through a bank syndicate comprising 8 banks: BNP Paribas, Crédit Agricole Corporate and Investment Bank, Crédit du Nord, Crédit Industriel et Commercial Lyonnaise de Banque, HSBC France, LCL, Natixis and Société Générale.

Increase in capital of Mynaral Tas

During the first half of the year, the Group acquired from its Kazakhstan partner an additional 21 % of the shares in Mynaral Tas Company LLP. In addition, the Group subscribed KZT 3,942 million to an increase in the capital of Mynaral Tas Company LLP issued at KZT 4,380 million. Issuing these transactions, the Group held 84.1 % of the company's shares.

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, 2009	**462,569**	**192,851**	**15,804**	**671,224**
Acquisitions / Additions (1)	302,013	24,525	3,312	329,850
Disposals / Decreases				
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**
Acquisitions / Additions		1,810		1,810
Disposals / Decreases				
Change in foreign exchange rates and other	(37,497)	4,213	480	(32,804)
At December 31, 2011	**740,947**	**236,963**	**22,285**	**1,000,195**

(1) The increase in goodwill during 2010 resulted mainly from the acquisition of Bharathi Cement in India.

Acquisition of 51 % of Bharathi Cement in India

At the end of April 2010, the Group announced the signature of an agreement with the shareholders of Bharathi Cement Company 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 2011 of 5 million tonnes of cement.

The acquisition of a majority stake in Bharathi Cement complemented the Vicat Sagar joint venture and strengthened the Group's position in this high potential market.
Under this agreement, in addition to the purchase of minority interests, the Group subscribed for the full amount of an increase in the capital of Bharathi Cement.

Determination of the identifiable assets, liabilities and contingent liabilities acquired:

(in millions of €)	100.00 %	51.00 %
Non-current assets	168	86
Non-current liabilities	(8)	(4)
WCR	9	5
Cash and cash equivalents	137	70
Net assets acquired	**306**	**156**
% acquired	*51.00 %*	
Share of net assets acquired	156	

Pursuant to IFRS 3 (revised) (cf. note 1.11), the Group has chosen the partial goodwill option in reporting the acquisition of Bharathi Cement. The provisional goodwill recognized at December 31, 2010 in respect of this transaction amounted to INR 17,752 million. The final amount of goodwill of Bharathi Cement remained unchanged in 2011, which marks the end of the period of allocation of the acquisition price of 12 months from the date of acquisition.

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.

Goodwill is distributed as follows by cash generating unit (CGU):

CGU	Goodwill (in thousands of euros)		Discount rate used for the impairment tests de (%)		Impairment which would result from a change of + 1% in the discount rate	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
India CGU	270,370	309,338	7.49	8.02	-	38,374
West Africa Cement CGU	150,776	149,861	8.66	8.97	-	-
France-Italy CGU	150,267	149,952	7.27	7.2	-	-
Switzerland CGU	133,482	130,260	6.45	7.51	-	-
Other CGUs total	295,300	291,778	6.91 to 8.66	8.02 to 9.37	-	2,957
Total	**1,000,195**	**1,031,189**			**-**	**41,331**

The impairment tests carried out in 2011 and 2010 did not result in the recognition of any impairment with respect to goodwill.

No impairment with respect to goodwill would have required to be recognized as at December 31, 2011 in the event of a 1 % increase in the discount rate.

In addition at the end of 2011, in order to take account of the political and social events in Egypt and their potential impact on the economy in general and our industry in particular, the assumptions in our long-term plans were adjusted in terms of volumes and prices, despite a forecast increase in domestic consumption, according to official figures.

Note 4 ▼ Other intangible assets

Other intangible assets are broken down by type as follows:

(in thousands of euros)	December 31, 2011	December 31, 2010
Concessions, patents and similar rights	66,220	65,404
Software	4,558	4,498
Other intangible assets	28,922	31,422
Intangible assets in progress	1,089	172
Other intangible assets	**100,789**	**101,496**

Net other intangible assets amounted to € 100,789 thousand as at December 31, 2011, compared with € 101,496 thousand at the end of 2010. The change during 2011 was due primarily to an amortization provision of € 9,438 thousand, with acquisitions accounting for an increase of € 9,294 thousand, changes in consolidation scope for € 58 thousand and negative changes in foreign exchange rates, reclassifications and disposals accounting for the balance.

As at December 31, 2010, net other intangible assets amounted to € 101,496 thousand compared with € 74,484 thousand as at December 31, 2009. The change during 2010 was due primarily to an amortization provision of € 6,829 thousand, with acquisitions accounting for an increase of € 34,772 thousand, changes in consolidation scope for € 2,428 thousand and positive changes in foreign exchange rates, reclassifications and disposals accounting for the balance.

No development costs were recognized as fixed assets in 2011 and 2010.

Research and development costs recognized as expenses in 2011 amounted to € 5,884 thousand in 2011 (€ 5,008 thousand in 2010).

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 € 6,680 thousand (€ 3,029 thousand as at December 31, 2010), corresponding to 749 thousand tonnes (220 thousand tonnes as at December 31, 2010). Recording of surpluses and quota swaps (EUA) against Certified Emission Reductions (CERs) were recognized in the income statement for the year at € 6,142 thousand (€ 12,035 thousand as at December 31, 2010).

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, 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**
Acquisitions	36,283	50,999	19,720	157,934	264,936
Disposals	(7,117)	(20,066)	(7,838)	(478)	(35,499)
Changes in consolidation scope		7,259		(29)	7,230
Change in foreign exchange rates	(11,445)	(41,546)	1,101	(19,180)	(71,070)
Other movements	8,589	106,336	7,691	(124,024)	(1,408)
At December 31, 2011	**983,523**	**2,608,121**	**193,030**	**220,371**	**4,005,045**

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, 2009	**(297,393)**	**(1,070,667)**	**(99,126)**	**-**	**(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)**	**-**	**(1,661,019)**
Increase	(29,337)	(128,855)	(12,458)		(170,649)
Decrease	5,555	18,288	5,855		29,698
Changes in consolidation scope	22	(993)			(971)
Change in foreign exchange rates	163	15,318	(290)		15,191
Other movements	1,077	1,074	(981)		1,170
At December 31, 2011	**(357,255)**	**(1,309,805)**	**(119,520)**	**-**	**(1,786,580)**
Net book value at December 31, 2010	622,477	1,290,502	60,710	206,148	2,179,837
Net book value at December 31, 2011	**626,268**	**1,298,316**	**73,510**	**220,371**	**2,218,465**

Fixed assets work-in-progress amounted to €181 million as at December 31, 2011 (€ 151 million as at December 31, 2010) and advances/down payments on plant, property and equipment represented € 40 million as at December 31, 2011 (€ 55 million as at December 31, 2010).
Contractual commitments to acquire tangible and intangible assets amounted to € 126 million as at December 31, 2011 (€ 212 million as at December 31, 2010).
The total amount of interests capitalized in 2011 was € 6,779 thousand (€ 4,027 thousand in 2010), determined on the basis of local interest rates ranging from 1.7 % to 7.8 %, depending on the country in question.

Note 6 ▼ Finance and operating leases

Net book value by category of asset:

(in thousands of euros)	2011	2010
Industrial equipment	7,728	5,605
Other plant, property and equipment	1,186	1,166
Tangible assets	**8,914**	**6,771**

Minimum payment schedule:

(in thousands of euros)	2011	2010
Less than 1 year	2,919	3,088
1 to 5 years	4,014	3,244
More than 5 years	-	27
Total	**6,933**	**6,359**

Note 7 ▼ Investment properties

(in thousands of euros)	Gross values	Depreciation & Impairment	Net values
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**
Acquisitions	1,482		1,482
Disposals	(301)	121	(180)
Depreciation		(781)	(781)
Changes in foreign exchange rates	340	(119)	221
Changes in consolidation scope and other	106	155	261
At December 31, 2011	**35,612**	**(16,523)**	**19,089**

Fair value of investment properties at December 31, 2010	56,284
Fair value of investment properties at December 31, 2011	**56,769**

Rental income from investment properties amounted to € 3.0 million as at December 31, 2011 (€ 2.9 million as at December 31, 2010).

Note 8 ▼ Investments in associated companies

Change in investments in associated companies:

(in thousands of euros)	2011	2010
At January 1	**38,536**	**36,579**
Earnings from associated companies	1,572	2,680
Dividends received from investments in associated companies	(2,586)	(135)
Changes in consolidation scope (1)	-	(2,431)
Changes in foreign exchange rates and other	378	1,843
At December 31	**37,900**	**38,536**

(1) Changes in consolidation scope in 2010 are related to the transfer of Socava.

Note 9 ▼ Receivables and other non-current assets

(in thousands of euros)	Gross values	Impairment	Net values
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**
Acquisitions / Increases	15,218	(159)	15,059
Disposals / Decreases	(2,092)	328	(1,764)
Changes in consolidation scope	(13,474)		(13,474)
Changes in foreign exchange rates	205	134	339
Other	(490)		(490)
At December 31, 2011	**85,557**	**(2,658)**	**82,899**
including:			
- investments in affiliated companies	24,420	(788)	23,632
- long term investments	1,977	(472)	1,505
- loans and receivables	50,897	(1,398)	49,499
- assets of employee post-employment benefits plans	8,263		8,263
At December 31, 2011	**85,557**	**(2,658)**	**82,899**

Note 10 ▼ Inventories and work-in-progress

	2011			2010		
(in thousands of euros)	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials and consumables	259,912	(8,665)	251,247	250,830	(7,603)	243,227
Work-in-progress, finished goods and goods for sale	110,121	(1,264)	108,857	114,443	(1,149)	113,294
Total	**370,033**	**(9,929)**	**360,104**	**365,273**	**(8,752)**	**356,521**

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, 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**
Increases		(5,572)	**(5,572)**				(581)	**(581)**
Uses		4,635	**4,635**				1,508	**1,508**
Changes in foreign exchange rates	(5,117)	396	**(4,721)**	(1,963)	14	(2,784)		**(4,733)**
Changes in consolidation scope	4,275	(107)	**4,168**	1	115	2,210		**2,326**
Other movements	48,683		**48,683**	7,454	(1,153)	(5,386)		**915**
At December 31, 2011	**366,891**	**(16,897)**	**349,994**	**66,846**	**2,760**	**76,319**	**(1,068)**	**144,857**
Including matured at December 31, 2011								
- for less than 3 months	*58,232*	*(2,621)*	***55,611***	*3,217*	*401*	*4,191*	*(130)*	***7,679***
- for more than 3 months	*21,534*	*(11,749)*	***9,785***	*2,354*	-	*812*	-	***3,166***
including not matured at December 31, 2011								
- less than one year	*284,022*	*(842)*	***283,180***	*49,784*	*2,345*	*56,635*	*(935)*	***107,829***
- more than one year	*3,103*	*(1,685)*	***1,418***	*11,491*	*14*	*14,681*	*(3)*	***26,183***

Note 12 ▼ Cash and cash equivalents

(in thousands of euros)	2011	2010
Cash	106,184	60,024
Marketable securities	253,220	236,152
Cash and cash equivalents	**359,404**	**296,176**

Note 13 ▼ Share capital

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares of € 4, including 1,009,426 treasury shares as at December 31, 2011 (1,006,865 as at December 31, 2010) 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 2011 in respect of 2010 amounted to € 1.50 per share, amounting to a total of € 67,350 thousand, compared with € 1.50 per share paid in 2010 in respect of 2009 and amounting to a total of € 67,350 thousand. The dividend proposed by the Board of Directors to the Ordinary General Meeting for 2011 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.

Since January 4, 2010, for a period of 12 months renewable by tacit agreement, Vicat has engaged Natixis Securities to implement a liquidity agreement in accordance with the AMAFI (French financial markets professional association) Code of Ethics of September 20, 2008.

The following amounts were allocated to the liquidity agreement for its implementation: 20,000 Vicat shares and € 3 million.

As at December 31, 2011, the liquidity account is composed with 65,664 Vicat shares and cash amounted to € 517 thousand.

Note 14 ▼ Employee benefits

(in thousands of euros)	2011	2010
Pension plans and termination benefits (TB)	25,212	26,073
Other post-employment benefits	27,419	23,664
Total pension other post-employment benefit provisions	**52,631**	**49,737**
Plan assets (note 9)	(8,263)	(8,096)
Net liabilities	**44,368**	**41,641**

The assets in employee benefit plans, shown separately from the obligation in non-current assets (cf. note 9) at € 8.3 million as at December 31, 2011 (€ 8.1 million as at December 31, 2010), correspond to defined benefit schemes in respect of which the dedicated plan assets exceed the commitment. As at December 31, 2011, these net plan assets related exclusively to certain retirement plans operated by the Group's Swiss companies.

Assets and liabilities recognized in the balance sheet

	2011			2010		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Present value of funded liabilities	354,266	46,396	400,662	345,824	39,543	385,367
Fair value of plan assets	(308,128)		(308,128)	(295,182)		(295,182)
Net value	**46,138**	**46,396**	**92,534**	**50,642**	**39,543**	**90,185**
Net unrecognized actuarial variances	(29,154)	(20,105)	(49,259)	(33,331)	(15,221)	(48,552)
Unrecognized past service costs	(35)	1,128	1,093	(36)	44	8
Net liabilities	**16,949**	**27,419**	**44,368**	**17,275**	**24,366**	**41,641**

Analysis of net annual expense

(in thousands of euros)	2011 Pension plans and TB	2011 Other benefits	2011 Total	2010 Pension plans and TB	2010 Other benefits	2010 Total
Current service costs	(8,557)	(847)	(9,404)	(7,248)	(715)	(7,963)
Financial cost	(12,907)	(1,896)	(14,803)	(14,258)	(1,886)	(16,144)
Expected return on plan assets	12,118		12,118	12,626		12,626
Recognized actuarial variations in the year	(684)	(833)	(1,517)	(1,251)	(469)	(1,720)
Recognized past service costs	(534)	(8)	(542)	(9)	(27)	(36)
Expense for the period	**(10,564)**	**(3,584)**	**(14,148)**	**(10,140)**	**(3,097)**	**(13,237)**

Change in financial assets used to hedge the plan

(in thousands of euros)	2011 Pension plans and TB	2011 Other benefits	2011 Total	2010 Pension plans and TB	2010 Other benefits	2010 Total
Fair value of assets at January 1	**295,182**	**-**	**295,182**	**244,991**	**-**	**244,991**
Expected return on assets	12,118		12,118	12,626		12,626
Contributions paid in	13,847		13,847	11,601		11,601
Translation differences	8,495		8,495	42,519		42,519
Benefits paid	(12,810)		(12,810)	(12,827)		(12,827)
Changes in consolidation scope and other	118		118	2,506		2,506
Actuarial gain (losses)	(8,822)		(8,822)	(6,234)		(6,234)
Fair value of assets at December 31	**308,128**	**-**	**308,128**	**295,182**	**-**	**295,182**

The plan assets are analyzed by type and country as at December 31, 2011 as follows:

Analysis of plan assets	France	Switzerland	United States	India	Total
Shares	15 %	23 %	58 %		26 %
Bonds	76 %	32 %	37 %		33 %
Real estate	6 %	22 %			20 %
Monetary	1 %	4 %	5 %		4 %
Other	2 %	19 %		100 %	17 %
Total	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**
Plan assets (in thousands of euros)	**5,951**	**271,920**	**30,203**	**54**	**308,128**

The expected returns on the assets are determined based on class of asset and country.

Change in net liabilities

(in thousands of euros)	2011 Pension plans and TB	2011 Other benefits	2011 Total	2010 Pension plans and TB	2010 Other benefits	2010 Total
Net liability at January 1	**17,273**	**24,368**	**41,641**	**16,016**	**21,226**	**37,242**
Expense for the period	10,564	3,584	14,148	10,139	3,098	13,237
Contributions paid in	(9,228)		(9,228)	(6,863)		(6,863)
Translation differences	(1,525)	1,649	124	(1,021)	1,649	628
Benefits paid by the employer	(1,221)	(1,531)	(2,752)	(1,456)	(1,605)	(3,061)
Change in consolidation scope	435		435	436		436
Other	651	(651)	0	22		22
Net liability at December 31	**16,949**	**27,419**	**44,368**	**17,273**	**24,368**	**41,641**

Principal actuarial assumptions

		France	Europe (excluding France)	United States	Turkey, Kazakhstan and India	West Africa and the Middle East
Discount rate						
	2011	**4.7 %**	**2.3 % to 4.7 %**	**4.8 %**	**8.7 % to 10.0 %**	**5.0 % to 11.0 %**
	2010	4.5 %	2.4 % to 4.5 %	5.2 %	8.0 % to 11.0 %	5.0 % to 11.0 %
Rate of return on financial assets						
	2011	**3.5 %**	**3.8 %**	**8.5 %**	**9.0 %**	
	2010	4.0 %	3.6 %	8.5 %	5.0 %	
Wage inflation						
	2011	**2.5 % to 4.0 %**	**1.5 % to 3.0 %**	**2.5 %**	**5.1 % to 7.5 %**	**3.5 % to 10.0 %**
	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 %
Rate of increase in medical costs						
	2011			**4.5 % to 7.0 %**		
	2010			4.5 % to 7.0 %		

The sensitivity of the defined benefit obligation at December 31, 2011 corresponding to a variation of ±50 basis points in the discount rate is € (25.6) and 23.6 million respectively.

In addition, the sensitivity of the value of plan assets at December 31, 2011 corresponding to a variation of ± 100 basis points in the expected rate of return on the assets is € 3.0 and (3.0) 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, 2011	5,988	(4,900)
Increase (decrease) in the service cost and in the financial cost	560	(437)

The amounts for 2011 and the four previous years of the present value of the defined benefit obligation, the fair value of the plan assets and the adjustments based on experience are the following:

(in thousands of euros)	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
Present value of defined benefit obligation	(400,662)	(385,367)	(289,788)	(284,952)	(250,415)
Fair value of the plan assets	308,128	295,182	244,991	225,457	234,095
Surplus (deficit) in the plan	**(92,534)**	**(90,185)**	**(44,797)**	**(59,495)**	**(16,320)**
Adjustments related to the experience of valuing commitments	(8,563)	(4,062)	(2,999)	(1,875)	(4,999)
Adjustments related to the experience of valuing plan assets	8,821	(6,234)	3,553	(45,511)	(3,491)

Note 15 ▼ Other provisions

(in thousands of euros)	Restoration of sites	Demolitions	Other risks	Other costs	Total
At December 31, 2009	**30,941**	**690**	**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**
Increases	6,837	83	8,579	2,997	18,495
Uses	(3,259)		(20,761)	(2,869)	(26,889)
Reversal of unused provisions	(47)		(624)	(231)	(902)
Changes in foreign exchange rates	636	29	348	(50)	963
Changes in consolidation scope				295	295
Other movements	80		(33)		47
At December 31, 2011	**38,897**	**1,089**	**(1) 34,104**	**15,192**	**89,281**
of which less than one year	*5*	*-*	*8,959*	*1,947*	*10,911*
of which more than one year	*38,892*	*1,089*	*25,145*	*13,245*	*78,370*

Impact (net of charges incurred) on 2011 income statement:	Increases	Reversal of unused provisions
Operating income	12,194	(749)
Non-operating income (expense)	6,301	(153)

(1) At December 31, 2011, other risks included:
- an amount of € 10.2 million (€ 20.0 million as at December 31, 2010) 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, 2011 (€ 4 million as at December 31, 2010 – note 9);
- an amount of € 9.6 million (€ 8.7 million as at December 31, 2010) corresponding to the estimated amount of the deductible at year-end relating to claims in the United States in the context of work accidents and which will be covered by the Group;
- the remaining amount of other provisions amounting to about € 14.3 million as at December 31, 2011 (€ 13.3 million as at December 31, 2010) corresponds to the sum of other provisions that, taken individually, are not material.

In addition, other risks at December 31, 2010 included an amount of € 4.5 million 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 provision was written back after payment following rejection of the appeal lodged by the Group before the Cour de cassation (the French Supreme Court of Appeal).

Note 16 ▼ Debts and put options

The financial liabilities as at December 31, 2011 are analyzed as follows:

(in thousands of euros)	2011	2010
Debts at more than 1 year	1,330,050	1,193,774
Put options at more than 1 year	20,365	10,189
Debts and put options at more than 1 year	**1,350,415**	**1,203,963**
Debts at less than 1 year	106,092	90,515
Put options at less than 1 year	-	-
Debts and put options at less than 1 year	**106,092**	**90,515**
Total debts	1,436,142	1,284,289
Total put options	20,365	10,189
Total financial liabilities	**1,456,507**	**1,294,478**

16.1. Debts

Analysis of debts by category and maturity

December 31, 2011

(in thousands of euros)	Total	2012	2013	2014	2015	2016	More than 5 years
Bank borrowings and financial liabilities	1,373,065	58,450	142,237	62,675	148,774	484,513	476,416
Other borrowings and debts	21,181	10,969	4,785	697	433	95	4,202
Debts on fixed assets under finance leases	8,141	2,919	2,430	1,641	744	318	89
Current bank lines and overdrafts	33,755	33,755					
Debts	**1,436,142**	**106,093**	**149,452**	**65,013**	**149,951**	**484,926**	**480,707**
of which commercial paper	*208,000*					*208,000*	

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 repayments of the Jambyl Cement loan.

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*		

Analysis of loans and debts (currency and interest rate)

By currency (net of currency swaps)

	December 31, 2011	December 31, 2010
Euro	978,199	1,084,572
US Dollar	221,970	120,733
Turkish new lira	2,097	3,576
CFA franc	41,493	44,022
Swiss franc	44,571	20,230
Mauritanian Ouguiya	3,275	6,415
Indian rupee	144,537	4,741
Total	**1,436,142**	**1,284,289**

By interest rate

	December 31, 2011	December 31, 2010
Fixed rate	906,434	454,089
Floating rate	529,708	830,200
Total	**1,436,142**	**1,284,289**

The average interest rate for gross debt at December 31, 2011 was 4.29 %. It was 3.21 % at December 31, 2010.

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

Agreements were concluded between Vigier Holding, the International Finance Corporation and Home Broker JSC (formerly KazKommerts Invest), in order to arrange their relationship within the Company Mynaral Tas, under which the Group granted put options to its partners on their stakes in Mynaral Tas. These options are exercisable respectively at the earliest in December 2013 and December 2015.

Reporting these options resulted in recognition of a liability of € 20.4 million as at December 31, 2011 (€ 10.2 million as at December 31, 2010), corresponding to the present value of their exercise price.

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, where possible, 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, 2011:

(in millions)	USD	Euro	Swiss franc
Assets	288.0	74.9	0.0
Liabilities and off-balance sheet commitments	(1,121.4)	(168.1)	(23.0)
Net position before risk management	**(833.4)**	**(93.2)**	**(23.0)**
Hedging instruments	627.1	85.5	23.0
Net position after risk management	**(206.3)**	**(7.7)**	**0.0**

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 (- € 175.7 million).

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 € 1.7 million (including € 1.4 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 for Vicat and US$ 70 million for Vicat Sagar Cement Private Limited) and in Euros (€ 138.8 million for Vicat Sagar Cement Private Limited) were converted into Euros (for Vicat) and into Indian Rupees (for Vicat Sagar Cement Private Limited) 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 and 5 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, 2011, the Group had € 381 million in unused confirmed lines of credit that have not been allocated to the hedging of liquidity risk on commercial paper (€ 304 million as at December 31, 2010).

The Group also has a € 300 million commercial paper issue program. As at December 31, 2011, € 208 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, 2011, these lines matched the short term notes they covered, at € 208 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 (43.8 %) and leverage (2.19 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 position. As at December 31, 2011, the Group is compliant with all ratios required by covenants in financing contracts.

Analysis of the portfolio of derivatives as at December 31, 2011:

(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						
- Cross currency• swap $ fixed / € floating	120,000 ($)	92,743	(4,743) [1]		(4,743)	
Cash flow hedges (a)						
Composite instruments						
- Cross currency swap $ fixed / € fixed	120,000 ($)	92,743	(12,263) [1]		(12,263)	
- Cross currency swap $ fixed / € fixed	450,000 ($)	347,786	24,246 [1]			24,246
- Interest rate swap € floating / € fixed	150,000 (€)	150,000	123 [1]		123	
- Cross currency swap $ floating / INR fixed	70,000 ($)	54,100	4,764 [1]			4,764
- Cross currency swap € floating / INR fixed	138,765 (€)	138,765	4,831 [1]			4,831
Other derivatives						
Interest rate instruments						
- Euro Caps	360,000 (€)	360,000	(1,922)		(1,922)	
- Dollar US Caps	35,000 ($)	27,050	(108)		(108)	
- Dollar US Swaps	15,000 ($)	11,593	(72)		(72)	
Foreign exchange instruments						
- Hedging for foreign exchange risk on intra-Group loans						
- VAT $	149,000 ($)	115,156	(1,493) [1]	(1,493)		
- AAT CHF	23,000 (CHF)	18,921	121 [1]	121		
- AAT €	4,340 (€)	4,340	(64)	(64)		
- Hedging for foreign exchange risk on operations (raw material purchases)	2,526 ($)	1,952	64	64		
Total			**13,484**			

(1) In parallel, the change in the net value of loans and debts has increased of €0.7 million.

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, 2011:

(in millions of euros)	December 31, 2011	
Level 1: instruments quoted on an active market	253.2	note 12
Level 2: valuation based on observable market information	13.4	see above
Level 3: valuation based on non-observable market information	23.6	note 9

Note 18 ▼ Other liabilities

(in thousands of euros)	2011	2010
Employee liabilities	59,068	55,271
Tax liabilities	31,895	21,938
Other liabilities and accruals	91,144	73,322
Total	**182,107**	**150,531**

Note 19 ▼ Sales

(in thousands of euros)	2011	2010
Sales of goods	2,136,911	1,902,599
Sales of services	128,561	111,060
Sales	**2,265,472**	**2,013,659**

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

(in thousands of euros)	December 31, 2011	Changes in consolidation scope	Changes in foreign exchange rates	December 31, 2011 on a like-for-like basis	December 31, 2010
Sales	2,265,472	83,277	(24,058)	2,206,253	2,013,659

Note 20 ▼ Personnel costs and number of employees

(in thousands of euros)	2011	2010
Salaries and wages	252,522	231,089
Payroll taxes	94,553	88,118
Employee profit-sharing (French companies)	5,947	5,325
Personnel costs	**353,022**	**324,532**
Average number of employees of the consolidated companies	7,387	7,040

Profit sharing is granted to employees of the Group's French companies in the form of either cash or 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)	2011	2010
Net charges to amortization of fixed assets	(180,665)	(166,440)
Net provisions	977	(1,913)
Net charges to other asset depreciation	(1,760)	1,001
Net charges to operating depreciation, amortization and provisions	**(181,448)**	**(167,352)**
Other net charges to non-operating depreciation, amortization and provisions (1)	14,306	8,867
Net charges to depreciation, amortization and provisions	**(167,142)**	**(158,485)**

(1) Including as at December 31, 2011 a write-back of € 9.8 million (€ 9.1 million write-back as at December 31, 2010) 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)	2011	2010
Net income from disposal of assets	2,015	6,332
Income from investment properties	3,017	2,942
Other [(1)]	14,687	33,471
Other operating income (expense)	**19,719**	**42,745**
Other non-operating income (expense) [(2)]	**(22,048)**	**(12,303)**
Total	**(2,329)**	**30,442**

(1) Including as at December 31, 2010 an income of € 18.0 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, 2011 an expense of € 11.9 million (€ 11.4 million as at December 31, 2010) reported by the Group corresponding to the files recognized as expenses in 2011 in connection with the incident in 2006 as described in note 15.

Note 23 ▼ Financial performance indicators

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

(in thousands of euros)	2011	2010
Gross Operating Earnings	**471,219**	**461,549**
Other operating income (expense)	19,719	42,745
EBITDA	**490,938**	**504,294**
Net operating charges to depreciation, amortization and provisions	(181,448)	(167,352)
EBIT	**309,490**	**336,942**
Other non-operating income (expense)	(22,048)	(12,303)
Net charges to non-operating depreciation, amortization and provisions	14,306	8,867
Operating Income	**301,748**	**333,506**

Note 24 ▼ Financial income (expense)

(in thousands of euros)	2011	2010
Interest income from financing and cash management activities	20,456	20,973
Interest expense from financing and cash management activities	(60,875)	(46,231)
Cost of net borrowings and financial liabilities	**(40,419)**	**(25,258)**
Dividends	3,234	1,698
Foreign exchange gains	4,801	2,739
Fair value adjustments to financial assets and liabilities	1,116	-
Net income from disposal of financial assets	-	1,611
Write-back of impairment of financial assets	329	585
Other income	-	22
Other financial income	**9,480**	**6,655**
Foreign exchange losses	(4,683)	(3,996)
Fair value adjustments to financial assets and liabilities	-	(1,184)
Impairment on financial assets	(4,523)	(379)
Net income from disposal of financial assets	(36)	-
Discounting expenses	(3,499)	(3,188)
Other expenses	(215)	-
Other financial expenses	**(12,956)**	**(8,747)**
Net financial income (expense)	**(43,895)**	**(27,350)**

Note 25 ▼ Income tax

Income tax expense

Analysis of income tax expense

(in thousands of euros)	2011	2010
Current taxes	67,593	56,989
Deferred tax (income)	(1,296)	(12,394)
Total (1)	**66,297**	**44,595**

(1) Including a present value expense of € 5.3 million in current tax and an expense of € 1.0 million in deferred tax recorded under the tax amnesty for the years 2006 to 2009 to which the Group's Turkish companies signed up.

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)	2011	2010
Net earnings from consolidated companies	191,556	261,560
Income tax	66,297	44,595
Net income before tax	257,853	306,155
Standard tax rate	36.10 %	34.43 %
Theoretical income tax at the parent Company rate	**(93,085)**	**(105,409)**
Reconciliation:		
Differences between French and foreign tax rates	28,639	69,890
Transactions taxed at lower rates	(2,854)	(4,792)
Changes in tax rates	(274)	-
Permanent differences	226	(6,839)
Tax credits	1,838	2,172
Other	(787)	383
Actual income tax expense	**(66,297)**	**(44,595)**

Deferred tax

Change in deferred tax assets and liabilities:

	Deferred tax assets		Deferred tax liabilities	
(in thousands of euros)	2011	2010	2011	2010
Deferred taxes at January 1	**2,553**	**2,682**	**146,458**	**146,016**
Expense / income for the year	(353)	(1,148)	(1,649)	(13,542)
Deferred taxes allocated to shareholders' equity			24,851	1,551
Translation and other changes	(126)	(106)	1,505	12,028
Changes in consolidation scope	30	1,125	264	405
Deferred taxes at December 31	**2,104**	**2,553**	**171,429**	**146,458**

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

(in thousands of euros)	2011	2010
Fixed assets and finance leases	(4,835)	867
Financial instruments	(528)	379
Pensions and other post-employment benefits	(791)	2,005
Accelerated depreciation, regulated provisions and other	(6,562)	(2,700)
Other timing differences, tax loss carry-forwards and miscellaneous	14,012	11,843
Net deferred tax (expense) / income	**1,296**	**12,394**

Source of deferred tax assets and liabilities

(in thousands of euros)	2011	2010
Fixed assets and finance leases	156,817	124,567
Financial instruments	5,543	870
Pensions	(14,311)	(13,123)
Other provisions for contingencies and charges	13,447	10,810
Accelerated depreciation and regulated provisions	40,589	40,564
Other timing differences, tax loss carry-forwards and miscellaneous	(32,760)	(19,783)
Net deferred tax assets and liabilities	**169,325**	**143,905**
Deferred tax assets	(2,104)	(2,553)
Deferred tax liabilities	171,429	146,458
Net balance	**169,325**	**143,905**

Deferred taxes not recognized in the financial statements

Deferred tax assets not recognized in the financial statements as at December 31, 2011, considering there is not reasonnable probability of recovering, amounted to € 19.2 million (€ 13.8 million as at December 31, 2010). These relate essentially to a Company benefiting from a tax exemption scheme for a period of 10 years with effect from January 1, 2011.

Note 26 ▼ Segment information

a) Business segments

2011 (In thousand euros except number of employees)	Cement	Concrete and Aggregates	Other products and services	Total
Income statement				
Operating sales	1,355,738	854,007	391,016	2,600,761
Inter-sector eliminations	(218,147)	(36,051)	(81,091)	(335,289)
Consolidated net sales	**1,137,591**	**817,956**	**309,925**	**2,265,472**
EBITDA (cf. 1.21 and 23)	379,541	78,026	33,371	490,938
EBIT (cf. 1.21 and 23)	260,956	30,274	18,260	309,490
Balance sheet				
Total non-current assets	2,703,326	595,880	162,235	3,461,441
Net capital employed [(1)]	2,809,652	585,122	181,087	3,575,861
Other information				
Acquisitions of intangible and tangible assets	211,058	52,330	12,324	275,712
Net depreciation and amortization charges	119,269	46,024	15,372	180,665
Average number of employees	3,143	2,887	1,357	7,387

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. 1.21 and 23)	412,744	62,473	29,077	504,294
EBIT (cf. 1.21 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

(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.

2011 (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	963,361	402,900	165,281	348,320	418,783	2,298,645
Inter-sector eliminations	(24,722)	(292)		(241)	(7,918)	(33,173)
Consolidated net sales	**938,639**	**402,608**	**165,281**	**348,079**	**410,865**	**2,265,472**
EBITDA (cf. 1.21and 23)	201,529	102,229	(9,401)	74,142	122,439	490,938
EBIT (cf. 1.21 and 23)	146,857	71,869	(38,816)	43,913	85,667	309,490
Balance sheet						
Total non-current assets	613,884	560,585	387,004	1,165,651	734,317	3,461,441
Net capital employed (1)	713,664	529,156	396,504	1,157,081	779,456	3,575,861
Other information						
Acquisitions of intangible and tangible assets	63,287	25,085	4,098	162,830	20,412	275,712
Net depreciation and amortization charges	56,363	30,918	29,689	29,598	34,097	180,665
Average number of employees	2,579	1,089	1,012	1,614	1,093	7,387

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. 1.21and 23)	183,926	86,167	(6,039)	38,717	201,523	504,294
EBIT (cf. 1.21 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

(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 2011 amounted to € 352 million, compared with € 403 million in 2010.

This decrease in cash flows generated by operating activities between 2010 and 2011 results from a € 46 million decrease in cash flow from operations and a € 5 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, 2009	Change in WCR in 2010	Other changes (1)	WCR at December 31, 2010	Change in WCR in 2011	Other changes (1)	WCR at December 31, 2011
Inventories	295,140	42,315	19,066	356,521	8,763	(5,180)	360,104
Other WCR components	118,532	(36,123)	(472)	81,937	2,423	16,081	100,441
WCR	**413,672**	**6,192**	**18,594**	**438,458**	**11,186**	**10,901**	**460,545**

(1) Exchange rates, consolidation scope and miscellaneous.

Note 28 ▼ Net cash flows from investment activities

Net cash flows linked to Group investment transactions in 2011 amounted to € (301) million, compared with € (542) million in 2010.

Acquisitions of intangible and tangible assets

These include outflows corresponding to industrial investments, which amounted to € (281) million, compared with € (321) million in 2010.

The main intangible and tangible investments made in 2011 related primarily to the increase in output from investments in India, in particular in relation to construction of the Vicat Sagar Cement factory, and to a lesser extent those made in France, Switzerland and Kazakhstan.

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

Acquisition/disposal of shares in consolidated companies

Consolidated Company share acquisitions during 2011 resulted in a total outflow of € (24) million, corresponding, in the absence of disposals, to the net impact for the period.

The main outflow from the Group during the year was for the acquisition from our Kazakhstan partners of an additional 21 % of the shares of Mynaral Tas Company LLP.

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 impact of € (225) million.

The principal outflows from the Group in 2010 were mainly in the context of the acquisition of a 51 % stake in the Indian Company Bharathi Cement. In addition to the buy-back of minority interests, an increase in the share capital of Bharathi Cement was entirely subscribed 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 was used in part to finance investments in the second half of 2010.

Note 29 ▼ Analysis of net cash balances

(in thousands of euros)	At December 31, 2011 Net	At December 31, 2010 Net
Cash and cash equivalents (see note 12)	359,404	296,176
Bank overdrafts	(15,391)	(9,470)
Net cash balances	**344,013**	**286,706**

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 2011 was as follows:

J. Merceron-Vicat	€ 759,541
G. Sidos	€ 728,026
L. Merceron-Vicat	€ 216,801
S. Sidos	€ 33,205
R. de Parisot	€ 486,227

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 allotments 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, four of 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 (€ 6,263 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, 2011 (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 2011 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 2011 and 2010 is as follows, broken down by type and by related party:

	2011 Financial Year				2010 Financial Year			
(in thousands of euros)	Sales	Purchases	Receivables	Debts	Sales	Purchases	Receivables	Debts
Affiliated companies	401	1,333	7,273	131	258	1,225	3,940	139
Joint ventures	1,141	941	140	551	1,099	841	182	681
Other related parties	44	2,304	-	174	9	2,246	-	162
Total	**1,586**	**4,578**	**7,413**	**856**	**1,366**	**4,312**	**4,122**	**982**

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 2011 and 2010 are as follows:

	KPMG Audit				Wolff & associés				Others			
	Amount (ex. VAT)		%		Amount (ex. VAT)		%		Amount (ex. VAT)		%	
(in thousands of euros)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
AUDIT												
Statutory auditors, certification, examination of individual and consolidated accounts	958	935	52	50	431	388	23	21	471	546	25	29
- VICAT SA	*190*	*186*	*10*	*10*	*181*	*185*	*10*	*10*	-	-		
- Companies which are fully or proportionally consolidated	*768*	*749*	*41*	*40*	*250*	*203*	*13*	*11*	*471*	*546*	*25*	*29*
Other forms of investigation and directly related services	6	2	16	5	-	-	-	-	32	35	84	95
- VICAT SA												
- Companies which are fully or proportionally consolidated	*6*	*2*	*16*	*5*	-	-	-	-	*32*	*35*	*84*	*95*
Total Audit fees	**964**	**937**	**51**	**49**	**431**	**388**	**23**	**20**	**503**	**581**	**26**	**31**
OTHER SERVICES												
Legal, tax and employee-related services		5		100	-	-	-	-	-	-	-	-
Others	2	-	100	-	-	-	-	-	-	-	-	-
Total other services	**2**	**5**	**100**	**100**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**966**	**942**	**51**	**49**	**431**	**388**	**23**	**20**	**503**	**581**	**26**	**30**

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, 2011

Fully consolidated: FRANCE

COMPANY	ADDRESS	SIREN NO.	% control December 31, 2011	% control December 31, 2010
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	99.84
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	99.92	99.83
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	(1)	100.00
BRA	2 Chemin du Roulet 69100 VILLEURBANNE	310 307 392	(1)	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 VICAT	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	768 200 255	99.82	100.00
GRAVIERES 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
MATÉRIAUX SA	7 bis Boulevard Serot 57000 METZ	378 298 392	99.99	99.99

(1) Company merged with a fully consolidated Company in 2011.

Fully consolidated: FRANCE (continued)

COMPANY	ADDRESS	SIREN NO.	% control December 31, 2011	% control December 31, 2010
MONACO BÉTON	24 Avenue de Fontvielle 98000 MONACO	326 MC 161	99.58	79.60
PARFICIM	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	304 828 379	100.00	100.00
RUDIGOZ	Les communaux Route de St Maurice de Gourclans 01800 PÉROUGES	765 200 183	(1)	100.00
SATMA	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	304 154 651	100.00	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	(1)	95.76
LOUIS THIRIET ET CIE	Lieudit Chaufontaine 54300 LUNEVILLE	762 800 977	99.98	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

(1) Company merged with a fully consolidated Company in 2011.

Fully consolidated: REST OF WORLD

COMPANY	COUNTRY	STATE/CITY	% control December 31, 2011	% control December 31, 2010
SINAI CEMENT COMPANY	EGYPT	CAIRO	52.62	52.62
MYNARAL	KAZAKHSTAN	ALMATY	84.07	60.00
JAMBYL	KAZAKHSTAN	ALMATY	84.07	60.00
BUILDERS CONCRETE	UNITED STATES	CALIFORNIA	100.00	100.00
KIRKPATRICK	UNITED STATES	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	UNITED STATES	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	UNITED STATES	DELAWARE	100.00	100.00
NATIONAL CEMENT Company OF CALIFORNIA	UNITED STATES	DELAWARE	100.00	100.00
NATIONAL READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
UNITED READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
VIKING READY MIXED	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

Fully consolidated: REST OF WORLD (continued)

COMPANY	COUNTRY	STATE/CITY	% control December 31, 2011	% control December 31, 2010
CIMENTS & MATÉRIAUX DU MALI	MALI	BAMAKO	95.00	95.00
GÉCAMINES	SENEGAL	THIES	70.00	70.00
POSTOUDIOKOUL	SENEGAL	RUFISQUE (DAKAR)	100.00	100.00
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 (formerly ASTRADA KIES AG)	SWITZERLAND	AEBISHOLZ (SOLEURE)	99.64	99.64
BETON AG BASEL	SWITZERLAND	BASEL (BASEL)	100.00	-
BETON AG INTERLAKEN	SWITZERLAND	MATTEN BEI INTERLAKEN (BERN)	75.42	75.42
BETON GRAND TRAVAUX SA	SWITZERLAND	ASUEL (JURA)	75.00	75.00
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	93.33	72.22
CEWAG	SWITZERLAND	DUTINGEN (FRIBOURG)	100.00	100.00
COVIT SA	SWITZERLAND	SAINT-BLAISE (NEUCHATEL)	100.00	100.00
CRÉABÉTON MATERIAUX 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)	(1)	98.55
FRISCHBETON AG ZUCHWIL	SWITZERLAND	ZUCHWIL (SOLOTHURN)	88.94	88.94
FRISCHBETON LANGENTHAL AG	SWITZERLAND	LANGENTHAL (BERN)	77.83	77.83
FRISCHBETON THUN	SWITZERLAND	THOUNE (BERN)	53.87	-
GRANDY AG	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
KIES- UND BETONWERK REULISBACH AG	SWITZERLAND	ST STEPHAN (BERN)	(1)	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)	(1)	98.55
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	99.64	PC
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
VIGIER BETON JURA SA (formerly BETON FRAIS MOUTIER SA)	SWITZERLAND	BELPRAHON (BERN)	90.00	90.00

Fully consolidated: REST OF WORLD (continued)

COMPANY	COUNTRY	STATE/CITY	% control December 31, 2011	% control December 31, 2010
VIGIER BETON KIES SEELAND AG (formerly VIBETON KIES AG)	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG (formerly WYSS KIESWERK AG)	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA (formerly VIBETON FRIBOURG SA)	SWITZERLAND	ST. URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG (formerly 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
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
AKTAS	TURKEY	ANKARA	100.00	100.00
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.58	91.58
BASTAS HAZIR BETON	TURKEY	ANKARA	91.58	91.58
KONYA CIMENTO	TURKEY	KONYA	83.08	83.08
TAMTAS	TURKEY	ANKARA	100.00	100.00
BSA CIMENT SA	MAURITANIA	NOUAKCHOTT	64.91	64.91
BHARATHI CEMENT	INDIA	HYDERABAD	51.00	51.00
VICAT SAGAR	INDIA	HYDERABAD	53.00	53.00

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

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, 2011, 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.

I - Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the assets, liabilities, and financial position of the consolidated group of entities as at 31 December, 2011 and of the results of its operations for the year then ended.

II - 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:

- At each reporting date, the Company reviews the book value of assets with indefinite useful lives using the methodology disclosed in the note 1.11 of the consolidated financial statements. We have examined the procedures for the performance of the impairment testing, and the expected future cash flows and related assumptions. This testing also covers assets with definite useful lives.

  We have also verified that the notes of the consolidated financial statements relating to the assets, including note 3 "Goodwill", note 4 "Other intangible assets" and note 5 "Tangible assets", provide appropriate information. These estimates are based on assumptions which have by nature an uncertain characteristic; realizations can be sometimes significantly different from initial forecasts. We verified that such estimates were reasonable.
- Your Company recorded provisions related post-employment benefits and other long-term employee benefits in the consolidated financial statements in accordance with IAS 19. The notes 1-15 and 14 of the consolidated financial statements 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 of the consolidated financial statements 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.

III - 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, March 8, 2012
KPMG Audit - Division of KPMG SA
Bertrand Desbarrières - *Partner*

Chamalières, March 8, 2012
Wolff & Associés SAS.
Grégory Wolff - *Partner*

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at December 31, 2011

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BALANCE SHEET AT DECEMBER 31, 2011

(in thousands of euros)	2011 Gross amount	2011 Amortization and depreciation	2011 Net	2010 Net
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Concessions, patents and similar rights	23,671	10,741	12,930	10,144
Goodwill	1,309	1,155	154	165
Other intangible assets	673	494	179	215
Property, plant and equipment				
Land	89,972	16,857	73,115	73,392
Buildings	162,203	113,930	48,273	50,013
Plant, machinery and equipment	526,026	402,772	123,254	122,763
Other tangible assets	28,105	23,262	4,843	4,854
Tangible assets under construction	9,593		9,593	8,868
Advances and payments on account	10		10	486
Financial investments				
Equity in affiliated companies	1,742,753	274	1,742,479	1,699,193
Other long-term investments	105	64	41	21
Loans	67		67	67
Other financial assets	73,695	34,718	38,977	52,283
Total non-current assets	**2,658,182**	**604,267**	**2,053,915**	**2,022,464**
CURRENT ASSETS				
Inventories and work-in-progress				
Raw materials and other supplies	63,042	-	63,042	54,176
Work-in-progress	11,684	-	11,684	12,389
Semi-finished and finished products	11,437	-	11,437	11,917
Goods for sale	108	-	108	183
Advances and payments on account on orders	590	-	590	3,180
Receivables				
Trade receivables and related accounts	104,721	184	104,537	88,982
Other receivables	193,617	613	193,004	175,730
Short-term financial investments:				
- treasury shares	8,614	3,082	5,532	11,059
- marketable securities	793		793	
Cash	2,467		2,467	3,429
Accrued expenses	1,254		1,254	1,331
Total current assets	**398,327**	**3,879**	**394,448**	**362,376**
Expenses to be allocated	4,188		4,188	3,827
Translation adjustments – assets	5		5	6
Total	**3,060,702**	**608,146**	**2,452,556**	**2,388,673**

BALANCE SHEET AT DECEMBER 31, 2011

(in thousands of euros)	2011	2010
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
Share capital [1]	179,600	179,600
Additional paid-capital and merger premiums	11,207	11,207
Revaluation adjustments	11,147	11,147
Reserve	18,708	18,708
Regulated reserves	112	112
Other reserves	601,472	551,320
Retained earnings	103,404	101,475
Income for the year	**152,357**	**118,027**
Regulated provisions	110,037	105,563
Total shareholders' equity	**1,188,044**	**1,097,159**
PROVISIONS		
Provisions for liabilities (risks)	892	5,489
Provisions for liabilities (expenses)	16,198	16,596
Total	**17,090**	**22,085**
LIABILITIES		
Bank borrowings and financial liabilities [2]	1,073,816	1,059,352
Other borrowings and financial liabilities	478	581
Trade payables and related accounts	36,789	35,882
Tax and employee-related liabilities	24,544	23,541
Payables to fixed assets suppliers and related accounts	7,591	8,401
Other liabilities	104,203	141,668
Accrued income		
Total	**1,247,421**	**1,269,425**
Translation adjustments – liabilities	1	4
Total shareholders' equity and liabilities	**2,452,556**	**2,388,673**
(1) Revaluation adjustments incorporated into capital	*14,855*	*14,855*
(2) Of which short-term bank borrowings and bank overdrafts (including commercial paper)	*4,689*	*3,741*

INCOME STATEMENT FOR THE YEAR ENDED ON DECEMBER 31, 2011

(in thousands of euros)	2011	2010
OPERATING REVENUE		
Sales of goods	2,741	6,477
Sales of finished products and services	481,956	437,524
Net sales	**484,697**	**444,001**
Change in inventories of goods	(1,185)	4,791
Production of assets capitalized	1,222	1,052
Operating subsidies	16	54
Reversals on depreciation, amortization and provisions, transferred expenses	5,912	3,073
Other revenues	11,780	14,211
Total operating revenue	**502,442**	**467,182**
OPERATING EXPENSES		
Purchases of goods	2,532	5,296
Change in inventories of goods	75	(25)
Purchases of raw materials and supplies	101,442	83,428
Change in inventories of raw materials and other supplies	(8,866)	1,472
Other purchases and external expenses	177,460	161,904
Taxes, duties and assimilated transfers	16,142	15,732
Salaries	44,019	42,292
Social security contribution and similar charges	20,443	19,872
Amortization and depreciation:		
- on non-current assets: amortization	23,465	22,068
- on current assets: depreciation	312	255
For contingencies and losses: charges to provisions	96	869
Other expenses	7,356	2,701
Total operating expenses	**384,476**	**355,864**
Earnings before interest and taxes	**117,966**	**111,318**
FINANCIAL INCOME		
From affiliated companies	126,300	70,536
From other marketable securities and long-term loans	8	1
Other interest and assimilated income	392	59
Reversals on depreciation and provisions, transferred expenses	339	3,108
Positive exchange rate differences	280	262
Total investment income	**127,319**	**73,966**
FINANCIAL EXPENSES		
Amortization, depreciation and provisions	16,881	12
Interest and assimilated expenses	48,493	29,751
Negative exchange rate differences	384	419
Total financial expenses	**65,758**	**30,182**
Net financial income (expense)	**61,561**	**43,784**
NET PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX	**179,527**	**155,102**

INCOME STATEMENT FOR THE YEAR ENDED ON DECEMBER 31, 2011

(in thousands of euros)	2011	2010
EXCEPTIONAL INCOME		
From non-capital transactions	133	932
From capital transactions	816	2,298
Reversals on depreciation and provisions, transferred expenses	11,655	3,812
TOTAL EXCEPTIONAL INCOME	**12,604**	**7,042**
EXCEPTIONAL EXPENSES		
From non-capital transactions	5,549	431
From capital transactions	2,199	1,615
Amortization, depreciation and provisions	12,710	17,674
TOTAL EXCEPTIONAL EXPENSES	**20,458**	**19,720**
NET NON-OPERATING INCOME (EXPENSE)	**(7,854)**	**(12,678)**
Employee profit-sharing	4,030	3,982
Income tax	15,286	20,415
TOTAL INCOME	642,365	548,190
TOTAL EXPENSES	**490,008**	**430,163**
NET EARNINGS	**152,357**	**118,027**

NOTES TO STATUTORY FINANCIAL STATEMENTS 2011

NOTE 1 – ACCOUNTING POLICIES AND VALUATION METHODS

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 5.1.1.

Research and development costs are entered as expenses.

Plant, property and equipment are recorded at acquisition or production cost, by applying the component approach pursuant to regulation CRC 2002-10. The cost of goods sold excludes all financing expenses. 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 the 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.

Treasury shares are recognized at acquisition cost and recorded in other financial assets. Those intended for allotment to employees under profit-sharing and performance-related bonus schemes are recognized in short-term financial investments. Income from sales of treasury shares contributes to the earnings for the year. At year end, treasury shares are valued on the basis of the average price in the last month of the financial year. Changes in the share price below the historic purchase price can effect a change in the earnings.

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.

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

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 adjustments". 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.

NOTE 2 - SIGNIFICANT EVENTS DURING THE PERIOD

During the first half of the year, the Company continued to consolidate its sources of financing with the signature of a revolving line of credit for € 480 million for a term of 5 years, in order to refinance a line of credit for € 445 million maturing in July 2012. This line of credit has enabled the average maturity of the debt to be extended to 5.4 years.

NOTE 3 - POST BALANCE SHEET EVENTS

No post balance sheet event has had a material impact on the statutory financial statements as at December 31, 2011.

NOTE 4 - SALES ANALYSIS

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

(In thousands of euros)	France	Other countries	Total
Cement	409,203	38,575	447,778
Paper	26,385	10,534	36,919
Total	**435,588**	**49,109**	**484,697**

NOTE 5 - ANALYSIS OF THE FINANCIAL STATEMENTS

5.1. Non-current 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	21,878	3,796	21	25,653
Land and improvements	89,295	703	26	89,972
Buildings and improvements	160,341	1,862		162,203
Plant, machinery and equipment	511,714	15,058	746	526,026
Other tangible assets	26,889	1,457	241	28,105
Tangible assets in progress	8,868	15,899	15,174	9,593
Advances and payments on account	486		476	10
Total	**819,471**	**38,775**	**16,684**	**841,562**

(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	11,354	1,058	22	12,390
Land and improvements	14,845	955	1	15,799
Buildings and improvements	110,328	3,602		113,930
Plant, machinery and equipment	388,951	13,842	21	402,772
Other tangible assets	22,035	1,468	241	23,262
Total	**547,513**	**20,925**	**285**	**568,153**

5.1.1. Intangible assets

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 2011, they amounted to 2,802 thousand tonnes of greenhouse gas emissions (14,011 thousand tonnes for the 2008-2012 period).

Recording of quota swaps (EUA) against Certified Emission Reductions (CERs) is recognized in the income for the year at an amount of € 2,491 thousand. In 2010, income from quota sales and quota swaps was € 9,607 thousand.

The quotas held at the end of the period in excess of the cumulative actual emissions are recorded in the assets and in the liabilities, on the basis of the market value at each year-end. At the end of 2011, the quotas held amounted to € 6,680 thousand, corresponding to 749 thousand tonnes. No income is recorded in respect of the quotas held.

Research and development costs recorded in expenses amounted to € 4,425 thousand for the year.

5.1.2. Tangible assets

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 installations	5 to 15 years
- Vehicles	5 to 8 years
- Sundry equipment	5 years
- Computer equipment	3 years

5.1.3. Financial investments

Financial investments increased by € 44,703 thousand, mainly as a result of:

- increases in investments in companies amounting to:	42,978
- change in other financial investments:	1,725
	44,703

Under the liquidity agreement with NATIXIS, the following amounts were recognized in the liquidity account at year-end:
- 65,664 Vicat shares representing a net value of € 2,782 thousand;
- € 517 thousand in cash.

Under this contract, 300,722 shares were purchased during the year for € 16,560 thousand and 246,327 shares sold for € 13,457 thousand.

Financial investments also included 813,167 treasury shares at a net book value of € 34,445 thousand.

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

- within one year	-
- over one year	73,762
	73,762

5.2. Shareholders' equity

5.2.1. Share capital

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	4.65 %
including employee shareholders (*) 2.14 %	
- Family, Parfininco and Soparfi	60.57 %
- Vicat	2.25 %

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

5.2.2. Change in shareholders' equity

(in thousands of euros)	2011	2010
Shareholders' equity at the beginning of year	1,097,159	1,035,017
Shareholders' equity at the end of year	1,188,044	1,097,159
Change	90,885	62,142
Analysis of changes		
Income for the year	152,357	118,027
Dividends paid (1)	(65,946)	(66,035)
Revaluation adjustment		80
Regulated provisions	4,474	10,070
	90,885	**62,142**

(1) Less dividends on treasury shares.

5.2.3 Regulated provisions

Regulated provisions break down as follows:

(in thousands of euros)	Amount at the beginning of year	Increase	Decrease	Amount at the end of the year
Price increase provision	11,718	486	2,228	9,976
Special tax depreciation	84,020	9,101	3,965	89,156
Special revaluation provision	2,447	-	-	2,447
Investment provision	7,378	1,545	465	8,458
Total	**105,563**	**11,132**	**6,658**	**110,037**

Maturities are as follows:

(in thousands of euros)	Value	Recovered at 1 year maximum	Recovered after more than 1 year
Price increase provision	9,976	1,519	8,457
Special tax depreciation	89,156	5,609	83,547
Special revaluation provision	2,447		2,447
Investment provision	8,458	842	7,616
Total	**110,037**	**7,970**	**102,067**

5.3. 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 quarry reinstatement	5,778		506	856	4,416
Provisions for disputes	4,812	42	4,500	199	155
Other provisions for expenses	11,495	1,638	614		12,519
Total	**22,085**	**1,680**	**5,620**	**1,055**	**17,090**

Provisions amounted to € 17 million and covered:

- the forecast costs under the French quarry reinstatement obligation of € 4.4 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.
- other provisions for expenses which include a provision of 11,142 thousands of euros for tax to be repaid to subsidiaries under the Group tax sharing agreement.

Provisions for disputes included as at December 31, 2010 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 amount of this penalty was reduced by the *Cour d'appel de Paris* (the Paris Court of Appeal). The provision was written back after payment following rejection of the appeal lodged by the Company before the *Cour de Cassation (the French Supreme Court of Appeal).*

5.4. Borrowings and financial liabilities

During 2011, medium and long-term debt and other bank borrowings increased by € 14,361 thousand.

5.4.1. 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]	1,069,127		669,892	399,235
Miscellaneous borrowings and financial liabilities	478	85	170	223
Short-term bank borrowings and bank overdrafts	4,689	4,689		
(1) Including commercial paper	*208,000*		*208,000*	

5.4.2. Other information

At December 31, 2011 the Company had € 273 million in unused confirmed lines of credit that have not been allocated to the hedging of liquidity risk on commercial paper (€ 211 million at December 31, 2010).

The Company also has a program for issuing commercial paper amounting to € 300 million. As at December 31, 2011, the amount of the notes issued was € 208 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.

5.4.3. Risk hedging

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 and swaps) on original maturities of 5 to 12 years amounting to € 510 million at December 31, 2011.

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, 2011, these lines matched the short term notes they covered at € 208 million.

5.4.4. Financial instruments

As at December 31, 2011, unsettled derivative instruments were as follows:

Type (in thousands of currency units)	**Nominal value (currency)**	**Nominal value (euros)**	**Fair value (euros)**
CHF forward purchases	23,000 CHF	18,921	121 (1)
USD forward purchases	2,526 USD	1,952	64
USD forward sales	149,000 USD	115,156	-1,493 (2)
Floating/fixed interest rate swaps	150,000 EUR	150,000	123 (3)
Interest rate caps	360,000 EUR	360,000	-1,923
Cross Currency Swap	690,000 USD	533,272	7,240 (4)

(1) In parallel debt rose by € 0.1 million.
(2) In parallel loan increased by € 1.3 million.
(3) In parallel debt rose by € 0.3 million.
(4) In parallel debt decreased by € 11 million.

5.5. Statement of maturities for trade receivables and payables

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

5.6.Balance of trade payables

As at December 31, 2011, invoices payable to suppliers recorded in the item "Trade payables and related accounts" amounted to € 22,956 thousand.

Breakdown by due date

(in thousands of euros)	**2011**	**2010**
Due	2,097	943
Less than 30 days	15,615	14,495
31 to 60 days	5,244	5,451
Total	**22,956**	**20,889**

5.7. Other balance sheet and income statement information

Other items of information 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	1,738,954	
Trade receivables and related accounts	36,231	18,579
Other receivables and related accounts	174,201	
Trade payables and related accounts	9,023	318
Other liabilities	67,720	

Income statement items		
Financial expenses	3,323	
Financial income excluding dividends	5,803	

Transactions with associated companies and related parties are not covered by French Accounting Standards Authority Regulation 2010-20.

Accrued liabilities (in thousands of euros)	**Amount**
Bank loans and borrowings	4,688
Trade payables and related accounts	13,515
Tax and employee-related payables	13,695
Other liabilities	483
Total	**32,381**

Accrued expenses (in thousands of euros)	**Amount**
Operating expenses	873
Financial expenses	381
Total	**1,254**

Short-term financial investments

Short-term financial investments break down as follows: 130,595 treasury shares with a net value of € 5,532 thousand acquired for the purpose of share allotment to employees. Their market value as at December 31, 2011 was € 5,773 thousand.

The distribution of shares to Group employees under the profit-sharing scheme resulted in an expense of € 501 thousand.

Net financial income

Net financial income included allocation to the provisions for depreciation of treasury shares amounting to € 16,870 thousand (compared with a reversal of € 3,087 thousand in 2010).

NOTE 6 - ANALYSIS OF CORPORATE INCOME TAX AND ADDITIONAL CONTRIBUTIONS

Headings (in thousands of euros)	Profit (loss) before tax	Corporate income tax	Social security contributions	Exceptional contributions	Profit (loss) after tax
Current profit (loss)	179,527	(17,939)	(854)	(1,692)	159,042
Net non-operating income (expense) (and profit-sharing)	(11,884)	4,618	195	386	(6,685)
Book profit (loss)	167,643	(13,321)	(659)	(1,306)	152,357

NOTE 7 - IMPACT OF THE SPECIAL TAX EVALUATIONS

Headings (in thousands of euros)	Allowances	Reinstatements	Amounts
Income for the year			152,357
Income taxes			13,321
Exceptional contributions			1,306
Social security contributions			659
Earnings before income tax			**167,643**
Change in special tax depreciation of assets	9,101	(3,965)	5,136
Change in investment provision	1,545	(465)	1,080
Change in the price increase provision	486	(2,228)	(1,742)
Subtotal	**11,132**	**(6,658)**	**4,474**
Income excluding the special tax valuations (before tax)			**172,117**

Vicat has opted for a tax sharing regime with it as the parent company. This option relates to 25 companies. Under the terms of 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 2011, this saving amounted to €2,779 thousand.

The expenses covered by articles 223 quater and 39.4 of the French General Tax Code (CGI) amounted to €158 thousand for 2011.

NOTE 8 - DEFERRED TAX

Headings (in thousands of euros)		Amount
Tax due on:		
Price increases provisions		3,435
Special tax depreciation		30,696
Total increases		**34,131**
Tax paid in advance on temporarily non-deductible expenses		2,301
of which profit-sharing expenses	*1,455*	
Total reductions		**2,301**
Net deferred tax		**31,830**

NOTE 9 - OFF-BALANCE SHEET COMMITMENTS

Commitments given

(in thousands of euros)	Value
Pension commitments (1)	10,377
Deposits and guarantees (2)	232,231
Forward purchases of fuels	1,894
Total	**244,502**

(1) Including an amount of €3.737 thousand relating to supplementary pension scheme for officers and other managers of the Company under Article 39 of the *Code général des impôts* (the French General Tax Code).
(2) Vicat has provided a guarantee to the lenders on behalf of its subsidiaries Jambyl Cement Production Company LLP and Vicat Sagar Cement Private Ltd for loans taken out for the construction of greenfield projects.

Vicat SA granted a put option to the minority shareholders of its subsidiary Mynaral Tas Company LLP. This option, exercisable by December 2013 at the earliest, is valued at €10.8 million as at December 31, 2011.

Commitments received

(in thousands of euros)	Value
Confirmed credit lines (1)	731,000
Other commitments received	2,100
Total	**733,100**

(1) Including €208,000 thousand allocated to 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:	4.75%
Wage inflation:	from 2.5% to 4%
Inflation rate:	2%

NOTE 10 – REMUNERATION AND EMPLOYEE NUMBERS

Executive management compensation

(in thousands of euros)	Amount
Compensation allocated to:	
- Directors	275
- Executive management	2,196

Employee numbers	Average	Au 31 décembre 2011
Management	206	209
Supervisors, technicians, administrative employees	380	383
Blue-collar workers	270	270
Total Company	**856**	**862**
of which Paper Division	*149*	*153*

SUBSIDIARIES AND AFFILIATES

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

COMPANY OR GROUP OF COMPANIES 2011 FINANCIAL YEAR	CAPITAL	RESERVES and retained earnings before appropriation of income	OWNER-SHIP interests (%)	BOOK VALUE of shares owned Gross	Net	LOANS & ADVANCES granted by the company and not yet repaid	GUARANTEES 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
SUBSIDIARIES AND AFFILIATES WHOSE THE GROSS VALUE EXCEEDS 1% OF VICAT'S CAPITAL										
1) SUBSIDIARIES (at least 50% of the capital held by the company)										
BETON TRAVAUX 92095 PARIS LA DEFENSE	27,997	181,059	99,97	88,869	88,869	63,305		22,098	15,502	19,243
NATIONAL CEMENT COMPANY LOS ANGELES USA	280,521 (1)	114,417 (1)	97,85	229,581	229,581	58,048		230,022 (1)	(34,425) (1)	
PARFICIM 92095 PARIS LA DEFENSE	67,728	1,435,001	99,99	1,343,624	1,343,624				84,556	97,360
SATMA 38081 L'ISLE D'ABEAU CEDEX	3,841	4,046	100	7,613	7,613			20,719	997	
CAP VRACS 13270 FOS SUR MER	16,540	9,806	100	43,004	43,004	12,348		10,884	(2,138)	
2) PARTICIPATION *(10 to 50% of the capital held by the company)*										
SOCIETE DES CIMENTS D'ABIDJAN (3) COTE D'IVOIRE	2,000,000 (2)	15,670,789 (2)	1,714	1,596	1,596			51,675,692 (2)	4,870,329 (2)	696
SATM 38081 l'ISLE D'ABEAU	1,600	34,527	22,00	15,765	15,765			119,484	6,502	1,980
OTHER SUBSIDIARIES AND AFFILIATES										
French subsidiaries (total)				10,019	9,681	2,674				1,218
Foreign subsidiaries (total)				2,787	2,787	36,977				
Total				**1,742,858**	**1,742,520**	**173,352**				**120,497**

(1) Figures shown in USD.
(2) Figures shown in CFA Francs.
(3) Figures for 2010.

ANALYSIS OF THE INCOME FOR THE YEAR

Net operating income amounted to:	**179,526,504**
less:	
- other exceptional net income and expense	- 7,853,928
- employee profit-sharing	- 4,029,869
- tax on income	- 15,286,066
Net income for 2011 amounted to:	**152,356,641**

PROPOSED DISTRIBUTION OF INCOME

We propose that the income to be distributed be as follows:

INCOME FOR THE 2011 FINANCIAL YEAR	152,356,641
Retained earnings from previous years	103,403,646
TOTAL TO BE DISTRIBUTED	255,760,287
We propose the following income distribution:	
- dividend €1.50 per share of nominal value €4	67,350,000
- allocation to other reserves	38,410,287
Retained earnings	**150,000,000**

DISTRIBUTION OVER THE LAST THREE YEARS

Year	2008	2009	2010
Dividend distributed	1.50	1.50	1.50

NB: The dividend amounts quoted take into account all existing shares.

When payment is made, the dividends on treasury shares will be allocated to the “Retained earnings” account.

The dividends distributed are entitled to 40% tax relief in the circumstances provided for in article 158-3 of the French General Tax Code (CGI).

FINANCIAL RESULTS FOR THE LAST FIVE FINANCIAL YEARS articles R. 225-81, R. 225-83 and R. 225-102 of the french commercial code

(in euros)	2007	2008	2009	2010	2011
1) SHARE CAPITAL AT YEAR END					
Share capital	187,084,800	179,600,000	179,600,000	179,600,000	179,600,000
Number of shares issued	46,771,200	44,900,000	44,900,000	44,900,000	44,900,000
2) OPERATIONS AND RESULTS OF THE YEAR					
Sales net	510,432,697	511,841,942	448,708,588	444,001,111	484,696,600
Net profit before tax, profit-sharing, amortization and provisions	204,175,655	201,208,409	186,205,363	175,735,104	211,190,319
Corporate income tax	18,005,000	22,621,500	28,903,959	20,414,515	15,286,066
Employee profit sharing for the year	5,415,687	5,332,772	4,849,805	3,982,186	4,029,869
Net profit after tax, amortization and provisions	82,336,178	103,414,454	124,861,843	118,026,898	152,356,641
Distributed profit	70,156,800	67,350,000	67,350,000	67,350,000	67,350,000
3) DATA PER SHARE					
Net profit after tax and profit sharing, but before amortization and provisions (based on a comparable number of shares)	4.03	3.86	3.40	3.37	4.27
Net profit after tax, profit-sharing, amortization and provisions (based on a comparable number of shares)	1.83	2.30	2.78	2.63	3.39
Dividend per share	1.50	1.50	1.50	1.50	1.50
4) EMPLOYEES					
Number of employees	842	850	848	859	862
Total payroll (1)	37,860,259	38,720,960	40,694,345	41,518,392	43,128,593
Total amount paid in social security and other contributions (social security, charitable works, etc.)	18,482,985	18,191,928	19,044,121	19,872,426	20,442,672

(1) Excluding pre-retirement payments on termination of employment.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended 31 December, 2011

To the Shareholders,

IIn compliance with the assignment entrusted to us by the shareholders in General Meeting, we hereby report to you, for the year ended 31 December, 2011, 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, 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

2.Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) 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, 2011. 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 quarry reinstatement, repayment of income tax to subsidiaries in according to the group tax agreement and a provision for litigation as disclosed in the note 5.3 of the statutory financial statements. 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, 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 French Commercial Code (Code de commerce) 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, March 8, 2012
KPMG Audit - Division of KPMG SA
Bertrand Desbarrières - *Partner*

Chamalières, March 8, 2012
Wolff & Associés SAS.
Grégory Wolff - *Partner*

STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENT AND COMMITMENTS

Year ended 31 December, 2011

To the shareholders,

In our capacity as statutory auditors of your company, we hereby report to you on the regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were notified or which we have identified during our audit work. It is not our role to determine whether they are beneficial or appropriate or to ascertain whether other agreements or commitments exist. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code (Code de commerce), to evaluate the benefits arising from these agreements and commitments prior to their approval.

In addition, it is our responsibility, if applicable, to inform you of the information specified in Article R. 225-31 of the French Commercial Code (Code de commerce) relating to the performance during the past year of agreements and commitments already approved by the General Meeting.

We have performed the procedures we considered necessary in accordance with the professional code of practice of the National Society of Statutory Auditors, in relation to this work. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Agreements and commitments submitted to the approval by the General Meeting

We inform you that we have not been advised of any agreements or commitments authorized in 2011 to be submitted to the General Meeting for approval as mentioned in Article L.225-38 of the French Commercial Code (Code de commerce).

Agreements and commitments already approved by the General Meeting

In accordance with Article R.225-30 of the French Commercial Code ("Code de commerce"), we have been informed of the following agreement and commitment, which were initially approved in previous years, have been, continued in 2011:

- **Commitments relating to supplementary pension plans** managed by Cardiff which have been confirmed by the Board of Directors on 25 February, 2011 following the confirmation in their functions of President, Mr. Jacques Merceron-Vicat, and Chief Executive Officer, Mr. Guy Sidos.
- **Purpose:** Supplementary pension plan as defined in Article 39 of the French General Tax Code.
- **Terms and conditions:** The related obligations with Cardiff concern the executive directors as well as managers whose salary exceeds 4 times the ceiling of the level A of the social security.

Paris La Défense, March 8, 2012
KPMG Audit - Division of KPMG SA
Bertrand Desbarrières - *Partner*

Chamalières, March 8, 2012
Wolff & Associés SAS.
Grégory Wolff - *Partner*

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A French *société anonyme*
with share capital of €179,600,000
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▶ Bharathi Cement plant in Andhra Pradesh (India).