A French *société anonyme* with a share capital of €179,600,000
Registered office: Tour Manhattan – 6, place de l'Iris –
92095 Paris-La Défense Cedex
Registered with the Nanterre Registry of Companies
and Commerce under number 057 505 539

2008
Registration Document and Financial Annual Report

Copies of this Registration Document are available without charge from Vicat, Tour Manhattan – 6, place de l'Iris, 92095 Paris-La Défense Cedex, on the Internet websites of the AMF (http://www.amf-france.org) and of Vicat (http://www.vicat.fr).

INTRODUCTION

Vicat, a French *société anonyme*, with a share capital of €179,600,000 whose registered office is Tour Manhattan, 6 place de l'Iris, 92095 Paris-La Défense, registered with the Nanterre Registry Companies and Commerce under number 057 505 539, is referred to as the "Company" in this Registration Document. Unless expressly stated otherwise, the "Group" refers to the Company and its subsidiaries and holdings as set forth in the organisation chart in section 7 "Organisation chart" of this Registration Document.

Unless otherwise indicated, the figures used in this Registration Document, in particular in Section 6 "Business Overview" of this Registration Document, are extracted from the Group's consolidated financial statements, prepared in accordance with IFRS. As the figures have been rounded, the amounts indicated as being totals and the various sections of this Registration Document may not equal the arithmetic sum of these figures and numbers.

This Registration Document contains indications on the Group's prospects and development policies. These indications are sometimes identified by the use of the future and the conditional tenses, and forward-looking terms such as "consider", "intend", "think", "with the aim of", "expect", "plan", "should", "want", "estimate", "believe", "wish", "could" or, if necessary, the negative form of these terms, or any other alternative or similar terminology. This information is not historical data and must not be interpreted as an assurance that the facts and data stated will occur. This information is founded on data, assumptions and estimates considered as reasonable by the Group. They are likely to change or be modified due to uncertainties, related in particular to the economic, financial, competitive and regulatory environment.

Moreover, the materialisation of certain risks described in Section 4 "Risks factors" of this Registration Document is likely to have an impact on the Group's activities, situation, financial results and on its capacity to achieve its objectives.

Forward-looking statements contained in this Registration Document also encompasses the known and unknown risks, uncertainties and other factors which could, if they materialise, affect the Group's future results, performances and achievements. These factors can in particular include changes to the economic and commercial situation as well as the risk factors set out in Section 4 "Risk factors" of this Registration Document.

Investors are invited to consider carefully the risk factors described in Section 4 "Risk factors" of this Registration Document before making their investment decision. The materialisation of all or some of these risks is likely to have an adverse effect on the Group's activities, financial position or financial results. Moreover, other risks, not yet identified or considered by the Group as not significant could have the same negative effect and investors could lose all or part of their investment.

This Registration Document contains information relating to the markets on which the Group operates. This information comes, in particular, from studies carried out by third parties. Given the changes which may affect the industry in which the Group operates in France and worldwide, this information may prove to be incorrect or no longer up to date. The Group's activities could consequently evolve differently from what is described in this Registration Document and the declarations or information contained herein could prove to be incorrect.

This Registration Document takes place of financial annual report and includes information required pursuant to article 222-3 of the General regulations of the AMF. In order to facilitate the lecture of the financial annual report, a table of concordance is included in Appendix 4 of this Registration Document.

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1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

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1.1. PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE REGISTRATION DOCUMENT

Mr Guy Sidos, Chief Executive Officer ("CEO").

2 STATUTORY AUDITORS

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2.1. INCUMBENT AUDITORS

KPMG Audit

Immeuble Le Palatin, 3, cours du Triangle,
92939 Paris-La Défense Cedex

Represented by Mr Jean-Marc Decléty.

Member of the Regional Company of Auditors of Versailles.

Date first appointed: Ordinary General Meeting held on November 25, 1983.

Expiry of the current term on the date of the Ordinary General Meeting approving the financial statements for the year ended on December 31, 2013.

Wolff & Associés SAS

Centre Beaulieu, 19, boulevard Berthelot, 63400 Chamalières

Represented by Mr Grégory Wolff.

Member of the Regional Company of Auditors of Riom.

Date first appointed: Ordinary General Meeting held on May 16, 2007.

Expiry of the current term on the date of the Ordinary General Meeting approving the financial statements for the year ended on December 31, 2012.

2.2. DEPUTY STATUTORY AUDITORS

Constantin Associés

26, rue de Marignan 75008 Paris

Represented by Mr Jean-Marc Bastier.

Member of the Regional Company of Auditors of Paris.

Date first appointed: Ordinary General Meeting held on June 20, 1995.

Expiry of the current term on the date of the Ordinary General Meeting approving the financial statements for the year ended on December 31, 2012.

Exponens Conseil et Expertise

11, avenue d'Éprémesnil, 78401 Chatou

Represented by Mr Frédéric Lafay.

Member of the Regional Company of Auditors of Versailles.

Date first appointed: Mixed General Meeting approving the financial statements for the year ended on December 31, 2007.

Expiry of the current term on the date of the Ordinary General Meeting approving the financial statements for the year ended on December 31, 2013.

2.3. INFORMATION ON THOSE AUDITORS HAVING RESIGNED, HAVING BEEN DISMISSED OR NOT HAVING BEEN RENEWED

None.

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Investors should read the following selected financial information together with Section 9 "Examination of the financial condition and results", Section 10 "Cash flow and capital", the audited annual consolidated financial statements for the three years covered by this Registration Document and the notes relating thereto in Section 20 "Financial information" of this Registration Document as well as any other financial information contained herein.

3.1. OVERVIEW OF THE GROUP

The Group has developed, over more than 150 years, considerable expertise in the Cement, Ready-mixed concrete and Aggregates businesses enabling it to assert itself as a regional leader in the majority of the markets in which it operates. Cement, Concrete & Aggregates together constitute the Group's "core business", on which it focuses its development and which accounts for approximately 86% of its consolidated sales in 2008. The Group also benefits from synergies with complementary activities (prefabrication of concrete products, construction chemistry, transport, paper and sack businesses), undertaken in certain markets, to consolidate its range of products and services and to strengthen its regional positioning.

In 2008, the Group's total shipments in the three main businesses amounted to 14.2 million tonnes of cement, 8.4 million m^3 of concrete and 21.6 million tonnes of aggregates.

With a presence covering eleven countries across Europe, North America, Asia, Africa and the Middle East, the Group has a diversified base which allows it to pursue an international development strategy while reducing its present and future exposure to economic fluctuations that may affect the markets in which it operates.

	Cement	Concrete & Aggregates	Other Products & Services
France	▼	▼	▼
United States	▼	▼	
Switzerland	▼	▼	▼
Turkey	▼	▼	
Senegal	▼	▼	
Egypt	▼		
Italy	▼		
Kazakhstan (construction in progress)	▼		
Mali	▼		
India (construction in project)	▼		
Mauritania	▼	▼	

The weighting of Europe in general and France in particular in the Group's consolidated sales increased in 2008, as well as that of Africa and the Middle East. Sales in France represented 49% of consolidated net sales in 2008.

In 2008, EBITDA on sales and consolidated net profit on sales ratios were 25.7% and 13.3% respectively.

The Group's financial structure is characterised by significant equity (€1,954 million) and a low level of net indebtedness on equity (34.7%), which gives the Group flexibility, and allows it to finance its growth.

The Group intends to continue its development by combining growth and profitability. Over the years, it has demonstrated its ability to benefit from its strong regional positions, the quality of its production facilities and the expertise of its employees to achieve high levels of profitability.

The Group gives priority to two development policies:

- organic growth, by significantly increasing its production capacity and by developing the means to respond to demand in the markets where it operates. The Group engaged in 2006 to a multi-year industrial investment plan, the "Performance 2010" plan, intended both to increase cement production capacity by approximately 50% between 2007 and 2010, with the initial objective of bringing into service a new kiln each year during this period, and to reduce its production costs. Nonetheless, the Group has decided to adapt implementation of this plan to specific conditions in some markets: by delaying investment planned in the South East region of the United States, the in-service date for the new kiln, which was originally planned for 2010, being now 2012 at the earliest; and in Switzerland, the increase in capacity that was originally scheduled for 2010, is now being brought forward to 2009;
- the Group also intends to continue its selective external growth policy through acquisitions or greenfield sites that will enable it to take a position as a key player on new regional markets, or which will complement its existing production capacity or its range of products and services.

To achieve its goals, the Group can rely on its industrial and commercial expertise in its core businesses and on the stability of its strategic model, backed by its shareholders and a family management present in the Company since its foundation and having in-depth experience of these businesses.

3.2. SELECTED FINANCIAL INFORMATION

The selected financial information has been extracted from the Group's consolidated financial statements, prepared in accordance with IFRS for the three years ended December 2006, 2007 and 2008.

The Group's consolidated financial statements, for each of the three years covered by this Registration Document, were audited by KPMG Audit, Cabinet Patrick Wolff and Wolff & Associés SAS (from 2007 onwards), incumbent and independent auditors whose reports are included in Section 20 "Financial information" of this Registration Document.

The Group's key figures

(in millions of euros)	2008	2007	2006
Consolidated net sales	2,057	2,136	2,083
EBITDA(1)	528	593	564
Consolidated net result	273	331	314
Total equity	1,954	1,717	1,700
Net indebtedness/equity (in %)	34.7%	30.0%	15.1%
Net income per share (euros/share)	5.46	6.40	6.03
Dividend per share (euros/share)	1.50(2)	1.50	1.30

(1) Earnings Before Interest, Taxes, Depreciation and Amortisation: *gross operating earnings less other ordinary income (expense). EBITDA is not an aggregate defined by accounting principles. Since EBITDA is calculated differently from one company to another, the data provided in this Registration Document offering circular and related to the Group's EBITDA might not be comparable to EBITDA data from other companies.*

(2) *Proposal by the board of directors at the General Meeting of the shareholders on May 15, 2009.*

Income statement

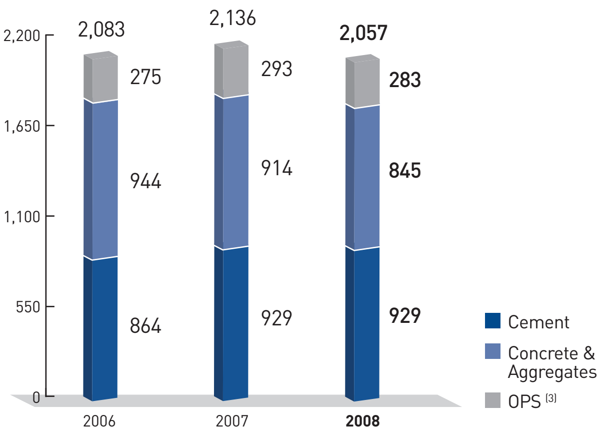
(in millions of euros)	2008	2007	Variation 2008/2007 (in %)	2006	Variation 2007/2006 (in %)
Consolidated net sales	2,057	2,136	-3.7%	2,083	2.6%
EBITDA	528	593	-10.9%	564	5.1%
EBIT(1)	392	480	-18.3%	442	8.7%
Financial result (expense)	(26)	(18)	+40.8%	(9)	101.1%
Consolidated net result	273	331	-17.4%	314	5.4%
Group share of net result	245	299	-18.1%	282	6.1%
SFC(2)	402	477	-15.7%	436	9.3%

(1) Earnings Before Interest and Tax: *EBITDA less depreciation, amortisation and operating provisions. EBITDA is not an aggregate defined by accounting principles. Since EBITDA is calculated differently from one company to another, the data provided in this Registration Document and related to the Group's EBITDA might not be comparable to EBITDA data published by other companies.*

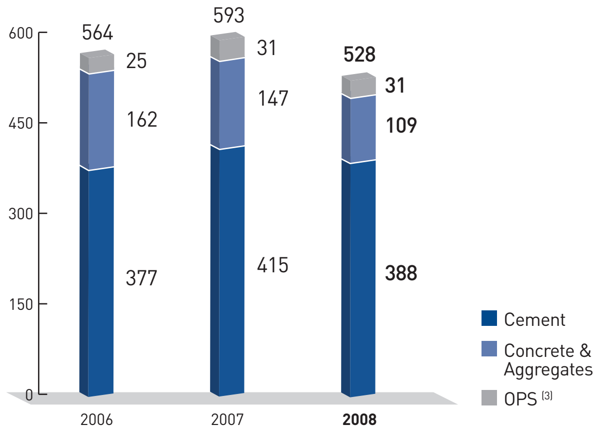
(2) SFC: *self-financing capacity.*

Evolution of the distribution of sales and EBITDA by business

Consolidated sales by business[1] (in millions of euros)



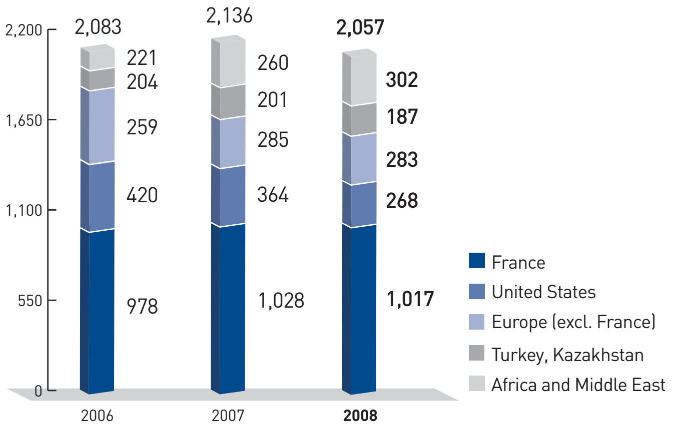
EBITDA by business[2] (in millions of euros)



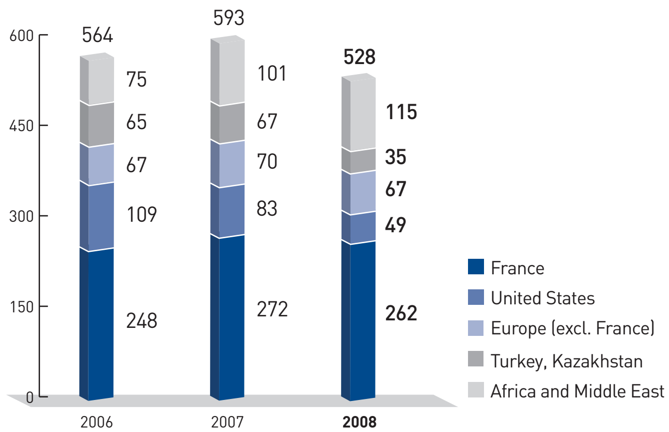
(1) *Unless stated otherwise, the figures are given after intra-group eliminations.*
(2) Earnings Before Interest, Taxes, Depreciation and Amortisation: *gross operating earnings less other ordinary income (expense). EBITDA is not an aggregate defined by accounting principles. Since EBITDA is calculated differently from one company to another, the data provided in this Registration Document offering circular and related to the Group's EBITDA might not be comparable to EBITDA data from other companies.*
(3) OPS: *Other Products & Services.*

Evolution of the distribution of sales and EBITDA by geographic area

Consolidated sales by geographic area of implantation (in millions of euros)



EBITDA by geographic area of implantation (in millions of euros)

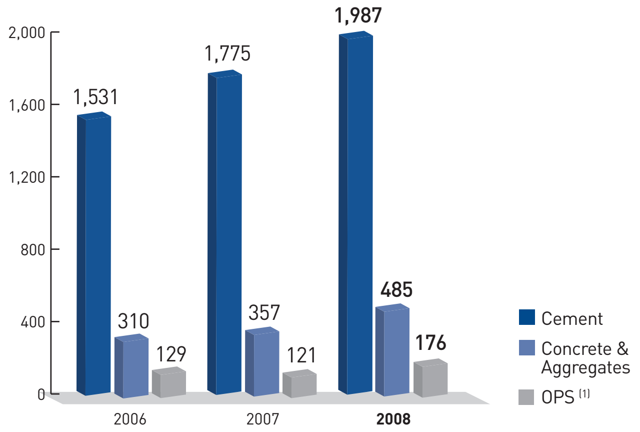


Consolidated balance sheet

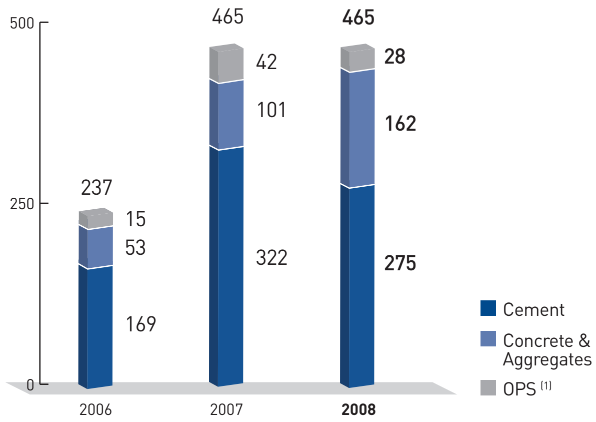
(in millions of euros)	2008	2007	2006
ASSETS			
Non-current assets	2,539	2,191	1,905
Current assets	888	868	958
Total assets	**3,427**	**3,059**	**2,863**
LIABILITIES			
Group share of the equity	1,775	1,563	1,578
Minority interests	179	154	122
Total equity	**1,954**	**1,717**	**1,700**
Non-current liabilities	1,005	889	756
Current liabilities	468	453	407
Total liabilities	**3,427**	**3,059**	**2,863**

Change in the distribution by business of the assets employed and investments

Assets employed by business (in millions of euros)



Total investments by business (in millions of euros)



(1) OPS : Other Products & Services.

Simplified changes in consolidated shareholders' equity (including minority interests)

(in millions of euros)	2008	2007	2006
Equity as at January 1	1,717	1,700	1,518
Result for year	273	331	314
Dividends	(71)	(67)	(35)
Effect of currency fluctuations	0	(30)	(89)
Variation of scope (minority interests)	2	11	(1)
Other variations(1)	33	(228)	(7)
Shareholders' equity as at December 31	1,954	1,717	1,700

(1) *Relating principally in 2007 to the purchase of own shares and to fluctuations in the market value of the financial assets and liabilities.*

Consolidated financial ratios

	2008	2007	2006
Net indebtedness/total equity (in %)	34.7%	30.0%	15.1%
Net indebtedness/EBITDA(1)	1.28	0.87	0.45
Net indebtedness/SFC(2)	1.68	1.08	0.59
Hedging of financial expenses			
by EBITDA	17.6	27.6	35.9
by EBIT	13.0	22.3	28.1

(1) Earnings Before Interest, Taxes, Depreciation and Amortisation: *gross operating earnings less other ordinary income (expense). EBITDA is not an aggregate defined by accounting principles. Since EBITDA is calculated differently from one company to another, the data provided in this Registration Document offering circular and related to the Group's EBITDA might not be comparable to EBITDA data from other companies.*

(2) SFC: *self-financing capacity.*

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Before taking the decision to invest in the Company, prospective investors should examine all the information contained in this Registration Document, including the risks described below. These risks are those which, as of the date of registration of this Registration Document, are liable, if they materialise, to have an adverse effect on the Group, its business, its financial condition and results of operations, and which are material to any decision on whether or not to invest. However, the attention of prospective investors is drawn to the fact that the list of risks set out in this Section 4 "Risk factors" is not exhaustive and that there may be other risks either, unknown or which at the date of this Registration Document, were not considered as likely to have an adverse effect on the Group, its business, its financial condition, or its results, but could in fact adversely affect its activities, its financial condition, its results, its prospects or its ability to achieve its objectives.

4.1. RISKS RELATING TO THE GROUP'S BUSINESS

4.1.1. Risks related to the competitive environment

The Group operates its various businesses in competitive markets. In relation to the Group's main businesses—Cement, Ready-mixed concrete and Aggregates—competition is principally on a regional scale, due to the relative magnitude of transport charges, especially in the case of road transport. The competitive intensity of each regional market depends on present and available production capabilities. The Group's capacity to maintain its sales and its margin on each market therefore depends on its capacity to respond to market demand with its local production facilities. The presence of other producers with available or surplus capacities on a regional market or one in the vicinity, or the presence of one or more producers having or being capable of setting up material import infrastructures (in the case of cement and aggregates) on the regional market under satisfactory economic conditions (for example, through port or rail access) may lead to increased competition.

Intense competition in one or more of the markets in which the Group operates may have a material adverse effect on its business, its financial condition, its results, its prospects or its capacity to achieve its objectives, in particular in the context of a world-wide economic and financial crisis. This is particularly the case in the cement manufacturing business, given the highly capital intensive nature of this business and the significant effect of a volume differential on its results (see Section 6.2 "Group strengths and strategy" and Sections 6.3.1.5 and 6.3.2.5 "Competitive position" of this Registration Document).

4.1.2. Sensitivity to energy supply and costs

The Group's production activities and, in particular, the cement manufacturing business, consume large amounts of thermal and electrical energy, which represent a significant part of production costs.

The Group's electricity is supplied by local producers in each country and the Group does not always have an alternative supply source. This situation exposes the Group to interruptions in electricity supply or price increases. Where the Group has considered this risk to be significant, it has established independent electricity generators.

Except as otherwise discussed above and in Section 4.1.4.5 "Availability of certain raw materials" of this Registration Document, the Group believes that it is not dependent on its suppliers.

For its supplies of thermal energy, the Group buys fossil fuel on the international markets and is thus exposed to variations in the price of such fuel. In order to limit its exposure, the Group has on the one hand adapted its production facilities to use, to the extent possible, a variety of fuels, and, on the other hand is continuing with hedging in future markets in order to smooth out the effects of fuels price variations. It has also developed a policy intended to foster the use of alternative fuels such as used oil, used tires and other recycled materials or industrial waste.

However, increases or significant variations in the price of electricity or fuel may have a material adverse effect on the Group's business, its financial condition, its results of operations, its prospects or its capacity to achieve its objectives.

4.1.3. Country risks

An integral part of the Group's growth strategy is to seize development opportunities in growing markets. In 2008, approximately 24% of the Group's sales were made on these markets, qualified as "emerging markets", primarily in Africa and in the Middle East. This exposes the Group to risks such as political, economic and financial or social instability, staff safety, difficulties in recovering customer debts, exchange rate fluctuations, high inflation rates, the existence of exchange control procedures, export controls, taxation and differences in regulatory environments that may affect the markets on which the Group operates, and even nationalisations and expropriations of private property that could affect companies operating in these markets.

Although the Group carefully selects the countries in which it operates, the materialisation of some of these risks could affect the continuity of its businesses in the countries concerned and have a material adverse effect on its business, its financial condition, its results of operations, its prospects or its capacity to achieve its objectives.

4.1.4. Industrial and environmental risks

▼ 4.1.4.1. Risks related to production facilities

The Group's factories were built in compliance with applicable standards and were designed so as to afford a significant degree of resistance to natural risks such as wind, snow and earthquakes. The choice of sites for the factories also considers natural flooding risks.

The Group's production facilities are equipped with monitoring and control systems incorporating automatic devices and software, whose dysfunctioning could affect the factories' daily operations.

Heavy production facilities are protected against risks of breakage and machine failure by permanent maintenance programmes and by reserves of spare parts (such as engines, reducers and bearings etc.) For the most important systems and those with long lead times. Due to their remoteness, which lengthens lead times, the Group ensures that its factories located in emerging markets rigorously apply this policy of maintaining reserves of spare parts.

However, the Group cannot exclude the occurrence of such events, which could have a material adverse effect on its business, its financial condition, its results, its prospects or its capacity to achieve its objectives.

▼ 4.1.4.2. Risks related to industrial investments

The Group's development relies, in particular, on industrial investments intended to modernise its existing equipment and increase production capacity or develop new production capacity ("greenfield" plants in Kazakhstan and in India). Regardless of the quality of the service providers used, any delay or difficulty in meeting the required performances may have a material adverse effect on the Group's business, its financial condition, its results of operations, its prospects or its capacity to achieve its objectives.

▼ 4.1.4.3. Environmental risks

The principal environmental risks related to the Group's business and the principal actions taken to address and limit these risks are developed in Section 8.2 "Environmental policy" of this Registration Document.

▼ 4.1.4.4. Risks related to product defects

Products manufactured by the Group are monitored throughout the production process. The Group also verifies the compliance of its products with the standards applicable in the markets where they are sold. However, despite these controls, it cannot exclude the possibility that malfunctions or accidents may result in product quality defects.

Such defects could have a material adverse effect on the Group's reputation, its activities, its financial condition, its results, its prospects or its capacity to achieve its objectives.

▼ 4.1.4.5. Availability of certain raw materials

The Group has its own reserves of limestone, clay and aggregates, which are used for its industrial activities. It also buys some of these raw materials on certain markets from third-party suppliers, as well as additives such as blast furnace slag (from steel works), fly ash (a by-product of coal combustion in power stations) and synthetic gypsum. If the quarries operated directly by the Group or its suppliers suddenly ceased trading or were forced to cease or reduce production of these raw materials, the Group may be required to obtain its supplies at a higher cost and may not be able to recover such increased costs through price increases, or seek replacement raw materials, which could have a material adverse effect on its business, its financial condition, its results, its prospects or its capacity to achieve its objectives.

4.2. RISKS RELATED TO THE INDUSTRY IN WHICH THE GROUP OPERATES

4.2.1. Risks of dependency on the construction (cyclical nature of the construction market), real estate (residential and non-residential), industry, public works and urban development markets

The products and services sold by the Group, and in particular cement, concrete and aggregates, are used for construction of individual or multiple occupancy housing, for industrial or commercial buildings and for infrastructure (roads, bridges, tunnels, highways). The demand for the products and services sold by the Group depends both on structural elements specific to each market and their evolution and on general economic conditions.

Structural factors that determine demand for construction materials on each market are mainly demography, the rate of urbanisation and economic growth (represented for example by the gross national product *per capita)* and the respective growth rates of these parameters, as well as more cultural elements such as the construction practices of each market (timber, steel, concrete). A frequently used indicator of the intensity of consumption is cement consumption *per capita*.

Aside from these structural factors, the economic situation influences construction markets through the economic climate, and particularly in the current context of world-wide economic and financial crisis. This is because global economic parameters determine the capacity of the public and private sectors to finance construction projects by access to credit, and to implement them.

Significant fluctuations of any of these parameters in a market important to the Group are likely to have a material adverse effect on its activities, its financial condition, its results of operations, its prospects or its capacity to achieve its objectives.

4.2.2. Risks related to regulation

The Group operates in a highly regulated environment. It must comply with many legislative and regulatory provisions, which differ in each of the countries in which it operates. In particular, the Group is subject to strict international, national and local regulations relating to the operation of quarries or cement factories (see Section 6.5 "Legislative and regulatory environment" of this Registration Document). The continuation of any operation depends on compliance with these legislative and regulatory requirements. In this respect, the Group has developed a permanent dialogue with the local authorities and residents' and environmental protection associations, in all its operating areas, and instituted measures intended to reduce the harmful effects related to quarrying operations to limit the risks of conflict. However, should the Group be unable to comply with the applicable regulations in the future, it could face withdrawals of operating licenses, incur liabilities or be sentenced to pay fines.

More generally, the Group cannot give assurances that rapid or significant modifications of the legislation and regulations in force will not occur in the future, whether at the initiative of the relevant authorities or following an action brought by a third party or local associations opposed to the development by the Group of its activities. Changes in applicable regulation or its implementation could lead to the imposition of new conditions for carrying on its business, which may increase the Group's investment costs (related, for example, to adapting the methods of operating its quarries or cement factories), or its operating costs (in particular by the institution of procedures or controls and additional monitoring), or may constitute an impediment to the development of its business.

The Group cannot exclude that such developments may have a material adverse effect on its activities, its financial condition, its results, its prospects or its capacity to achieve its objectives.

4.2.3. Climate risk

The construction materials business operated by the Group in various markets experiences seasonal fluctuations, which depend both on climate conditions and on the practices of each market. Beyond the usual incidence of such seasonal variations, which is described in Section 9 "Examination of the financial condition and the result" of this Registration Document, the Group's business could be affected by climate risks that could have an impact on its most significant markets. The demand for construction materials is directly affected by exceptional climatic conditions (such as very cold temperatures, or abundant rain or snow); which may affect the normal use of materials on building sites, particularly during periods of intense activity in the construction sector.

The occurrence of such conditions in a market important to the Group could have a material adverse effect on its activities, its financial condition, its results of operations, its prospects or its capacity to achieve its objectives.

4.3. LEGAL RISKS

The Group's companies are, or are likely to be, involved in a certain number of legal, administrative or arbitration proceedings in the normal course of their business. For example, changes to laws and regulations, as well as the increasing activity of local associations opposed to development of the cement industry may generate administrative proceedings and potential disputes. Damages are, or can be, claimed against the Group under some of these procedures (see Section 6.5 "Legislative and Regulatory Environment" and Section 20.6 "Legal proceedings and arbitration" of this Registration Document). The policy of allocating provisions is set out below in Note 1.16 of Section 20.2.2 "Appendix to the 2008 consolidated financial statements" of this Registration Document.

4.4. MARKET RISKS

The Group operates within an international framework through locally-established subsidiaries, some of which account for their operations in non-euro currencies. The Group is therefore exposed to exchange rate and conversion risks.

4.4.1. Exchange rate risks

The Group is subject to exchange rate risks arising from its subsidiaries' operations in currencies other than their operating currency, or agreements concluded by its subsidiaries in currencies other than their operating currency.

The table below sets forth the breakdown of the total amount of the Group's assets and liabilities in foreign currencies, which are primarily in US dollars, as at December 31, 2008:

(in millions of US dollars)	
Assets	21.2
Liabilities	(470.9)
Net position before management	**(449.7)**
Off balance sheet liabilities	(20.8)
Hedging instruments	434.3
Net position after risk management	**(36.2)**

Since its subsidiaries' activities are generally carried out locally and are denominated in their operating currencies, the Group considers that its current and future exposure to exchange rate risk is low overall.

The financial indebtedness of the Group is essentially borne by the Company and is denominated in euro after the conversion of US dollar denominated debts through financial hedging instruments (cross-currency swaps or foreign exchange swaps). Intragroup financings are hedged by subsidiaries if the loan currency is not the same as the subsidiary's operating currency.

The hypothetical loss on the net currency position arising from an unfavourable and uniform change of one centime of the operating currency against the US dollar would amount to a loss of €0.7 million.

However, the Group cannot exclude the fact that an unfavourable change in exchange rates could have a material adverse effect on its activities, its financial condition, its results of operations, its prospects or on its capacity to achieve its objectives.

4.4.2. Conversion risks

The financial statements of the Group's foreign subsidiaries (other than in the Eurozone) as expressed in their operating currencies are converted into euros, the "presentation currency", in preparing the Group's consolidated financial statements. Fluctuation of the exchange rate of these currencies against the euro results in a positive or negative variation in the euro value of the subsidiaries' income statements and balance sheets in the consolidated financial statements. The effect of fluctuating exchange rates on the conversion of the financial statements of the Group's foreign subsidiaries (other than in the Eurozone) on the consolidated balance sheet and the income statement is discussed in Sections 9 "Examination of the financial condition and results" and 10 "Cash flow and equity" of this Registration Document.

4.4.3. Interest rate risks

The Group is exposed to an interest rate risk on its financial assets and liabilities and its cash. This exposure to interest rate risk corresponds to two categories of risk.

▼ 4.4.3.1. Exchange rate risks for items in the financial assets and liabilities at a fixed rate

When the Group incurs a debt at a fixed rate, it is exposed to an opportunity cost in the event of a fall in interest rates. Interest rate variations have an impact on the market value of fixed rate assets and liabilities, while the corresponding financial income or financial expense remains unchanged.

4.4.3.2. Cash flow risks related to items in the assets and liabilities at variable rates

The interest rate risk is generated primarily by variable interest rate items in the assets and liabilities.

Interest rate variations have little impact on the market value of variable rate assets and liabilities, but directly affect the Group's future income flows and expenditure. Exposure to interest rate risks is managed by combining fixed and variable rate debts on the one hand and on the other hand by limiting the risk of fluctuation of variable rates by recourse to hedging instruments (caps and rate ceilings) and by short term cash surpluses remunerated at a variable rate. The Group refrains from speculative transactions in financial instruments. Financial instruments are exclusively used for hedging purposes.

(in millions of euros)	< 1 year(1)	1 to 5 years	Beyond 5 years	Total	Reminder 2007
Financial liabilities(2)	558.2	176.6	52.5	787.4	598.6
- of which, at fixed rate	20.7	176.6	52.5	249.8	222.6
- of which, at floating rate	537.5	-	-	537.5	376.0
Financial assets(3)	109.6	-	-	109.6	83.6
Net position before management (a)	**427.9**	**-**	**-**	**427.9**	**292.4**
Off-balance sheet liabilities (b)(4)	283.1	-	-	283.1	100.0
Net position after management (a) - (b)	**144.9**	**-**	**-**	**144.9**	**192.4**

(1) Of which variable rate assets and liabilities.
(2) Including deposits, negotiable debt instruments, bonded debt, other loans and debts, various liabilities, etc.
(3) Including bonds, treasury bills, other negotiable debt instruments, loans and advances, various assets, etc.
(4) Term financial instruments (FRA, interest rate swaps, other off-balance sheet commitments, including options).

The Group estimates that a uniform rise in interest rates of 100 basis points would have an insignificant impact on its financial results, given the exchange rate cap agreements in place as at December 31, 2008.

In January 2009, the Company subscribed to caps agreements for a 5 year period and an additional amount of €120 million.

4.4.4. Equity and securities risks

The Group does not have a securities portfolio, other than holdings of its own shares, purchased principally in June 2007 in the context of the sale by HeidelbergCement of its shares in the Company. The Extraordinary General Meeting held on May 16, 2008 decided to cancel 1,871,200 Vicat shares held directly, thereby reducing share capital to €179,600,000, divided into 44,900,000 shares each with a nominal value of €4. The situation of this portfolio of treasury shares as at December 31, 2008 is as follows:

- Number of Vicat shares held in the portfolio 1,367,979
- Percentage of share capital held by the Company 3.05%
- Carrying cost of the portfolio by the historical cost method (purchase price) €95,919 thousand
- Market value of the portfolio €51,162 thousand
- Net carrying cost of the portfolio €49,014 thousand

Variations in the Vicat share value below the historical value of the purchase may lead to a variation in the Company's income, which was subject to a provision for €46,905 thousand in share depreciation before tax as at December 31, 2008.

Under its cash flow management plan, the Group invests only in short term cash instruments (having a maturity of less than three months) exhibiting no risk of variation in the value of the principal invested. These investments were made with a diverse group of leading banks. These surpluses are denominated in Swiss francs, US dollars and euros.

Certain defined benefit pension plans, in the United States and in Switzerland, are hedged in full or in part by dedicated financial assets consisting, in part, of equity securities.

A negative trend in financial markets could result, in certain cases, in a need to supplement the financing or the provisioning for these plans in order to meet the obligations of the relevant Group companies. A significant increase in contributions by the Group or an increase in provision in accordance with IAS 19 may have a material adverse effect on the Group's activity, its financial condition, its results, its prospects or its capacity to achieve its objectives.

4.4.5. Risks relating to liquidity

Today, the Group is exposed to limited liquidity risks, as discussed in Section 10.3.1 "Group Financial Policy" of this Registration Document.

4.5. RISKS RELATED TO THE COMPANY

4.5.1. Risks related to dependence on managers and key employees

The Group's future success relies, in particular, on the complete involvement of its senior managers. The management team has been marked by stability over a long period (service with the Group in most cases of over fifteen years) and benefits from significant experience of the markets in which the Group operates.

In addition, the Group's continuing growth will require the recruitment of a qualified and internationally mobile supervisory staff. Should the Group suddenly lose several of its managers or be unable to attract these key employees, it could encounter difficulties affecting its competitiveness and its profitability. These difficulties could have a material adverse effect on the Group's activities, its financial condition, its results and prospects or on its capacity to achieve its objectives.

4.5.2. Risks relating to the financial organisation of the Group

Some of the Group's subsidiaries are located in countries that can be subject to constraints as regards taxation or exchange controls restricting or making more expensive the distribution of dividends outside of these countries. Although the Group considers that this risk is limited, it cannot exclude the possibility that this may happen in the future, which could have a material adverse effect on its activities, its financial condition, results of operations, prospects or on its capacity to achieve its objectives.

4.5.3. Risks related to dependence on customers

To date, the Group carries out its three businesses in nine countries with a varied customer base. Indeed, customers of the Cement, Concrete & Aggregates businesses and of the Other Products & Services are distinct economic players in each of the markets where the Group operates: primarily distributors and concrete mixers for the Cement business, construction and public works contractors for the Concrete & Aggregates business, and others depending on the sectors comprising Other Products & Services. The Group does not have global customers present across a number of these markets.

Nevertheless, some of the Group's best customers are also its most important counterparties, in particular, in the Cement business, whose loss would be damaging to the Group's positions in the relevant markets. Although the Group considers that such a risk is limited, it cannot exclude the possibility that such a loss might occur in one or more of its markets, which could have a material adverse effect on its activities, its financial condition, its results, its prospects or on its capacity to achieve its objectives.

4.6. RISK MANAGEMENT

The risk hedging policy is defined by the Group's CEO and is implemented under the supervision of the deputy CEOs of the Group, with the assistance of the legal department. This policy aims to identify potential risks, and define and implement measures to limit these risks through prevention and hedging policies, in order to promote controlled risk management. For each risk, detailed above in Sections 4.1 to 4.5, the measures taken to hedge the risk are specified where applicable. In addition, the Group's policy on internal audit is described in Appendix 1 "Report by the President on the corporate governance and internal audit" of this Registration Document.

4.6.1. Risk prevention policy

The risk prevention policy is an integral part of the Group's industrial policy. It is the responsibility of each operational manager, by country or type of business, and is based, in particular, on the choice of first-rank suppliers for industrial investments, on the constitution of buffer stocks, on the institution of follow-up and risk prevention procedures and on a training policy.

4.6.2. Risk hedging and insurance policy

The Group has subscribed for "Group policies" with leading insurers. These policies are intended to cover foreign subsidiaries, subject to compliance with local legislation.

To improve the protection of its assets, the Group has made, with the assistance of insurers and experts, an analysis of the risks and means of prevention. The Group undertakes an identical policy for risks related to its civil liability.

▼ 4.6.2.1. Property damage

The Group's assets are insured against fire risks, explosion, natural events and machine breakages. A policy covering risks related to operating losses has been taken out in relation to the cement and paper businesses.

The Group's large industrial sites are inspected regularly by safety engineers. The implementation of their recommendations is covered in a schedule relating to, for example, the standardisation and storage of strategic equipment fire detection and prevention, as well as integrated prevention at the design stage for the new sites.

The subscription of a guarantee of €120 million per disaster, including operating losses, results from a study of possible disasters.

The entire Group also benefit from conventional insurance policies for its motor vehicle fleets and for private or public transport by road, sea or river of its goods or other property.

4.6.2.2. Civil liability

Except in the United States, the cap of the guarantee under the civil liability insurance policy was raised on January 1, 2007 to €75 million. All foreign subsidiaries (except in the United States) are insured by the "Group policy" after the expiry of the warranty and caps of the compulsory local policies.

In the United States, given the specific nature of the risks, in particular, in terms of accidents at work, automobile civil liability, general civil liability and product liability, the Group's subsidiaries have an insurance cover amounting to US$200 million.

The guaranteed payouts under the civil liability and product liability insurance policies are subscribed, both in France and abroad, in amounts consistent with local activities and economic considerations.

The risk of environmental civil liability is taken into account in each country.

The Group's managers and representatives, as well as holders of powers of attorney are insured under a "corporate officers" civil liability insurance policy, the purpose of which is to deal with the pecuniary consequences of claims made by third parties for defaults engaging their personal civil liability, either individually or collectively.

5 INFORMATION ABOUT THE COMPANY

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5.1. HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1. Corporate name

The Company's name is Vicat S.A.

5.1.2. Place of registration and registration number

The Company is registered with the Registry of Companies and Commerce of Nanterre under the number 057 505 539.

5.1.3. Date of incorporation and duration of the Company

The Company was incorporated in 1853 and registered with the registry of commerce at the time of its conversion into a *société anonyme*, on January 1, 1919 for a term of 99 years, *i.e.* until December 31, 2018. The extension of the Company's term by 80 years, *i.e.* until December 31, 2098, will be proposed at the Mixed General Meeting of shareholders of May 15, 2009.

5.1.4. Registered office

The Company's registered office is located at Tour Manhattan, 6, place de l'Iris, 92095 Paris-La Défense Cedex (telephone: +33 (0) 1 58 86 86 86):

5.1.5. Legal form and applicable legislation

The Company is a *société anonyme* with a board of directors, subject to the provisions of Book II and of articles R. 210-1 *et seq*. of the French Commercial code.

5.1.6. Accounting period

The Company's accounting period begins on January 1 and ends on December 31 of each year.

5.1.7. History

- 1817: Invention of artificial cement by Louis Vicat.
- 1853: Creation of the Company and construction of the first cement factory (Genevrey-de-Vif by Joseph Vicat, son of Louis Vicat); implementation in this factory of the "double firing" manufacturing method, allowing the manufacture of very homogeneous and very consistent cement.
- 1875: Construction of the Perelle factory in France, manufacturer of quick-setting cement.
- 1922-1929: Construction of the French cement factories of Montalieu and La Grave-de-Peille by Joseph Merceron-Vicat, grandson of Joseph Vicat.
- 1950: André Merceron-Vicat commits the Vicat factories to a programme of modernisation and increase in production capacities.
- 1960-1972: Consolidation of the French cement industry. Construction of the Créchy factory and acquisition of other factories in France (Saint-Égrève, Chambéry, Voreppe, Bouvesse, Pont-à-Vendin).
- 1974: First investment by the Group overseas, with the acquisition of the Ragland cement factory in Alabama (United States).
- 1984: Jacques Merceron-Vicat is appointed President and Chief Executive Officer. The Group commits from this date to a vertical integration of its business in France with the acquisition of two specialised companies (coatings and mortars, and adhesives and cements) grouped under the name "Vicat Produits Industriels" (VPI), of SATM (transport) as well as many aggregate and ready-mixed concrete companies, so as to gradually constitute a network in the Île-de-France, Centre, Rhône-Alpes and Provence-Alpes-Côte d'Azur (PACA) regions.
- 1987: The Group continues its development in the United States with the acquisition of the Lebec cement factory in California.
- 1991-1994: Jacques Merceron-Vicat continues the development of the Group internationally with the acquisition of Konya Cimento and Bastas Baskent, in Turkey.
- 1999: Acquisition of Sococim Industries in Senegal and United Ready Mix in California.
- 2001: Acquisition of the Vigier group in Switzerland, which produces cement, concrete, aggregates and prefabricated products.
- 2003-2006: Acquisition of Cementi Centro Sud, on the west coast of Sardinia and consolidation of the Sinai Cement Company in Egypt with the successive acquisitions of blocks of shares (the Company holding 48.25% of the capital of the Sinai Cement Company as at end 2006).
- 2007: Sale by HeidelbergCement of its 35% shareholding in the Group. Launch of the "Performance 2010" plan intended to increase cement production capacities by 50% and to reduce costs by 2010 by, in particular, increasing significantly the Group's use of substitute fuels. Acquisition of 60% of the capital in Anys Invest LLP in Kazakhstan allowing the Group to be associated with the construction of a cement plant in Mynaral with a production capacity of 1.1 million tonnes, which is expected to be completed in 2010.
- 2008: Guy Sidos is appointed Chief Executive Officer of the Group on March 7, 2008, replacing Jacques Merceron-Vicat, who remains President of the board of directors. Acquisition of the Walker group in the United States, a specialist in ready-mixed concrete. Creation in India of a corporate joint venture, Vicat Sagar Cement, held at 51% by the Group; this company intends to build a cement factory with a 5.5 million tonnes capacity in the State of Karnataka; the first firing line is expected to be finished in 2012. In Mauritania, acquisition of 65% of the capital of BSA Ciment SA, a company that exploits a cement grinding centre. In addition to the "Performance 2010" plan, launch of the "Performance +" plan to optimise cost structure in response to the degradation of the current macro-economic environment.

5.2. INVESTMENTS

The cement-manufacturing industry is a highly capital-intensive industry, requiring significant investments. The construction of a cement factory generally requires capital expenditure of more than €100 million. The Group has always taken care to maintain its industrial production facilities at a high level of performance and reliability. Accordingly, it invests continuously in new equipment which enables it to benefit from the latest tested and recognised technologies.

The Group engaged in 2006 a multi-year industrial investments plan intended to increase cement production capacities by approximately 50% before the end of 2010, at the same time having an objective to bring a new kiln into service each year during this period. The schedule for implementing this plan was adapted during 2008 in order to take into account the situation of some markets. As a result, the construction of the new kiln at the Ragland plant in the United States was deferred until 2012 at the earliest whereas the increase in capacity of the plant in Recheunette, Switzerland, was moved up to 2009.

In addition, the Group carry on its development by external growth, in particular by concluding partnerships in Kazakhstan and in India with a view to build greenfield plants in these countries. As indicated in Section 10.3.1 "Group financial policy" of this Registration Document, financial requirements related to industrial investments are covered by the Group's own resources. The choice of new equipment to be acquired under this investment programme embodies the Group's objective to continue improving the energy efficiency of its installations and to increase substantially the share of secondary fuels used. The following sections present the main investments made in recent years and the major projects underway or planned for the future.

5.2.1. Historical investments

The table below sets out, by business line, the main investments made by the Group in the last three years:

(in millions of euros)	2008	2007	2006
Cement	275	322	169
Concrete & Aggregates	162	101	53
Other Products & Services	28	42	15
Total	**465**	**465**	**237**
Of which financial investments	83	153	13

5.2.1.1. Investments made in 2008

The total amount of industrial investments made in 2008 was €383 million. They are shown hereafter for each of the Group's main businesses. The financial investments amounted almost €83 million in 2008 and correspond in particular to the acquisition of 65% of the share capital of the company BSA Ciment in Mauritania, to a price complement paid in 2008 in the context of the Kazakhstan project agreement concluded in 2007, as well as to several operations of lesser importance, in particular in Ready-mixed concrete in France.

(a) Cement: capital expenditure amounting overall to €275 million, of which €209 million for industrial capital expenditure

- France: in Montalieu, the investments begun during previous years were completed with, in particular, the launch of the new vertical cement mill in August 2008, which increases the plant's cement capacity and gives it greater energy efficiency.
- Egypt: the construction of the second firing line in the El Arish plant occurred in accordance with the established schedule, with the kiln starting up in June 2008, allowing clinker production capacity to be doubled by bringing it to 10,000 tonnes per day; this was followed by the cement grinder starting up in August 2008. This grinder produced more than 350,000 tonnes of cement in the last months of the year, allowing Sinai Cement Company to deal with the strong growth of the demand in the local market.
- Senegal: the work conducted in 2006 and 2007 (new bagging workshop, new storage and filler dosing in cement installation, construction of a vertical cement mill) was completed during the year, thereby increasing grinding and shipping capacity as from October 2008. In addition, construction of a new firing line was continued in 2008 in accordance with the schedule.
- Switzerland: in Reuchenette, the infrastructure work allowing an increase of the plant cement capacity, which was initially planned for 2010, began in order to meet increasing market demand.
- Turkey: end of the cash outflows corresponding to the capacity increasing programme in Bastas and Konya, put into service at the end of 2007.
- Kazakhstan: the construction of the greenfield plant began. The amount recorded in the 2008 financial accounts corresponds to infrastructure work being carried out (railway link, water and power supply), to advances and payments on account for equipments and to the beginning of civil engineering work.

(b) Concrete & Aggregates: capital expenditure amounting overall to €162 million, of which €150 million for industrial capital expenditure

- France: aside from the construction of two new batching plants in Île-de-France, maintenance work on batching plants was undertaken as well as investments in rolling stock.
- Switzerland: the renovation of the batching plaint in Saint Ours was successfully completed. Modernisation work on the Emme Kies und Beon site continued and the new ready-mixed concrete batching plant in Loveresse came into service in the third quarter of 2008.
- United States: the Group acquired the Walker group, which is established in the Atlanta region. The Walker group is specialised in the production of ready-mixed concrete and has 14 concrete batching plants. This operation is part of industrial investments, because the Group acquired the industrial assets of the Walker group.

(c) Other Products & Services

The capital expenditure amounted €28 million, including €24 million of industrial investments, which were devoted to the transport business in France and to the prefabrication business in Switzerland.

5.2.1.2. Investments made in 2007

The total amount of industrial investments made in 2007 was €311 million. They are shown hereafter for each of the Group's main businesses. The financial investments totalled almost €153 million in 2007 and correspond in particular to the acquisition of 60% of the shares in the company Anys Invest LLP in Kazakhstan as well as the acquisition of the Swiss companies Desmeules Frères and Astrada and the increase of its shareholding in companies already consolidated in France and abroad, in particular Sinai Cement Company in Egypt.

(a) Cement: capital expenditure amounting overall to €322 million, of which €241 million for industrial capital expenditure

- **France:** in Montalieu, the investments started in 2005 and 2006 continued, with in particular the launch of a new vertical cement mill for milling raw meal and the new clay homogenisation and storage hall, and made it possible to achieve a daily capacity of 4,000 tonnes per day at year end 2007, while continuing to replace more than 40% of fossil fuels with secondary fuels.
- **Egypt:** the construction of the second firing line continued. The upstream sector of the plant, the crusher and reclaimer are in technical acceptance phase and the construction of the firing line is in line with the planned timetable, with civil engineering finished and mechanical construction completed by 60%.
- **Senegal:** in addition to the entry into service of the new electrical plant and of new dust extraction equipment, a new 10,000 tonnes cement silo was commissioned at year-end 2007 and will be used to double the plant storage capacity. Moreover, the work started in 2006 (new bagging workshop, new storage and filler in cement dosing installation, construction of a vertical cement mill and a new firing line) continued in 2007.
- **Switzerland:** the electrical renovation programme for the plant continued and the new installation of waste water storage was commissioned, allowing its "combustion" in the kiln.
- **Turkey:** two major investment projects were carried out in Turkey in 2007.

  In Bastas, the new firing line with a new coal mill was commissioned, while in Konya the cement milling capacity of the plant was increased with the launch of the new Horomill cement mill, which will allow a reduction in consumption of electricity.
- **United States:** two substitution fuel, powdering and liquid handling installations were built and commissioned in Ragland. Opening of new quarries on both sites has continued.

(b) Concrete & Aggregates: capital expenditure amounting overall to €101 million, of which €49 million for industrial capital expenditure

The investments were mainly made in renovation and operation of plants and aggregate installations in France and Switzerland.

(c) Other Products & Services

The capital expenditure amounted €42 million, including €22 million of industrial investments, which were devoted to the bagging and construction chemistry businesses in France and to the prefabrication business in Switzerland.

▼ 5.2.1.3. Investments made in 2006

The total amount of industrial investments made in 2006 was €224 million. A detailed presentation of these investments is set out hereafter for each of the Group's principal activities. The financial investments (consolidated securities, businesses, other) totalled around €13 million in 2006, and resulted primarily from acquisitions of companies or Ready-mixed concrete and Aggregates businesses in France and Switzerland.

(a) Cement: capital expenditure amounting overall to €169 million, of which €166 million for industrial capital expenditure

- **France:** work on the Montalieu factory began with the construction of a new clay hall, the installation of a vertical raw meal mill with an output of 350 tonnes/hour, a 1.8 kilometre conveyor belt linking the quarry at Enieu to a new pre-homogenisation hall, as well as modifications to the pre-heating tower. This work intends to increase kiln output, by raising it from 3,600 to 4,500 tonnes of clinker/day in 2008, to reach an expected use of 70% of alternative fuels.
- **United States:** a new vertical cement mill with an output of 150 tonnes/hour was brought into service on the Ragland factory in 2006. The cement facilities upgrades in the south-east were completed to accompany the modernisation of the fleet of wagons (75 new units), with an increased capacity. At Lebec, a new facility for the transfer, storage and supply for cement mills into synthesised gypsum was installed to benefit from the significant savings brought about by the substitution of this new material in place of natural gypsum.
- **Switzerland:** the factory of Reuchenette proceeded with the upgrade and maintenance plan for its industrial facilities, in particular through the installation of electricity distribution networks and a paper-ash silo.
- **Turkey:** a new homogenisation silo with a capacity of 8,000 tonnes and a cement silo with a capacity of 9,000 tonnes were put into service in 2006 in Konya. Work to install the new Polysius kiln with a capacity of 4,500 tonnes clinker/day began on the Bastas site (in-service date planned for the second half of 2007), as well as those concerning the installation of a new Horomill cement mill on the Konya site which was brought into service in 2007.
- **Senegal:** installation work for the new Rufisque power station was completed in 2006 with an actual production start-up in February 2007. In addition, work relating to increasing the capacity of the Rufisque factory was undertaken to set up:
  - a new kiln (Polysius) with a capacity of 3,500 tonnes clinker/day;
  - a new cement mill with a capacity of 120 tonnes/hour;

- a new storage silo for cement; and
- a new bagging workshop.

In addition to the increase in the factory's capacity, dust extraction systems (bag filters) are being installed on one of the two existing kilns.

- Egypt: the El Arish factory has undertaken work to double the capacity of the factory, with the installation of a second firing line equipped with a FLS kiln with a capacity of 5,000 tonnes clinker/day, increasing the capacity of the factory to 3.3 million tonnes of clinker.
- Italy: various maintenance investments were undertaken at the Oristano plant.

(b) Concrete & Aggregates: capital expenditure amounting overall to €53 million, of which €45 million was industrial capital expenditure

- France: with respect to the concrete business, the principal industrial investments were devoted to renovating the concrete batching plant of Vénissieux (Lyon), Beauchalot (Toulouse) and Rives (Grenoble). As far as the aggregates business is concerned, the industrial investments involved extraction systems in the quarry (dredger, dragline, etc.), treatment installations (grinding, screen, etc.) and transport installations (conveyor belt). Thus, the Group, in particular, completed the work undertaken on the site of Saint-Jean-le-Vieux, with the start-up of an installation offering an output of 750 tonnes/hour.
- United States: 138 new trucks were brought into service under the mixer truck fleet renewal programme in Alabama and California.

(c) Other Products & Services

The amount of capital expenditure was €15 million, including €13 million of industrial investments, which were devoted to the transport and construction chemistry businesses in France and to the prefabrication activity in Switzerland.

5.2.2. Principal investments in progress and planned

In the current degraded economic context, the Group is determined to carry on prudently its development strategy and the implementation of the Performance 2010 plan. Nonetheless, as mentioned above, this plan was adapted to the economic context of some markets (acceleration in Switzerland, deferral of investment in the United States) and completed by a "Performance +" plan designed to improve free cash flow resources in the Group, in particular by deferring all investments considered to be non-strategic. Aside from the elements of the Performance 2010 plan, investments relating to the environment and to security are considered to be strategic. In this context, the current investment plan is being continued and its main projects are—for an expected overall amount of approximately €380 million—as follows:

- France: the investments planned in 2009 mainly concern the Cement business. Aside from investments relating to the environment and to security, they concern maintenance or productivity operation designed to guarantee performance of installations and to improve the use of alternative fuels,
- United States: the construction of the new kiln in the Ragland plant, which was initially planned for 2010, has been deferred to 2012 at the earliest to take the current market situation into account. This kiln will have a capacity of 5,000 tonnes of clinker per day and will be designed to use alternative fuels in order to reduce the cost price.
- Turkey: to allow the increase in use of secondary fuels, the Group continues to develop a waste collection and processing network with a partner. This project, which will be operational in 2009, will allow a substantial increase in the use of alternative fuels in the Bastas plant.
- Switzerland: the capacity of the Reuchenette kiln will be increased by 600 tonnes clinker/day to reach 2,400 tonnes of clinker/day in 2009. The planned investments will also increase the use of alternative fuels, in particular solids.
- Egypt: after increasing the plant capacity in 2008, a new cement mill will be launched in 2009, enabling to transform all the clinker produced.
- Senegal and Mali: the capital spending programme which began in 2006, will be completed mid 2009 with the launch of Sococim Industries' new Polysius firing line, having a capacity of 3,500 tonnes of clinker per day. This new equipment will allow Sococim Industries to meet market needs in the sub-region without relying on expensive purchase of clinker, as well as to provide clinker for the new Group cement mill in Mauritania.
- Kazakhstan: after Vigier took over 60% of the project company share capital in 2007, the Group implemented the construction of a greenfield plant in Mynaral, near lake Balkash. This plant, which has a 1.1 million tonne cement capacity, is being built by China Triumph Eng. in the framework of a turnkey agreement concluded in August 2007. It will implement recent and proven cement mill techniques (vertical raw meal mill, 5 stage pre-heating tower, bag filters, covered clinker storage, etc.). The work planned in 2009 includes continuing infrastructure and civil engineering work as well as beginning assembly work. The in-service date is planned for 2010.
- India: the Group created in June 2008 a joint venture, Vicat Sagar Cement, held at 51% by the Group and at 49% by its Indian partner, Sagar Cements. In this context, the construction of a greenfield plant with an annual cement capacity of 5.5 million tonnes is foreseen in the State of Karnataka, subject to obtaining the required authorisations. In 2009, the Group will start work on the first of the two production lines, aiming at an operating start in 2012. (See also Sections 6.3.1.7(j) "Description of the businesses and introduction to the markets", 9.1.5 "Effect of modifications to the scope and exchange rate variations" and 12.2.3 "Industrial investments".)

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The Group's three main activities are:

- Cement;
- Ready-mixed concrete and Aggregates;
- Other Products & Services.

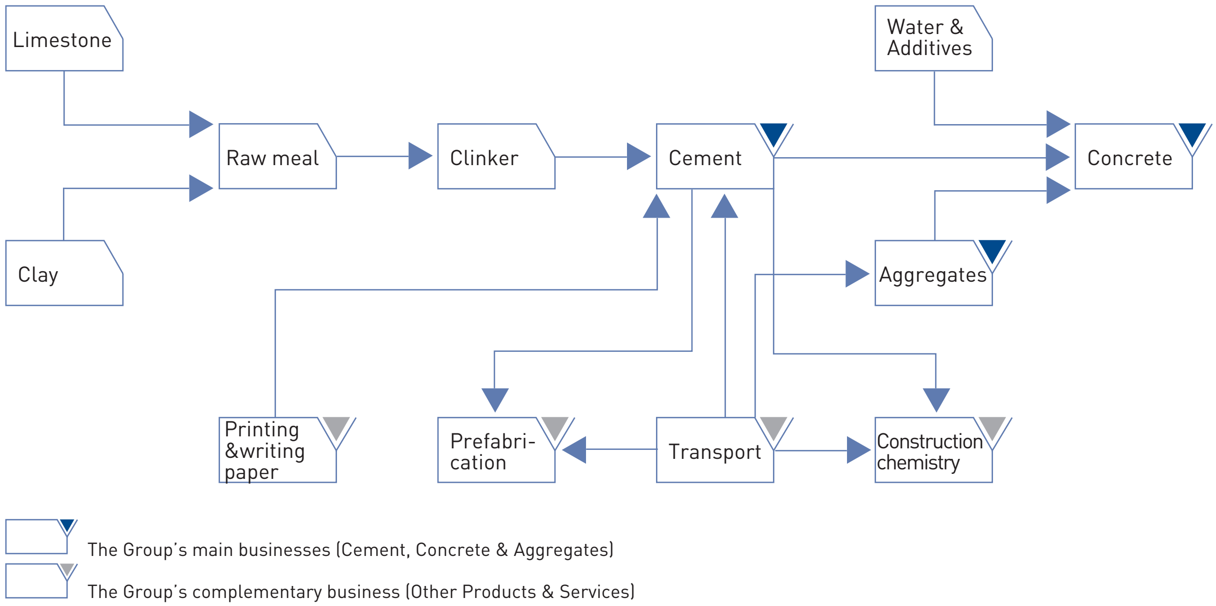
The Group has developed around the manufacture and sale of cement, business it undertakes in all the countries where it operates. The Group then integrates vertically downstream businesses such as Ready-mixed concrete and Aggregates. Together, these three activities comprise the Group's core business, on which it focuses its development.

In addition, the Group operates complementary activities in certain countries, such as transport, construction chemistry, paper production and prefabricated concrete products.

The Group is based in eleven countries across Europe, North America, Asia, Africa and the Middle East.

6.1. OVERVIEW OF THE GROUP'S BUSINESSES

The following diagram shows the physical flow of production and the integration of the Group's activities.



Cement: cement is a hydraulic binder which forms a part of the composition of concrete; its raw materials are limestone and clay. In contact with water, the cement silicates and aluminates reorganise and form a crystalline structure, which gives the strength to concrete.

Ready-mixed concrete: concrete is obtained by mixing cement, aggregates, water and additives. Depending on the work for which it is intended and the environment to which it will be exposed, concrete is mixed, dosed and used specifically to meet precise quality and performance criteria.

Aggregates: aggregates are sands and natural gravels used in the construction of civil engineering works, public works and buildings. An important part of these aggregates are used in the manufacture of concrete, with the remainder being intended for highway construction.

Other Products & Services: the Group also operates in activities complementary to its three main businesses, which enables it to develop synergies, optimise costs and improve customer service. These activities are transport, construction chemicals, production of paper and paper bags and prefabricated concrete products.

As at December 31, 2008, the Group employed 6,892 people worldwide, and recorded nearly 50.6% of its sales outside France.

Consolidated sales allocated by business

	2008		Change	2007		2006	
	millions of euros	%	2008/2007	millions of euros	%	millions of euros	%
Cement	929	45.2%	0.0%	929	43.5%	864	41.5%
Concrete & Aggregates	845	41.1%	-7.5%	914	42.8%	944	45.3%
Other Products & Services	283	13.7%	-3.5%	293	13.7%	275	13.2%
Total	**2,057**	**100.0%**	**-3.7%**	**2,136**	**100.0%**	**2,083**	**100.0%**

The share of the Group's core businesses that Cement, Concrete and Aggregates represent remained stable in 2008 at more than 86% of consolidated sales.

Consolidated sales allocated by geographic area

	2008		Change 2008/2007	2007		2006	
	millions of euros	%		millions of euros	%	millions of euros	%
France	974	47.3%	-1.4%	988	46.2%	943	45.3%
Europe (except France)	318	15.5%	1.3%	314	14.7%	299	14.4%
United States	268	13.0%	-26.3%	364	17.1%	420	20.1%
Turkey	162	7.9%	-16.5%	194	9.1%	205	9.8%
Africa, Middle East, Others	335	16.3%	21.4%	276	12.9%	216	10.4%
Total	**2,057**	**100.0%**	**-3.7%**	**2,136**	**100.0%**	**2,083**	**100.0%**

The share of consolidated sales made in France is slightly falling, due to significant degradation in the macro-economic environment and particularly unfavourable climatic conditions in the business areas at the end of the year. The share of consolidated sales made in the United States is falling sharply, due both to the decline in the Cement and Concrete sectors, which was the result of the decline in the residential property market, and unfavourable changes in exchange rates.

The share of the Africa/Middle East and Others area is increasing strongly, moving from 12.9% in 2007 to 16.3% in 2008 due to strong growth in these markets and to the implementation of new production capacities into service in the Sinai Cement plant in Egypt.

6.2. GROUP STRENGTHS AND STRATEGY

Over a period of more than 150 years, the Group has developed an expertise in the Cement, Concrete and Aggregates businesses which have allowed the Group to establish its position as a regional leader in most markets in which it operates. The Group occupies, alongside other larger multinational companies, a specific position among multi-regional leading players.

The Group focuses on its core business, Cement, in which it has an acknowledged historical expertise, and expands into the ready-mixed concrete and aggregates markets by vertical integration, in order to ensure its access to the cement consumption markets. It also benefits from synergies with complementary activities, carried out in certain markets, to consolidate its product range and reinforce its regional positioning (for example the prefabrication business in Switzerland or transport in France).

The Group favours controlled development in its various businesses, balancing a dynamic internal growth, sustained by industrial investment to meet market demand, with a selective external growth policy to approach new markets having an attractive growth potential or to accelerate its vertical integration.

6.2.1. The Group's strengths

Over the years, the Group has developed an acknowledged expertise in its main businesses, with a multi-location approach which has led it to build strong regional positions and to distribute its activities in a balanced way.

The Group's principal strengths can be summarised as follows:

- industrial and commercial expertise in the Group's core businesses;
- long-term strategy, ensured by family shareholding and management, the family having managed the Group over the past 150 years and having in-depth experience of the businesses;
- diversified geographical presence with strong regional positions;
- stable industrial policy prioritising long-term management of geological reserves as well as maintaining a modern, high-performance industrial base;
- a solid financial structure with high levels of profitability in recent years, enabling the Group, as has been the practice in the past, to finance its growth objectives from its own resources, thereby supporting the creation of value for shareholders.

These strengths allow the Group to respond to strong competitive pressure in certain of its markets and to position itself effectively on markets experiencing sustained growth by rapidly increasing its industrial production capacities or by acquisitions while at the same time pursuing its dual objective of improving its operating margins and actively managing the environmental aspects of its operations.

6.2.2. Development strategy by business

▼ 6.2.2.1. Cement

Cement is the Group's main business, forming the base of its development and profitability. Growth in this business rests on three pillars:

- dynamic internal growth;
- external growth targeting markets with high development potential and construction of greenfield sites.

(a) Internal growth sustained by industrial investment

In the markets where it operates, the Group maintains a constant industrial investment effort intended to do the following:

- first, to modernise its production facilities to improve efficiency and economic performance of its factories and thus have the industrial capacity to respond to intense competition;
- second, to increase its production capacity to keep in step with its markets and to consolidate or increase its positions as regional leader.

To date, the Group has committed investments which should enable it to increase its production capacity by approximately 50% while improving the productivity of its industrial equipment (the Group's investments are shown in detail in Section 5.2 "Investments" of this Registration Document):

- in France, increasing the capacity of the Montalieu factory between 2005 and 2008;
- in Turkey, construction of a new kiln for the Bastas factory, close to Ankara, which was commissioned at year end 2007, to meet demand growth in the Turkish market;
- in Egypt, during the second half of 2008, doubling the production capacity of the factory to allow Sinai Cement to respond to the strong growth of the domestic market and have export capacities available;
- in Senegal, large investment project from 2006 to 2009 intended both to reduce production costs for Sococim Industries and to increase its capacity to meet the needs of West African markets. Starting a new firing line is planned in the middle of 2009;
- in Switzerland, accelerating investments to meet strong demand because of clinker under-capacity at the Reuchenette cement factory. Therefore, the increase in capacity of 200,000 tonnes of cement per year, which was initially planned for year-end 2010, will occur from the second half of 2009;
- in the United States, delaying the investments planned for the South East region to take the current degraded market situation into account. The in-service date for the new kiln, which was originally planned for 2010, should now be in 2012 at the earliest, at which date the market should have re-entered into a growth phase.

The Group also wants to continue the industrial development of its businesses in general, and of its Cement business in particular, while also actively managing environmental aspects.

(b) External growth

Acquisitions targeting new markets with considerable potential

The Group's strategy is to selectively penetrate new markets through the Cement business. The Group's external growth programme aims to satisfy the following criteria:

- location near a significant market having attractive growth potential;
- long-term management of geological reserves (objective of 100 years for cement) and securing its operating licenses;
- net contribution by the project to the Group's results on a short term basis.

The Group's record of growth over the past 30 years illustrates the success of this policy to date.

Construction of "greenfield sites"

As was achieved in Kazakhstan in 2007, the Group may also seize opportunities to enter new developing markets by constructing new factories, on so-called "greenfield sites". Such projects are examined very selectively and must comply with the Group's above mentioned external growth criteria.

In this connection, the Group announced during 2008 its implementation in India with a project to build a greenfield plant in the State of Karnataka with a capacity of 5.5 million tonnes per year. The in-service date for the first firing line is planned for 2012.

▼ 6.2.2.2. Ready-mixed concrete

The Group is developing its Ready-mixed concrete business to reinforce its cement manufacturing business. This development strategy is in line with the maturity of the relevant markets and their integration in the Group's concrete production.

The Group's objective is to create a network of Ready-mixed concrete batching plants around cement factories and close to its consumption markets, whether by constructing new plants or acquiring existing producers.

The Group's objective in investing in this business is vertical integration while prioritising the flexibility and mobility of its industrial equipment and ensuring the profitability of the business.

The Group's development in France, Switzerland, Turkey and the United States illustrates this strategy. In other markets such as Egypt or Senegal, the Group's strategy is to follow the evolution of these markets so as to develop its activities once demand for Ready-mixed concrete is sufficiently high.

6.2.2.3. Aggregates

The Group's presence in the Aggregates business is intended to provide a total response to its clients' demand for construction materials and to secure the aggregates resources necessary to develop the Ready-mixed concrete activity. Development in this business relies on industrial acquisitions and investments intended to increase the capacity of existing installations and to open new quarries and installations.

Investments in this business takes into account the following criteria:

- proximity to the final markets and the Group's concrete batching plants;
- management of significant geological reserves (objective of more than 30 years);
- profitability specific to this business.

This development plan has been implemented successfully in France, Switzerland, Turkey and Senegal.

6.2.3. Geographical development strategy

The Group is established in eleven countries and currently operates in nine countries. It records 49.4% of its sales in France, 14% in Europe (excluding France), 13% in the United States and 24% in emerging markets (mainly Egypt, Mali, Mauritania, Senegal and Turkey).

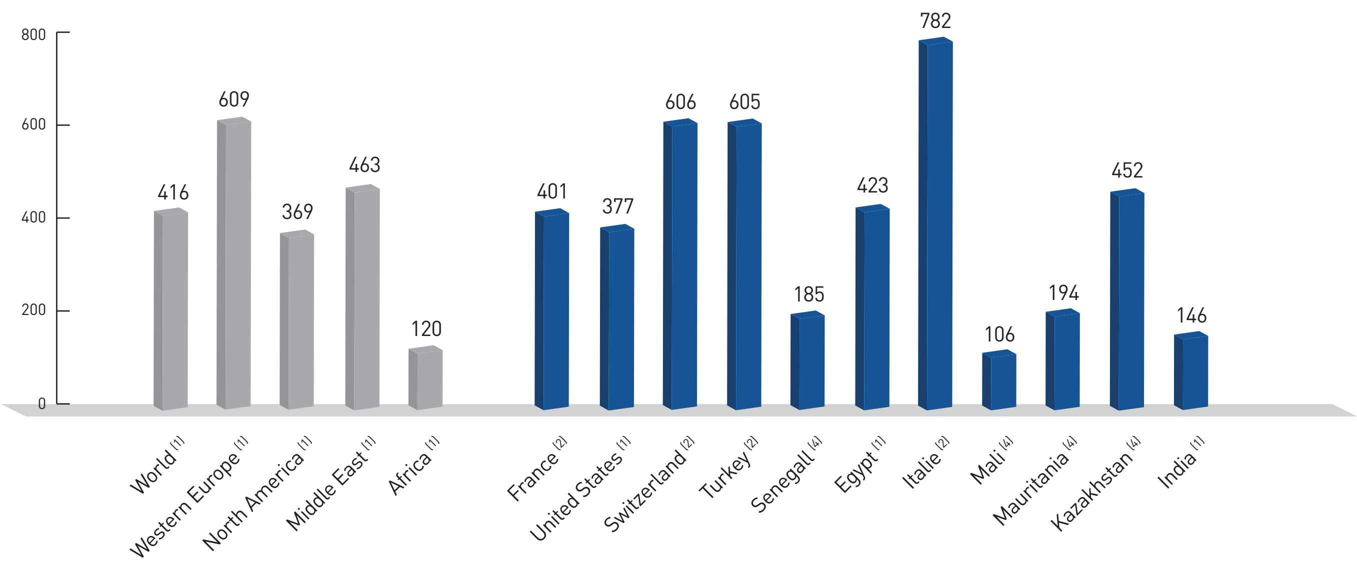
The Group's strategy is to combine investments in developed countries, which generate more regular cash flows, with investments in emerging markets offering significant growth opportunities in the longer term, but which remain subject to more significant market fluctuations, and thereby contribute to a diversification of its geographical exposure. In this context, the Group has a particular interest in development projects in emerging market countries. 2008 was marked by the establishment of the Group in India and in Mauritania, in accordance with the geographic development strategy in place.

In the markets where it operates, the Group aims to develop strong regional positions around its industrial cement production facilities, while also consolidating its position through its Ready-mixed concrete and Aggregates businesses. Where the Group has entered a market through acquisition of a local producer, it lends its financial strength and its industrial and commercial expertise to optimise the economic performance of the acquired entity while capitalising on the local identity of the acquired brands.

6.3. DESCRIPTION OF THE BUSINESSES AND INTRODUCTION TO THE MARKETS

Generally, the dynamism of the construction materials industry in a given market depends primarily on the demographic development of the population, economic growth and evolution of its urban development rate. In addition, the architectural culture and local construction practices have a great influence on the choice of construction materials, which mainly include concrete, wood and steel. This choice is also guided by the availability and the price of each of these materials locally.

Annual cement consumption per capita in 2007

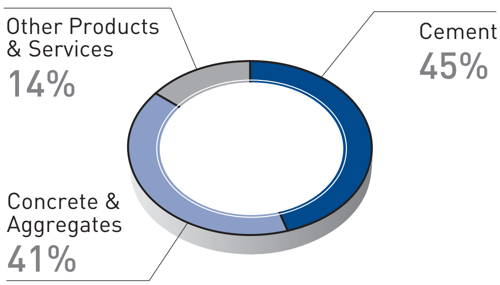


The selling price of cement, which is the Group's principal product, is determined primarily by availability and ease of extraction of its component raw materials, by the cost of thermal and electrical energy, and by the availability of qualified personnel to maintain the production facilities. The existence of surplus production capacity increases competitive intensity and influences prices.

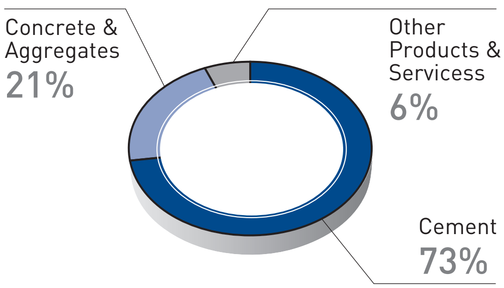
(1) Sources: "Building Materials" J.P. Morgan, September 2008; CIA, The World Factbook and "Le Bilan du Monde 2008", Le Monde.
(2) Source: Cembureau, 2008.
(3) Source: USGS, 2008.
(4) Internal source.

The distributions of the Group's consolidated sales and EBITDA[1] by business in 2008 were as follows:

Sales consolidated by business in 2008



EBITDA by business in 2008



The Group organises its teams by business line in order to better manage each of its activities. This organisation was driven by the fact that the Cement business, on the one hand, and the Concrete & Aggregates businesses, on the other hand, are based on different economic models and serve different customers. Accordingly, the Group manages its activities and allocates its resources by business line in all the markets where it operates. Nonetheless, the capital-intensive nature of this industry often leads the Group to coordinate its businesses by market, in order to improve the total efficiency of its organisation.

Locations

(1) Earnings Before Interest, Taxes, Depreciation and Amortization *is calculated by adding the gross operating margin and other operating expenses and income. EBITDA is not an aggregate defined by accounting principles. Since EBITDA is calculated differently from one company to another, the data provided in this Registration Document offering circular and related to the Group's EBITDA might not be comparable to EBITDA data from other companies.*

6.3.1. Cement

Cement manufacture has been the Group's core business since the Company's foundation in 1853. Cement is a fine mineral powder and is the principal component of concrete, to which it confers a certain number of properties, in particular, its strength. It is a high quality and economic construction material used in construction projects worldwide.

As at December 31, 2008, the Group's worldwide cement business comprised 12 cement factories and four clinker grinding plants. In France, the Group also operates two factories specialising in natural fast-setting cement. The Group's cement sales volumes in 2008 (before intra-group eliminations) amounted to approximately 14.2 million tonnes. In 2008, this segment accounted for over 45% of the Group's consolidated sales (45.2% in 2008, 43.4% in 2007 and 41.5% in 2006), and approximately 73% of the Group's EBITDA (73.5% in 2008, 69.9% in 2007 and 66.8% in 2006).

▼ 6.3.1.1. Products

The Group manufactures and markets various categories of cement, which are classified according to the chemical composition of their constituting raw materials, the addition of supplementary ingredients at the grinding stage and the smoothness of the product. Each cement range is appropriate for specific applications such as residential construction, structural works, underground works or the production of concretes subject to corrosive conditions.

The distribution between each type of application on a given market depends on the maturity and the construction practices of the country. The Group's cement factories manufacture conventional cements as well as cements for specific applications. In both cases, these cements are certified as compliant with the standards currently in force in the various countries in which the Group operates, both in terms of composition and of designation. The principal cement categories produced by the Group are set out and classified below according to French standards:

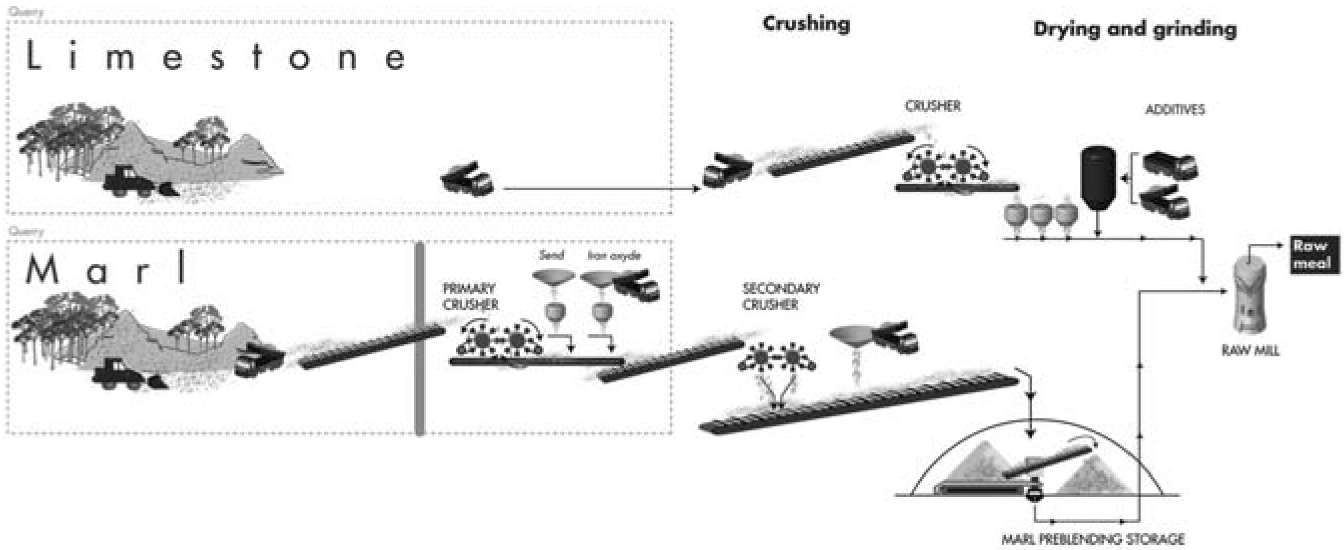
- CEM I (Portland cements) and CEM II (composite Portland cements): cements most commonly used in the residential construction industry, to produce conventional reinforced concrete works;
- CEM III (blast furnace cements) and CEM V (slag cements): conventional cements, with few heat releasing properties during hydration and with low sulphate content, used in underground work in corrosive conditions or in work by marine environments;
- CEM IV (pozzolanic cements): conventional cements using mineral products of volcanic origin with hydraulic properties. The Group manufactures and sells this type of cement only in Italy;
- molten aluminous cement: special cement used in works requiring high strength on a short term basis, or for concretes having to undergo thermal shocks or strong abrasions;
- natural quick-setting cement: special quick-hardening cement, whose strength, immediately superior, increases gradually as time passes. For 150 years, the Group has produced its quick-setting cement from a natural alpine stone, with an exceptional performance offering an immediate and high strength as well as little shrinkage. This cement is used for sealing blocks or waterways, and for façade renovations.

All these cements are checked regularly and thoroughly at each stage of the manufacturing process, thus guaranteeing compliance of the finished product with current standards. In addition, the Group conducts research and development programmes on its products and their applications, advancing the knowledge of these products and optimising their use (see Section 11 "Research and development, patents and licenses" of this Registration Document).

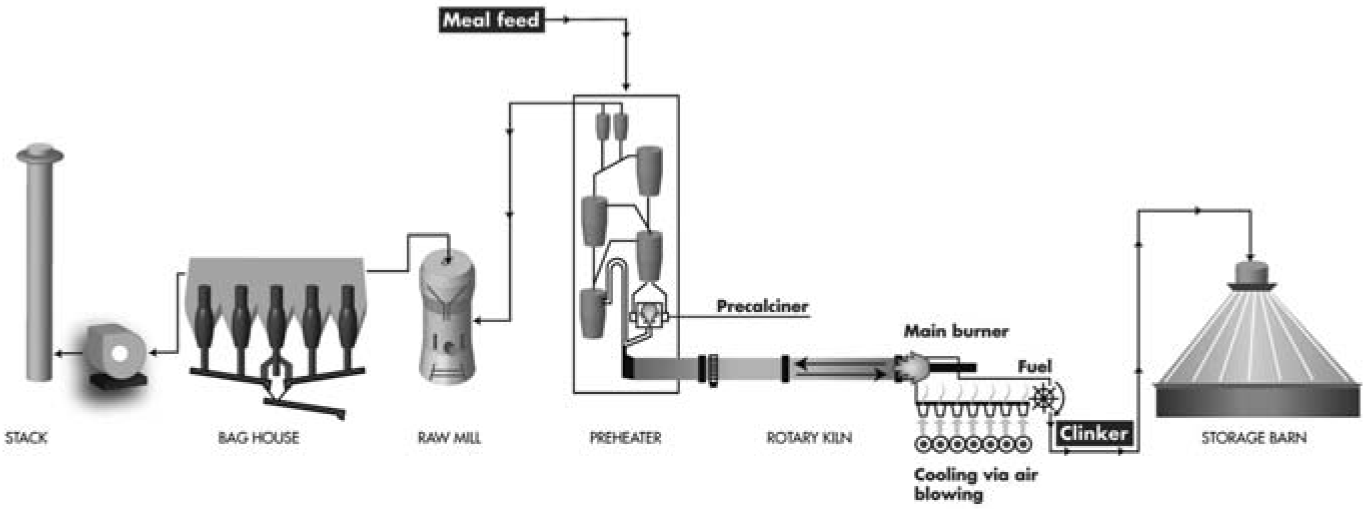
6.3.1.2. Manufacturing methods

Cement manufacture proceeds mainly in four stages:

- Extraction of the raw materials: limestone and clay are extracted from quarries generally located near the cement factory. The rock is blasted out with explosives. The rocks and blocks obtained are then transported to crushers, in order to reduce their size and obtain stones less than 6 cm in diameter.

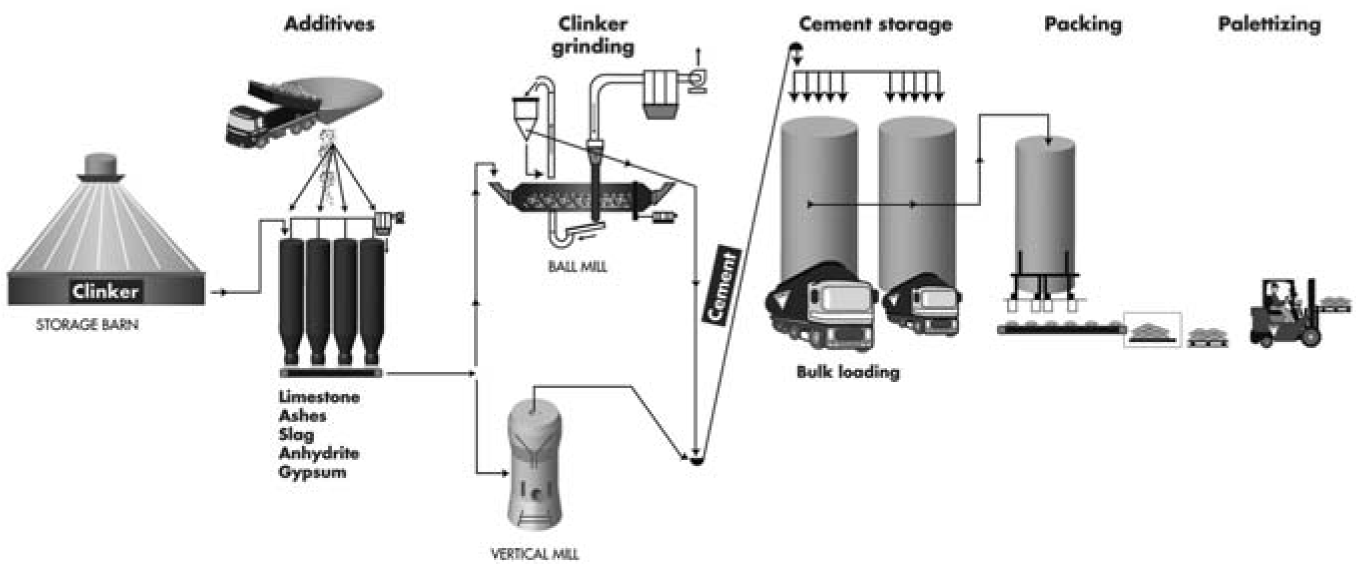


- Preparing the raw meal: the materials extracted from the quarries (calcareous and clay) are finely crushed until rock flours are obtained. These flours are then mixed in fixed proportions (approximately 80% limestone and 20% clay) before being fed into the kiln. The chemical composition and the homogeneity of the material on entry to the kiln, and its regularity in time, are fundamental elements in controlling the production process.
- The kiln system includes a heat exchanger cyclone tower, where the raw meal is introduced after being heated by the exhaust fumes of the revolving kiln (precalcination phase). The raw meal undergoes complex chemical reactions during this firing: first, limestone is decarbonated under the action of heat at a temperature bordering 900°C and is converted into lime, while clays are broken down into silicates and aluminates. The unit then recombines these at a temperature of approximately 1,450°C into lime silicates and aluminates. This chemical process creates a semi-finished product called clinker, which has the properties of a hydraulic binder. This firing takes place in tilted revolving kilns lined with refractory bricks.



There is a large global trade in clinker, the semi-finished product. As this product is easier to transport and store, clinker transfers from areas with excess capacity to areas with under-capacity or to areas not having the mineral resources necessary for cement manufacture have been developing over the past few years. This reduces the volume of the transported product compared to cement thereby lowering logistics costs. Once it has reached the consumption market, clinker is delivered to grinding plants, which complete the cement manufacturing process up to packaging and distribution. This method is used in Italy in particular, as discussed below.

- At the final stage, clinker is ground very finely and limestone filler and gypsum are then added to obtain artificial cement which can be sold in bags or in bulk. Gypsum and limestone filler are added in order to control the cement setting time. Furthermore, in countries subject to European regulations, the Group is reducing the Chrome VI content of clinker by adding iron sulphate, and has implemented a quality-control procedure to ensure the conformity of delivered products to these regulations. Depending on the quality of the cement produced, other additives can be used, such as fly ash, blast furnace slag or natural or artificial pozzolanas.



There are three types of cement manufacturing processes, each characterised by the specific treatment of the raw materials before their firing, namely: the dry, semi-dry/semi-wet and wet processes. The technology used depends on the source of the raw materials. The source and nature of the clay or limestone, together with the water content, are particularly important. In recent decades, the European cement industry has invested heavily in the planned transfer from the wet to the dry process, which consumes less energy, when raw material resources permit this. Of the Group's 16 kilns currently in service, 15 are dry process kilns. In addition, the three kilns on order or being installed are also dry process.

The cement-manufacturing process is very energy-intensive, both electrically and thermally. Electricity is used for transporting the materials inside the factories for the crushing and grinding operations, while thermal energy is consumed mainly when firing the raw meal. The cost of energy accounts for approximately 40% of the average ex-works cement cost price for the industry[1] and is the primary expense item (this percentage being lower for the Group). In 2008, fuels therefore represented an expense of approximately €95 million, and electricity €90 million for the entire Group. The Group allocates a significant part of its industrial investments to the improvement of its energy productivity.

The Group optimises its energy requirements by using waste as fuels to replace fossil fuels (coal, gas and oil). Their combustion in a clinker kiln makes it possible to recover and recycle released energy. Most of the Group's French factories have obtained agreement from the inspecting authorities to use non-hazardous industrial waste or eco-centre waste (tires, animal flours, industrial oils, etc.) as fuel. The Group gives priority to multi-fuel factories capable of switching between different kinds of fuels according to fuel price. In 2008, the share of alternative fuels in the Group's cement manufacturing business was on average 13.3%, with significant disparities (from 0% to 70%) depending on the availability of fuels in the operating countries.

The Group also uses clinker replacement materials produced by other industrial processes, such as fly ash (coming from the burning of coal in power plants) or blast furnace slags (which are a by-product from steel works). Their use in defined proportions can improve certain properties of the cement and reduce the amount of clinker and thus the amount of fossil fuel needed for its manufacture.

▼ 6.3.1.3. Production equipment

The Group's cement factories, their industrial equipment and the fixed quarries are owned on a freehold basis. The marl and limestone quarries used by the Group for its cement manufacturing business are generally located on land owned by the Group. Where this is not the case, the Group has entered into mining rights agreements, whereby the Group is entitled to use the quarries on a long-term basis (generally over several decades). The table below shows the Group's industrial and logistics system for its cement-manufacturing business:

(in units)	Cement factories	Grinding plants	Kilns	New kilns*	Cement terminals
France	5	2	5	-	4
United States	2	-	2	-	5
Switzerland	1	-	1	-	-
Turkey	2	-	4	-	-
Senegal	1	-	2	1	4
Egypt	1	-	2	-	-
Italy	-	1	-	-	2
Mali	-	-	-	-	1
Kazakhstan	1*	-	-	1	-
India	1*	-	-	1	-
Mauritania	-	1	-	-	-
Total	**14**	**4**	**16**	**3**	**16**

* *Kilns under construction or ordered.*

A description of the industrial equipment and the Group's industrial policy are detailed below in Section 8 "Real estate, factories and equipment" of this Registration Document.

(1) *Source: Cembureau.*

6.3.1.4. Establishments

The Group manufactures cement in the eleven countries where it is present. The Group is the third largest cement manufacturer in France[1], with strong positions in the eastern half of France and particularly in the south-eastern quarter.

Starting in 1974, the Group approached its international development selectively, by choosing its new geographical establishments alternatively on mature and emerging markets. The Group has thus established operations on four continents and developed its positions to become a key regional player in each country.

The Group has developed strong positions in the United States in the states of Alabama and California, in Switzerland in the western half of the country, in Central Anatolia in Turkey and in Egypt in the Sinai region and in Cairo. The Group also estimates that it has a leading position in Senegal and the countries bordering it. The Group also has a grinding plant and shipping terminals in Italy. Finally, establishing facilities recently in India in the State of Karnataka and in Mauritania confirms the Group's geographic diversification, its international dimension as well as its integration strategy.

6.3.1.5. Competitive position

The cement being a heavy product, expensive to transport, the operating range of most cement factories does not generally exceed 300 kilometres by road. Competition thus plays out mainly with cement manufacturers having factories in the Group's marketing zones. However, cement can be shipped at low cost over long distances by boat, which increases considerably the operating range of cement factories which enjoy a sea or river access. In particular, this is the case with the Group's Egyptian factory, located close to the port of El Arish, which allows it to export to other countries in the Middle East and to Europe.

Worldwide, the cement manufacturing industry remains very fragmented. In 2007, the world leader held approximately a 5.4% market share on a global scale[2]. The Group is thus in competition both with national cement manufacturers such as Oyak in Turkey or Ciments du Sahel in Senegal and with multinational cement manufacturers such as Lafarge (France), Cemex (Mexico), Holcim (Switzerland), HeidelbergCement (Germany) or Italcementi (Italy), which operate in a number of the Group's markets.

6.3.1.6. Customers

The profiles of customers are similar in most areas in the world where the Group is established. The Group sells either to general contractors, such as concrete mixers, manufacturers of prefabricated concrete elements, contractors in the construction and public works sector, local authorities, residential property developers or master masons, or to intermediaries such as construction material wholesalers or supermarket chains. The relative weight of one type of customer, however, can vary significantly from one country of operation to another according to the maturity of the market and local construction practices.

In addition, cement is marketed either in bulk or in bags. According to the level of development of each operating country, the packaging mix (bulk/bag) and the mix of customer types can vary significantly. Accordingly, as the ready-mixed concrete system is strongly developed in the United States, the Group primarily sells its cement in bulk and mostly to concrete mixers. Conversely, Senegal does not yet have a ready-mixed concrete network and the Group sells its cement primarily in bags to wholesalers and to retailers.

6.3.1.7. Overview of the cement markets

The Group has 12 cement factories spread over six countries, as well as four cement grinding plants established in three countries. The table below summarises the cement volumes sold by country:

(in millions of tonnes[1])

Country	2008	2007	2006
France	3,771	3,904	3,903
United States	1,766	2,127	2,145
Switzerland	715	724	708
Turkey	3,160	2,969	2,922
Senegal/Mali/Mauritania	1,969	1,939	1,806
Egypt	2,370	1,983	1,795
Italy	474	509	540
Total	**14,225**	**14,155**	**13,819**

(1) Volumes of cement, clinker and masonry cement.

(1) Sources: "Building Materials", J.P. Morgan, September 2008.
(2) Sources: "Building Materials", J.P. Morgan, September 2008.

Intra-group cement sales accounted for 20% of the Group's activity, with a significant disparity ranging from 0% to 35% depending on each operating country.

The various cement markets are discussed below, together with their size and their development over the last five years. Price changes are covered in Section 9 "Examination of the financial condition and results" of this Registration Document.

(a) France

After two years of strong growth in 2006 and 2007, public construction industry activity fell by approximately 1.7% in 2008[1], in particular, due to the turnaround in business in the last quarter.

The construction industry is down by 1.5% due to the decline in new housing and non-residential building construction. As far as the public works sector is concerned, it declined by 1.3%.

Historic birthplace of the Group, the French cement market is mature, with consumption of 24.1 million tonnes in 2008. Consumption reached approximately 401 kg of cement *per capita* in 2007[2].

Since 2003, growth has amounted to 17% in volume over five years[3], or an average annual growth of 3.1% over the period. Between 2006 and 2008, French cement consumption experienced average annual growth of 2.3% thanks to the dynamism of the housing market, which has been stimulated by the urban renewal programme and by demographic growth. In 2008, cement consumption was down 2.8%[4] whereas it still recorded a 2.1% increase at the end of the first half-year. Given the expected effect of the world-wide economic crisis, the SFI[5] anticipates a drop in consumption in 2009 that could go as far as 13%.

Cement is marketed in France in bulk or in bags:

- bulk, which represents approximately 77% of consumption, is used by the manufacturers of ready-mixed concrete (54.0%) and of prefabricated concrete parts (17.1%) and by the public construction companies, which are supplied for only 3% of the national consumption directly[6];
- bags, which account for approximately 23% of consumption in France, are distributed mainly via the trade (22.8%) and DIY Depots (1.8%) to users, craftsmen, firms and private individuals[7].

The French cement industry is concentrated. Four groups account for approximately 97% of the market[8]: Lafarge, Ciments Français (Italcementi group), Vicat and Holcim. The Group is the third largest French cement manufacturer, with approximately 16% of the market share and cement production of 3.7 million tonnes in 2008.

The Group operates five artificial cement factories and two other factories where various products containing natural quicksetting cement are manufactured. Because of the geographical positioning of its sites, the Group is market leader in the southeast (three factories: Montalieu, Saint-Égrève and La Grave-de-Peille, with three depots: Lyon port Édouard-Herriot, Décines and Chambéry). Its two other factories in Auvergne (Créchy) and in Lorraine (Xeuilley) and the Chelles depot in Île-de-France allow the Group to supply the rest of the country. The Group's factories also have the advantage of being located near large cities: Nancy, Lyon, Grenoble, Clermont-Ferrand and Nice.

The Group also exports part of its artificial cement production:

(in thousands of tonnes)	2008	2007	Change
Domestic	3,414	3,556	-4.0%
Export	266	188	+41.5%
Total	**3,680**	**3,744**	**-1.7%**

After 2007, a year in which the Group favoured the use of its production capacities to serve the domestic market, export sales grew again in 2008.

(1) Source: Commisariat Général au Développement Durable (CGDD, ex DAEI).
(2) Source: Cembureau (organization representing the European cement industry, including 26 members).
(3) Source: SFIC, 2008.
(4) Source: SFIC, 2008.
(5) Syndicat Français de l'Industrie Cimentière.
(6) Source: SFIC, 2007.
(7) Source: SFIC, 2007.
(8) Source: J.P. Morgan "Building Materials" study, September 2008.

The commercial department for France, based in L'Isle-d'Abeau, combines administration of sales, marketing, logistics and the advertising/specification department responsible for promoting innovative construction applications with the residential segment and the public works sector. Some fifty staff, spread across six regional departments, network the sales territory that is economically accessible from the Group's factories. Technical staff from the regional sales departments are responsible for answering questions from customers and prospective customers.

One of the strengths of the Group's cement business in France is its industrial equipment. This is because the Group maintains its production facilities at a high performance level by investing regularly in its industrial equipment. For example, the entry into service of new equipment, in two stages in 2007 and 2008, allows the Montalieu factory to meet market demand while at the same time having competitive production costs.

Despite a slight drop in clinker production and a very significant increase in fuel price over the first three quarters, it was possible to limit the increase in cement cost price:

- through investments made in recent years that led to a significant drop in the Montalieu plant's heat and electricity balances;
- by an increase in the use of alternative fuels;
- by putting a stop to shipping cement and clinker between plants.

(b) United States

Contraction in the construction business, which started in the residential market in 2007, spread to all construction markets in 2008 due to the increasing repercussions of the financial crisis.

The American cement market, which reached more than 127 million tonnes in 2005 and 2006, has experienced average annual fall of approximately -2.9% since 2003 and -8.4% since 2005[(1)]. Domestic consumption is estimated at 99 million tonnes in 2008[(2)]. Annual consumption reached approximately 377 kg *per capita* in 2007.

The following table sets forth cement consumption in the two regions of the United States where the Group is present[(3)]:

(in millions of tonnes)	2008	2007	Difference (%)
South-East	10.7	13.5	-20.4%
California	9.3	12.2	-23.1%
Total United States	**92.8**	**109.3**	**-15.1%**

With cement production in 2008 of 88 million tonnes, the American cement industry supplies approximately 88% of national consumption, with the balance being imported (in particular from Asia, Canada and Mexico)[(4)].

At year end 2008, the reduction in cement consumption in the United States was -15.5% (after a drop of -9.7% in 2007). On the national scale, the reduction in imports of nearly 10 million tonnes, or -50%, absorbed a large part of this reduction.

There is great disparity on the basis of particular states; the South East, where consumption had fallen less in 2007, is more affected than the national average, with a 20.4% reduction in consumption. California experienced a more appreciable 23.1% recession.

Cement is very largely marketed in bulk on the American market:

- bulk accounts for approximately 95% of consumption: the first destination is the public sector, followed by the residential sector and finally by the non-residential private sector[(5)];
- bags account for the remaining 5% of consumption: this small percentage reveals the significant development of the ready-mixed concrete network in the United States[(6)].

The Group has operated in the United States since 1974 and carries out its cement manufacturing business through its subsidiary, National Cement Company (NCC), in two different regions:

- **South-eastern region:** the Ragland cement factory, located in Alabama, close to Birmingham, serves the south-east market of the United States: Alabama, Georgia, North Carolina and South Carolina, Tennessee and Mississippi;
- **California:** the Lebec cement factory, located north of Los Angeles, serves the central and southern Californian markets.

With an aggregate output from its two factories of 1.58 million tonnes of cement in 2008 (or 0.82 million tonnes for Ragland and 0.76 million tonnes for Lebec), NCC is the eleventh largest American producer[(7)]. However, as these factories are more than 3,000 km apart, they operate on two independent markets.

(1) *Source: USGS, 2008.*
(2) *Source: USGS, 2008.*
(3) *Source: PCA, 2008.*
(4) *Source: USGS, 2008.*
(5) *Internal source.*
(6) *Internal source.*
(7) *Source: PCA, 2007.*

The first five producing states were, in decreasing order, California, Texas, Alabama, Missouri and Pennsylvania[1]. Together, these five states accounted for approximately 43% of the cement production in the United States. Similarly, the principal consuming states are Florida, Texas, California, Georgia and North Carolina. The Group's competitors in its two established markets in the United States are HeidelbergCement, Holcim, Lafarge, Cemex and Buzzi Unicem (Italy) in the south-east region and Cemex, HeidelbergCement, CPC (United States), Mitsubishi (Japan) and TXI (United States) in California.

The sales figures for the Group in 2008 showed a drop of 16.9% compared to 2007. This drop, which concerns the two regions where the Group is established, is, however, less pronounced than the drop of the business activity in the respective markets.

The commercial structure includes a manager for each cement factory. This organisation allows direct contact with local customers, as well as taking into account regional differences (between California and the south-east region) in terms of customer needs and consumption cycles. To increase its distribution capacities, NCC has a network of distribution points in the south-east served by rail, which enables it to access the Atlanta market and to widen its market radius to the Georgia and South Carolina markets by limiting transport costs.

In line with its industrial policy, the Group has invested regularly in its two American factories to improve their performance. As a result, the Lebec factory has benefited from large investments in recent years, which have allowed it to reduce its production costs significantly.

(c) Switzerland

Despite wavering residential construction, the construction sector has maintained a very high level in terms of activity because infrastructure work has stimulated the market. Indeed, work on major projects such as the Bienne bypass and especially the Gothard tunnel, which is the longest railway tunnel in the world, carry on in 2008.

The Swiss cement market has experienced average annual growth of approximately 2.8% since 2003 and stable growth since 2005[2] at a high level. In 2008, Swiss cement consumption was estimated at 4.5 million tonnes[3]. The annual consumption *per capita* reached approximately 600 kg in 2007, a high level that is explained as much by the wealth of the country as by its large requirements for civil engineering works due to its alpine topography.

The Swiss cement market is primarily a bulk market (at 95%)[4]. This is explained both by the significant share of civil engineering works in the national consumption and by a very mature ready-mixed concrete network.

The principal producers on this market are Holcim, which holds approximately two thirds of the Swiss market, JuraCim (group CRH) and Vigier, a Group subsidiary[5]. Holcim has a significant presence in the east of the country, whereas JuraCim and Vigier operate in the western part of the country.

In 2001, the Group acquired Vigier Holding AG, the holding company for 36 companies working in Cement, Ready-mixed concrete, Aggregates and Prefabrication of concrete products in Switzerland.

Through its subsidiary, Vigier, the Group is the third largest cement manufacturer in Switzerland[6] with approximately 16% of the market share in 2007[7] and a production of 0.7 million tonnes per year (down by 1.3% compared to 2007). The year 2008 was marked by a sustained demand in the first half-year, which exceeded Vigier's production capacity, and by a slower second half-year, in particular, in December due to unfavourable climatic conditions.

Vigier has a cement factory established in Reuchenette, near Bienne. Its natural market is thus the region of the plateaux with the axis Bienne—Solothurn, the region from Freiburg to Lausanne, Bern—Egenkingen and more to the south, the Bernese Oberland.

The Swiss authorities are committed to a number of major infrastructure projects, to which Vigier has brought its expertise. In this way, during the development of the new Swiss alpine railway line, Vigier provided cement, aggregates and concrete to the Lötschberg tunnel (34.6 km) site from 2003 to 2006. Vigier also provided materials for the Gothard tunnel construction.

The Group has a reduced commercial structure for its Cement business in Switzerland as there is a distribution system through an intermediary. This type of distribution is specific to the Swiss market.

The Reuchenette cement factory has abundant reserves in quarries. This factory operates mainly with alternative fuels, which grants it a significant competitive advantage in terms of production cost.

(d) Turkey

For twenty years, the urbanisation of Turkey, its demographic growth and the large migration of the rural population have sustained demand for residential and industrial construction, as well as infrastructure development. The construction and construction materials sectors are both in line with gross domestic product growth, which was 7.5% in 2005, 5.7% in 2006, 4.7% in 2007 and only 2% in 2008.

This economic slowdown, which has been emphasised by the world-wide economic crisis, led to market stagnation, estimated at -1.5% in 2008, in the construction sector.

(1) Source: USGS, 2008.
(2 Source: CEMSUISSE, 2007.
(3) Source: CEMSUISSE, 2007.
(4) Source: CEMSUISSE, 2007.
5) Internal source.
(6) Internal source.
(7) Internal source.

Since 2003, the Turkish market has developed steadily, with a growth of 54% over 5 years. The Turkish cement market has experienced average annual growth of almost 9% since 2003 and more than 7% since 2005[1]. Annual consumption is estimated at 43.2 million tonnes in 2008[2] (a decrease of almost 5% compared to 2007). Cement consumption *per capita* was approximately 600 kg of cement per year in 2007[3]. These developments are highly differentiated upon the region, with the Marmara and Aegean regions falling sharply while the Mediterranean area is still growing.

If the Turkish cement manufacturing sector remains largely fragmented, there seems, however, to be an incipient concentration with the emergence of multinational players (such as Vicat, Lafarge, HeidelbergCement, Italcementi and Cementir (Italy)) and from Turkish groups of national stature (such as Oyak and Sabanci). The principal cement consumption areas in Turkey are the urban areas of Marmara (Istanbul), Central Anatolia (Ankara) and the tourist areas of the Mediterranean (Antalya) and the Aegean Sea. In 2007 and 2008, approximately 11 million tonnes in new clinker production capacity were put into service. This development combined with the turnaround in the consumption trend created a highly competitive market situation.

The proportion of cement sold in bulk has increased strongly in recent years to reach 67% of sales in 2007 at the national level. The earthquake of 1999 led the Turkish authorities to strengthen building regulations, which has supported the development of the ready-mixed concrete network and, consequently, cement sales in bulk.

The Group has been operating in Turkey since 1991 with the acquisition of Konya Cimento and has become, particularly with the acquisition of Bastas Baskent Cimento in 1994, the fourth largest cement manufacturer with more than 3.1 million tonnes of cement sold in 2008, an increase of 5.9% compared to 2007. The Group has two cement factories located respectively at Bastas (close to Ankara) and at Konya (seventh largest city in the country). The factory at Bastas serves the Ankara and Central Anatolia markets whereas the Konya plant serves southern Anatolia as well as the Mediterranean coast.

Both these cement factories have individual sales forces dedicated to their marketing area in order to be in direct contact with regional customers. In addition the Group took advantage of export development opportunities, in particular to Iraq, Syria and Russia.

The performance of the Group's cement business in Turkey has been boosted by significant production cost reductions and by significant investments in both cement factories. For example, a second Polysius kiln was installed in Konya in 2002. Similarly, the Bastas site benefited in 2007 from the start-up of a second Polysius kiln with a clinker capacity of 4,500 tonnes/day.

(e) Senegal and Mali

In the absence of official statistics, the Group estimates that the cement market in Senegal has shown an average annual growth of approximately 6% since 2003. The size of the market has more than doubled over the last 10 years to reach an annual consumption of approximately 2.3 million tonnes in 2008[4]. Consumption *per capita* was nonetheless limited to approximately 185 kg of cement per year in 2007.

The market benefited from infrastructure projects financed by the Senegalese government and by international organisations, such as the construction of a motorway between Dakar and Thiès and an urban mobility plan for the town of Dakar as well as the construction of hotels in anticipation of the *Organisation de la Conférence islamique* summit in 2008. Market growth has also been sustained by the rise in the rate of urbanisation and private construction, financed mainly by the repatriation of funds by Senegalese expatriates.

The Senegalese cement manufacturing industry, which benefits from access to rare resources of limestone in west Africa, also supplies the adjoining countries which do not have a domestic cement producer, forming the following sub-region: Mauritania, Guinea-Bissau, Guinea Conakry, and in particular, Mali and Bamia (the Sub-Region). These exports are made by road, rail and sea. The most important destination is Mali, whose domestic consumption is estimated at nearly 1.3 million tonnes/year. Exports to Mali accounted for approximately 0.7 million tonnes in 2007[5].

Cement is generally sold in bags on the Senegalese market (nearly 97%)[6], the country not yet having a ready-mixed concrete network. The Group estimates that approximately 82% of cement sales are made through wholesalers and retailers, whereas the remaining 18% are intended for public construction firms for the construction of large road construction and infrastructure sites, as well as, exceptionally, for the institutional investors who finance these major works.

The Group has operated in Senegal since 1999. It estimates its market share to be above 70% in 2008 and it exports into the Sub-Region. Its Senegalese subsidiary, Sococim Industries (Sococim), operates a factory at Rufisque, close to Dakar, which was the first cement factory in the Sub-Region. Its sales amounted to nearly 2 million tonnes in 2008 (stable compared to 2007), of which 320,000 tonnes were for export. Despite the arrival of a competitor on this market in 2002, Sococim continues to represent more than two thirds of the market share since this date. To meet strong local demand, Sococim favoured the domestic market by occasionally limiting its exports.

Sococim has opened five depots of clinker to better cover the Senegalese territory and to develop a close relationship with its customers. The sales organisation is structured by geographic area, with one department dedicated to export and another to the domestic market. The sales force has divided the territory into six distinct areas.

(1) *Internal source.*
(2) *Internal source.*
(3) *Source: Cembureau.*
(4) *Internal source.*
(5) *Internal source.*
(6) *Internal source.*

In 2006, the Group's subsidiary in Mali, Ciment et Matériaux du Mali (CMM), also brought into service a depot and a bagging workshop in Bamako. This depot is supplied with cement from the Rufisque factory by rail and road. This new establishment allows the Group to better serve the market in Mali. This market is in full expansion, with the realisation of large infrastructure projects and public housing construction. Cement consumption in Mali is approximately 1.4 million tonnes, an increase of almost 5% compared to 2007, and the Group's total sales there represented more than 250,000 tonnes in 2008, an increase of 9% compared to 2007, of which more than 43,000 tonnes were produced by CMM.

Following the Group's industrial policy, Sococim has invested in new equipment intended to reduce its production costs and to increase the overall capacity of the factory. Accordingly, a coal mill was brought into service in 2004 and a new power plant started at the beginning of 2007. This new power plant ensures independence of the cement factory from the Senegalese electricity utility. This policy was continued in 2008 with a new vertical cement mill and associated bagging stations being put into service, allowing an increase in the plant's cement production capacity while improving energy performance.

(f) Egypt

The Egyptian cement market has experienced annual average growth of approximately 7.6% since 2003 and 11% since 2005[1]. This market was affected by the war in Iraq in 2003 and 2004, and then experienced sustained growth from 2005 onwards. In 2008, cement consumption in Egypt was approximately 38.4 million tonnes[2], *i.e.* growth of approximately 11.7% compared to 2007. The *per capita* consumption reached approximately 470 kg of cement per year in 2008[3].

Egypt has 13 active cement producers established throughout the country, although most are concentrated around the capital. These producers posted domestic production estimated at approximately 39.8 million tonnes in 2008[4]. Exports fell to approximately 1.3 million tonnes[5] (compared to 4 million tonnes in 2007), penalised by a ministerial decree that forbade cement exports from April 1 to September 30, 2008. Exports started up after October 1, and were quickly supported by the removal of the Egyptian export tax of 85 pounds per tonne of cement being lifted, which had been instituted during the first quarter of 2007. The Egyptian cement manufacturing industry has the advantage of low production costs, and of a geographical position allowing it to export its production surpluses by sea to various areas of the world. With its ports on the Mediterranean, it has access routes mainly to the Spanish, Italian and Syrian markets, but also to those in the south of the United States; whilst the Red Sea ports can also access the Gulf countries and certain African countries such as Somalia, Djibouti, Eritrea and Sudan.

Arabian Cement Company, a subsidiary of the Spanish group La Union, commissioned its line producing 2 million tonnes of clinker[6] at the end of the first half year 2008 but have not yet commissioned cement mills, which should only be operational in 2010. As for South Valley Cement started up a new cement mill in December 2008, and should be starting up the associated firing line in 2010. Moreover, despite the fact that many new operating licenses were granted in October 2007, energy increases and the world-wide context at the end of 2008 slowed down and even stopped the construction of new firing lines.

In 2003, the Group made a strategic investment in 25% of the share capital of the Sinai Cement Company (SCC), so as to position itself in this emerging market. This holding was increased to 48.25% in 2005, allowing the Group to take control of this company, and was then increased to 52% in 2007.

According to the Group's estimates, SCC is the seventh Egyptian producer[7], with a share of the domestic market amounting to nearly 6% at year-end 2008 and a production of more than 2.2 million tonnes of cement in 2008, increasing by nearly 19.5% compared to 2007, thanks to its second firing line being started up in June 2008 in accordance with the announced schedule. SCC is well integrated in the markets of Cairo, the Nile Delta and the Sinai peninsula. SCC occupies a privileged geographic position: the proximity of a port allows it to be a base for cement export to several countries, in particular for the Group's Italian businesses. SCC also benefits from abundant high quality limestone reserves. Finally, the starting of the second firing line in 2008, along with the plant's efficient operation, allowed SDD to achieve growth in volume of nearly 45% on the local market while maintaining an export volume of 104,000 tonnes; this was achieved despite the ban on exporting imposed by the Egyptian government for a period of 6 months.

The cement factory having been installed in 2001, SCC benefits from modern production equipment. Since 2005, operating the kiln solely on gas has produced energy efficiencies and limited CO_2 emissions. The Group committed, in 2006, to a plan to double the capacity of the factory. The second firing line started in June 2008 and achieved additional production of 414,000 tonnes of clinker in 2008. SCC was the only cement factory to put a complete new line into service in 2008, therefore allowing SCC to respond to strong growth in the local market. This will allow SCC to consolidate its position on the local market in 2009, and to continue to serve the export markets, in particular in Palestine, which is an important potential export market located close to the factory.

(1) *Source: Egyptian Equipment Ministry, 2008.*
(2) *Source: Egyptian Equipment Ministry, 2008.*
(3) *Internal source for 2008.*
(4) *Internal source for 2007.*
(5) *Source: Egyptian Equipment Ministry, 2008.*
(6) *Internal source for 2008.*
(7) *Source: Egyptian Equipment Ministry, 2008.*

(g) Italy

Expected growth of the construction sector for the year 2008 is limited to 1.1%, attributable both to the reduction in new building construction and to the slowdown in public investments.

The cement market in Italy returned to the same level as in 2003, falling by nearly 7% since 2005[1]. Cement consumption in the Italian market is estimated at 43 million tonnes in 2008[2], a significant decline compared with the previous year. However, *per capita* consumption remains one of the highest in Europe at nearly 800 kg of cement per year, comparable with other Southern European countries based on market construction habits and continuous infrastructure construction efforts.

In May 2003, in order to reinforce its presence in Europe and to continue the natural geographical progression of its investments, the Group acquired 100% of Cementi Centro Sud (CCS), a company owning a cement grinding plant in the port of Oristano, on the western coast of Sardinia, as well as a cement manufacturing terminal in the port of Tarente. CCS also operates a second terminal in the port of Imperia. CCS sold almost 0.5 million tonnes of cement in 2008, accounting for 1.1% of the Italian market. Deliveries in 2008 decreased by 6.9% compared to 2007, declining a little less than the market, due to resilience in Sardinia.

Imports of cement and clinker remained expensive and tense in the first half year of 2008, but the slowdown in demand and the arrival of new capacities in the Mediterranean basin allowed CCS to negotiate supplies with greater ease in the second part of the year.

This establishment in Italy constitutes a strategic observation position for the Group, insofar as Italy has a cement manufacturing industry which is still fragmented, with approximately twenty producers present in the market.

The above mentioned three sites allow a low cost manufacture and handling of cement. These sites also allow clinker to be imported at a low cost from several countries, in particular from the Group's Egyptian subsidiary, SCC.

(h) Kazakhstan

The construction sector recorded a significant slowdown in 2008 in Kazakhstan, mainly as a consequence of the international financial crisis which impacted the local financial system. Cement consumption, which reached 7 million tonnes in 2007 and has experienced strong growth since 2002, fell by approximately 25% in 2008, reaching 5.5 million tonnes. The market is fed by national producers for about 4.5 million tonnes and by imports from Russia and to a lesser extent, Kirghizstan.

Beyond the economic slow-down created by the impact of the international financial crisis on the local banking system, the increase in this consumption should continue, sustained by growth in the urban population and by continuous increase in *per capita* income related to significant income in the raw material sector. Projected consumption should be somewhere between 9 and 10 million tonnes in the mid term.

After the Group took control of the project company in December 2007, the beginning of 2008 was used to finalise the transaction and adapt legal structures. In this way:

- Mynaral TAS, a corporate joint venture held by 60% by Vigier, a subsidiary of the Group, holds the mining securities and the land titles relating to them.
- Jambyl Cement Production Company, a 100% subsidiary of Mynaral Tas, is to become the cement production and marketing company.

The financing, which amounts to 160 million US dollars, was set up with the Société Financière Internationale (SFI), a subsidiary of the World Bank. Peripherally to this financing, SFI entered the capital of Mynaral Tas in December 2008 at a 10% shareholding; the Group's Kazakh partner, Kaskommers Invest, holds 30%.

The Group is implementing the construction of a greenfield plant that will be located near Lake Balkach, about 400 kilometres from Almaty and 900 kilometres from Astana. This plant, which has a 1.1 million tonne cement capacity, is manufactured and built by China Triumph Engineering in the framework of a turnkey agreement concluded in August 2007. It will implement recent and proven cement mill techniques (vertical raw meal mill, 5 stage pre-heating tower, bag filters, covered clinker storage, etc.). Located along the Almaty/Karaganda/Astana road and rail axis, the plant will mainly supply the region of Almaty and its surroundings, the southern region (Taraz, Chymkent) as well as the centre and the Astana region by rail.

The main stages carried out in 2008 provide reassurance that the plant will be put into service in 2010. The basic design of the production line was approved in February 2008 with the participation of the Investment and Performance Department, allowing the start of the equipment fabrication in China. Foundation and civil engineering work have begun on site. Progress has also been made in the railway link, the water supply system and the quarry road.

The project management team, which is divided between the head office in Almaty, the Taraz offices and the Mynaral site, was composed up of 50 staff members at year end 2008.

(1) Source: Cembureau, 2007.
(2) Source: "Building Materials", J.P. Morgan, September 2008.

(i) Mauritania

During the second half of the year 2008, the Group consolidated its position in West Africa by signing a partnership agreement with Mr Mohamed Hmayen Bouamatou, shareholder in BSA Ciment SA. Through this agreement, the Group acquired 65% of BSA Ciment, which has been operating a cement grinder in Nouakchott, the capital of Mauritania, since the beginning of 2008. This acquisition allows the Group to:

- obtain a foothold in the Mauritanian market and to be in a position to ascertain its growth;
- consolidate its strategic position in Mali by positioning itself on the access roads to the north west of the country;
- have an outlet for clinker with a view to putting the new Sococim Industries kiln into service in 2009.

BSA Ciment owns a cement grinding centre, a concrete batching plant and a prefabrication producing unit. The Polysius grinder has an annual capacity of 450,000 tonnes. These installations are located near the country's main port area.

Construction sector development in Mauritania has been supported over the last three decades by an increase of the urbanisation related to the sedentary way of life. According to the Group estimates, cement consumption between 1997 and 2007 almost tripled, moving from 218,000 tonnes to 620,000 tonnes. In 2008, because the *coup d'État* in August led to dormant international partners freezing assistance granted until the return of constitutional order, consumption is estimated to be at 600,000 tonnes, decreasing by 3% compared to 2007.

BSA Ciment, which gradually began its operations from February 2008 on, sold 75,000 tonnes of cement over the year; this represents 12.5% of the Mauritanian market.

(j) India

During the last ten years, India has experienced an average annual growth of more than 7% in its GDP. Its growth in 2008 is estimated to be at 7.3%, and the country is taking advantage of abundant qualified labour, which has allowed it to develop in the service sector in particular.

Since 2003, the Indian market has developed steadily, with a growth of 54% in 5 years. The Indian cement market has experienced an average annual growth of almost 9% since 2003 and more than 10% since 2005. Annual consumption is estimated at 174 million tonnes in 2008, which make India the second market in the world for cement. However, cement consumption per inhabitant has remained weak, approximately 150 kg/person.

The population of India has reached 1.15 billion inhabitants, of which 29% are urban, and India should become the most populous country on the planet by 2030. Although the world-wide economic crisis is beginning to affect Indian growth, growth in annual cement consumption—fed by the population growth (1.6% estimated in 2008) and its conversion to nuclear power associated with major planned infrastructure programmes (roads, railways, dams, irrigation, ports and airports, etc.) should be maintained.

On June 28, 2008, the Group announced the creation of a joint venture with the Indian cement manufacturer Sagar Cements, established in the state of Andhra Pradesh, which has been present in the Indian market for 25 years and equipped with a 2.5 million tonne capacity with its new line starting up in July 2008.

The Group holds 51% of the corporate joint venture share capital, Vicat Sagar Cement, and its Indian partner holds 49%. At the same time, the Group took a participation of 6.7% in the capital of Sagar Cements and has been granted a position as a board member in this company.

The objective of Vicat Sagar Cement is to build a greenfield cement factory in the south of India, 700 kilometres from Mumbai and 170 kilometres from Hyderabad. The new plant will be located in the Gulbarga cluster in the State of Karnataka. The plant will ultimately have a cement production capacity of 5.5 million tonnes, with two clinker lines producing 6,000 tonnes per day. Construction of the first of the two production lines will begin in 2009. (See also Sections 5.2.2 "Principal investments in progress and planned", 9.1.5 "Effect of modifications to the scope and exchange rate variations" and 12.2.3 "Industrial investments".)

The new plant will implement recent and proven cement mill techniques (vertical raw meal mill, 6 stage pre-heating tower, bag filters, covered clinker storage, etc.) and will have its own power plant. It will be connected to the railway network and be able to supply the States of Karnataka, Maharashtra, Andhra Pradesh, Tamil Nadu, Kerala and the main metropolitan centres, Mumbai, Pune, Bangalore, Hyderabad and Chennai.

6.3.2. Ready-mixed concrete and Aggregates

The Ready-mixed concrete and Aggregates businesses accounted for more than 41% of Group sales, or approximately €845 million of consolidated sales in 2008 (€914 million in 2007 and €944 million in 2006), and slightly more than 20% of the Group's EBITDA for this same period (20.7% in 2008, 24.7% in 2007 and 28.7% in 2006).

The Ready-mixed concrete and Aggregates businesses are managed within the same activity, because of the similarity of their customers and the Group's vertical integration policy.

Concrete and aggregates constitute, just as cement, the essential components of construction projects worldwide. The Ready-mixed concrete and Aggregates businesses were integrated in each of these countries by the acquisition and creation of many companies. At the end of 2008, the Group operated 74 aggregates quarries and 233 concrete batching plants, distributed over five countries, and had sold 21.6 million tonnes of aggregates and 8.4 million m^3 of concrete.

The Group initially developed its activity in ready-mixed concrete and aggregates in France through investments during the 1980s. The Group then pursued its goal of vertical integration by selective acquisitions, firstly in the market areas of its Cement business, and secondly by the development of its industrial equipment in its existing locations.

6.3.2.1. Products

(a) Ready-mixed concrete

Concrete is a mixture of cement, aggregates, additives and water, which hardens to form a construction material whose principal qualities are its strength under tension and under pressure, durability, setting times, ease of pouring and ease of handling under various climatic and construction conditions. The qualities and performance of a concrete can be obtained and guaranteed only if the physico-chemical formulation of the concrete and its production cycle are rigorously respected. In order for concrete to be formulated perfectly, the various components must be precisely proportioned in a given order and to a given rhythm. Mixing must then be continuous and homogeneous. These production constraints explain why concrete manufactured in a batching plant is of a superior quality and regularity to any concrete mixed manually or in a concrete mixer. It is the fundamental reason for the growth of ready-mixed concrete, which guarantees compliance with the standards laid down in construction work specifications.

The Group offers a broad range of concretes, ranging from ordinary concrete to special concretes, developed for specific applications by its research and development laboratory, thus meeting its customers' needs and constraints:

- ordinary concrete, for which the producer guarantees the type of cement as well as the compressive strength at the end of 28 days (strength ranging from 20 to 40 mPa);
- high performance concrete, whose composition is made to measure, in particular for the cement content (strength ranging from 60 to 100 mPa);
- fibre concrete, for the production of finer structures, having the best resistance to cracking. Vicat Composite Concrete falls into this category;
- special concretes, developed and improved in the Group's laboratories to meet the individual customer's defined requirements.

The Group's research and development laboratories design innovative concretes for new applications or to allow easy implementation. See Section 11 "Research and development, patents and licenses" of this Registration Document for further details.

(b) Aggregates

Principal raw material consumed in the world after water, aggregates (sands and gravels) are natural materials used in the manufacture of concrete, masonry and asphalt. They are also the basic materials for building roads, embankments and constructions. Most of these aggregates come from crushed rocks (usually limestone or granite), or from natural gravel and sand extraction. To a certain extent, and according to the market, they can come from asphalt and recycled concretes. There are several types of aggregates, which differ in physical and chemical composition, in particular granulometry and hardness. Local geology determines the types of aggregates available in a given market.

In 2008, the Group produced and sold nearly 21.6 million tonnes of aggregates in four countries (France, Switzerland, Turkey and Senegal).

6.3.2.2. Manufacturing methods

(a) Ready-mixed concrete

Concrete is obtained by mixing aggregates, cement, chemical additives and water in various proportions in concrete batching plants. The mixture obtained is then loaded into mixer trucks, where it is generally mixed again before being delivered to customers. The majority of the raw materials constituting the concrete (in particular cement and aggregates) are generally supplied by the Group. Concrete production is not a capital-intensive activity, requiring primarily storage and equipment areas where the raw materials are mixed in the desired proportions and where the mixture, now concrete, is loaded into mixer trucks. The majority of the concrete batching plants are fixed, although the Group also uses a certain number of mobile systems that are installed on its customers' construction sites (generally the largest), according to customers' needs.

The proportions of cement and aggregates can vary, chemical additives (such as concrete retardants or accelerants) can be added, and a part of the cement can be replaced by derivatives such as fly ash or slag, in order to obtain the concrete properties sought by the customer. Significant technical expertise and demanding quality control is therefore essential to handle the many construction aspects with which the Group's customers are faced, such as setting time, suitability for pumping, pouring the concrete, climatic conditions, shrinkage and structural strength.

In addition, delivery logistics constitute an essential parameter when manufacturing concrete due to the setting time of the concrete, which is limited.

Raw material prices vary considerably according to the national markets in which the Group operates. In general, raw materials account for approximately 70% of the total delivery and production costs of concrete. Cement represents, overall, more than half of this cost. Delivery is the second largest component of the cost, at approximately 20% of the total.

(b) Aggregates

Aggregates can come from solid or alluvial rock:

- solid rock: the rock is blasted out with explosive before being crushed, sifted and then washed. These aggregates are mainly intended for earthworks, for the manufacture of bituminous mix, blocks or breeze blocks, and increasingly for manufacturing ready-mixed concrete;
- alluvial rocks: these rocks come from the sedimentation of river or glacial deposits. They can be extracted out of water, in steps from 5 to 8 meters in height, or in water by using dredgers. These aggregates require less grinding but must be sifted in order to obtain the desired size.

6.3.2.3. Production equipment

(a) Ready-mixed concrete

At December 31, 2008, the Group was operating, in all the countries where it is present, 233 concrete batching plants. These batching plants are located near the places where the concrete is used insofar as, given setting times, concrete prepared in a batching plant must be delivered to the pouring site within one and a half hours at the most. The operating range of a batching plant is generally between 20 km and 30 km, depending also on traffic conditions in the area.

A ready-mixed concrete batching plant consists of silos (for cement, sands and fine gravels), storage tanks for the various additives (such as plasticisers) and a concrete preparation tank. The components of the concrete, which are cement, sand and the fine gravels, are introduced into the preparation tank by gravity. The qualities and performances of a concrete can be guaranteed only if the formulation is very precise and its production cycle rigorously respected. The proportioning of water, in particular, must be precise and mixing must be continuous and homogeneous. To meet all these constraints, the Group's concrete batching plants were extensively automated, in order to ensure the precision of the process.

Finally, the concrete prepared in the batching plant is loaded under gravity into a mixer truck, also called a spinning top truck, which delivers the concrete to the building site. The Group operates a fleet of mixer trucks, while also having recourse to subcontractors, to whom it sub-contracts ready-mixed concrete deliveries.

(b) Aggregates

The production of aggregates requires heavy equipment in a quarry, both for handling solid rock and alluvial rock. The quarrying and grinding of solid rock requires the use of loaders, plant and crushers. Alluvial rocks are extracted using dredgers. In both cases, aggregates on the treatment site are generally transported using conveyor belts.

Extractions are made from sites owned by the Group or over which it has long-term operating rights, and for which it has obtained the necessary licences. The Group maintains the level of its reserves by acquiring, obtaining and renewing extraction licences.

6.3.2.4. Establishments

The Group has vertically integrated its operations in France, Switzerland and Turkey and thus operates in these countries its three core businesses, which are Cement, Ready-mixed concrete and Aggregates.

In the United States, the Group has developed a network of concrete batching plants in each of the two geographic areas where it is established. The American subsidiary is supplied with aggregates from suppliers outside the Group.

In Senegal, the Group has invested in an Aggregates business through two acquisitions in 2001 and 2004. Beyond the use of these materials for road building, the Group is positioned upstream of the ready-mixed concrete market in order to anticipate its emergence.

6.3.2.5. Competitive position

The Group produced in 2008 almost 8.4 million m^3 of ready-mixed concrete, of which 43.9% was in France, 25.6% in the United States, 24.2% in Turkey and 6.2% in Switzerland. The Group's 233 concrete batching plants are located near its principal cement production sites, forming a network over the territories in order to supply the regional building sites and the urban centres.

The table below sets forth concrete sales over the past three years:

(volumes sold in thousands of m^3)

Country	2008	2007	2006
France	3,673	3,728	3,612
United States	2,148	2,609	3,136
Turkey	2,030	1,897	2,549
Switzerland	522	612	442
Total	**8,373**	**8,846**	**9,739**

Since barriers to entry are not high, the ready-mixed concrete market is very fragmented, with a number of important actors, from cement manufacturers and international industrial groups, to independent operators.

The Group's aggregates business operates 47 quarries in France, 19 in Switzerland, 6 in Turkey and 2 in Senegal, with a production of 21.6 million tonnes of aggregates in 2008. The aggregates produced by the Group's French sites represents approximately 59% of its total aggregates production.

The table below sets forth aggregates sales over the past three years:

(volumes sold in thousands of tonnes)

Country	2008	2007	2006
France	12,757	13,735	13,386
Turkey	3,901	3,934	3,855
Switzerland	2,651	3,001	2,264
Senegal	2,270	1,893	1,410
Total	**21,579**	**22,562**	**20,915**

The aggregates market is generally atomised and fragmented into many local markets. The various participants are regional or national carriers, firms in the public construction sector which were vertically integrated, together with international industrial groups supplying construction materials.

The Group gives priority to operating quarries located near the consumption markets, so as to optimise its production costs. This approach facilitates access to customers, reduces transport costs and enables distribution that is sufficiently flexible to satisfy various types of orders, whether for delivery of a few tonnes of sand or thousands of tonnes intended to fill a large motorway site, or to provide individual dwellings.

6.3.2.6. Customers

Aggregates, mainly transported by road, are sold principally on local markets, as a result of high transport costs. However, quarries sometimes enjoy access to river or railroads, which makes it possible to ship aggregates over large distances, for distribution to more remote local markets.

The Group sells its aggregates mainly to ready-mixed concrete producers and to the Group's concrete batching plants, to prefabricated product (breeze blocks, paving stones, etc.) manufacturers, to asphalt producers, public works contractors, masons and construction firms of all sizes. On certain markets, it sells substantial volumes of aggregates intended for various industrial processes such as steel manufacture.

Ready-mixed concrete is sold mainly to public construction contractors, from major international construction groups to residential construction companies, to farmers or to private individuals. The batching plants fulfil scheduled work contract orders and immediate delivery requests.

6.3.2.7. Markets

(a) France

Continuing the growth of 2006 and 2007, the first months of 2008 showed a positive trend. The activity experienced a marked drop during the summer, due to the slowdown in residential construction.

The cement market in France has experienced annual average growth of approximately 4.8% since 2003 and 3.8% since 2005 according to the SNBPE statistics[1]. In 2008, the ready-mixed concrete market accounted for more than 44 million m^3 of concrete (a fall of 2.4% compared to 2007), manufactured by some 1,700 concrete batching plants distributed throughout France[2].

(thousands of m^3)	Production 2008	Production 2007	Difference (%)
Auvergne	816	899	-9.2%
Bourgogne – Franche-Comté	1,841	1,818	+1.3%
Centre	1,609	1,677	-4.1%
Île-de-France	5,596	5,392	+3.8%
Lorraine	1,314	1,374	-4.4%
Midi-Pyrénées	2,730	2,891	-5.6%
Nord	2,082	2,060	+1.1%
Provence	4,193	4,473	-6.3%
Rhône-Alpes	5,128	5,204	-1.5%
Total	**44,064**	**45,161**	**-2.4%**

(1) *Syndicat National du Béton Prêt à l'Emploi (France), 2008.*
(2) *Source: SNBPE, 2008.*

The Group operates 140 concrete batching plants in France, which produced nearly 3.7 million m^3 of concrete in 2008, down by 1.5% compared with the previous year. The Group has an 8.3% market share nationally[1].

The Group has a very well developed network of concrete batching plants in the Rhône-Alpes region, which allows it to track all its customers' building sites and places it in the position of regional leader[2]. The Group also operates in the Provence-Alpes-Côte d'Azur, Midi-Pyrénées, Centre-Auvergne, Nord-Pas-de-Calais, Île-de-France and in the north-east of France. The Group operates a fleet of approximately 755 mixer trucks to carry out site deliveries, including 79 mixer trucks in its own fleet. In France, the Group provides most of the cement and approximately one third of the aggregates consumed by its ready-mixed concrete business, which illustrates the high degree of vertical integration of its activities.

In France, the technico-commercial team of the Group's ready-mixed concrete division benefits from the collaboration from Sigma Béton, a key unit of the Louis Vicat Technical Centre, specialising in the ready-mixed concrete, aggregates and road products sectors, certified to ISO 9002 for the formulation, analysis and audit of aggregates, cement and concrete. Sigma Béton also runs a training business, research and development and analysis services for concretes delivered to producers, to manufacturers in the concrete products sector and to construction and public works contractors.

The French aggregates market represented 395 million tonnes in 2008[3] (excluding recycled materials) down by 4.5% compared to 2007, from the operation of approximately 5,000 quarries. The Group has 63 production sites, including 47 quarries, which enabled it to produce and market 12.8 million tonnes of aggregates in 2008, i.e. approximately 3.2% of the national market[4]. The Group holds the seventh position among the aggregate producers in France, it being specified that, according to the Group's estimates, the first eight producers produce more than 50% of national production.

The Group's strategy for its Aggregates business in France is to concentrate on the areas where it already has a presence in the Ready-mixed concrete business. In order to reinforce its Aggregates business, in January 2003 the Group acquired the company Rudigoz, owner of two concrete batching plants and two quarries in the Rhône-Alpes area and in 2004 the company Matériaux SA, based in eastern France.

In 2008, the Group's Aggregates business in France fell by 7.1% (compared with a production of nearly 13.7 million tonnes in 2007) with a drop that affected all regions.

(b) United States

The American market for ready-mixed concrete was estimated at approximately 269 million m^3 for 2008[5]. Ready-mixed concrete is widely used in the United States. This market is significantly down due to the residential market crisis followed by the global economic slowdown. Consequently, 2008 suffers a 15% decline at national level, after a drop of nearly 5% in 2007. As a result, the market has remained highly competitive with both large and strongly integrated players, such as Cemex or Lafarge being present, but many small independent producers still being active at the local level as well.

The Group operates 53 concrete batching plants in the United States, in the two areas where it is established. These produced an overall output of slightly more than 2.1 million m^3 in 2008 (of which 72% in California and 28% in Alabama) retreating by almost 18% by comparison with global production in 2007 (2.6 million m^3). Development of the Group's sales volumes varies on the basis of regions and is determined by the residential business. Given the size of the American market, only the two regional markets on which the Group is established are discussed below.

In May 2008, the Group acquired a major ready-mixed concrete facility near Atlanta, thereby strengthening its vertical integration in the South-East, in particular with a view to build the new Ragland kiln. The Walker group facility is located in an important market, south of Atlanta, that is driven in the long term by strong growth in this city's population. The facility purchased has 14 concrete batching plants spread over nine sites that have a production capacity in the range of 700,000 m^3 and represent a 200,000 tonnes of cement consumption potential.

The ready-mixed concrete market in which the Group is active in the South-East, i.e. Alabama and Georgia, accounted for a production of almost 17.2 million m^3 in 2008, which represents a decline of 19.3% compared to 2007[6].

The ready-mixed concrete market in California accounted for a production of 26.3 million m^3 in 2008, a steep fall of 24.3% compared with the previous year because of a fall in residential construction[7].

(c) Switzerland

The ready-mixed concrete market in Switzerland has experienced 3.9% annual average growth since 2003 and 7.3% since 2005, according to the latest estimates from the ERMCO[8]. Consumption declined in 2002 and 2003, before increasing in 2004 with building sites for major projects. According to the ERMCO, ready-mixed concrete production in Switzerland was 12 million m^3 in 2006 and 2007. According to the Group's estimates, the market was sustained over the first half of 2008 before falling off at the end of the year. The ready-mixed concrete market is very developed and served by a dense network.

(1) Source: SNBPE, 2007.
(2) Internal source.
(3) Source: Union Nationale des Industries de Carrières et de Matériaux (Unicem), 2008.
(4) Source: Unicem, 2008.
(5) National Ready Mix Concrete Association, 2008.
(6) National Ready Mix Concrete Association, 2008.
(7) National Ready Mix Concrete Association, 2008.
(8) European Ready Mixed Concrete Organization (Bruxelles), 2008.

Through its Vigier subsidiary, the Group owns 18 concrete batching plants distributed over the western half of Switzerland in four regions. These concrete batching plants produced 0.52 million m^3 in 2008, showing a decrease of around 15% compared with the previous year (production having been 0.61 million m^3 in 2007) mainly because of the sale of a concrete batching plant.

Vigier operates 19 aggregates sites, located near the concrete batching plants. These quarries are generally smaller than in France and are primarily intended to meet the needs of the concrete batching plants. Vigier's aggregates production was 2.7 million tonnes in 2008, down by 11.7% compared with the previous year.

In addition, Vigier's organisation in the Bienne-Soleure region was rationalised in 2006, with the legal separation of Ready-mixed concrete/Aggregates activities and Prefabrication activities.

(d) Turkey

The ready-mixed concrete market in Turkey has experienced annual average growth of 21.7% since 2003 and 15.6% since 2005[1]. Ready-mixed concrete appeared at the beginning of the 1980s in Turkey and very quickly developed from the beginning of the 1990s. Following the earthquake of 1999, the Turkish government imposed new standards intended to improve building quality, which has been to the benefit of the ready-mixed concrete business as a whole over these last five years, to the detriment of manually mixed concrete. The Turkish ready-mixed concrete market is estimated at more than 71 million m^3 in 2008, in decline by approximately 4% compared with the previous year. In addition, the number of concrete companies and installations in the territory increased by approximately 6% in the same period, strengthening competition and leading to price reductions in ready-mixed concrete.

The Group has been present in Turkey since 1991 and has developed a Ready-mixed concrete business in the Central Anatolian region around the cities of Ankara and Konya. At the end of 2008, the Group was operating 29 concrete batching plants, of which 12 in the area of Ankara and 17 in the area of Konya, their production having reached the level of 2.0 million m^3, corresponding to a 7% increase from the previous year. This increase, which has occurred in the Mediterranean area in particular, is the result of the proactive policy of the Group in maintaining its volumes and thereby guaranteeing the cement plants' outlets.

The ready-mixed concrete business in Turkey must adapt both to the rigorous climatic conditions in the central part of the country and to the constraints related to the country's tourist trade. Thus, the Group alternates its ready-mixed concrete business: from spring until autumn, it supplies mainly the Ankara and Konya regions and, during the winter and the low season for tourism, the construction sites on the Mediterranean and Black Sea coasts.

The market for aggregates in Turkey is estimated at approximately 260 million tonnes in 2008[2] down by nearly 13% compared to 2007. The Group operates six quarries in Turkey and their total aggregates production was 3.9 million tonnes in 2008 (decreasing by 0.8% compared to 2007): four quarries are located close to Ankara, one quarry is located close to Konya and a last quarry is located near the Mediterranean coast. These are solid rock quarries, except for the one located on the Mediterranean coast, which is an alluvial rock quarry. The Group's position in Turkey in this Aggregates business is focused on covering the marketing area of its Ready-mixed concrete business.

(e) Senegal

Outlook for the public construction sector was favourable in Senegal in 2008, except in the last quarter; in housing construction as well as in large infrastructure.

The Group operates in the aggregates market serving Senegal and its adjoining countries. Despite the lack of official statistics, the Group estimated this market at approximately 3.5 million tonnes in 2008. This market has been characterised since 1994 by a demand higher than the cumulative production capacities of the country's various quarry operators. Demand is driven by the increase of public investments in the public construction sector. Produced in the western part of Senegal (Dakar and Thiès), the crushed aggregates are used in the 11 regions of the country and in neighbouring Gambia.

In 2008, the Group produced 2.3 million tonnes of aggregates, a 19.9% increase compared with 2007. These aggregates come from the operation of two quarries by two companies in the Group: Sodevit (acquired in 2001) and Gécamines (acquired in 2004 and held at 70%).

Sodevit operates a limestone mine and has a network of points of sale which supplies the various building sites. It covers, on its own, approximately 50% of the demand of the aggregates market intended for hydraulic concretes. Gécamines produces and sells crushed basalt aggregates, of which approximately 70% of sales in the market is intended for the construction of road infrastructures.

6.3.3. Other Products & Services (OPS)

In France and Switzerland, the Group has activities complementary to its main businesses, acquired following various restructurings or acquisitions. Every time that it was able to develop synergies with its main businesses, the Group kept and developed these complementary activities. Thus, acquisition in 1984 of the Papeteries de Vizille brought to the Group a capacity to produce the paper bags used in the cement sector. Similarly, the Group has developed since the acquisition of Vigier in 2001, a Prefabrication business which enjoys a strong position in Francophone Switzerland, thus consolidating the Vigier cement business. On the other hand, acquired activities which do not meet its integration or synergies criteria are sold, which was the case, for example, with the Vigier group's Trading business or, more recently, Trading and Piping activities in France.

The Other Products & Services business covers the transport, construction chemistry, paper and concrete products prefabrication businesses. It accounted in 2008 for 14% of the Group's consolidated sales, *i.e.* €283 million (€293 million in 2007 and €275 million in 2006) and close to 6% of the Group's EBITDA for the same period, *i.e.* €31 million (5.3% in 2006 and 4.4% in 2006).

(1) *Internal source.*
(2) *Internal source.*

The following table sets forth the breakdown of sales by business

(in millions of euros)

Country	Products and Services	2008	2008 (outside of Group)	2007	2006
France	Transport and Major Projects	115.3	71.5	121.7	105.0
	Vicat Industrial Products	67.6	67.4	65.9	60.7
	Paper	39.7	37.5	38.9	36.3
Switzerland	Prefabrication	93.5	93.2	96.6	72.8

In the first quarter of 2007, the Group sold its construction material trading activity, with 11 depots under the Gedimat name, as well as a concrete pipes prefabrication business. These two French businesses accounted for total sales of approximately €40 million in 2006.

▼ 6.3.3.1. Transport and Major Projects business (France)

Société Auxiliaire de Transport et de Matériel (SATM) was set up in 1958 and became a specialist in the transport of materials related to large building sites such as dams, motorways, ski resorts, airports, railway lines and harbour systems. SATM, through its 15 branches in France, uses three means of transport: bucket, tank and platform trucks.

Road transport was aided by the French state in recent years following the adoption of measures intended to support this sector in difficulty, mainly through the indexation of fuel prices.

SATM generates approximately 86% of its transport sales as a shipping agent and is a first-rate actor in the field of bulk, bucket and tank transport, which confers great flexibility and adaptability on the market. SATM operates a fleet of approximately 1,000 vehicles, of which the majority belong to sub-contractors working regularly with the Group. SATM's marketing policy consists of reinforcing its position in the specialist logistics services sector with an industrial customer base.

Approximately 45% of sales by the SATM's transport business are made with the Group's companies especially since, in France, SATM transports much of the cement and aggregates to the Group's ready-mixed concrete batching plants. The complementarity of this transport activity with the Group's businesses allows it to optimise the quality of service provided to its customers. Sales in this SATM business sector fell by almost 3% in 2008, due to marked wavering in business in the last quarter.

SATM's Major Projects business is generated mainly from bids for large infrastructure construction sites such as TGV railway lines, motorway projects and power station construction programmes. SATM operates on these sites to deliver ready-mixed concrete by means of mobile concrete mixing and batching stations intended for major projects. SATM is a true partner in the major projects field, in France or abroad. It provides material transportation, production and supply services and thus enables the Group to offer a complete logistics solution to its customers' needs.

▼ 6.3.3.2. Vicat Produits Industriels (France)

Vicat Produits Industriels (VPI) is a key player in the industrial mortar market for construction and civil engineering. Its quality policy was rewarded by an ISO 9001 certification, obtained simultaneously for all the sites and the businesses and in particular for its four production plants.

With VPI, the Group has a closer outlook on the construction materials market and therefore a better understanding of end user needs.

VPI offers a broad range including approximately 200 products that meet many needs: façade coatings, mortar and traditional concretes, products used to repair floors and walls, tiling adhesives, thermal insulation products. The evolution and development of these products and their adaptation to the customer's requirements are handled by the research laboratory team at L'Isle-d'Abeau.

VPI's sales outside the Group increased by approximately 3.5% in 2008 to €67.4 million, supported by growth in the civil engineering sector.

VPI includes the following three activity sections, structured by type of customer:

- **Construction section:** Deals in general or multi-specialist materials. This section accounts for approximately 65% of VPI's sales; customers are consortia, integrated or independent traders.
- **DIY section:** Sells to major DIY outlets. This section accounts for approximately 26% of VPI's sales.
- **Civil engineering section:** Deals with specialist civil engineering companies. This section accounts for approximately 9% of VPI's sales.

Significant investments were made in 2006 and 2007 on the Auneau plant, in order to increase production capacity and thus be able to face the commercial development of its mortar, front coatings and tiling adhesive manufacturing business.

6.3.3.3. Paper and Bag business (France)

Located in the Grenoble area, the Papeteries de Vizille operate in two segments:

Printing and writing paper production

Sales in Papeteries de Vizille reached 27,476 tonnes of paper in 2008, a slight erosion of 0.9% compared to 2007, despite the increase in export sales; French production in this sector experienced a 10% decrease[1]. The small size of this company and the flexibility of its production equipment led the Group to concentrate on a niche market strategy aiming to provide its customers with a diversified range of products of high added value: bulking papers, check papers, secure papers and filigree papers.

After many restructuring operation in the paper industry during recent years, 2008 was a difficult year due to a new decline in the market, and several companies in the sector had to declare bankruptcy.

The average selling price increased by nearly 3% while a strict cost control policy attenuated the impact of strong rises in the price of raw materials and energy.

Despite its modest size, less than 1% of French production, Vizille is the partner of famous publishers, major French banks, and is continuing its development in various countries around the world where its know-how and the quality of its products and its service are recognised.

Production of high capacity paper bags

The European market and the French market experienced a 2.2% fall in 2008[2] in the wake of the decline in construction markets.

The sack business provides high capacity paper bags to the agro-alimentary, chemical and construction sectors. This unit can produce technical bags with sealed valves as well as smaller bags. The factory has an annual production capacity of approximately 75 million bags, which represents approximately 11% of the national market[3]. In addition, 38% of the bags produced by the Papeteries de Vizille are intended for the Group, although Papeteries de Vizille is not the exclusive supplier to the Group.

Sales of sacks by Papeteries de Vizille dropped by 3.6% in 2008.

The following table sets forth changes in volume sales of Papeteries de Vizille[4]:

	2008	2007	Difference (%)
Writing and printing paper (in tonnes)	27,476	27,719	-0.9%
Sacks (in thousands of units)	70,655	73,289	-3.6%
Sales (in millions of euros)	39.7	38.9	2.1%

6.3.3.4 Concrete products prefabrication business (Switzerland)

Créabéton Matériaux, a Swiss subsidiary of Vigier, unites the four prefabrication plants, with each of these sites specialising in a specific area of production. The four factories are supplied with cement and aggregates by other companies within the Group. Créabéton Matériaux manufactures and sells a complete range of concrete products, in particular flagstones, paving stones, breeze blocks and pipes as well as top-of-the-range products from their design or their technical innovation. At the beginning of 2007, Vigier also acquired Desmeules Frère SA (which recorded in 2007, at the time it was acquired, sales of 15 million and production of almost 83,000 tonnes), which has strengthened the Group's position as leader in the prefabrication market in Francophone Switzerland[5]. Vigier also manufactures and markets railroad sleepers and concrete platform kerbs under the Tribéton brand name.

In 2008, the five Swiss factories produced a total of 400,601 tonnes of prefabricated concrete products. This production decreased by more than 12% compared to 2007. 2008 was characterised by a more moderate demand for catalogue products, which had been quite dynamic in 2007, and by deferred orders in the market for railway cross-pieces.

(1) Source: Confédération française de l'industrie des papiers, cartons et celluloses (Copacel), 2008.
(2) Fédération européenne des fabricants de sacs papier à grande contenance (eurosac), 2008.
(3) Fédération européenne des fabricants de sacs papier (eurosac), 2008.
(4) Internal source.
(5) Internal source.

6.4. DEPENDENCY FACTORS

Information concerning the Group's dependency factors appears in Section 4 "Risk factors" of this Registration Document.

6.5. LEGISLATIVE AND REGULATORY ENVIRONMENT

The Group, like other major industrial groups, is subject to a significant number of laws and regulations relating to environmental protection in each country where it operates. These laws and regulations impose increasingly restrictive standards, in particular in relation to atmospheric emissions, noise, waste water and industrial waste discharges, health and safety, use and handling of waste or hazardous materials, waste disposal methods and product decontamination and safety.

The cement manufacturing business in France has been subjected since 2005 to greenhouse gas emission allowances. In 2003, the European Union adopted directive 2003/87 implementing the Kyoto Protocol on climate change, intended to establish a scheme for greenhouse gas emission allowance trading in order to encourage producers to control and reduce their CO_2 emissions into the atmosphere. Each year, the Member States of the European Union therefore allocate allowances to each operator under national allocation plans, which are negotiated after discussion with the relevant professional organisations. These national allocation plans are determined mainly on the basis of historical emissions, the anticipated growth of the business sector and by taking into account the reduction ratio fixed by the European Union, in order to achieve the objectives under the Kyoto Protocol. Any overrun of its allowance by a producer must be offset by the purchase of allowances on the market or by using allowances for the following year.

All of the Group's cement factories in the European Union are subject to the directive establishing a scheme for greenhouse gas emission allowance trading. The allowances that are allocated to the Group's sites in France represent approximately 2.8 million tonnes of CO_2 per year for the 2008-2012 period.

2008 was marked by negotiations regarding the modification of the European Directive on greenhouse gas emissions for the period after 2012. Under the French presidency of the European Union, the project of Directive published in January 2008 was modified to take into account its predictable impact on the competitiveness of European industries recognised as highly consumers in energy. The Directive adopted on December 16, 2008 allocates free CO_2 quotas to industries that will be recognised as significant consumers of energy and subject to international competition. The criteria defined in the directive are used to classify the cement industry in this category. The amount of the free quotas allocated will be based on the average of specific emissions from cement factories that have the lowest CO_2 emission factors and that represent 10% of the clinker production.

Some details in the Directive are still to be specified by the European Commission. What stands out in the current text is that the CO_2 emission reducing efforts will be necessary, but these efforts should be compatible with maintaining the European cement industry's competitiveness.

In addition, REACH (Registration, Evaluation and Authorisation of Chemicals) regulation No. 1907/2006 adopted on December 18, 2006 came into force on June 1, 2007. It specifically imposes on each enterprise which manufactures or imports more than one tonne of a chemical substance per year to register it with the European Chemicals Agency.

Clinker is exempt from the registration procedures, but falls within the scope of the REACH regulation as regards classification, labelling and information requirements. Cement being a preparation, it is not subject to registration but falls within the scope of the regulation as regards information, marketing restrictions and given the presence of certain dangerous substances (in relation to Chromium VI).

Most extraction materials used by the Group as raw materials, as well as the clinker, are exempt form recording procedures in the context of appendix V of the REACH regulation.

As far as other substances that the Group produces or imports from outside the community (*i.e.* synthetic gypsum, kiln or by-pass dust that the Group produces or is the isolated intermediary as well as the blast furnace slag, pet coke and tiethanolamine) are concerned, pre-registration was initiated. These substances enter into cement preparation. In fact, the Group participates in registration consortiums for these substances.

Under the regulations applicable to classified installations, the Group's businesses, in particular the operating of cement factories and quarries, are covered by authorisations or operating declarations and are subject to the regulations enacted by the administrative authorities.

All classified installations take into account the following environmental aspects: air pollution, water pollution, waste, nature conservancy (fauna, flora, landscapes, archaeology, forests, natural areas, agriculture), noise, rational use of energy, town planning were carried out. Developments agreed with the neighbouring populations and with environmental players and protectors.

The administrative authorities and the independent laboratories conduct permanent inspections on the cement factories, in addition to the internal audits carried out by the Group.

The Group complies with the applicable environmental laws and regulations and holds the authorisations, permits and licenses necessary to allow it to carry out its business. The laws and regulations impose increasingly rigorous standards of environmental protection for industrial activities such as those carried on by the Group, in particular in the European Union and in the United States, and are interpreted more and more restrictively by the authorities. The Group expects this tendency to continue, which exposes the Group to an increased risk of claims and significant expenditure resulting from environmental issues.

The Group is working actively on the development and installation of measures intended to protect the environment. The development and adaptation of production technologies are a key element for the Group's environmental management policy. The Group's environmental policy is detailed in Section 8.2. "Environmental policy" of this Registration Document.

7 ORGANISATION CHART

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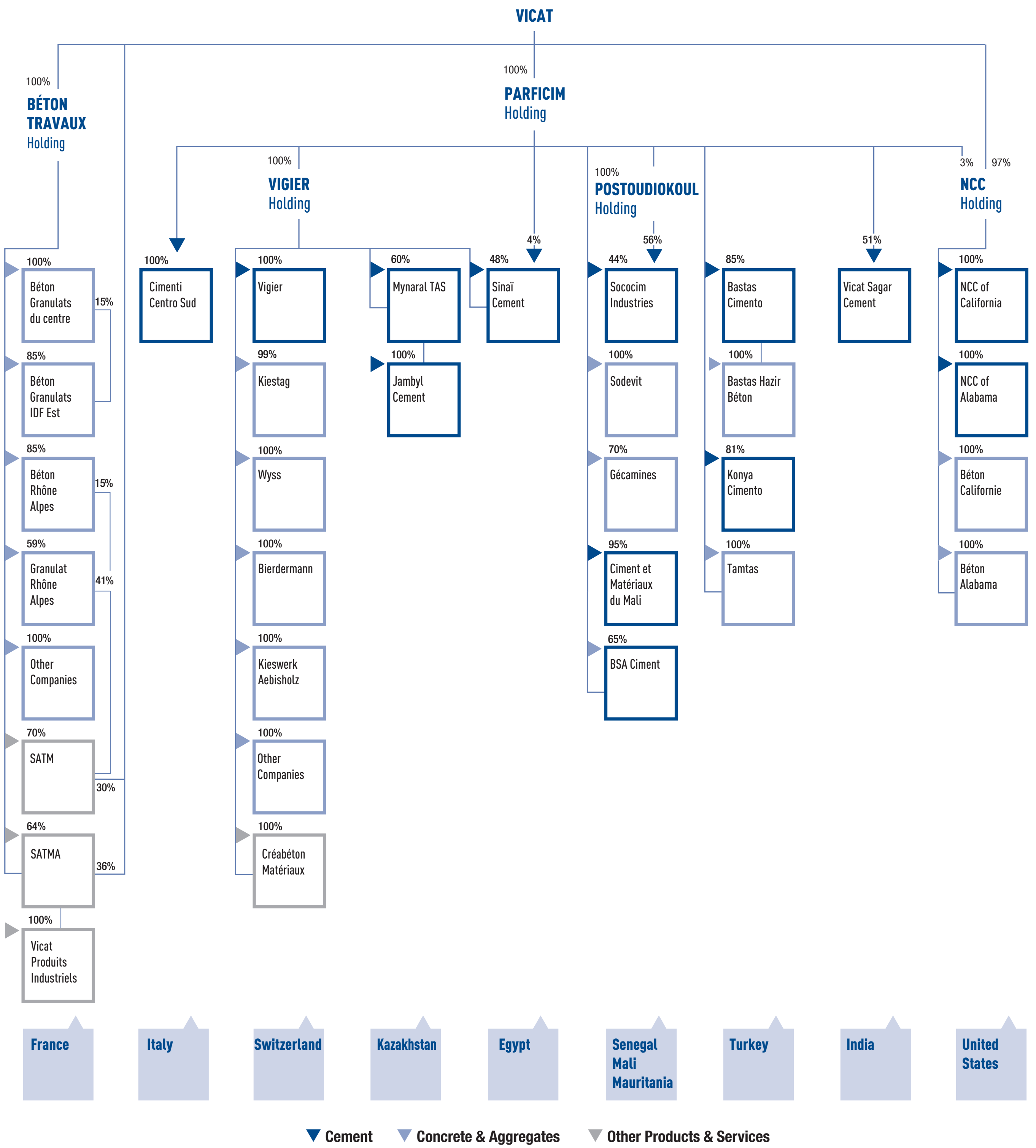
7.1. SIMPLIFIED LEGAL ORGANISATION CHART* FOR THE GROUP AS AT DECEMBER 31, 2008



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

Some of the subsidiaries controlled by the Group have minority shareholders who may be industrial or financial partners, or historical shareholders in the company in question before it was acquired by the Group. The presence of these minority shareholders may lead to the signing of shareholder agreements containing provision regarding the corporate governance, the information provided to the shareholders or the evolution of the shareholdings. Nonetheless, and excluding the below-mentioned exception, these shareholders agreements do not provide for put or call options, modifications to the cash distribution, or more generally measures that could have a material impact on the Group's financial structure.

A shareholders agreement was entered into between Vigier, KasKommerts Invest and Société Financière Internationale to organise their relations as shareholders of the company Mynaral Tas, which contains a put option granted by the Group to Société Financière Internationale for its 10% shareholding in Mynaral Tas. This option, which can be exercised in December 2014 at the earliest, and its price will be determined by an expert. Given this deadline and the current state of advancement of the greenfield project developped by Mynaral Tas, it is not possible as of today to evaluate the Group's obligations on the basis of Société Financière Internationale's put option (see Note 9 of Section 20.2.2 "Appendix to the 2008 consolidated financial statements" of this Registration Document).

7.2. INFORMATION ON SUBSIDIARIES AND SHAREHOLDINGS

The Group's principal subsidiaries were determined on the basis of their contribution to financial indicators (sales by entity, share in the consolidated EBITDA, value of the intangible and tangible assets for each entity, consolidated equity—Group share) such that the aggregate of the indicators retained for these subsidiaries represents 90% of the Group's consolidated total. The Group's main holding companies were added to this list.

The Group's consolidated subsidiaries are distributed across various countries as follows:

Country	Number of subsidiaries
France	61
United States	14
Switzerland	36
Turkey	6
Senegal	4
Egypt	11
Italy	1
Mali	1
Mauritania	2
India	1
Kazakhstan	2
Total	**139**

These main subsidiaries are described below.

Parficim

Incorporated on June 7, 1974, Parficim is a French *société par actions simplifiée* with a share capital of €48,340,032 whose registered office is located at Tour Manhattan—6, place de l'Iris—92095 Paris-La Défense Cedex, registered with the Nanterre Registry of Companies and Commerce under number 30 482 8379. Parficim's corporate mission is the acquisition and management of transferable securities, shares in interests, and tangible and intangible assets.

As at December 31, 2008, the Company held 99.99% of Parficim's share capital (others: 0.01%).

Béton Travaux

Incorporated on March 27, 1965, Béton Travaux is a French *société anonyme* with a share capital of €27,996,544, whose registered office is located at Paris-La Défense (92095)—Tour Manhattan—6, place de l'Iris, registered with the Nanterre Registry of Companies and Commerce under number 07 050 3198. Béton Travaux's corporate purpose is the shareholding and management of manufacturing, transport and ready-mixed concrete companies and of all materials or equipment relating to their manufacture.

As at December 31, 2008, the Company held 99.98% of Béton Travaux' share capital (others: 0.02%).

National Cement Company, Inc.

Incorporated on April 17, 1974, National Cement Company, Inc is a corporation under American law with a share capital of US$190,520,000, whose registered office is at 15821 Ventura Blvd, Suite 475—Encino, CA 91436-4778 (United States), registered in the State of Delaware under the number 63-0664316. National Cement Company's corporate mission is the acquisition, administration and financing of holdings in firms, in particular in the cement and ready-mixed concrete sectors.

As at December 31, 2008, the Company held 96.36% of the share capital of National Cement Company, Inc. and Parficim held 3.64%.

Vigier Holding

Incorporated on August 25, 1884, Vigier Holding is a Swiss *société anonyme*, with a share capital of CHF 1,452,000, whose registered office is located at Wylihof 1, Deitingen, 4542 Luterbach, Switzerland, registered in Solothurn under the number CH-251.3.000.003. Vigier Holding's corporate mission is the acquisition, administration and financing of holdings in firms, commercial acts and sectors of industrial services of all types, in particular in the cement and ready-mixed concrete branch. The company may acquire shareholdings in other companies and acquire, buy and sell land.

As at December 31, 2008, Parficim held 100% of Vigier Holding's share capital.

Bétons Granulats du Centre—B.G.C.

Incorporated on December 30, 1982, B.G.C. is a French *société par actions simplifiée* with a share capital of €2,073,696, whose registered office is located at Les Martres-d'Artières (63430)—Chemin des Martailles, registered with the Clermont-Ferrand Registry of Companies and Commerce under number 327 336 343. The company's corporate mission is the production, transport and marketing of ready-mixed concrete and all materials and equipment used in its manufacture.

As at December 31, 2008, Béton Travaux holds Béton Travaux held 98.98% of the share capital of B.G.C. (others: 1.02%).

Béton Granulats Île-de-France/Est—B.G.I.E.

Incorporated on December 15, 1988, B.G.I.E. is a French *société par actions simplifiée* with a share capital of €3,849,584, whose registered office is located at Lagny-sur-Marne (77400)—52-56, rue Jacquard, registered with Meaux Registry of Companies and Commerce under number 344933338. B.G.I.E.'s corporate mission is the production, treatment, storage, transport and trading of aggregates and all construction materials, as well as the operation of all quarries.

As at December 31, 2008, Béton Travaux held 79.62% of the share capital of B.G.I.E., Bétons Granulats du Centre—B.G.C. held15.16% and the company Béton Rhône-Alpes held 5.22%.

Béton Rhône-Alpes

Incorporated on January 7, 1977, Béton Rhône-Alpes is a French *société anonyme* with a share capital of €2,327,280 whose registered office is located at L'Isle-d'Abeau (38080)—Les Trois Vallons—4, rue Aristide-Bergès, registered with the Vienne Registry of Companies and Commerce under number 309918464. Béton Rhône-Alpes' corporate purpose is the production, transport and marketing of ready-mixed concrete and all materials or all equipment relating to its manufacture.

As at December 31, 2008, Béton Travaux held 81.07% of the share capital of Béton Rhône-Alpes, SATM held 15.48%, and Granulats Rhône-Alpes held 2.94% (others: 0.51%).

Granulats Rhône-Alpes

Incorporated on January 1, 1942, Béton Rhône-Alpes is a French *société anonyme* with a share capital of €2,776,384 whose registered office is located at L'Isle-d'Abeau (38080)—Les Trois Vallons—4, rue Aristide-Bergès, registered with the Vienne Registry of Companies and Commerce under number 768200255. Granulats Rhône-Alpes' corporate purpose is the operation of all businesses concerning the sale of construction material, the public transport of goods and the hiring of vehicles by land, air, sea or river.

As at December 31, 2008, Béton Travaux held 57.29% of the share capital of Granulats Rhône-Alpes, SATM held 41.22% and Béton Rhône-Alpes held 1.48% (others: 0.01%).

Société Auxiliaire de Transport et de Matériel (SATM)

Incorporated on February 1, 1958, SATM is a French *société anonyme* with a share capital of €1,600,000 whose registered office is located at Chambéry (73000)—1327, avenue de la Houille-Blanche, registered with the Chambéry Registry of Companies and Commerce under number 745820126. SATM's corporate mission is the purchase, sale, use, leasing and operation of any equipment used for transport or any other uses and all transport and transport commission operations in particular: road transport, public transport services, goods in all areas and all countries, grouping of goods, freighting of trucks, and all commercial or financial transactions, movable or real estate, being able to be attached directly or indirectly to the purposes above or being able to facilitate the extension or its development.

As at December 31, 2008, Béton Travaux held 70.12% of the share capital of SATM, the Company held 22.02% and Parficim held 7.86%.

Vicat Produits Industriels—V.P.I.

Incorporated on May 1, 1957, Béton Rhône-Alpes is a French *société par actions simplifiée* with a share capital of €2,148,176 whose registered office is located at L'Isle-d'Abeau (38080)—Les Trois Vallons—4, rue Aristide-Bergès, registered with the Vienne Registry of Companies and Commerce under number 655780559. The corporate purpose of V.P.I. is to manufacture and install all covering, sealant and insulating products and articles and all additives etc. as well as any operations as an agent or brokerage connected with these products or this work.

As at December 31, 2008, SATMA held 99.99% of VPI's share capital (others: 0.01%).

Bastas Baskent Cimento Sanayi Ve Ticaret A.S.

Incorporated on July 26, 1967, Bastas Baskent Cimento Sanayi Ve Ticaret A.S. is a Turkish corporation with a share capital of YTL1,494,990, whose registered office is in Ankara Samsun Yolu 35.km—06780 Elmadag—Ankara (Turkey), registered with the Register of Businesses of Ankara under number 16577 and whose corporate purpose is the production and sale of cement and lime.

As at December 31, 2008, Parficim held 82% of the share capital of Bastas Baskent Cimento Sanayi Ve Ticaret A.S. (others: 18%).

Konya Cimento Sanayii A.S. (Konya)

Incorporated on December 11, 1954, Konya is a Turkish corporation with a share capital of YTL4,873,440, whose registered office is in Ankara Yolu Üzeri N°355, 42005 Selçuklu—Konya (Turkey), registered with the Register of Businesses of Konya under number 2317 and whose corporate purpose is the production and marketing of various types of cements and concretes. The company's shares are listed on the Istanbul Stock Exchange (IMBK).

As at December 31, 2008, Parficim held 76.73% of Konya's share capital, Béton Travaux held 0.99%, SATM held 0.99%, SATMA held 0.99%, Noramco held 0.99% and Konya Cimento Ticaret held 1.46%. The remainder of the shares, representing 17.85%, of the share capital are held by approximately 2,500 shareholders, with no shareholder holding more than 1% of the company's share capital.

Bastas Hazir Beton San. Ve Tic. A.S.

Incorporated on December 20, 1990, Bastas Hazir San Concrete. Ve Tic. A.S. is a Turkish corporation with a share capital of YTL3,885,000, whose registered office is in Ankara-Samsun Yolu 35.km, 06780 Elmadag—Ankara (Turkey), registered with the Register of Businesses in Elmadag under number 488 and whose corporate purpose is the production and marketing of ready-mixed concrete.

As at December 31, 2008, Bastas Baskent Cimento Sanayi Ve Ticaret A.S. held 99.99% of the share capital of Bastas Hazir Beton San. Ve Tic. A.S. (others: 0.01%).

Sococim Industries

Incorporated on August 7, 1978, Sococim Industries is a Senegalese corporation with a share capital of FCFA 4,666,552,110, whose registered office is located at 33 km, Ancienne route de Thiès—Dakar (Senegal), registered in Dakar under number 78 B 104 and whose corporate purpose is the manufacture, import, marketing, export of limes, cements and sometimes hydraulic products and generally, of all products, materials, goods, articles and services related to construction.

As at December 31, 2008, Postoudiokoul held 55.56% of the share capital of Sococim Industries and Parficim held 44.32% of the share capital of Sococim Industries and 100% of Postoudiokoul.

Sinai Cement Company

Incorporated on December 27, 1997, the Sinai Cement Company is an Egyptian corporation with a share capital of EGP350 million, whose registered office is located at 29A Sama Tower—ring road Katania, Cairo (Egypt), registered in Giza under number 118456 and whose corporate purpose is the manufacture, import, marketing and export of bags of cement and construction materials.

As at December 31, 2008, Vigier Holding and Parficim held 48.41% and 3.80% respectively of the Sinai Cement Company (others: 47.79%).

Cementi Centro Sud

Incorporated on September 5, 2001, Cementi Central Southern S.p.a., is an Italian corporation with a share capital of €3,434,013, whose registered office is located at Via XX Settembre, No. 6/8, Genoa (Italy), registered in Genoa under the number 02154090985 and whose corporate purpose is the management of harbour terminals and the production, import and export of construction materials.

As at December 31, 2008, Parficim held 100% of the share capital of Cementi Centro Sud S.p.a.

8 REAL ESTATE, FACTORIES AND EQUIPMENT

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8.1. REAL ESTATE AND EQUIPMENT

The table below shows the Group's main real estate holdings and equipment as at December 31, 2008 for its cement, ready-mixed concrete and aggregates businesses:

	Cement				Ready-mixed concrete	Aggregates
Country	**Cement factories**	**Grinding plants**	**Cement terminals**	**Capacity [1]** (millions of tonnes)	**Concrete batching plants**	**Quarries**
France	5	2	4	4.6	140	47
United States	2	-	5	2.6	45	-
Turkey	2	-	-	4.5	29	6
Senegal	1	-	4	1.6	-	2
Mali	-	-	1	-	-	-
Switzerland	1	-	-	0.7	18	19
Egypt	1	-	-	3.5	-	-
Italy	-	1	2	0.7	-	-
Mauritania	-	1	-	0.4	1 [2]	-
Total	**12**	**4**	**16**	**18.6**	**233**	**74**

(1) Equivalent cement capacity for the clinker capacity of each factory.
(2) Cement batching plant operational in October 2008.

8.1.1. Cement

The cement-manufacturing industry is a highly capital-intensive industry, requiring significant investments. The cost of building a cement factory generally amounts between €100 and €150 million, depending on the type of work and the country location. The Group takes care to maintain its production facilities at a high level of performance and reliability. Accordingly, it has invested continuously in new equipment, which enables it to benefit from the latest recognised technologies, and has in particular enabled it to benefit from a steady improvement of the energy budget of the installations. The choice of leading international suppliers is also in line with the Group's policy of industrial excellence intended to give priority to quality, durability and performance of the equipment.

The table below sets forth the Group's various cement producing sites in France and abroad.

Cement factory	Country	Key dates
Montalieu	France	Group's main cement factory in France, its construction dates from 1922.
La Grave-de-Peille	France	Built in 1929, Group's second cement factory in France.
Créchy	France	Built in 1968. This cement factory is located close to Vichy.
Xeuilley	France	Acquired in 1969, during the cement industry's restructuring period.
Saint-Égrève	France	Acquired in 1970. This factory is located in the south-east, in the Rhône-Alpes region.
Ragland	United States	In 1974, the acquisition of the cement factory of Ragland, in Alabama was the Group's flagship investment internationally.
Lebec	United States	In 1987, the Group reinforced its presence in the United States with the acquisition of the Lebec factory, in California, located near Los Angeles.
Konya	Turkey	The Konya cement factory, acquired in 1991, is located to the south of the Anatolian plain.
Bastas	Turkey	The Bastas cement factory, acquired in 1994, is located in the centre of Turkey, close to Ankara, the capital.
Rufisque	Senegal	In 1999, the Group took over Sococim Industries which operates a cement factory near the capital, Dakar.
Reuchenette	Switzerland	The acquisition of Vigier in 2001, made it possible the Group to supplement its activities with the cement factory of Reuchenette.
El Arish	Egypt	At the beginning of 2003, the Group took a strategic holding of 25% in the Sinai Cement Company, owner of a cement factory built in 2001 40 km from the port of El Arish. This holding was increased to 52.05% in 2007.
Oristano (grinding station)	Italy	Acquired in May 2003, Cementi Centro Sud is owner of a grinding station in Sardinia and has two shipping terminals in Tarente (south of the Italian peninsula) and Imperia (close to Genoa).
Bamako	Mali	Inauguration in March 2006 of a railway terminal and a bagging unit, operated by the subsidiary Ciments et Matériaux du Mali.
Mynaral	Kazakhstan	Construction of a 1.1 million tonne capacity cement factory in Mynaral, 400 km from Almaty. Acquisition of the project company in December 2007. The plant should be in service in 2010.
Nouakchott	Mauritania	In October 2008, the Group took control of 65% of the capital of BSA Ciment SA, which operates a cement mill near the capital.
	India	Vicat Sagar Cement, a joint venture set up by the Group with its Indian partner, is currently in the initial stages of the project for a greenfield plant in Karnataka: supplier selection, purchase of land, and setting up financing.

In most cases, the Group owns the land on which its cement factories are built. The Lebec cement factory has a lease granted in 1966 for a term of 99 years, of which 56 years remain. In addition, except for some rolling items (such as loaders and trucks), the production facilities are fully-owned.

The Group manages the clay and limestone quarries and owns the land it exploits, either through renewable mining rights agreements for terms of between 10 to 30 years according to country, or through concessions granted by the state, which offer both use of the land and the right to exploit it. These concessions are also renewable periodically.

From the outset of its quarry operations, the Group takes into account the constraints of restoring its sites. See Section 8.2 "Environmental policy" of this Registration Document.

8.1.2. Ready-mixed concrete

The ready-mixed concrete business included 233 concrete batching plants as at December 31, 2008. These concrete batching plants consist of raw materials storage facilities and concrete preparation tanks. This equipment is heavily automated in order to ensure a constant quality of the concrete manufactured. With the exception of two batching plants rented in Turkey, the Group owns its concrete batching plants.

In addition, this ready-mixed concrete business operates a fleet of mixer trucks and pumping trucks to deliver the concrete to building sites. The Group directly operates part of this fleet, either as owner of the trucks or under financing leasing agreements, or sub-contracts delivery of the concrete to lessors who have their own equipment.

8.1.3. Aggregates

Extractions are made on land which the Group owns or over which it has long-term operating rights, and for which it has obtained the necessary licenses. In addition, the Group maintains the level of its reserves through acquisitions and by obtaining new extraction licenses. Finally, management of the quarries integrates the imperatives of restoring the sites, as discussed in Section 8.2 "Environmental policy" of this Registration Document.

The industrial plant comprises heavy equipment such as loaders, haulage machines, crushers and other materials such as draglines. With the exception of some plant held under financing leasing agreements, the Group generally owns this equipment.

8.2. ENVIRONMENTAL POLICY

The pillars of the Group's environmental policy are in line with its commitment to sustainable development; they reflect a genuine desire to respect the environment, economy of natural resources and development of human relations. Investments amounted to a total amount of €9.2 million in 2008, €22.1 million in 2007 and €23.5 million in 2006. This commitment results in particular in the following:

8.2.1. Insertion of the quarries in their environment

The operation of quarries necessary to supply the cement factories or for aggregate production, integrates environmental concerns into all stages of the life of the sites concerned. Flora, fauna and countryside are taken into consideration at every stage in their operation.

The quarry environmental management strategy is based on three core pillars:

▼ Redevelopment of quarries

76% of the Group's quarries have a redevelopment plan. This rate varied compared to that of the previous year (more than 80% in 2007) due to some sites (Voreppe in Isère, Manhurel in Meurthe-et-Moselle) being closed, and to new authorisations being obtained in the context of the technical analysis of extraction (Mynaral in Kazakhstan, and the quarries of Pout and Bandia in Senegal).

In 2008, more than 600,000 m^2 were redeveloped in these programmes. These redevelopments, which were carried out for many different reasons, are adapted to the specific context and to local needs; in particular, they include meadows, tree plantings and pools of water. In addition, the Group continued plantings in 2008 with more than 10,000 trees in a 70,000 m^2 area that was redeveloped in the Konya and Elmadag quarries in Turkey.

▼ Measures compensating for extractions

The Group is attempting to set up compensatory measures in concertation with local NGOs and the authorities in the context of its projects. This entails targeted programmes for a specific type of situation, or plans that are vaster in scope for biotopes overall. In particular, the Group built a dry stone shelter for the Maizières (Meurthe-et-Moselle) quarry, designed to house chiroptera, and officially presented to the authorities the Blue Springs Natural Reserve (Ragland, Alabama), which protects wetlands and rivers and receives and educates the public in an area of 59 ha. In France, an agreement to make 2.7 ha available was signed with the Passins commune (Isère) in the context of a Sensitive Natural Space. Managing this 30 ha space in partnership with the General Council of Isère and a naturalist NGO aims at preserving afforestation and to develop wetlands.

Reduction of environmental impact

Controlling environmental stress and effects of the Group's quarries on biodiversity cannot be separated from the Group's exploitation policy. In 2008, this preoccupation was, in particular, reflected in the Pré-de-Joux quarry in Arnas (Rhône) by setting up an annual monitoring plan for redevelopment and the influence of the borrow pit on the bordering Natura 2000 area. The initial stage, which was finished this year, is the starting point for continuous monitoring of biodiversity with a view to adapt the Group's business plan in real time, and to measure the value of the redevelopments. Moreover, in 2008, the Group continued its operations in biofuel crops in Senegal by planting 180 ha of Jatrophas on the land of its quarries; this will ultimately reduce the use of fossil fuels.

Finally, the objective of the Group in the context of the conclusions of the *Grenelle de l'environnement* is to favour biodiversity on its sites that are in operation. The Xeuilley (Meurthe-et-Moselle) quarry was therefore integrated in the regional action plan to save the yellow belly bullfrog and temporary wetlands in Lorraine because this quarry is one of the seven "hard cores" in the Lorraine animal population covered by this action plan. In this connection, an initial species monitoring campaign was carried out during the Spring-Summer 2008 period by the *Conservatoire des sites lorrains*.

Amounts provisioned under this heading in the Group's consolidated financial statements are presented in Notes 1.16 and 15 of Section 20.2 "Financial information" of this Registration Document.

8.2.2. Optimised choice of energy sources with an increasing share granted to alternative fuels and waste

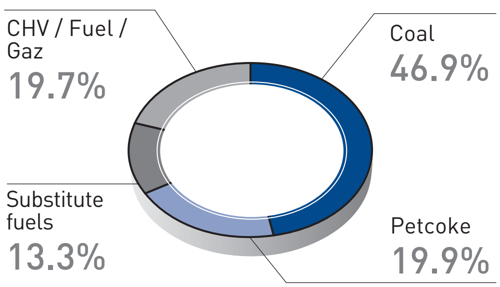
The choice of fuels used in the Group's cement factories always incorporates environmental parameters, which results in the choice of fuels that emit less CO_2, such as natural gas, or by the use of substitution fuels as soon as a waste collection contract is feasible industrially and economically (subject to agreement by the relevant authorities).

The Group appears among the most active players from the profession in the use of alternative fuels. During the last year, the fuel mix has remained stable for the Group overall, with an increase in the use of alternative fuel rate increasing from 12.9% of thermal energy consumed in 2007 to 13.3% in 2008. This increase does not completely reflect the reality of what has been achieved because of an unfavourable mix effect. Clinker production increased in countries that until now used no or few substitute fuels, in particular in Egypt and Turkey after capacities were increased. Consequently, the rate at which alternative fuels are used increased by 3 points in France and nearly 5 points in Switzerland and in the United States.

Several ongoing projects in the context of the "Performance 2010" and "Performance +" plans will continue to increase the use of these alternative fuels:

- In France, the Group should continue both diversifying fuel type in use, and using them in its plant in La Grave de Peille which has received the requested authorisations end of 2008.
- In Turkey, a joint subsidiary created with Chimirec will supply the Bastas plant with waste.
- In Senegal, several fuel types will be used from 2009 on (peanut shells, Jatrophas berries, used oils) and other systems are being studied.
- In Switzerland, the work planned in 2009 to increase capacity is also intended to use milled solid waste to increase the substitution rate.
- In the United States, the Lebec plant should continue both increasing alternative fuels that have already been used and diversifying fuel types in use.

Fuel distribution 2008



8.2.3. Reduction of harmful effects

In addition to measures relating to quarries set out previously, the Group is keen to reduce the harmful effects to their environment caused by industrial activities. Emissions and discharges into the air relate primarily to cement factories. Those are measured on a regular basis and are strictly regulated and controlled, in particular with regard to dust, SOx and NOx.

The following table sets forth the aggregate emissions measurements of the Group:

	2008 clinker production % covered by the study	Total emissions (tonnes)		Emissions (g/tonne of clinker)	
		2008	2007(1)	2008	2007(1)
Dust	95%	476	515	42	56
SOx	46%	2,861	1,981	552	373
NOx	72%	11,840	9,076	1,469	1,221

(1) Excluding data related to Rufisque plant emissions considered to be non-representative.

The Group's significant investment efforts in recent years, with the installation of filter bags in several plants (Konya in Turkey, Montalieu and Créchy in France and Rufisque in Senegal) has produced results and these are reflected in new reductions in dust emission, which put the Group among the most efficient in the profession in this area.

The increase in NOx and SOx emissions per tonne between 2007 and 2008 are the result both of an improvement in measurement methods and a different measurement perimeter. The figures that the Group has achieved put it among those using the best practices in the industry.

8.2.4. Controlling greenhouse gas emissions

In all the countries where the Group is present, it has taken action to participate in the collective effort by the signatory countries to the Kyoto Protocol in order to reduce greenhouse gas emissions. The cement business is primarily concerned with emissions of CO_2 from, on one hand, the decarbonisation of limestone and, on the other, the fuels used in its kilns.

Even before the first period of implementation of emission quotas (2005-2007), the Group worked actively on reducing its CO_2 emissions into the atmosphere, while seeking to decrease fossil fuel consumption, by improving the thermal efficiency of its kilns, as well as by increasing recourse to alternative fuels, emitting less CO_2 and to fuels resulting from the biomass, whose CO_2 balance is neutral for the environment. From a medium-term point of view, the Group is also developing cements with additives in countries where the standards allow it (limestone or pozzolanic fillers, blast furnace slag, fly ash). The Group is also studying other alternatives (such as new technologies, repatriation of CO_2 within the framework of Clean Development Mechanisms and new products).

Since 2005, the cement manufacturing business in France has been subject to greenhouse gas emission quotas. On this date, a quota mechanism was instituted by the European Union in order to encourage industrial producers to control and reduce their CO_2 emissions into the atmosphere. Thus, the Member States of the European Union allot each year emission quotas to each operator under national allocation plans, which are negotiated by Member States after dialogue with professional organisations. These emission quota allocations are determined on the basis of past emissions, the planned growth of the industry sector and by taking into account of the reduction factor set by the European Union in order to move towards the Kyoto Protocol objectives. Any exceeding of the quotas allocated per producer must be offset by purchasing emission rights on the market or by using quotas allocated for the following year.

Concerning the second phase for allocating these quotas for the years 2008-2012 (PNAQ II), the Group estimates that given the efforts made to reduce its emissions, its sales forecasts over this period, the revised version of the national allocation plan accepted by the European Commission and new allocations granted from the reserve for new incomers (total: 2.8 million tonnes), it should not need to purchase additional rights to emit on the market.

2008 was marked by negotiations around changes in the European Directive on greenhouse gas emissions for the period after 2012. Under the French presidency of the European Union, the project of Directive published in January 2008, was modified to take its predictable impact on competitiveness in European industries that consume a great deal of energy into account. The Directive adopted on December 16, 2008, allocated free CO_2 quotas to industries that will be recognised as significant consumers of energy and subject to international competition. The criteria defined in the directive classify the cement industry in this category. The amount of free quotas allocated will be based on the average of specific emissions from cement factories that have the lowest CO_2 emission factors and that represent 10% of clinker production.

Some details in the Directive are still to be specified by the Commission. What stands out in the current text is that efforts aimed at reducing CO_2 emissions will be necessary, but these efforts should be compatible with maintaining the European cement industry's competitiveness. The quality of the Group's industrial equipment in France, which is the result of the long-term investment policy, puts the Group in a favourable position in this new regulatory context.

In France, 2008 was also the first year in the implementation of phase II of the national quota assignment plan (PNAQ II). On this basis, the Group was allocated 2,802 thousand tonnes in emission quotas. Given the slowdown in the market and the continued increase in alternative fuels (in particular, those from biomass and from controlling the heat balance of the installations), actual emissions were estimated as being 2,380 thousand tonnes of CO_2. 340,000 tonnes of the excess were sold on the market. In addition, the National Quotas Allocation Plan (PNAQ II) offers the Group the possibility to partially fulfill the obligation to quota restitution through Emission Reduction Certificates (CER); the Group was therefore able to exchange quotas for CERs for 210 thousand tonnes and the balancing cash adjustment received was then recognised in the income of the period.

In 2008, the Group's total emissions for the Cement business were 9,271,780 tonnes of CO_2. In terms of absolute value, these emissions have grown overall (+9.7%), due essentially to the increase in clinker production (+9.5%) subsequent to increases in capacity, in particular in Egypt and Turkey. Emissions per tonne have increased slightly from 823 kg of CO_2 per tonne of clinker due to a change in the method used to calculate emissions. If the method of calculation had not changed, emissions per tonne would have shown a slight decrease.

The amounts posted under this heading in the Group's consolidated financial statements are given in Note 1.7 of Section 20.2.2 "Appendix to the 2008 Financial Statement" of this Registration Document.

8.2.5. Managing and recycling water needed for production

Managing and recycling water used for production is taken into account in the Group's three main businesses:

- for cement, water is used only for cooling and the Group has developed an approach intended to minimise the drain on the environment by giving priority to recycling systems and by collecting rainwater;
- for ready-mixed concrete, water is used both to be incorporated in the product and for washing the installations and vehicles. In France, implementation of the water management programme begun in 2007 was continued. In Switzerland, the new cement batching plant at Interlaken has the latest technology in water treatment;
- in the aggregates business, large amounts of water needed for washing materials are compensated by water recycling systems, such as the site of Sablières de Grésivaudan, which operates in closed loop.

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The following presentation and analysis must be read in conjunction with the entire Registration Document, in particular the Group's consolidated financial statements for the years ended on December 31, 2006, 2007 and 2008, prepared in accordance with International Financial Reporting Standards or "IFRS" (see Section 20.1 "Accounting policies" of this Registration Document), on which this analysis was based.

9.1. INTRODUCTION

As of the date of this Registration Document, the Group is present in eleven countries and is active in nine with its main businesses being Cement, Ready-mixed concrete and Aggregates. The Group has organised its teams by business line in order to manage its activities. This choice is explained by the fact that the Cement business on one hand and the Ready-mixed concrete and Aggregates businesses on the other hand are based on different economic models and affect different customers. Accordingly, the Group manages its activities and allocates its resources by business line in all the markets where it operates. Nonetheless, the capital-intensive nature of this industry often leads the Group to coordinate its businesses by market, in order to improve the overall efficiency of its organisation.

Country	Cement	Concrete & Aggregates	Other Products & Services
France	▼	▼	▼
United States	▼	▼	
Switzerland	▼	▼	▼
Turkey	▼	▼	
Senegal	▼	▼	
Egypt	▼		
Italy	▼		
Mali	▼		
Kazakhstan	▼		
India	▼		
Mauritania	▼	▼	

In 2008, the Group's total shipments in these main businesses amounted to 14.2 million tonnes of cement, 8.4 million m^3 of concrete and 21.6 million tonnes of aggregates.

In France and Switzerland, the Group also operates in activities complementary to the main businesses.

9.1.1. Summary of the Group's 2008 results

During the financial year 2008, the Group's consolidated sales were €2,057 million, a decrease of 3.7% compared to 2007 and of 3.0% at constant scope and exchange rates.

In a degraded economic context, the Group's business fell in France (-1.4%), in the United States (-25.8%) and in Turkey (-0.9%) at constant scope and exchange rates. On the other hand, in Europe (+0.6%) and in Africa and the Middle East (+17.1%), the consolidated net sales of the Group at constant scope and exchange rates increased compared to 2007.

Variation of 2008/2007 sales by business and geographical region:

	France		Outside France		Total	
	In millions of euros	%	In millions of euros	%	In millions of euros	%
Cement	(2.7)	-0.8%	3.0	+0.5%	0.3	=
Concrete & Aggregates	1.1	+0.2%	(70.1)	-16.6%	(69.0)	-7.5%
Other Products & Services	(8.9)	-4.4%	(1.9)	-2.0%	(10.8)	-3.5%
Total	**(10.5)**	**-1.0%**	**(69.0)**	**-6.2%**	**(79.5)**	**-3.7%**

The Group's levels of operating profitability fell compared with 2007, influenced by:

- the very significant decrease in business in the United States throughout the financial year and the degradation in business during the second half in the French, European and Turkish markets;
- the significant decrease in prices in Turkey and in the United States, linked to strong economic pressure.

These factors could not be compensated by commercial dynamism in Africa and the Middle East.

The Group's operating profitability was also affected by the increase in energy prices, partly compensated for by the improvement in the technical performance of the industrial equipment and by the increased use of alternative fuels. In this way, the Group's consolidated EBITDA showed a 10.9% decrease compared with 2007 to €528 million euros and a 9.5% decrease at constant scope and exchange rates. The EBITDA margin was consequently 25.7% compared with 27.8% in 2007.

The net consolidated income was €273 million, down by 17.4% compared to 2007 (€331 million), including a Group share of €245 million, down by 18.1% compared to 2007 (€299 million).

The consolidated self-financing capacity of €402 million made in particular possible to finance €383 million of industrial investments over the year. With a net indebtedness of €678 million, the Group displays, as at December 31, 2008, a sound financial structure, with gearing as at this date of 34.7% compared with 30.0% at the end of 2007.

9.1.2. Elements having an impact on result of operations

As at the date of registration of this Registration Document, the Group considers that the principal factors having a significant impact on its financial performance are as follows.

▼ 9.1.2.1. Elements having an impact on sales

(a) Economic conditions in the countries where the Group operates

The materials produced by the Group—cement, concrete and aggregates—are major components of construction and infrastructure in general.

Demand for these products depends on the economic conditions specific to each country and market, which are in turn determined by the rate of demographic growth, the level of economic growth and the level of urbanisation. These factors condition the level of local public and private investments in residential housing and infrastructure, and therefore the sales achieved by the Group in each market where it operates.

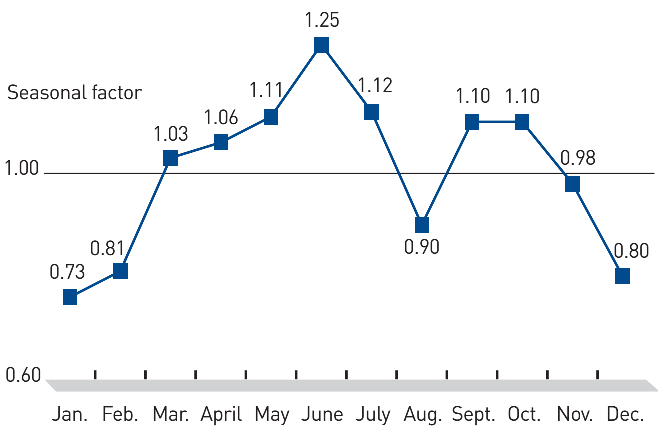
The price levels applicable to each market are determined by the production costs of existing operators and the competitive intensity of the product markets.

(b) Seasonal factors

Demand in the Cement, Ready-mixed concrete and Aggregates businesses is seasonal and tends to decrease in winter in temperate countries and during the rainy season in tropical countries. The Group therefore generally records a fall in sales in the first and fourth quarters, during the winter season in the principal markets of Western Europe and North America. In the second and third quarters, on the other hand, sales are higher, as the summer season is favourable to the construction industry.

The following graph shows the changes in the monthly standard coefficient of seasonal factors during the year, calculated from sales recorded during the last five years. Thus, for a monthly average equal to 1, the seasonal factor varies from 0.73 on average in January to almost 1.25 on average in June.

Seasonal factors of Vicat's sales



The seasonal factors observed vary depending on the country. Thus, the Group's activities in Senegal, despite reduced activity from August to October because of winter, as well as in the United States, suffered from fewer marked seasonal factors than those noted in Western Europe. Turkey similarly did not see a fall in its activity in August, unlike France and Italy.

9.1.2.2. Elements having an impact on production costs

The principal components of production costs are energy, raw materials, maintenance, provisions for depreciation of production facilities, transport costs and personnel costs.

The cost of energy is the most important in the Cement business; globally it represents more than one third of the cost price of cement. The cost of energy includes, on one hand, electricity, whose price depends in particular on the production capacity available on each market and, on the other, on fuels, whose prices depend on the overall market conditions for each material. The effect of changes in fuel prices varies in particular according to the mix of fuels used, the energy efficiency of each factory, and the capacity to use alternative fuels. The impact of energy prices variations has a delayed and reduced impact on the income statements, considering the inventory and the existing term supply agreements.

As the Group's products are heavy, the share of costs relating to transport can prove to be high. The locations of factories and their proximity to the markets are thus determinative for the competitive position and have a direct effect on the selling prices net of transport received by the companies (see also the Section 9.1.4 "Elements of the income statement" of this Registration Document).

9.1.2.3. Elements having an impact on the financial result

The consolidated financial results depend mainly on the Group's indebtedness, as well as on the interest rates used and fluctuations in the exchange rates of the currencies in which the Group incurs debts or has a cash surplus. The sensitivity to these variations of rates and exchange is limited by the hedging instruments used.

The Group's activities are run by entities which operate primarily in their own country and their own currency, both for sales and for purchases. The Group's exposure to exchange rates is thus limited.

Nevertheless, import and export transactions by the companies in currencies different from their accounting currency are generally hedged by forward buying and selling currency operations. Intragroup financings are usually the subject of exchange rate hedging by the companies where the loan currency differs from the operating currency.

9.1.2.4. Elements having an impact on the Group's taxes

The Group's tax burden depends on the tax laws in force in each country where the Group operates and on exemption agreements from which some subsidiaries (Senegal and Egypt) benefit.

In Senegal, the State signed a mining agreement with Sococim Industries in February 2006, with retroactive effect to January 1, 2006, granting it tax exempt status because of its major investment plan, of which the main benefits are exemption from corporation tax, a capping of the occupational and land taxes for a period of 15 years and an exemption from import duty over the investment period of four years.

In Egypt, at the time of its creation, Sinai Cement benefited from an exemption scheme in favour of investment, under which the company is exempt from income tax for a period of 10 years as from 2001.

In Kazakhstan, Jambyl Cement benefited from an income tax exemption agreement at the end of 2008, for a 10-year period starting when the plant will enter into operation.

9.1.3. Critical accounting policies

In accordance with European Regulation no. 1606/2002 of the European Parliament of July 19, 2002 concerning the application of international accounting standards, the Group's consolidated financial statements are prepared, since January 1, 2005, in accordance with IFRS referential, as adopted within the European Union. Standards retained as reference accounting principles on those in force as of the closing date. None of the standards and interpretations published but not in force as at December 31, 2008 were applied ahead of their effective date.

The following options were adopted under the first application of IFRS:

- no adjustment for company mergers completed before the transition date;
- no use of market value or an earlier revaluation as the new historical cost;
- setting to zero of the actuarial differences related to personnel benefits not yet recognised by allocation to equity;
- setting to zero of conversion differences accumulated by allocation to the consolidated reserves.

The financial statements are presented:

- by type for the income statement;
- according to current/non-current classification for the balance sheet;
- according to the indirect method for the cash flow table.

Note 1 of the appendix to the consolidated financial statements details the accounting policies and the valuation methods applied by the Group, which are also summarised in Section 20.1 "Accounting principles" of this Registration Document.

9.1.4. Elements of the income statement

In the Group's consolidated financial statements prepared in accordance with IFRS standards, the principal items of the income statement, which are further discussed below, are the followings:

- sales, which are mainly composed of billings for products delivered and services rendered during the period, in particular transport on rebilled sales;
- goods and services purchased, which mainly comprise purchases and variations in stocks of raw materials and fuels, electricity supplies and other services received (in particular maintenance costs and transport charges);
- personnel costs, which incorporate the cost of salaries and social contributions related to personnel employed directly by the Group, as well as participation and profit-sharing for companies in which these schemes exist and charges related to post-employment benefits;
- taxes represent taxes remaining payable by the firm other than those based on the profit.

Beyond the accounting aggregates appearing in the income statement, the principal indicators used by the Group for measurement of financial and industrial performance are EBITDA and EBIT, which are shown at the foot of the income statement as published. These aggregates are defined in Note 1.19 of the appendix to the consolidated financial statements and the rationalisation of the move between Gross operating earnings, EBITDA, EBIT and Operating profit is presented in Note 23 (see also Section 3 "Selected financial information" of this Registration Document).

9.1.5. Effect of modifications to the scope and exchange rate variations

▼ Modifications to the scope

Modifications to the scope of consolidation include acquisitions (within the scope), divestments (beyond the scope) and the changes to the method of consolidation of the Group's subsidiaries (complementary acquisitions or partial divestment).

In its pursuit of external growth, the Group acquired, in the second quarter of 2008, the assets of the Walker group, which is established in the United States in the region of Atlanta (Georgia) and is specialised in producing ready-mixed concrete. The Walker group includes 14 concrete batching plants with a capacity of more than 700,000 m^3.

In October 2008, in Mauritania, the Group also acquired 65% of the capital of BSA Ciment SA, which owns a cement grinding centre with an annual capacity of 450,000 tonnes, a concrete batching plant and a prefabrication producing unit. These installations are ideally located near the capital and the country's main port area.

In addition, in June 2008, the Group announced the creation of a joint venture with the Indian cement manufacturer, Sagar Cements, established in the state of Andhra Pradesh. The objective of this operation is to build a greenfield cement factory in Gulbarga in the state of Karnataka. Production is to start in 2012 at the latest. This operation, which remains subject to the lift of certain conditions precedent in the course of 2009 (necessary administrative authorization to operate, lands acquisition to secure the reserves in the quarries, set up of the project's financing), has had no material impact on the consolidated financial statements of 2008 (See also Sections 5.2.2. "Principal investments in progress and planned", 6.3.1.7. (j) "Overview of the Cement markets" and 12.2.3. "Industrial investments").

Following the acquisition on January 1, 2007 of the concrete and aggregates Swiss company Astrada, the Group acquired some assets which were not fully in line with its commercial and industrial organization, and it was decided that these should be sold. This sale occurred on January 1, 2008.

▼ Exchange rate variation

The Group's international establishment exposes its results to fluctuations of the currencies of each country where the Group is established relative to the euro (i), as well as fluctuation of the currencies used by its subsidiaries for their business activities relative to their operating currencies (ii).

i. On the closing of each year's accounts, the income statements of the subsidiaries are converted into euros at the average exchange rate for the period. The variations from one period to another between the different currencies in which the Group operates relative to the euro result in variations in sales and, more generally, income and costs expressed in euros, even though such variations do not reflect changes in the Group's performance.

   For the purposes of comparison, the Group presents, in Note 19 of the appendix to the consolidated financial statements for 2008, sales recomputed with constant perimeter and exchange rates compared to 2007.

   In addition, the balance sheets of the subsidiaries are converted at the exchange rates in force on the balance sheet closing date. Variations of these currencies result in conversion adjustments allocated to equity (see Note 1.5 of the appendix to the consolidated financial statements).

ii. Profits or losses recorded by the Group's subsidiaries when carrying out transactions in currencies different from their operating currencies are recorded in the financial result as exchange differences in the financial result.

9.2. COMPARISON OF RESULTS FOR 2008 AND 2007

9.2.1. Change in consolidated sales

Consolidated sales for 2008 reached €2,057 million, down by 3.7% compared to the previous year, resulting from the following:

- a -3.0% organic change in activity representing a decrease of nearly €64 million and the result mainly of the decrease in sales in the United States, despite resilience in France and Switzerland and marked growth in Senegal and Egypt;
- a reduction of 1.3% representing a decrease of €28 million, attributable to the unfavourable variation in exchange rates in 2008 compared to 2007, in particular for the US dollar (-€19 million) and the Turkish lira (-€13 million) partially offset by a recovery in the Swiss franc (€8 million); and
- a 0.6% increase representing a €12 million rise, linked to variations in consolidation scope, mainly with the inclusion of the sites of the Walker company in the United States in May, the acquisition of various concrete companies in France and of BSA Ciment in Mauritania as of October 1, partially offset by a carry-over effect from the sale of the Negotiation and Piping businesses in France and the sale of a site in Switzerland.

The change in consolidated sales for the financial year 2008 by activity, compared to 2007 is as follows:

(In millions of euros except %)	2008	2007	Variation	Variation (%)	Of which: Exchange effect	Variation in scope	Internal growth
Cement	929	929	0	0.0%	(16)	2	14
Concrete & Aggregates	845	914	(69)	-7.5%	(15)	17	(71)
Other Products & Services	283	293	(11)	-3.7%	3	(7)	(7)
Total	**2,057**	**2,136**	**(79)**	**-3.7%**	**(28)**	**12**	**(64)**

As indicated above, the Group's net operating sales are down, due mainly to the slowdown in business at constant scope and exchange rate. The overall analysis of the various components of this evolution is presented below:

	Change 2008/2007 (%)
Volume effect	-4.9%
Price and mix effect	+1.9%
Changes in consolidation scope	+0.6%
Translation gains/losses and other	-1.3%
Total	**-3.7%**

The decrease in volumes mainly concerns the United States and the Concrete and Aggregates business. The increase in sales prices concerns all businesses and markets with the exception of the United States and Turkey due to particularly difficult market conditions in 2008 in these two countries. It reflects commercial action by the Group to mirror the effect of the rise in energy costs.

The growth in volumes (calculated proportionally to the percentage of integration) in the Group's main businesses is as follows:

	2008	2007	Evolution
Cement (in thousand tonnes)	14,225	14,155	0.5%
Concrete (in thousand m^3)	8,373	8,846	-5.3%
Aggregates (in thousand tonnes)	21,579	22,562	-4.4%

The distribution of the Group's operational sales by activity (before inter-sector eliminations) is as follows:

(as a percentage)	2008	2007
Cement	47.9	46.7
Concrete & Aggregates	37.0	38.4
Other Products & Services	15.1	14.9
Total	**100.00**	**100.00**

The share of the Group's core businesses, that Cement, Concrete and Aggregates represent, remained stable at nearly 85% of consolidated sales before elimination.

Breakdown of operational sales by geographic zone of sale:

(in millions of euros)	2008	%	2007	%
France	974	47.3%	988	46.2%
United States	268	13.0%	364	17.0%
Turkey	162	7.9%	194	9.1%
Africa, Middle East and others	335	16.3%	276	12.9%
Europe (except France)	318	15.5%	314	14.7%
Total	**2,057**	**100%**	**2,136**	**100%**

By geographic sales area, the share of consolidated sales made in France is rising due to resilient business in the first 8 months of the year and favourable sales price orientation, whereas the share made in the United States has fallen due both to unfavourable variations in the exchange rate and to a decline in business, caused by a fall in the construction market.

The share of the Africa/Middle East area is increasing strongly, moving from 12.9% in 2007 to 16.3% in 2008 due to sustained growth in these markets and the effect at the end of the year of the increase in capacity in Sinai Cement.

Breakdown of operational sales for 2008 by country and by business:

Country	Cement	Concrete & Aggregates	Other Products & Services	Inter-sector eliminations	Consolidated sales
France	454	508	265	(210)	1,017
United States	129	182	0	(43)	268
Turkey	149	84	4	(50)	187
Senegal	172	17	0	0	189
Switzerland	86	91	91	(25)	243
Italy	40	0	0	0	40
Egypt	113	0	0	0	113
Sector operational sales (before inter-sector eliminations)	**1,143**	**882**	**360**	**-**	**-**
Inter-sectors eliminations	(214)	(37)	(77)	(328)	-
Consolidated sales	**929**	**845**	**283**	**-**	**2,057**

9.2.2. Change in operating profit

In a strongly deteriorating macro-economic context during 2008, the Group's results show a clear capacity for resilience. EBITDA has decreased by 10.9% (9.5% at constant scope and exchange rates) mainly due to the significant fall in business throughout the year and strong competitive pressure in Turkey. With energy costs that are still high for the financial year, these elements could not be compensated by the growth in business in Egypt and Senegal.

(in millions of euros)	2008	2007	Evolution
Net sales	2,057.0	2,136.5	-3.7%
EBITDA	528.3	593.2	-10.9%
EBIT	392.2	479.8	-18.3%
Operating profit (1)	381.9	450.6	-15.3%

(1) Operating profit is calculated by adding EBIT, other income (expenses) and other net charges to non-operating depreciation, amortization and provisions and exceptional charges and the net allocations to amortisation and exceptional provisions.

Beyond the operational performance of the various businesses which is detailed below, the operating result in 2008 incorporates in particular:

- a net charge of €11.2 million recorded under the damages that occurred in the Maurienne valley in 2006 (€19.7 million for the previous period); and
- a reinstatement of the €3.5 million provision subsequent to a decision to appeal in a dispute relating to a fine for commercial practices in Corsica (dispute currently subject to an appeal to the *Cour de cassation* by the Company), as opposed to an €8 million allowance in 2007.

Overall, all non-recurrent elements included in the operating results, which would represent a net charge of €14.9 million for 2007, represent a net charge of €1.7 million euros in 2008.

9.2.2.1. Change in the operating profit by business

The following paragraphs show the breakdown of operating results by business, as well as an analysis of their development between 2007 and 2008.

9.2.2.1.1. Change in operating profit in the Cement business

(in millions of euros)	2008	2007	Evolution
Operating sales	1,142	1,156	-1.2%
Inter-sectors eliminations	(213)	(227)	-
Contribution to consolidated sales	929	929	0.0%
EBITDA	388	415	-6.5%
EBITDA/operating sales (%)	33.9%	35.9%	-2 pts
Operating income	303	336	-9.7%

The operational profitability of the Cement business has fallen for both the operating income and EBITDA. At constant scope and exchange rates, EBITDA of the Cement business has fallen by 5.2% to €388 million that reflect a 2.0 points decrease in the EBITDA margin to 33.9% of operating sales. This change is mainly the result of the deterioration of market conditions in the United States and in Turkey and the increase in energy prices despite good control of cost price.

Sales in the cement business decreased by 1.2% but increased by 0.4% at constant scope and exchange rates. Volumes are stable overall with a marked drop in the United States, growth in the Africa/Middle East region and in Turkey, and slight decrease in France and Europe. Prices are increasing except in the United States and Turkey.

This policy, combined with good control of the cost price and the initial income from the "Performance 2010" plan, compensates the increase in energy costs and the additional costs incurred in transport and bought-in clinker still incurred in some markets until new capacities gradually develop. This change is reflected by a decrease of more than one point in the share of the consumed purchases in sales, at 52.7%.

Personnel costs have increased by +3.2% given the fact that inflation has accelerated in several countries. Finally, at approximately €21 million, taxes and duties have increased by 7% compared with the previous year.

By country, changes in the operating profit of the Cement business raise the following observations:

- In **France,** net operating sales have remained stable with a 3.4% decline in volumes due especially to the more marked drop in the 4th quarter. The increase in average selling prices has not completely compensated the decrease in volumes. Incidentally, due to the effects of the "Performance 2010" plan, which has put an end to cement and clinker transport, increased use of alternative fuels and improved installation efficiency, the EBITDA margin has increased slightly despite the increase in energy prices.
- In **the United States,** net operating sales has fallen by 26% due to the marked drop in volumes both in California and in the South East, and to depreciation in the sales price. The EBITDA margin is resilient and only registers a limited decrease of 0.5 points due to the significant use of alternative fuels and the consequences of the prolonged stoppage of the Ragland plant's kiln in 2007.
- In **Switzerland,** net operating sales have remained stable due to slightly weaker volumes than in 2007 because of the climate conditions at the end of the financial year and of increasing sales prices. These favourable changes did not allow the company to avoid a marked decrease in EBITDA margin despite recovery in the substitution rate. This is because the cost of substitute fuels increased and the plant had to purchase cement and clinker to cope with the positive market orientation.
- In **Italy,** sales have decreased by 5%, with increased prices having partially compensated the decrease in volumes in a competitive and decreasing market.
- In **Turkey,** sales volumes have increased by 5.8% for the whole year due to strong growth in exports that more than made up for stagnation in domestic sales. Domestic sales prices have declined significantly due to strong growth in competition caused by the arrival of new capacities in a declining market. Operating sales decreased by 8% in euros and only decreased by 1% at constant scope and exchange rate. Operating profitability has decreased strongly due to the effect of price decreases, with the improvement in technical parameters not having made up for the increase in energy costs and non-recurrent costs born in the first half-year because of the increase in the expense of the new Bastas kiln.
- In **West Africa,** net sales are up by 9.2%, given volumes increasing slightly and prices growing clearly in order to reflect the change in energy costs and the cost of purchased clinker. This change, which has been favourable to the business, as well as the initial effects of the "Performance 2010" plan, have led to new growth in the EBITDA margin.
- Business in **Egypt** benefited both from a well-oriented market and from commissioning double capacity in Sinai Cement in mid-year. Consequently, net operating sales are increasing by 38.2% at constant scope and exchange rate. Volumes sold increased by 19.5% for the entire year and by 47% for the second half. Sales prices have been well oriented. Despite this good commercial performance, the EBITDA margin has declined due to the very significant increase in gas and electricity prices and to the authorities' instituting a new tax on cement production known as the "clay tax" of approximately €4 per tonne of cement.

9.2.2.1.2. Change in operating profit of the Ready-mixed concrete and Aggregates business

(in millions of euros)	2008	2007	Evolution
Operating sales	882	950	-7.2%
Inter-sectors eliminations	(37)	(36)	-
Contribution to consolidated sales	845	914	-7.5%
EBITDA	109	147	-25.6%
EBITDA/operating sales (%)	12.4%	15,5%	-3.1 pt
Operating income	58	97	-39.9%

Sales in the Concrete & Aggregates business is down by 7.2%. This decline reflects contrasting market situations with business that is still resisting the trend in some markets such as France, Switzerland or Senegal, a fall in business in the United States and a high competitive situation in Turkey. Operational profitability, measured in terms of EBITDA, has fallen by 22.7% at constant scope and exchange rate, *i.e.* a 3.1 points decline in the EBITDA margin, reflecting the drop in volumes in the United States and in prices in Turkey. In the other markets, on the other hand, rising sale prices made it possible to offset most of the increases in the prices of cement, energy and transport, whereas personnel costs and taxes and levies, have remained stable overall, given the decrease in sales and a deterioration in EBITDA.

After taking in France a net charge of €17.3 million into account over the whole year on account of the "Maurienne valley" dispute, partially compensated by net recovery of €6.1 million of provisions, the operating profit is decreasing by 39.9%.

- Sales in **France** in the Ready-mixed concrete and Aggregates businesses have remained stable, and have decreased by 2% at constant scope. This change reflects decrease in concrete volumes (-1.5%), a decrease in aggregate volumes (-7%) and sales prices holding up well. In this context, the EBITDA margin has declined over the year, the increase in prices not fully compensating for the decrease in volume and the increases in cement, aggregates and transport costs.

- In **the United States,** operating sales declined by 26.6% at constant scope and exchange rate, given a slight decline in volumes in the South-East (excluding the effect of acquiring the Walker group) and in California. In this context, sales prices have fallen in California but have increased slightly in Alabama. The EBITDA margin has contracted significantly.
- In **Turkey,** sales in the Concrete & Aggregates business is down by 6.1% but has increased slightly by 0.3% at constant scope and exchange rate. This change reflects a clear increase in concrete volumes in particular on the Mediterranean coast, which is compensated by a significant reduction in prices. The action that the Group undertook to maintain cement factory outlets led to a deterioration in EBITDA margin.
- In **Switzerland,** operational sales have decreased by 4.8% but increased by 4% at constant scope and exchange rate given the sale of a site as planned. Excluding this impact, aggregate volumes have remained stable and concrete volumes have fallen slightly due to the achievement of an important construction project. Solid growth has been recorded in prices, which allows stability in the EBITDA margin.
- In **Senegal,** sales volumes have remained stable due to a slowdown experienced during an unusually intense rainy season. The EBITDA margin has experienced a slight decline due to a non-recurrent tax element.

9.2.2.1.3. Change in operating profit in the Other Products & Services business

(in millions of euros)	2008	2007	Evolution
Operating sales	361	369	-2.3%
Inter-sectors eliminations	(78)	(76)	-
Contribution to consolidated sales	283	293	-3.5%
EBITDA	31	32	-2.0%
EBITDA/operating sales (%)	8.6%	8.6%	=
Operating income	21	18	16.2%

Operational sales have decreased by 2.3% at current scope and by 1.2% at constant scope and exchange rates taking into account the sale of the Trade and Pipe businesses in France.

The operating profit for the Other Products & Services business has reached €21 million, up by 16.2% compared to 2007. This change is mainly due to the Transport business in France holding up well.

9.2.2.2. Change in the operating profit by geographic areas

9.2.2.2.1. Income statement France

			Variation (%)	
(in millions of euros)	2008	2007	Published	At constant scope and exchange rate
Consolidated sales	1,017	1,028	-1.0%	-1.4%
EBITDA	262	272	-4.0%	-4.1%
EBIT	209	224	-7.1%	-7.0%

Consolidated sales in France show a 1.4% stagnation at constant scope. EBITDA is down by 4% at €262 million. The EBITDA margin has decreased and has settled at 25.5%, compared to 26.3% in 2007. This variation reflects trends that are differentiated according to business:

- slight growth in operational profitability of the Cement business despite a slight decrease in volumes and the increase in energy prices, thanks to the effect of the "Performance 2010" plan (improvement in technical parameters and the end of inter-plant transport);
- decline in the margin in the Concrete & Aggregates business, increases in sales prices not fully compensating the decrease in volumes and the inflation in production factors;
- slight decrease in the margin of the Other Products & Services business due in particular to a highly competitive market in the Transport business.

9.2.2.2.2. Income statement Europe (excl. France)

(in millions of euros)	2008	2007	Variation (%) Published	Variation (%) At constant scope and exchange rate
Consolidated sales	283	285	-0.6%	+0.6%
EBITDA	67	70	-4.1%	-3.5%
EBIT	49	58	-14.3%	-13.8%

Consolidated sales in Europe, excluding France, show a slight decrease by 0.6%. Excluding scope and exchange rate effects, business is slightly increasing, by 0.6%.

EBITDA has fallen by 3.5% at constant scope and exchange rate, *i.e.* at 23.6%, a 0.9 point decline in the EBITDA margin. This change comes mainly from the Cement business in Switzerland, the margin of which has declined due to purchasing cement and clinker, and to the increase in fuel prices, in particular, in alternative fuels. EBITDA in Italy is down due to the decrease in volumes and to a rise in prices that does not completely compensate the increase in costs of imported material and freight.

9.2.2.2.3. Income statement United States

(in millions of euros)	2008	2007	Variation (%) Published	Variation (%) At constant scope and exchange rate
Consolidated sales	268	364	-26.3%	-25.8%
EBITDA	49	83	-41.6%	-36.5%
EBIT	23	59	-61.3%	-54.7%

Consolidated sales in the United States declined by 26.3%, and 25.8% at constant scope and exchange rate, with the arrival of the Walker group in May 2008 being compensated by the effect of the US dollar depreciation. EBITDA shows a 41.6% drop, 36.5% at constant exchange rate.

The unfavourable change in EBITDA includes a decrease in average sales price except for concrete in the South East, and especially the significant decrease in volumes in both regions at constant scope and in both businesses. The EBITDA margin has decreased due to the contraction in operational profitability in the Concrete business, with the EBITDA margin in the Cement business holding up better due to the increase in the use of alternative fuels and the elimination of costs related to non-recurrent elements in 2007, which were the result of prolonged stoppage at the Ragland kiln (which is reflected by significant purchases of clinker and cement).

9.2.2.2.4. Income statement Turkey and Kazakhstan

(in millions of euros)	2008	2007	Variation (%) Published	Variation (%) At constant scope and exchange rate
Consolidated sales	187	202	-7.2%	-0.9%
EBITDA	35	67	-47.9%	-44.2%
EBIT	17	55	-68.5%	-66.1%

Consolidated sales in Turkey declined by 7.2%, and 0.9% at constant exchange rate, given depreciation in the Turkish lira. EBITDA shows a 44.2% drop at constant exchange rate. Overall, the EBITDA margin in Turkey (excluding Kazakhstan) has declined strongly, from 33.4% in 2007 to 18.7% in 2008.

This change is the result of a difficult market situation caused by a decline in consumption and the arrival on the market of significant new capacities occurring at the same time.

In the Cement business, the increase in sales volumes that was made possible by strong growth in exports, in the first half-year in particular, did not compensate the effect of the decrease in domestic sales prices, the increase in energy prices and non-recurrent costs arising from the ramp up of the new kiln in Bastas.

In the Concrete & Aggregates business, EBITDA declined compared to 2007, with the significant increase in volumes, in particular in the Mediterranean region, being exceeded by the fall in average necessary sales prices, in the context of a tight market, to maintain flow in cement volumes.

9.2.2.2.5. Income statement Africa and Middle East

			Variation (%)	
(in millions of euros)	**2008**	**2007**	**Published**	**At constant scope and rate of change**
Consolidated sales	302	259	+16.5%	+17.1%
EBITDA	117	101	+15.4%	+16.9%
EBIT	94	83	+12.5%	+14.2%

Consolidated sales for Africa and the Middle East region grown strongly by 17.1% at constant scope and exchange rate. The EBITDA margin has dropped slightly from 39.0% in 2007 to 38.6% in 2008.

In West Africa, business has grown by 6.9% and EBITDA has increased, sustained by the increase in sales prices and by improvement of some industrial parameters.

In Egypt, net sales have increased by 38.2% at constant scope and exchange rate due to the Sinai Cement's capacity being doubled within the period scheduled in the "Performance 2010" plan. The EBITDA margin has declined due to the very significant increase in gas and electricity prices and to the authorities' instituting a new tax on cement production.

9.2.3. Change in financial result

(in millions of euros)	**2008**	**2007**	**Evolution**
Cost of the net financial indebtedness	(30.1)	(21.4)	+40.0%
Other financial income and expenses	4.2	3.1	+35.0%
Net financial income (expense)	**(25.9)**	**(18.4)**	**+40.8%**

The rise in the cost of net financial indebtedness is the result of the combined effects of an increase in the Group's average amount outstanding of indebtedness (net indebtedness reached €678 million at the end of 2008 as opposed to €515 million at the end of 2007) and the rise in interest rates.

Growth in net other financial income and expense is essentially the result of the improved exchange results in 2008 compared to 2007.

9.2.4. Change in taxes

(in millions of euros)	**2008**	**2007**	**Evolution**
Taxes payable	(69.1)	(83.6)	-17.3%
Deferred tax (income)	(14.2)	(25.1)	-43.6%
Total taxes	**(83.3)**	**(108.7)**	**-23.4%**

The Group recorded a profit before tax of €356.3 million in 2008, down 17.9% compared to €433.8 million in 2007.

The decrease in apparent tax rate, which has gone from 25.4% in 2006 to 25.1% in 2007 and 23.4% in 2008 is the result of the increase in income from subsidiary cement mills in Egypt and in Senegal, which enjoy special tax rates given the high amount of investments made in these two countries.

9.2.5. Change in net profit

The net profit from the consolidated unit was €273million, down by 17.4% compared to 2007 (€330.6 million), including a Group share of €245.3 million, down by 18.1% compared to 2007 (€299.3 million).

The share in the minority result was €27.8 million at December 31, 2008, a decrease of 11.4% compared to 2007 (€31 million) due essentially to the decrease in income from the Turkish entities.

Net result per share was €5.46 per share in 2008, a decrease of 14.7% compared to 2007 (€6.40 per share) due to the change in the result and the cancellation by the Mixed General Meeting of May 16, 2008 of 1,871,200 shares held directly by the Group (representing approximately 4% of share capital).

9.3. COMPARISON OF THE RESULTS OF 2007 AND 2006

9.3.1. Change in consolidated sales

Consolidated sales for 2007 reached €2,136 million, up by 2.6% compared to the previous year, resulting from the following:

- sustained internal growth of 4.3% on the Group's principal markets, representing an increase of more than €90 million, in particular in France, where sales increased by 7.8% at constant scope;
- a reduction of 2.3% representing a decrease of €48 million, attributable to the unfavourable change in exchange rates in 2007 compared to 2006, in particular for the US dollar (-€33 million) and the Swiss franc (-€11 million); and
- an increase of 0.6%, representing an increase of €12 million, linked to variations in the 2007 consolidation scope, mainly because of the selling of the trade and pipe activities in France (-€36 million) and the complete integration of the Swiss companies Astrada and Desmeules in the Concrete & Aggregates and Prefabrication activities.

Change in consolidated sales for 2007 by activity compared to 2006 is as follows:

					Of which		
(In millions of euros except %)	2007	2006	Variation	Variation (%)	Exchange effect	Variation in scope	Internal growth
Cement	929	864	65	7.6%	(19)		84
Concrete & Aggregates	914	944	(30)	-3.2%	(26)	29	(34)
Other Products & Services	293	275	19	6.8%	(4)	(17)	39
Total	**2,136**	**2,083**	**54**	**2.6%**	**(48)**	**12**	**90**

The Group's operational sales grew primarily due to the internal growth of 4.3% which itself breaks down almost equally between volume and price:

	Change 2007/2006 (%)
Volume effect	0.8%
Price and mix effect	3.5%
Changes in consolidation scope	0.6%
Translation gains/losses and other	-2.3%
Total	**2.6%**

This trend in selling prices mainly occurred in the Group's core businesses: Cement, concrete and aggregates. It reflects both the Group's commercial action to mirror the effect of the rise in energy costs and the strong demand in certain markets in the sales price. This increase was maintained in particular in France, Egypt and Senegal thanks to the historically high level of demand in these markets.

Growth in volumes (calculated proportionally to % integration) in the Group's main businesses:

	2007 (volumes)	2006 (volumes)	Total taxes (%)
Cement (in thousand tonnes)	14,155	13,819	2.4%
Concrete (in thousand m^3)	8,846	9,739	-9.2%
Aggregates (in thousand tonnes)	22,562	20,915	7.9%

The share of the Group's core businesses that Cement, Concrete and Aggregates represent is in slight decline at nearly 85% of consolidated sales before elimination, mainly due to the decrease in Concrete business in the United States and in Turkey.

Group's operational sales by activity (before inter-sector eliminations):

(as a percentage)	2007	2006
Cement	46.7	45.3
Concrete & Aggregates	38.4	40.3
Other Products & Services	14.9	14.4
Total	**100.0**	**100.0**

By geographic sales area, the share of consolidated sales made in France is rising due to dynamic business whereas the share made in the United States has fallen due both to unfavourable changes in the exchange rates and to a decline in the concrete business, caused by a fall in the residential property market.

The share of the Africa/Middle East area is increasing strongly, moving from 10.4% in 2006 to 12.9% in 2007 due to sustained growth in these markets.

Breakdown of operational sales by geographic zone of sale [1]:

(in millions of euros)	2007	%	2006	%
France	988	46.2%	943	45.3%
United States	364	17.0%	421	20.2%
Africa and Middle East	470	22.1%	420	20.1%
Europe (except France)	314	14.7%	299	14.4%
Total	**2,136**	**100%**	**2,083**	**100%**

(1) Excluding export.

Breakdown of operational sales for 2007 by country and by business [1]:

Country	Cement	Concrete & Aggregates	Other Products & Services	Inter-sector eliminations	Consolidated sales
France	455	506	274	(207)	1 028
United States	175	241	0	(53)	363
Turkey	162	90	3	(53)	202
Senegal	158	17	0	(1)	174
Switzerland	79	96	92	(26)	242
Italy	42	0	0	0	42
Egypt	85	0	0	0	85
Sector operational sales (before inter-sector eliminations)	**1,156**	**950**	**369**	**-**	**-**
Inter-sectors eliminations	(227)	(36)	(76)	(339)	-
Consolidated sales	**929**	**914**	**293**	**-**	**2,136**

(1) Including export.

9.3.2. Change in operating profit

In this context of contrasted markets and despite less favourable weather conditions than in 2006, the Group has seen its operational profitability increase thanks to a proactive selling price policy that has allowed the Group to face the continued rise in energy costs and the effect of additional costs incurred (transport, bought-in clinker…) before the implementation of the additional capacity set out in the "Performance 2010" plan.

(in millions of euros)	2007	2006	Change (%)
Net sales	2,136.5	2,082.8	2.6%
EBITDA	593.2	564.5	5.1%
EBIT	479.8	441.6	8.7%
Operating income	450.6	428.0	5.3%

Beyond the operational performance of the various businesses which is detailed below, the operating result in 2007 incorporates in particular:

- a net charge of €19.7 million corresponding to the damages that occurred in the Maurienne valley in 2006;
- a charge of €8 million retained for a dispute relating to a fine on the commercial practices in Corsica (dispute currently being on an appeal procedure launched by Vicat).

Overall, the non-recurring elements included in the operating profit, which represented a net charge of €4 million for 2006, represent a net charge of €14.9 million in 2007.

9.3.2.1. Change in operating profit by business

The following paragraphs show the breakdown of operating profit by business, as well as an analysis of its development between 2006 and 2007.

9.3.2.1.1. Cement business

(in millions of euros)	2007	2006	Change (%)
Operating sales	1,156	1,095	5.6%
Inter-sectors eliminations	(227)	(231)	-
Contribution to consolidated sales	929	864	7.6%
EBITDA	415	378	9.9%
EBITDA/sales (%)	35.9	34.5	1.4 pt
Operating income	336	308	9.1%

The operational profitability of the Cement business has grown more quickly than sales for both the operating profit and EBITDA. At constant scope and exchange rate, EBITDA of the Cement business has risen by 12% to €415 million reflecting a 1.4 point increase in the EBITDA margin to 35.9% of operating sales. This change is the result both of sustained growth in operating sales for the business, +7.8% at constant scope and exchange rate, and of a good control of the cost price.

Growth in sales is fed by volume effects in France, Egypt and Senegal and especially by price and mix effects that result from the Group's proactive price policy in all its markets.

This policy, combined with good control of the cost price and the initial income from the "Performance 2010" plan, compensates the increase in energy costs and the additional costs incurred in transport and bought-in clinker still incurred in some markets until new capacities gradually develop. This change is reflected by a decrease of more than one point in purchases consumed in sales, at 52.7%.

Personnel charges grew less quickly than sales, +1.6%, as a result of their low correlation with sales. Finally, at approximately €20 million, taxes and duties are in slight regression compared with the previous year.

By country, changes in the operating profit of the Cement business call for the following observations:

- Business in **France** has increased by 7.3% with a concentration of sales volumes in the domestic market that has allowed volume growth of nearly 3% for this business despite less clement climatic conditions at the end of the year. The increase in average sales prices (including incidence of concentration to the domestic market) has more than compensated the increase in energy and logistics expenses.
- In **the United States,** activity was marked by a slight drop in sales and by increasing average prices. Sales grew by 3% in dollars for the whole year, growth limited by a net decline in the fourth quarter. Although the increase in sales price has more than compensated the increase in energy costs, EBITDA is in decline due in particular to the consequences of the prolonged stoppage of over 35 days of the Ragland kiln in 2007 and the collection of antidumping damages of nearly $10 million in 2006.
- In **Switzerland,** sales grew in despite an unfavourable exchange rate and the closing of several large construction sites. Volumes and prices are growing. This favourable change is reflected by new growth in the EBITDA margin despite the increase in energy costs caused among other factors by a decrease in the rates of substitute fuel.
- In **Italy,** sales are slightly settling in a competitive and badly orientated market.
- In **Turkey,** sales have grown through the whole year both in volume and in price. The decline recorded at the end of the year in the domestic market has opened up export opportunities. The profitability of operations has grown over the year thanks in particular to better plant operation that has led to less recourse to bought-in clinker (nonetheless still substantial before the actual development of the new production capacities commissioned at the end of 2007).
- In **Senegal,** sales have increased taking into account sustained growth in volumes led by a dynamic market and by the increase in cement sales prices aiming to reflect the increase in energy and bought-in clinker costs. This change, which has been favourable to business, plant operation optimisation and the initial effects of the "Performance 2010" plan, have led to strong growth in operating profitability.
- Business in **Egypt** has benefited from a dynamic domestic market. Net growth in volumes and prices compensates the strong increase in energy costs and makes new growth in operating profitability possible.

9.3.2.1.2. Ready-mixed concrete and Aggregates activity

(in millions of euros)	2007	2006	Change (%)
Operating sales	950	974	-2.5%
Inter-sectors eliminations	(36)	(30)	-
Contribution to consolidated sales	914	944	-3.2%
EBITDA	147	162.1	-9.5%
EBITDA/sales (%)	15.5	16.6	1.1 pt
Operating income	97	106	-8.7%

Sales in the Concrete & Aggregates business are decreasing by 2.8% at constant scope and exchange rate.

This decline reflects contrasting market situations with sustained business in some of them such as France or Senegal, a pronounced decline in the United States and a tensely competitive situation in Turkey. Operating profitability measured in terms of EBITDA is decreasing by 9.5%, as the price increases have not compensated the significant fall in volumes in California and Turkey. On the other hand, rising sale prices made it possible to offset most of the increases in the prices of cement, energy and transport, whereas personnel costs (7.8%) and taxes and levies (7.1%), have decreased more than activity.

After taking a net charge of €19.7 million in France into account over the whole year on account of the "Maurienne valley" dispute, partially compensated by net recovery of €5.9 million of provisions, the operating profit is decreasing by 8.7%.

- The activity in **France** in the Ready-mixed concrete and Aggregates business has been dynamic, sustained by the rising prices—an average of 4 to 5%—in the construction markets. Nonetheless, the EBITDA margin has settled over the year, because the increase in prices does reflect all increases in cement, aggregates and transport costs.
- In **the United States,** operating sales are in decline by 11.7% at constant scope and change, given a slight decline in volumes in the South-East and a sharp decline in volumes in California especially at year end. In this context, the increases in selling prices have compensated inflation in cost prices, with EBITDA consequently only being reduced by the change in volume.
- In **Turkey,** the Concrete & Aggregates business shows a net decline of 15.1% at constant scope and change, due to the sharp drop in volumes, in particular on the Mediterranean coast, partially compensated by an increase in prices. In this context, the EBITDA margin is in slight decline.
- In **Switzerland,** business and sales have increased, mainly due to the integration of the Astrada business. At constant scope and exchange rate, the Concrete business is in net decline due to the end of the large construction sites and meteorological conditions that have been less favourable than in 2006.
- In **Senegal,** sale volumes such as the Aggregates sales are growing strongly, given the constant demand resulting from infrastructure work in progress and the commissioning of new production capacities put into service at the end of 2006. Operating profitability remains sustained by these favourable conditions.

9.3.2.1.3. Other Products & Services business

(in millions of euros)	2007	2006	Change (%)
Operating sales	369	348	6.1%
Inter-sectors eliminations	(76)	(73)	-
Contribution to consolidated sales	293	275	6.8%
EBITDA	31.6	24.8	27.7%
EBITDA/sales (%)	8.6	7.1	1.5 pt
Operating income	18	14	29.9%

Operational sales have increased by 6.1% at current scope and by 12.1% at constant scope and change taking into account the sale of the trade and pipe businesses in France and the acquisition of the Desmeules company in Switzerland.

The operating profit for the Other Products & Services business has reached €18 million growing strongly compared to 2006.

This change is mainly due to the increase in the Transport business in France and Prefabrication in Switzerland.

9.3.2.2. Change in operating profit by geographic areas

9.3.2.2.1. Income statement France

			Variation (%)	
(in millions of euros)	2008	2007	Published	At constant scope and rate of change
Consolidated sales	1,028	978	+5.0 %	+7.8 %
EBITDA	272	248	+9.8 %	+9.4 %
EBIT	224	202	+11.2 %	10.7 %

Consolidated sales in France show a 7.8% increase at constant scope. EBITDA is up by nearly 10% at €272 million. The EBITDA margin has distinctly improved and has settled at 26.5%, compared to 25.4% in 2006.

This increase result mainly of an improvement in performance of the Cement business sustained by the rise in average selling prices and by a favourable geographic mix, the domestic market been given priority over the export markets.

The association of these elements has compensated the increase in fuel and energy costs.

In parallel, the EBITDA of the Cement & Aggregates business has also increased on the basis of a rise in the average selling price and volumes that have compensated the increase in costs of raw materials and transport.

This increase was achieved despite the unfavourable impact of exceptional elements such as the purchase of significant volumes of clinker as well as high transport costs for cement and clinker between plants.

9.3.2.2.2. Income statement Europe (excl. France)

			Variation (%)	
(in millions of euros)	2007	2006	Published	At constant scope and rate of change
Consolidated sales	285	259	+9.7 %	-1.6 %
EBITDA	70	67	+3.3 %	-2.3 %
EBIT	58	48	+20.6 %	+17.0 %

Consolidated sales in Europe, excluding France, show a 9.7% increase. Excluding scope and exchange rate effects, business is down by 1.6%.

EBITDA in Switzerland, although penalized by an unfavourable exchange effect of nearly 4.8%, has increased while benefiting from the increase in volumes and prices in the Cement and Prefabrication businesses as well as the integration of the Astrada and Desmeules companies. On the other hand, EBITDA in Italy is down due to the decrease in volumes and to a rise in prices that does not completely compensate the increase in costs of imported materials and freight.

The reversal of a provision that has become without object in Switzerland is reflected by a strong increase in EBIT.

9.3.2.2.3. Income statement United States

			Variation (%)	
(in millions of euros)	2007	2006	Published	At constant scope and rate of change
Consolidated sales	364	420	-13.5 %	-5.5 %
EBITDA	83	109	- 24.0 %	-17.1 %
EBIT	59	83	-28.4 %	-21.8 %

Consolidated sales in the United States declined by 13.5%, and 5.5% at constant exchange rate. EBITDA shows a 24.0% drop, 17.1% at constant exchange rate.

In the Cement business, the unfavourable change in EBITDA integrates an increase in average selling price that has compensated the increase in the cost of fuels and energy. However, some non-recurring elements, such as the extended stoppage of the Ragland kiln in 2007 which is reflected in significant purchases of clinker and cement, have affected the change in EBITDA significantly over the period. In addition, this change was affected by an unfavourable base effect linked to receipt of an exceptional and non-recurring sum of €8 million in 2006, corresponding to the settlement of an antidumping dispute.

Excluding the effect of these non-recurring elements, EBITDA of this business has increased compared with 2006 at constant exchange rate.

In the Concrete & Aggregates business, EBITDA is in net decline. The increase in selling prices has not compensated the decrease in volumes and the increase in costs for transport and raw materials.

9.3.2.2.4. Income statement Turkey

			Variation (%)	
(in millions of euros)	2007	2006	Published	At constant scope and rate of change
Consolidated sales	202	204	-1.1 %	-2.0 %
EBITDA	67	65	+3.8 %	+2.9 %
EBIT	55	54	+0.9 %	+0.0 %

Consolidated sales in Turkey declined by 1.1%, and 2.0% at constant exchange rate. On the other hand, EBITDA shows a 3.8% increase, 2.9% at constant exchange rate. Overall, the EBITDA margin in Turkey has distinctly improved, from 31.7% in 2006 to 33.4% in 2007.

This increase is the result of contrasting performances in the Cement business on the one hand, and in Concrete & Aggregates on the other hand.

In the Cement business, the decrease in average selling price and the increase in the price of fuels and energy have been fully compensated by the significant reduction of clinker purchased compared to 2006. These purchases, still significant in 2007, should gradually disappear with the rise of new production capacities put into service at year end 2007.

In the Cement & Aggregates business, EBITDA is in decline compared to 2006. The increase in the average selling price has not compensated the effects of the decrease in volumes and the increase in the costs of raw materials and transport.

9.3.2.2.5. Income statement Africa and Middle East

			Variation (%)	
(in millions of euros)	2007	2006	Published	At constant scope and rate of change
Consolidated sales	259	221	+17.2 %	+20.0 %
EBITDA	101	75	+34.6 %	+39.1 %
EBIT	83	55	+53.0 %	+58.8 %

Consolidated sales for Africa and the Middle East region have grown strongly (+20%) at constant scope and exchange rate. The EBITDA margin has increased markedly, from 33.9% in 2006 to 39.0% in 2007.

In Senegal, EBITDA has increased very strongly, sustained by the increase in average selling prices and volumes but also through improvements in plant operation and the significant reduction in energy and fuel costs.

In Egypt, the improvement in EBITDA is explained by the increase in volumes and the rise in average selling price, which have very comfortably compensated the rise in energy and fuel costs.

9.3.3. Change in financial result

(in millions of euros)	2007	2006	Change (%)
Cost of the net financial indebtedness	(21.4)	(15.7)	-36.3%
Other financial income and expenses	3.1	6.6	-53.0%
Financial result	(18.4)	(9.1)	-101.1%

The rise in the cost of net financial indebtedness is the result of the combined effects of an increase in the Group's average amount outstanding of indebtedness (net indebtedness reached €515 million at the end of 2007 as opposed to €256 million at the end of 2006) due to the repurchase by Vicat of its own shares in June 2007 and the rise in interest rates.

The decrease in other financial income and expenses is mainly the result of the non-reaffirmation of net exchange gains worth €5.2 million recorded in 2006, mainly generated by the cash equivalents in currency of Turkish entities of the Group.

9.3.4. Change in taxes

(in millions of euros)	2007	2006	Change (%)
Taxes payable	(83.6)	(115.3)	27.4%
Deferred tax (income)	(25.1)	8.5	n/s
Total taxes	**(108.7)**	**(106.8)**	**1.8%**

The Group recorded a profit before tax of €433.8 million in 2007, up 3.2% compared to €420.3 million in 2006.

It is appropriate to mention that the changes in tax rate or fiscal system in Senegal and Turkey generated cancellation of a deferred tax debt of €10.3 million in the income statement in 2006, which in turn resulted in a net deferred tax revenue of €8.5 million compared with €25 million in expenses in 2007.

9.3.5. Change in net profit

The net profit from the consolidated unit was €330.6 million, up by nearly 5.4% compared to 2006 (€313.5 million), including a Group share of €299.3 million, up by 6.1% compared to 2006 (€282 million).

The share of the minority result was €31 million at December 31, 2007, as at December 31, 2006.

10 CASH FLOW AND EQUITY

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10.1. EQUITY

At the date of registration of this Registration Document, the Company's share capital was €179,600,000, divided into 44,900,000 shares, each with a nominal value of €4, fully subscribed and paid up.

Consolidated shareholders' equity was €1,954 million as at December 31, 2008 including a Group share of €1,775 million and minority interests of €179 million, which relate mainly to the cement manufacturing subsidiaries in Turkey, in Egypt and in Kazakhstan.

Shareholders' equity – Group share – includes as at December 31, 2008:

- the Company's share capital of €180 million;
- premia linked to the capital of €11 million;
- conversion reserves of -€64 million;
- consolidated reserves amounting to €1,403 million euros, net of treasury shares for €99 million;
- the result—Group share—for 2008, of €245 million.

For a detailed description of shareholders' equity in the Company, please refer to the net situation variation table and to Note 13 to the consolidated financial statements appearing in Section 20.2.2 "Notes to the 2008 consolidated financial statements" of this Registration Document.

10.2. CASH FLOWS

Cash flows are analysed for each financial year by type:

- operational activity;
- investment activity;
- financing activity.

Cash flows relating to operational activities are primarily generated by results for the period (other than income and charges not affecting cash flow or not related to the activity), as well as by the variation of the working capital requirements.

Cash flows relating to investment activity result mainly from withdrawals made for the acquisition of intangible and tangible assets and other long-term assets, as well as for the acquisition of equity instruments from other entities and participations in joint ventures. They also include loans granted to third parties. Payments related to divestments and/or redemptions of these assets are deducted from these withdrawals.

Cash flows related to the financing activity result from payments and withdrawals having an impact on the amount of the capital and borrowed capital.

Net cash, the change in which is presented in the statement of cash flows, consists of cash and cash equivalents less any bank overdrafts.

Cash flow history:

(in millions of euros)	2008	2007	2006
Self-financing capacity	402	477	436
Change (excluding exchange and scope effects) of WCR [1]	(17)	(79)	(67)
Net operational flows	385	398	369
Net investment flows	(464)	(355)	(194)
Net financing flows	104	(209)	(122)
Incidence of exchange variations on cash flow	-	(1)	(15)
Cash flow variation	25	(167)	38

(1) Working Capital Requirements.

During the last three financial years, the consolidated self-financing capacity allowed, despite the high level of industrial investments resulting from implementation of the "Performance 2010", the limitation of the increase in the Group's net indebtedness to €163 million in 2008, after an increase of €259 million in 2007 (mainly due to the Company repurchasing its own shares), and a decrease of €116 million in 2006. At €678 million, the net indebtedness represents 34.7% of the consolidated shareholders' equity as at December 31, 2008 and 1.3 time consolidated EBITDA in 2008.

10.2.1. Net cash flows generated by operating activities

Net cash flows related to operating operations conducted by the Group in 2008 were €385 million against €398 million in 2007.

This reduction between 2007 and 2008 is driven by a reduction in self-financing capacity of €75 million, but partly offset by an reduction in the variation of working capital requirements of €62 million. This decrease in working capital requirements is mainly explained by allocation in 2008 of a tax receivable observed for the companies at year end 2007.

The analysis of the working capital requirements by type is as follows:

(in millions of euros)	WCR as at December 31, 2006	Variation of the WCR 2007	Other variations [1]	WCR as at December 31, 2007	Variation of the WCR 2008	Other variations [1]	WCR as at December 31, 2008
Inventories	204	45	-	249	64	(1)	312
Customers	407	(7)	7	407	(39)	1	369
Suppliers	(206)	2	(4)	(208)	-	(9)	(217)
Other receivables & liabilities	(47)	39	(4)	(12)	(8)	(23)	(43)
WCR	**358**	**79**	**(1)**	**436**	**17**	**(32)**	**421**

(1) Exchange, scope and miscellaneous.

10.2.2. Net cash flows related to investment operations

Cash flows related to investment operations are analysed as follows:

(in millions of euros)	2008	2007
Investment in intangible and tangible assets	(395)	(289)
Disinvestment in intangible and tangible assets	15	9
Net investments in consolidated securities	(66)	(70)
Other net financial investments	(18)	(5)
Total cash flows related to investment operations	**(464)**	**(355)**

Net cash flows related to investment operations carried out in 2008 by the Group amounted -€464 million, for -€355 million in 2007.

▼ 10.2.2.1. Investment and disinvestment in intangible and tangible assets

These reflect payments made for industrial investments – for further details, see Section 5.2 "Investments" of this Registration Document (€395 million in 2008 and €289 million in 2007) corresponding essentially to the following:

- in 2008, to the continuation of the "Performance 2010" plan, in particular in France, Turkey, Egypt and Senegal, as well as the acquisition of the assets of the Walker group in the United States in May 2008. The investments planned in the South East of the United States in the context of this plan were delayed to take the economic context into account;
- in 2007, to the continuation of the industrial investment programme carried out in the context of the "Performance 2010" plan (up to €311 million), intended mainly to increase production capacities of existing plants in particular in France, Turkey, Egypt, Senegal and in the United States.

55% of the investments and divestments made in 2008 were made in the Cement business (77% in 2007), 39% in the Concrete & Aggregates business (16% in 2007) and the remaining 6% were made in the Other Products & Services business (7% in 2007).

Sales of tangible and intangible assets generated total cash receipts of €15 million in 2008 (€9 million in 2007).

▼ 10.2.2.2. Net investments in consolidated securities

The Group's main cash flows in this connection in 2008 (net cash outflow of €66 million) correspond to the balance owed because of the acquisition of 60% of the share capital of a Kazakh cement production and marketing company at year end 2007, the amount paid to acquire 65% of the capital of the Mauritanian company BSA Ciment SA, and the acquisition of various companies in France and in Switzerland in particular in the concrete and aggregates sector.

The Group's cash inflow during 2008 corresponds mainly to the transfer of some of Astrada's sites in Switzerland.

The financial investments realised under this heading in 2007 (net withdrawal of €70 million) correspond to the acquisition of a majority holding in Kazakhstan in December 2007 with the goal of building a cement production plant, of the Swiss companies Astrada and Desmeules Frères during the first half of 2007 and of further shareholdings in already consolidated companies, in particular in Sinai Cement Company in Egypt.

The main disposals carried out by the Group during 2007 were made during the first half of the year in accordance with the two agreements signed late 2006 concerning the disposal of the trade and pipe activities in France.

▼ 10.2.2.3. Other net financial investments

Other net financial investments (net withdrawal of €18 million in 2008 and €5 million in 2007) consist mainly of complementary loans provided to third parties, and of the acquisition of minority interests.

10.2.3. Net cash flows relating to financing activities

Net cash flows relating to the Group's financing operations in 2008 were €104 million against -€209 million in 2007.

Net cash flows relating to financing operations integrate:

- withdrawals carried out to pay dividends to the Company's shareholders and to minority interests in the integrated companies (€71 million in 2008 for €67 million in 2007);
- drawing, net of refunds, of lines of credit or loans incurred by the Group for an amount of €161 million in 2008 (net withdrawals after subscriptions of €88 million in 2007), including payments of annual instalments relating to financial leases;
- cash receipts for the net disposals by the Company of its own shares (€7 million in 2008 and net withdrawals of €229 million in 2007).

10.3. INDEBTEDNESS

10.3.1. Group financial policy

The Group's financial policy is set by the general management.

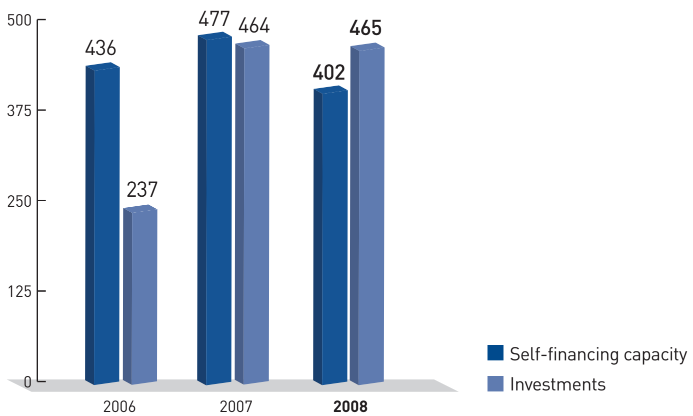
This policy aims at maintaining a balanced financial structure characterised by the following:

- controlled gearing (see Section 10.3.4 "Net indebtedness" of this Registration Document);
- satisfactory liquidity of the balance sheet characterised by the provision of cash surpluses and confirmed and available medium term and available lines of financing.

This policy aims at financing industrial investments through self-financing capacity, available surplus financial resources being used by the Group to reduce its indebtedness and financing in whole or in part external growth operations.

Development of the Group's self-financing capacity and the Group's investments between 2006 and 2008

(in millions of euros)



To secure resources in excess of its self-financing capacity, the Group has set up confirmed medium-term financing facilities and medium and long-term loans.

These financings guarantee the Group, in addition to the liquidity of its balance sheet, the means immediately necessary for the realisation of larger operations such as exceptional industrial investments, significant external growth operations or acquisition of Vicat securities, even in the event of disturbed market situations.

These facilities are essentially carried by the Company (66%), but some of the Group's foreign subsidiaries also have medium term lines of credit, whether drawn or not, to finance their investment programme. This is the case in particular in Senegal, Mali, the United States, Egypt and Kazakhstan.

As at December 31, 2008, the Group has the following confirmed financing facilities, used and/or available:

Type of line	Borrower	Year set up	Currency	Authorisation in millions of currencies	Authorisation in millions of euros	Use (in millions of euros)	Due date	Fixed rate (FR)/ Variable rate (VR)
Private placement US	**Vicat S.A.**	**2003**	**$**	**400**	**353**	**353**	**2010 to 2015**	**VR/FR**
Syndicated loan	Vicat S.A.	2004	€	420	420	*	2009	VR
Banking bilateral lines	Vicat S.A.	2005	€	240	240	*	2010**	VR
	Vicat S.A.	Without	€	11	11	*	1 year and 1 day	VR
Total banking bilateral lines	**Vicat S.A.**		**€**	**671**	**671**	**233***	**2010*** **	**VR**
	Sococim	2006	FCFA	20,000	30	30	2011	FR
	Sococim	2007	€	20	20	20	2010 to 2013	VR
	Sococim	2008	FCFA	20,000	30	11	2009	VR
	CMM	2007	FCFA	500	1	1	2008 to 2012	FR
(Club Deal)	SCC	2007	EGP	300	39	0	2012	VR
	NCC	2004	$	50	36	36	2009 and 2010	VR
	NCC	2005	$	60	43	19	2009	VR
	Jambyl	2008	$	50	36	10	2012 to 2018	VR
	Jambyl	2008	$	110	79	22	2011 to 2015	VR
Total subsidiary bilateral lines					**314**	**149**		
Market value of the derivatives						(4)		
Total medium-term					**1,338**	**731**		
Other debts						56		
Gross total debt						**787**		

* *The line "Total banking bilateral lines" corresponds to all confirmed lines of credit that the Company enjoys and where the authorised total amount is €671 million. These lines of credit are used on the basis of the Company's financing requirements by drawdown and hedging the liquidity risk of the commercial paper programme, bearing in mind that the total amount of drawdowns and paper issued may not exceed the authorised total. At December 31, 2008, the syndicated loan has been used up to the extent of €160 million and the bilateral banking lines have been drawn down for the amount of €15 million and have been used to hedge commercial paper to the extent of €58 million. Given the ability to substitute these lines of credit between one another, and the possible re-allotment of drawdowns for the longest one, this information is presented as an overall amount.*

** *Banking bilateral lines of €240 million with a 5 year period that reach their due date in 2010, were renewed in anticipation during the first quarter of 2009 for an identical authorised amount and due date. They will be due in 2014.*

*** *Given the renewal of part of the bilateral bank lines of credit, the due date of the €233 million debt has been postponed to 2014.*

10.3.1.1. Private placement US

This loan, amounting to 400 million US dollars was subscribed by American investors under a private placement (PPUS). It consists of three tranches in US dollars at a fixed rate (one tranche of 160 million US dollars for 7 years and two tranches of 120 million US dollars for 10 years and 12 years respectively). To eliminate the exchange rate risk on the principal and the interest, this was transformed into an overall debt in euros by a cross currency swap at a fixed rate for half of its amount *i.e.* €177 million and at a variable rate for the other half (Euribor 3 month base rate).

10.3.1.2. Vicat SA banking lines

Syndicated loan

This line of credit with a 5 year term, at a variable rate, was placed with a syndicate of 16 international banks maturing for repayment in October 2009. This line can be drawn down in euros or other currencies and interest is payable at the rate for the drawdown period for the currency concerned. At December 31, 2008, it was drawn for the amount of €160 million.

Banking Bilateral Lines

Vicat S.A.'s bilateral lines of credit for an amount of €240 million and a term of 5 years were taken out by the Company with six banks. Interest is payable at the rate for the drawdown period. As at December 31, 2008, they were drawn for the amount of €15 million and were used partially (€58 million) for hedging the liquidity risk of commercial paper.

Commercial papers

The Company has a commercial paper issuance program amounting to €152 million. As at December 31, 2008, the commercial papers issue amounted to €58 million. Commercial papers which constitute short term credit instruments are backed on the lines of credit confirmed for the issued amount and are trated as such in the medium term debts row of the consolidated balance sheet.

10.3.1.3. Subsidiary Banking Bilateral Lines

The medium term bilateral lines taken out by Sococim Industries were on the one hand in the form of a bank loan in CFA Francs at a fixed rate payable annually at year end, with a term of 5 years and repayable *in fine*, and on the other hand, in the form of a loan in Euros at a Euribor variable rate and with a term of 6 years, repayable in 7 equal tranches starting in 2010.

Sococim Industries also has two confirmed lines of credit for FCFA10 billion, each line having a validity period of 12 months. At December 31, 2008, they were drawn for the amount of FCFA 7 billion. The interest rate that applies to each drawdown is jointly determined with the bank up to a maximum cap determined for the validity period of the line.

Ciment et Matériaux du Mali subscribed in 2007 to a bilateral line of credit at a fixed rate redeemable over 5 years as from 2008.

Sinai Cement Company subscribed to a banking line of financing in the framework of a club deal for EGP550 million including a loan of EGP250 million for a period of 6 years at a fixed rate of interest, the drawdown period of which expired at December 6, 2008, and a 5-year line of revolving credit at variable rate amounting to EGP300 million. At December 31, 2008, because the loan had not been used, the authorised amount outstanding was brought back to the amount of the line of credit, *i.e.* EGP300 million. As at December 31, 2008, the line of credit was not drawn.

NCC has bilateral 5-year lines of credit at variable rates based on the dollar Libor and taken out with four banks for the total amount of USD110 million. At December 31, 2008, they were drawn up to USD77 million and used to cover issuing letters of credit.

In 2008, Jambyl Cement took out two lines of credit with International Finance Corporation, a subsidiary of the World Bank group, at a dollar floating rate, for respectively USD50 million redeemable over 7 years from 2012 and USD110 million redeemable over 5 years from 2011.

10.3.1.4. Credit risk hedging

In total, the Group had at December 31, 2008 €603 million in unused confirmed lines.

The Group is exposed generally to a credit risk in the event of the failure of one or more of its counterparties. The risk related to the financing operations themselves, however, is limited by their dispersion and their distribution over several banking or financial institutions either within the framework of a syndication or a private placement or by setting up several bilateral lines. This risk, moreover, is reduced by rigorous selection of the counterparties, who are always banks or financial establishments of international standing, selected according to their country of establishment, their rating, the nature and the due date for the operations carried out.

As of December 31st 2008, beyond the cross default clauses provided for in the majority of credit agreements, the PPUS, the syndicated loan and certain credit lines which the subsidiaries benefit from contain covenants, which may lead to acceleration of the borrower's obligations in the event of non-compliance with financial ratios. These covenants concern ratios related to the profitability and the financial structure of the Group or the concerned subsidiary. Given the reduced number of companies concerned, essentially Vicat and the Group's low level of net indebtedness, the existence of these covenants does not constitute a risk to the liquidity of the balance sheet and the Group's financial condition (See also Note 17 of section 20.2.2. "Appendix to the 2008 consolidated accounts" of the present Reference Document).

At December 31, 2008, the Group was in compliance with the financial ratios set out in the covenants contained in its credit agreements. Even if all the lines of credit were entirely drawn, the Group would still be in compliance with such covenants.

10.3.2. Gross indebtedness

As at December 31, 2008, gross indebtedness of the Group was €787 million against €599 million at December 31, 2007. It is broken down by type as follows:

(in millions of euros)	December 31, 2008	December 31, 2007	Change (%)
Loans from lending institutions	722	567	27%
Residual debt on financing leasing agreement	9	10	-10%
Other loans and financial debts	26	7	271%
Current banking facilities and bank overdrafts	30	15	100%
Gross indebtedness	**787**	**599**	**31%**

Long term indebtedness (more than one year) amounts to €710 million and short term indebtedness (less than one year) to €77 million, corresponding essentially to the short term cash flow lines of credit (€573 million and €26 million respectively as at December 31, 2007).

45% of the gross financial debt consists of the PPUS, issued in US dollars and at a fixed rate. After converting this dollar loan into a summary loan in euros, the gross financial indebtedness is denominated almost 77% in euros.

The structure of the Group's gross indebtedness as at December 31, 2008, by type of rate and due date is as follows:

▼ Rate

As shown in Section 4.4.3 "Interest rate risk" of this Registration Document, the gross financial indebtedness at variable rates accounts for, at December 31, 2008, €538 million, *i.e.* 68% of the total, after conversion of the fixed rate for the PPUS into a variable rate for 50% of its amount.

The indebtedness at variable rates is partly covered either by cash surpluses denominated in the same currency or by interest rate derivative instruments.

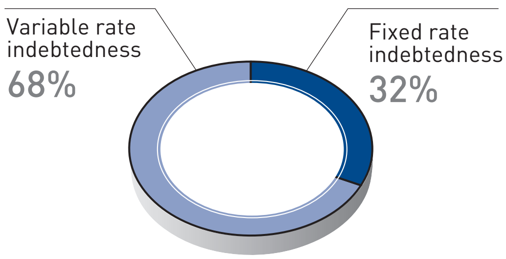
The interest rate risk related to the variable rate of Vicat S.A. PPUS was limited by setting up cap agreements for a total amount of €100 million.

The interest rate risk related to the variable rate of Vicat S.A. banking lines was limited by setting up cap agreements for a total amount of €140 million.

The interest rate risk on the variable rate debt of the National Cement Company was limited by setting up in 2008 3-year hedging agreements for a total amount of €60 million equally distributed between caps and swaps.

In January 2009, Vicat S.A. took out caps agreements for an additional amount of €120 million.

Fixed Rate/Variable Rate Indebtedness as at December 31, 2008

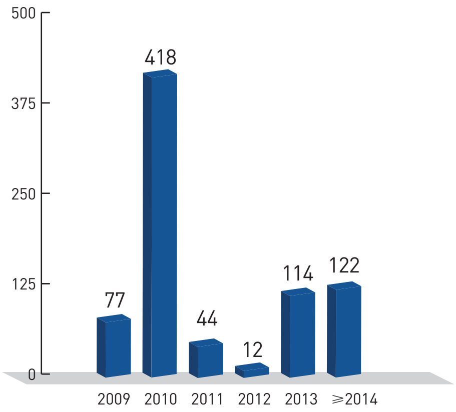


▼ Due date

Average maturity is slightly under 3 years. The 2010 due date essentially corresponds to the final maturity of the bilateral lines of Vicat S.A. (€233 million) and National Cement Company (€37 million) as well as the shortest PPUS tranche (€141 million). Those after 2012 correspond to two repayment terms of the PPUS (2013 and 2015).

Due date for the gross indebtedness as at December 31, 2008

(in millions of euros)



10.3.3. Cash surpluses

Cash and cash equivalents include cash at bank (€89 million as at December 31, 2008) and short-term investments having a due date of under 3 months and not presenting a risk of variation of value of the principal (€20 million as at December 31, 2008).

Cash is managed country by country, under the control of the Group's financial management, with cash pooling systems in France, the United States and Switzerland. Any surplus is either invested locally or replaced if necessary into the Group. When the cash surplus is intended to be used within a limited period for financing needs in the country concerned, this surplus is placed locally.

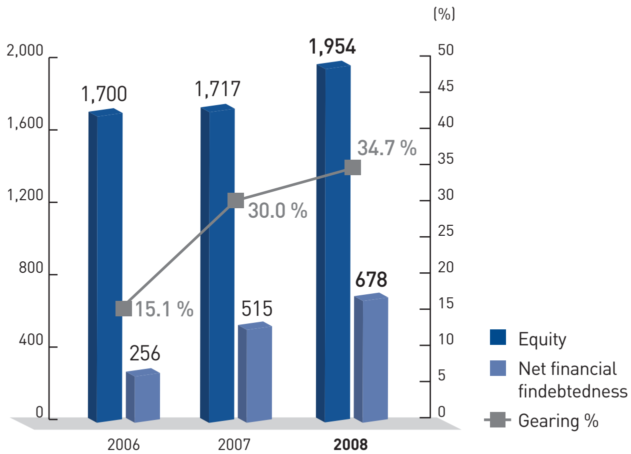
10.3.4. Net indebtedness

The Group's net indebtedness is analysed as follows:

(in millions of euros)	December 31, 2008	December 31, 2007	Change (%)
Gross indebtedness	787	599	31%
Cash and cash equivalents	109	84	30%
Net indebtedness	**678**	**515**	**32%**

The gearing was 34.7% at the end of 2008, for 30.0% at December 31, 2007.

(in millions of euros)



The ratio of Net financial indebtedness/EBITDA was 1.28 at the end of 2008 compared with 0.87 at the end of 2007.

In total, the Group has a total amount of €712 million corresponding to unused lines of financing (€603 million) and available cash (€109 million) to finance its growth beyond its self-financing capacity.

The Group considers the gearing and leverage ratios achieved at December 31, 2008 to be low, in this way giving the Group a solid financial structure and satisfactory flexibility.

From 1999 to 2003, an active acquisition period for the Group, the gearing ratio was between 50% and 70% inclusive and its average was 28% over the last 5 years. Consequently, 2008 continues the defined strategic line.

This ratio could increase in future depending on opportunities for external growth. In addition, if an important acquisition opportunity of major strategic interest for the Group presented itself, the Group could accept a significant increase in this ratio, while setting an objective subsequently to reduce it to levels close to those noted over the period previously cited. Given current liquidity and financing costs, quite specific attention will be paid to the use of the Group's cash flow and to the impact on its level of indebtedness.

10.4. ANALYSIS OF CERTAIN OFF-BALANCE SHEET LIABILITIES

Off-balance sheet liabilities consist primarily of contractual engagements concerning the acquisition of tangible fixed and intangible assets.

The table below shows commitments made by the Group as at December 31, 2008 and 2007:

(in millions of euros)	December 31, 2008	December 31, 2007
Contractual commitments for the acquisition of fixed assets	150.5	172.2
Guarantees and bonds given	0.2	0.1
Total fees	**150.7**	**172.3**

As at December 31, 2008, the off-balance sheet liabilities of the Group were €151 million, almost exclusively relating to contractual obligations relating to industrial investments. These commitments mainly concern the investment projects carried out in the context of the "Performance 2010" plan, in particular in Senegal with the work relating to increasing the Rufisque plant's capacity (new cement mill, new kiln and scraper) and the investment project carried out in the context of starting up construction of a cement factory in Kazakhstan.

As of December 31, 2007, the off-balance sheet liabilities of the Group were €172 million, almost exclusively related to contractual obligations relating to industrial investments. These commitments mainly concerned the investment projects carried out in the context of the "Performance 2010" plan:

- in France, work relating to the increase of the capacity of the Montalieu factory;
- in the United States, the costs relating to the acquisition of mixer trucks and concrete batching plant equipment;
- in Senegal, work relating to the increase of the capacity of the Rufisque factory (new cement mill, new storage bin, new bagging shop and bag filters);
- in Egypt, work to double the capacity of the El Arish factory.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

The Group's research resources for product design, development and quality control are centralised at L'Isle-d'Abeau, close to Lyon, in the Louis Vicat Technical Centre (CTLV). Organised around three skill domains—hydraulic binders, concrete aggregates and construction chemistry—the CTLV has a dedicated team of approximately fifty researchers and technicians equipped with modern equipment. Partnerships have also been established with research centres or engineering schools, such as the *Institut polytechnique* in Grenoble or major industrial groups.

Research and development activities are mainly aimed at anticipating or responding to requests from the Group's customers regarding products that are easier to use or enabling them to devise innovative technical solutions overcoming the constraints met on their building sites. The products developed in recent years in the Group's laboratories are: Polycim, a special binder for masonry, Vicalpes, a rapid-setting binder developing high initial strength for works which must be brought into service very quickly and finally BCV (Vicat Composite Concrete), a fibre-bound ultra high performance concrete, which makes it possible to produce structural elements without reinforcements.

More recently, new research lines have appeared. They relate to the development of new clinkers and new cements which, with equivalent mechanical properties, are expected to lead to reduce CO_2 emissions. This issue, fundamental for the future of the industry and which fits into the Group's objective of participating in the collective effort in favour of the environment, mobilises significant manpower in the fields of crystallography, thermics and additives. To carry out this research, state of the art equipment is mobilised at the research laboratory at L'Isle-d'Abeau, in particular, diffractometer, X-ray fluorescence, field effect electron microscope. New products resulting from this fundamental research are then tested in close cooperation with the concrete research and development teams which are also present on the L'Isle-d'Abeau site. Partnerships have been signed with industrial groups who provide technology or potential users for these future products.

The Group's research policy in relation to concrete is directed towards developing products allowing for the improvement of working conditions and profitability on building sites by facilitating their use. The results obtained to date allow the Group to supply concretes with adapted plasticity, or self-laying concrete.

Similarly, development of the Vicat screed in partnership with EDF is a significant development focus which provides tillers and screeders with significant productivity gains while bringing a solution adapted to the new heating requirements combining convenience and saving energy. New families of screeds are under development in our laboratories and should soon be offered to our customers.

Development guidelines also address sustainable development and improvement of the energy behaviour of future concretes that will be offered to our customers and the construction systems for building that have very low consumption of electricity.

It is not the Group's policy to file for patents in the context of its research and development activities. However, the Group holds a limited portfolio of patents, although it has not granted any licenses for their use.

12 INFORMATION ON TRENDS

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12.1. RECENT EVENTS

Vicat S.A. anticipated the renewal of its banking bilateral lines, that were due in March and April 2010, for an authorised amount of €240 million and for a 5 year period. These lines will be due in 2014.

National Cement Company anticipated, at the beginning of 2009, the renewal of its banking bilateral lines that were due at the end of 2009 and at the beginning of 2010, for an amount of USD 55 million, and subscribed to a new line for USD 30 million. These lines will be due in 2011 and 2012

12.2. TRENDS AND OBJECTIVE

The trends shown below are based on data, hypothesis and estimates considered reasonable in the opinion of the Group's management. These data, assumptions and estimates could evolve or change due to uncertainties, mainly related to the extreme volatility of the economic, financial and competitive environment as well as to possible changes in regulatory measures in each country that the Group operates in.

In addition, the occurrence of certain risks, as described in Section 4 "Risk factors" of this Registration Document, could have a material impact on the Group's business, financial situation and results. The Group does not undertake any commitments nor provide any assurances that it will achieve the objectives mentioned below.

12.2.1. Trends 2009

For 2009, the Group considers that the lack of visibility due to recent developments in the macro-economic and world financial environment on the one hand, and the impossibility, on the other hand, to assess the impact that the various recovery plans could have in some countries in which the Group is present do not at this stage allow it to develop specific and documented perspectives on the financial performance that it is likely to register for the entire year in progress.

12.2.1.1. The Group's business prospects in its markets

The Group summarises the salient facts for its various markets that were reported when the 2008 consolidated sales figures were published.

- In **France,** the Group's performance will probably be impacted at the beginning of this year by highly unfavourable climatic conditions compared with those recorded in 2008. Throughout 2009, the current economic crisis, and in particular the credit crisis, is likely to affect the entire construction sector. In addition, it is unlikely that the initial effects of the recovery plan announced by the government will allow the sector to bounce back significantly in business between now and the end of the year. Consequently, the Group expects a significant drop in volume sold throughout the year, and in particular in cement, which should be partially compensated for by the anticipated increase in the sales price.
- In **Switzerland,** the environment should remain generally positive, with a residential property market that is still healthy, with major works programmes that should continue as anticipated, and with sales prices that should develop favourably.
- In **Italy,** the Group's performance is likely to be impacted at the beginning of this year by unfavourable climatic conditions. Throughout the year, the Group expects the decrease in business to continue in the construction sector in general and also expects pressure on prices related to the competitive environment.
- In the **United States,** the Group anticipates that market conditions will continue to deteriorate. In California, changes in the situation will depend in particular on investments that could be made by the State of California, which faced with significant budget deficits, is waiting for federal government help. Although implementing the recovery plan at national level might have a substantial effect on the Group's markets, the location, the type and the schedule of investments nonetheless remain uncertain to date.
- In **Turkey,** the Group's performance will probably be impacted at the beginning of this year by unfavourable climatic conditions compared with those recorded in 2008. Throughout the year, cement consumption is likely to continue to contract and current and future production over-capacities will probably reflected in new pressures on prices.
- In **Egypt,** the Egyptian market has not been particularly affected by the worldwide macro-economic and financial environment so far. Although the development of this market, nonetheless, remains uncertain in 2009, in particular in the second half of the year, the Group is confident in its capacity to seize every growth opportunity by taking full advantage of the increase in production capacities of the Sinai Cement plant, in the technical performance of its industrial equipment and in its dynamism in sales.
- In **West Africa,** the market environment should continue to be related to investments by the public authorities in major infrastructure projects and therefore in their financing capacities. In addition, the residential construction market should continue to be closely related to developments in financial transfers from this region's diaspora communities. In this context, the Group's position will be reinforced by increasing its capacities and by modernising its industrial equipment in its Rufisque plant in Senegal in accordance with the "Performance 2010" plan. All of these factors will allow it to take full advantage of the development opportunities that this region offers.

12.2.1.2. Group objectives

In this environment, the Group is determined to carry on prudently with its development strategy, by relying on:

- a healthy financial structure with gearing and leverage levels that are among the lowest in the sector;
- the effects of the "Performance 2010" investment plan, related in particular to reducing production costs generated by modernising industrial equipment and strengthening the Group's industrial and commercial positions. In 2009, the Group should take full advantage of investments already made in the context of this plan, in particular in France, Turkey and Egypt. In addition, from the second half of 2009 on, the Group should take advantage of the increases in capacity and the improved industrial performance related to investments that will be completed at that time in Switzerland and Senegal;
- finally, in the continuation of the "Performance 2010" plan, on the effects of implementing the "Performance +" plan that is complementary to it. This "Performance +" plan is designed to reduce costs by adapting their structure to the various levels of business, while increasing industrial efficiency with a view to improving the Group's free cash flow, in particular by deferring investments that are considered to be non-strategic (that represent retained earnings of approximately €75 million). The positive effect on the Group's free cash flow after a tax and financial impact on EBITDA should be in the area of €140 million.

12.2.2. Trends until 2011

The interruption in economic trends over the course of 2008 have not allowed the Group to confirm the previously reported trends. In addition, the lack of visibility for 2009 and the difficulty in measuring the potential effect of recovery plans prevent any prediction of a trend for the years to come.

The Group is continuing to carry out the "Performance 2010" plan initiated in 2006. The purpose of this plan is to allow the Group to take advantage of additional production capacities and of a reduction in production costs, subject to the impact of future changes in energy costs. Due to the changes in the macroeconomic climate, the "Performance 2010" plan has been adapted to conditions in some markets. Consequently, investment planned in Switzerland in 2010 was moved forward to 2009, while investments initially planned in the United States in 2010 were delayed with new capacities due to start up in 2012 at the earliest.

In the context of the "Performance 2010" plan and given extreme volatility in energy costs, the Group will maintain its objective of increasing the share off substitute fuels in the total amount of thermal energy used.

The Group is also continuing its policy of increasing sales prices, designed to compensate the rise in energy costs, within the limits of the commercial constraints determined by some market situations.

12.2.3. Industrial investments

As explained in Section 5.2 "Investments" of this Registration Document as well as in the previous paragraph, the Group has adapted its industrial investment programme in the context of the "Performance 2010" plan, in particular by delaying starting up new production capacities in the United States until 2012 at the earliest, and additional capacity at the end of the programme should therefore be in the area of 7 million tonnes.

The average cost of building new capacities is approximately €90 per tonne and should not be affected by delaying construction of the kiln in the United States.

In addition, as indicated in Section 5.2.2 "Main investments in progress and planned" of this Registration Document, the Group concluded two majority shareholder partnerships with local companies in Kazakhstan and in India, with a view to building two greenfield plants:

- a 1.1 million tonne capacity greenfield plant in Kazakhstan that should be operational in 2010 for a total amount including land, infrastructure, railway transport means etc. of approximately 230 million US dollars.
- a 5.5 million tonnes capacity cement plant in India comprising two production lines for a total investment in the area of 650 million US dollars. The Group will start during 2009 the construction of the first line, which should be operational in mid 2012, after organising financing (Also see Sections 5.2.2. "Main investments in progress and planned", 6.3.1.7. (j) "Overview of the cement market" and 9.1.5. "Effect of modifications to the scope and exchange rate variations").

The forecast schedule for these investments is as follows:

Country	2007	2008	2009	2010	2011	2012
France	Phase 1—Increase in the Montalieu factory's capacity + quarries productivity (2nd quarter)	Phase 2—Increase in the Montalieu factory's capacity + cement mill (3rd quarter)				
United States						New clinker production line (at the earliest) (1)
Switzerland			Increase in factory capacity (2nd quarter)			
Turkey	New clinker line at Bastas (4th quarter)					
Egypt		New clinker line + cement mill (3rd quarter)				
Senegal	Power plant (1st quarter)	Cement mill (3rd quarter)	New clinker line (3rd quarter)			
Kazakhstan				Greenfield plant (2nd half)		
India						Greenfield plant (1st half)
Additional clinker production capacities (equivalent to tonnes of cement)	2,000	1,960	1,600	1,100		2,750 3,650 (2)

(1) The new line of kilns with a capacity of 2.0 million tonnes will replace the existing 1.1 million tonne line.
(2) Including the additional capacity of the new line in the United States, the start-up of which is planned in 2012 at the earliest.

The overall amount of the industrial investment, including the increased capacity, should amount to approximately €380 million in 2009, of which €170 million is intended for India and Kazakhstan.

According to the financial policy implemented by the Group (see Section 10.3.1. "Financial Policy", of this Registration Document), the investments made in the context of the "Performance 2010" plan are financed by the Group's own resources. Construction of greenfield plants is, on the one hand, financed by dedicated financing provided by local subsidiaries. The financing of the Kazakhstan project was set up in 2008, and that of the project in India is to be set up during the 1st half of 2009.

The objectives shown above should not be considered as estimates or forecasts of future earnings but merely as targets included in the Group's business plans, in particular the investment programme described above, and bearing in mind the expected short-term trends.

It is impossible to provide profit forecasts from the information provided, due to the fact that the Group operates its business in different sectors.

13 PROFIT FORECASTS OR ESTIMATES

The Company does not intend to estimate or forecast future profits.

14 ADMINISTRATION AND GENERAL MANAGEMENT BODIES

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14.1. COMPOSITION OF THE BOARD OF DIRECTORS, PRESIDENCY AND GENERAL MANAGEMENT

14.1.1. Board of directors

The Company is managed by a board of directors composed of at least five and no more than twelve members, appointed by the General Meeting of shareholders for a term of three or six years. As at the date of registration of this Registration Document, the Company has nine directors, including four independent directors. A director's term of office is extended *de jure* to the General Meeting which follows the normal end of his term of office and leaving members may be re-elected. A director appointed to replace another director remains in office only until the end of his predecessor's term.

The appointment of two new independent directors will be proposed at the General Meeting of May 15, 2009.

14.1.2. Presidency of the board of directors and general management

In accordance with the Company's by-laws, the board of directors shall elect from among its members a President and fix his term of office, which cannot exceed the term of his mandate as a director. Mr Jacques Merceron-Vicat was appointed as President of the board by the board of directors on March 27, 1984 and was re-appointed by resolutions of the board of directors on June 19, 1986, June 11, 1992, June 12, 1998, and June 4, 2004.

The board of directors, by a decision of March 7, 2008 decided to separate the functions of President of the board and Chief Executive Officer. At the same date, the board of directors confirmed Mr Jacques Merceron-Vicat as President of the board of directors and appointed Mr Guy Sidos as Chief Executive Officer for the term of the mandate of the President of the board.

Under the Company's by-laws, the board of directors can, at the CEO's proposal, appoint five deputy CEOs to assist the CEO.

14.1.3. Members of the board of directors

As at the date of registration of this Registration Document, the board of directors consists of the following individuals:

Name	Age of the director or, if necessary, his permanent representative	Date of first nomination	Date of beginning of current appointment	Other appointments filled or having been filled in the Group during the past five years(1)	Other appointments filled or having been filled by the director or, if relevant, by his permanent representative, outside the Group during the past five years(1)
PRESIDENT OF THE BOARD OF DIRECTORS AND DIRECTOR					
Jacques Merceron-Vicat	71	02/03/1968	06/04/2004 as director 03/07/2008: separation of the functions of Chairman and Chief Executive Officer	- President of the board of directors of Béton Travaux* - Permanent representative of Béton Travaux - Director of SATM* - President of the board of directors of National Cement Company* - Director of Vigier Holding* - Director of Vigier Management* - Director of Aktas* - Director of Bastas Baskent Cimento* - Director of Konya Cimento* - Director of Bastas Hazir Beton* - Director of Tamtas* - Permanent representative of Parficim - Director of Sococim Industries* - Vice President of Sinai Cement Company* - President of the board of directors of Vicat Egypt for Cement Industry* - Member of the supervisory board of the Mynaral Tas Company LLP* - Member of the supervisory board of the Jambyl Cement Production Company LLP* - Director of Vicat Sagar Cement Private Limited* - Director of BSA Ciment SA*	Not applicable

Name	Age of the director or, if necessary, his permanent representative	Date of first nomination	Date of beginning of current appointment	Other appointments filled or having been filled in the Group during the past five years(1)	Other appointments filled or having been filled by the director or, if relevant, by his permanent representative, outside the Group during the past five years(1)
DIRECTOR AND CEO					
Guy Sidos	45	06/11/1999	06/06/2003 in capacity of director 03/07/08 in capacity of CEO	- CEO of Béton Travaux* - President of Papeteries de Vizille* - President of Parficim* - CEO of National Cement Company* - Director of Socociam Industries* - Vice President and director of Sinai Cement Company* - Director of Vicat Egypt for Cement Industry* - Director of Cementi Centro Sud* - Director of Aktas* - Director of Bastas Baskent Cimento* - Director of Konya Cimento* - Director of Bastas Hazir Beton* - Director of Tamtas* - Permanent representative of Vicat, director of BCCA - Member of the supervisory board of Mynaral Tas Company LLP* - Member of the supervisory board of Jambyl Cement Production Company LLP* - Director of Vicat Sagar Cement Private Limited* - Director of BSA Ciment SA* - Sole directory of Ravlied Holding AG*	Not applicable
DIRECTORS					
René Fegueux	78	07/25/1977	05/16/2007	Not applicable	- Director of Dumont Investissements
Jean-Michel Allard	63	06/23/1983	06/02/2006	- Director of Konya Cimento* - President and CEO of Cementi Centro Sud* - Director of SATMA*	- Director of Chartreuse Diffusion*
Raynald Dreyfus	72	06/05/1985	06/06/2003	Not applicable	Not applicable

Name	Age of the director or, if necessary, his permanent representative	Date of first nomination	Date of beginning of current appointment	Other appointments filled or having been filled in the Group during the past five years[1]	Other appointments filled or having been filled by the director or, if relevant, by his permanent representative, outside the Group during the past five years[1]
Louis Merceron-Vicat	39	06/11/1999	06/02/2005	- Permanent representative of Vicat, director of Béton Travaux* - President and CEO of BCCA* - Permanent representative of Vicat S.A. - Director of SATM* - Director of Aktas* - Director of Konya Cimento* - Director of Bastas Baskent Cimento* - Director of Bastas Hazir Beton* - Director of Tamtas* - Director of Sococim Industries* - Director of Sinai Cement Company*	Not applicable
Sophie Sidos	40	08/29/2007	08/29/2007	Not applicable	Not applicable
P&E Management Represented by Paul Vanfrachem	65	06/02/2005	06/02/2005	Not applicable	- Manager of P&E Management* - President of Cembureau - Member of the Board of Directors of HeidelbergCement - Honorary President of S.A. Cimenteries CBR - President of the Executive Board of ENCI N.V. - Director of Lehight Portland Cement (Canada) - Director of Lehight Portland Cement (United States) - Director of China Century Cement Limited - President of the supervisory board, PT Indocement Tungall Prakarsa Tbk - President of the board of directors of Castle Cement Ltd - Director of Aksança Cimento - Director of Indaver NV*
Jacques Le Mercier	64	08/29/2007	08/29/2007	Not applicable	- President of the Banque Rhône-Alpes Foundation - Adviser of the Banque Rhône-Alpes Foundation - Member of the supervisory board of the ASPEN-France Institute* - Director of the Rhône-Alpes Futur Foundation

(1) Current appointments are followed by an asterisk.

The board of directors decided on February 27, 2009 to propose to the Mixed General Meeting of shareholders convened on May 15, 2009 the following:

- the nomination of Mr Bruno Salmon as Director, replacing Mr Jean-Michel Allard, whose term of office is expiring;
- the nomination of Mr Pierre Breuil as Director.

In addition, the Board of Directors acknowledged the resignation of Mr Bernard Titz, with effect as of January 14, 2009, from his mandate of director, which was to reach its term at the time of the General Meeting of May 15, 2009.

▼ Family ties between directors and management

Mr Jacques Merceron-Vicat, chairman of the board of directors, is the father of Mrs Sophie Sidos, director, the father of Mr Louis Merceron-Vicat, director, and the father-in-law of Mr Guy Sidos, director and Chief Executive Officer of the Company.

14.2. DETAILED INFORMATION ON THE MANAGEMENT EXPERTISE AND EXPERIENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS

The board of directors consists of individuals who have industry knowledge, specific knowledge of the Group's businesses, technical experience, and/or experience in management and the financial sector.

Each member of the board of directors is selected according to his availability and his integrity.

Name	Age	Brief biography
Jacques Merceron-Vicat	71 years	Mr Merceron-Vicat is a graduate of the *École supérieure de travaux publics*. He joined the Group in 1962.
Guy Sidos	45 years	Mr Sidos is a graduate of the École navale. He worked in the French Navy before joining the Group in 1999.
Jean-Michel Allard	63 years	Mr Allard is a graduate of the *École de chimie* of Lyon and holder of a management degree from the Institut d'administration des entreprises. He joined the Group in 1971.
René Fegueux	78 years	Mr Fegueux is a graduate of the *École des Mines of Saint-Étienne*. He was a Deputy CEO of the Company until his retirement in 1994.
Raynald Dreyfus	72 years	Mr Dreyfus is the holder of a CES in banking and a graduate of Harvard University. He was a senior manager with Société Générale until his retirement in 1996.
Louis Merceron-Vicat	39 years	Mr Louis Merceron-Vicat is a graduate of the *École des cadres* and of the EM Lyon. He joined the Group in 1996.
Sophie Sidos	40 years	Mrs Sophie Sidos held various functions within the Group until 1997.
Paul Vanfrachem (representative of P&E Management)	65 years	Mr Vanfrachem is a civil engineer specialising in chemistry and a graduate of the university of Brussels. He joined CBR in 1985 and chaired it until 2004. He also has been the Chairman of Cembureau from 2006 until June 2008.
Jacques Le Mercier	64 years	Mr Jacques Le Mercier is a graduate of the faculty of Paris in Economic Science and holder of a diploma from the Institute of Business Administration of Paris-Dauphine University. He has held management and chairing positions within financial institutions. He was President of the board of directors of Banque Rhône-Alpes from 1996 to 2006.

Members whose nomination will be proposed at the Mixed General Meeting of shareholders on May 15, 2009:

Name	Age	Brief biography
Bruno Salmon	59 years	Mr Bruno Salmon is a graduate of the *École supérieure de commerce* of Paris. He held the positions of general secretary, deputy CEO and director of Cetelem. After holding the position of deputy CEO and director of BNP Paribas Personal Finance, he has been its chairman since September 2008.
Pierre Breuil	67 years	Mr Pierre Breuil has a degree in law and is a graduate of the *Institut d'études politiques* of Paris. He is a former student of the *École nationale d'administration* (Turgot class). He was the prefect of the Alpes-Maritimes between 2002 and 2006, and *inspecteur général de l'administration* between 2006 and 2007.

14.3. PERSONAL INFORMATION CONCERNING THE MEMBERS OF THE BOARD OF DIRECTORS

As at the date of registration of this Registration Document, no member of the board of directors has during the last five years:

- been sentenced for fraud;
- been associated with a bankruptcy, or been put under sequestration or liquidation;
- been incriminated or sentenced officially by a legal or administrative authority; or
- been prevented by a court from acting as a member of an administrative, management or supervisory body or from acting in the management or control of the businesses of an issuer.

14.4. CONFLICTS OF INTERESTS IN THE ADMINISTRATION AND GENERAL MANAGEMENT BODIES

To the knowledge of the Company, there is not, as at the date of registration of this Registration Document, any conflict of interest between the duties of the members of the board of directors, the chairman of the board of directors and the Chief Executive Officer, with regard to the Company and their private interests and/or other duties.

No arrangement or agreement has been concluded with the main shareholders, customers, suppliers or others pursuant to which any of the members of the board of directors, the CEO or the Deputy CEOs were selected as a director.

15 REMUNERATION AND BENEFITS

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15.1. REMUNERATION AND BENEFITS IN KIND

15.1.1 Remuneration paid to executive managers who are company officers

Overview of remuneration and stock options attributed to each executive manager who is a company officer:

Jacques Merceron-Vicat

Chairman of the Board of Directors(1)	2007	2008
Remuneration during period	788,415	722,506
Assessment of options allocated during period	n/a	n/a
Assessment of performance-related shares allocated during period	n/a	n/a
Total	**788,415**	**722,506**

Guy Sidos

Chief Executive Officer(2)	2007	2008
Remuneration during period	469,178	618,136
Assessment of options allocated during period	n/a	n/a
Assessment of performance-related shares allocated during period	n/a	n/a
Total	**469,178**	**618,136**

(1) Chief Executive Officer in 2007.
(2) Deputy CEO in 2007.

The tables below detail the remuneration paid and benefits in kind granted by the Company, its subsidiaries or companies controlling the Company to the executive company officers, i.e the Chairman of the board and the CEO, in 2007 and 2008.

Jacques Merceron-Vicat

Chairman of the Board of Directors[1]	2007		2008	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed remuneration	0	623,586	0	639,168
Variable remuneration	n/a	n/a	n/a	n/a
Exceptional remuneration	n/a	n/a	n/a	n/a
Attendance fees	0	38,180	0	38,180
Benefits in kind	0	126,649	0	45,158
Total	**0**	**788,415**	**0**	**722,506**

Guy Sidos

Chief Executive Officer[2]	2007		2008	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed remuneration	0	443,827	0	592,785
Variable remuneration	n/a	n/a	n/a	n/a
Exceptional remuneration	n/a	n/a	n/a	n/a
Attendance fees	0	19,090	0	19,090
Benefits in kind	0	6,261	0	6,261
Total	**0**	**469,178**	**0**	**618,136**

The benefits in kind granted to the executive company officers are standard benefits for this type of functions (company car, etc). Besides, their remuneration does not include a variable part.

No executive manager who is a company officer is bound to the Company by an employment contract.

(1) Chief Executive Officer in 2007.
(2) Deputy CEO in 2007.

15.1.2 Attendance fees and other remuneration received by non-executive company officers

	Amounts paid in 2007	Amounts paid in 2008
Jean-Michel Allard		
Director		
Attendance fees	19,090	19,090
Other remuneration (on the basis of positions held within the Group)	298,776	370,784
Bernard Titz		
Director		
Attendance fees	19,090	19,090
Other remuneration (on the basis of positions held within the Group)	298,466	355,842
Louis Merceron-Vicat		
Director		
Attendance fees	19,090	19,090
Other remuneration (on the basis of positions held within the Group)	221,013	163,200
René Fegueux		
Director		
Attendance fees	19,090	19,090
Other remuneration	-	10,500
Raynald Dreyfus		
Director		
Attendance fees	19,090	19,090
Other remuneration	-	10,500
P&E Management (represented by Paul Vanfrachem)		
Director		
Attendance fees	19,090	19,090
Other remuneration	-	3,500
Sophie Sidos		
Director		
Attendance fees	19,090	19,090
Other remuneration	-	-
Jacques le Mercier		
Director		
Attendance fees	19,090	19,090
Other remuneration	-	7,000
Total	**970,975**	**1,074,046**

The Company's directors receive attendance fees every year. The total of such attendance fees was €210,000 for each of the years 2007 and 2008, distributed equally among the directors (or €19,090) except with regard to the President of the board of directors, who receives twice the remuneration received by each other member of the board of directors (or €38,180).

In addition, the additional remuneration allocated to each member of the board of directors committees for 2008 reached 7,000 euros for the members of the auditing committee, and 3,500 euros for the members of the remuneration committee.

The Company's officers do not benefit from any additional contract benefits in case of termination of their activities and do not receive any remuneration or benefits other than those set out in the table above.

15.2. PENSION, RETIREMENT AND OTHER BENEFITS

The Company has not implemented a plan to award performance-based stock or stock subscription or stock purchase options for the benefit of the executive company officers or company officers, and no award of securities has been granted to the aforementioned company officers on this account. The Group's salaried officers nonetheless enjoy legal or agreed collective schemes for participation and profit-sharing. See section 17.3 "Employee profit-sharing" of this Registration Document.

In addition, the Group has implemented a pension scheme for its officers and other managers of the Group that is additional to the legal and complementary schemes. The income from the benefits in this top-up plan is attributed to managing executives whose gross remuneration is up to four times greater than the social security ceiling on the basis of a decision of general management. In addition, to collect these benefits, the relevant person must have served at least 20 years with the Group and have attained 65 years of age at the time they acquire the pension rights. The additional pension amount is calculated as a function of years of service at the date of retirement and salary over the best ten years. This additional amount may not result in the beneficiary receiving, under all pension benefits, an amount exceeding 60% of the reference salary.

The table below presents certain items relating to the advantages granted to the executive company officers:

Executive Company Officers	**Employment contract**		**Extra pension plan**		**Retirement indemnities or advantages due or likely to be due on account of termination or change of function**		**Indemnities relating to a covenant not to compete**	
	Yes	No	Yes	No	Yes	No	Yes	No
Jacques Merceron-Vicat *Chairman of the board of directors* Beginning of the current appointment, (i) as director 04/06/2004; (ii) separation of the functions of Chairman and Chief Executive Officer 07/03/2008 End of current appointment: Shareholders general meeting approving the financial statements for the year ending on December 31, 2009		✓	✓			✓		✓
Guy Sidos *Chief Executive Officer* Beginning of the current appointment, as director 06/06/2003; (ii) as Chairman and Chief Executive 07/03/2008 End of current appointment: Shareholders general meeting approving the financial statements for the year ending on December 31, 2009		✓	✓			✓		✓

16 OPERATION OF THE ADMINISTRATION AND MANAGEMENT BODIES

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16.1. OPERATION OF THE BOARD OF DIRECTORS

16.1.1. Missions and attributions of the board of directors

The board of directors determines the policy for the Company's business and supervises its implementation. Subject to the powers expressly granted to General Meetings and within the limits of the Company's corporate object, it will address any question concerning the satisfactory running of the Company and decide by its deliberations on any matters which relate to it.

Its strategy and actions are within the scope of sustainable development of the Company. The board of directors has in particular the role of examining and approving all decisions relating to the Company's and the Group's major strategic, economic, social, financial or technological policies and the supervision of their actual implementation.

16.1.2. Board meetings

The board of directors shall meet when convened by its President as often as required by the interest of the Company, at the registered office or in any other place indicated in the convening letter. However, directors constituting at least one third of the members of the board of directors may convene the board if it has not met for more than two months.

The deliberations of the board of directors are minuted, signed and preserved in accordance with regulations.

The board of directors is quorate if at least half of its members are present. Decisions are taken by a majority vote of the members present or represented. If there is a tied vote, the President shall have the casting vote.

Over the last three years, the board of directors met twice a year. During those meetings, the following points were always examined: situation of the industry, examination of the Company and of the consolidated financial statements. Attendance at meetings of the board of directors was over 98%. Delegates from the works council also attended all meetings. All resolutions proposed during those three years were adopted unanimously.

16.1.3. Remuneration of the members of the board of directors

The board of directors receives in remuneration for its activity an annual fixed sum, by way of attendance fees, whose amount is determined by the General Meeting and remains at that level unless otherwise decided. The board of directors then freely distributes the attendance fees among its members.

16.1.4. Rules of procedure for the board of directors

To date, the board of directors has not instituted internal rules of procedure.

16.1.5. Committees

In accordance with article R. 225-29 of the *Code de commerce*, the board of directors decided in its meeting of August 29, 2007 to proceed with the creation of an accounts committee and a remuneration committee as of January 1, 2008. The committees are made up of three members selected from the independent directors appointed by the board of directors on the proposal of the President and chosen on the basis of their competence. Each committee is presided by a chairman designated by a majority decision of the committee members. Since March 7, 2008, the committees have been composed of the following members:

- accounts and auditing committee:
  - Mr Raynald Dreyfus, Chairman of the committee,
  - Mr René Fegueux,
  - Mr Jacques Le Mercier;
- remuneration committee:
  - Mr Paul Vanfrachem, Chairman of the committee,
  - Mr René Fegueux,
  - Mr Raynald Dreyfus.

The committees have the following missions:

- accounts and auditing committee:

  The auditing committee is responsible for monitoring the financial information development process, for assessing the internal audit system and risk management efficiency.

  The attributions of duty of the accounts and auditing committee also consist of:
  - examining the annual and half-year accounts, both consolidated and social; it pays particular attention to the consistency and the relevance of the accounting methods used,
  - becoming knowledgeable of the internal procedures for gathering and verifying the financial information that guarantees the consolidated financial information;
- remuneration committee:

  The remuneration committee has the responsibility of:
  - examining the remunerations of managers and employees (fixed part, variable part, bonuses…) and in particular their amounts and allocation,
  - studying the subscription option or share purchase plans and in particular, as far as the beneficiaries are concerned, the number of options that could be granted to them as well as the duration of the options and the subscription price conditions as well as any other form of access to capital in the Company benefiting to managers and employees,
  - studying particular advantages, such as pension scheme, health and welfare benefit plan, invalidity insurance, death insurance, education allowance, civil liability insurance for representatives and executive managers of the Group, etc.

16.2. OPERATION OF THE MANAGEMENT BODIES

The President represents the board of directors. He organises and directs the board's work and reports on it at the General Meeting.

The CEO is responsible for the general management of the Company.

He is invested with the powers to act in all circumstances in the name of the Company, within the limit of the corporate purpose and subject to the powers which the law expressly reserves to the General Meetings of the shareholders. He represents the Company in its relationships with third parties.

The CEO is assisted by four deputies who intervene, when so delegated, in the following operational areas:

- Cement in France, Switzerland and Kazakhstan: Mr Raoul de Parisot;
- Concrete - Aggregates and Transport France: Mr Bernard Titz;
- International development: Mr Jean-Michel Allard;
- Africa, Middle East and India: Mr Éric Holard.

Name	Age	Brief biography
Jean-Michel Allard	63 years	Mr Allard is a graduate of the *École de chimie* in Lyon and holder of a management degree from the *Institut d'administration des entreprises*. He joined the Group in 1971.
Bernard Titz	57 years	Mr Titz is the holder of a doctorate in law. He joined the Group in 1982.
Raoul de Parisot	60 years	Mr de Parisot is a graduate of the *École des Mines* in Nancy and holder of a degree in economic sciences and a master's degree in sciences from the University of Stanford (United States). Before joining the Group in 1982, Mr de Parisot worked at British Petroleum.
Éric Holard	49 years	Mr Holard is a graduate of the *École nationale supérieure des arts et métiers* and holder of a MBA from HEC. He joined the Group in 1991 after having worked for Arc International.

The deputy CEOs, in their capacity as operational managers, have responsibility for managing activities and the results.

16.3. LIMITATION OF POWERS

No limitation has been set concerning the powers of the President of the board or those of the Chief Executive Officer.

16.4. INTERNAL AUDIT

The President's report on corporate governance and the internal audit, as well as the Company's auditors' report on the President's report are appended to this Registration Document. These reports describe the internal audit plan implemented by the Company and the Group.

The Group draws a particular attention to questions of internal control and sustainable development in the countries in which it is present.

Accordingly, with respect to internal control, it implements procedures at the level of each operating subsidiary in order to address the specificities of the market on which it is present. These procedures are subject to periodic reviews by the statutory auditors of the companies of the Group.

In addition, the financial auditors are seconded by the Company's management to each operating subsidiary so as to reinforce the financial reporting system and enable the Group's management to control the development of its operations.

The Group currently relies on these procedures to ensure a satisfactory level of anticorruption controls.

The subject of durable development is regularly addressed by general management and, when appropriate, diffused to management of the operating subsidiaries.

Over the past years, the Group has developed a policy integrating environment respect and sustainable development issues, both in terms of investment and of operation of industrial sites.

16.5. DATE OF EXPIRY OF THE TERM OF OFFICE OF THE DIRECTORS

Name	Date of first nomination	Date of start of current mandate	Date of expiry of current mandate (General Meeting)
PRESIDENT OF THE BOARD OF DIRECTORS AND DIRECTOR			
Jacques Merceron-Vicat	02/03/1968	06/04/2004	General Meeting approving the financial statements for the year ending December 31, 2009
CEO AND DIRECTOR			
Guy Sidos	06/11/1999	06/06/2003 in capacity of director. 03/07/2008 in capacity of CEO	General Meeting approving the financial statements for the year ending December 31, 2008 in capacity of director. General Meeting approving the financial statements for the year ending December 31, 2009 in capacity of CEO
DIRECTORS			
René Fegueux	07/25/1977	05/16/2007	General Meeting approving the financial statements for the year ending December 31, 2009
Jean-Michel Allard	06/23/1983	06/02/2006	General Meeting approving the financial statements for the year ending December 31, 2008
Raynald Dreyfus	06/05/1985	06/06/2003	General Meeting approving the financial statements for the year ending December 31, 2008
Louis Merceron-Vicat	06/11/1999	06/02/2005	General Meeting approving the financial statements for the year ending December 31, 2010
Sophie Sidos	08/29/2007	08/29/2007	General Meeting approving the financial statements for the year ending December 31, 2008
P&E Management (represented by Paul Vanfrachem)	06/02/2005	06/02/2005	General Meeting approving the financial statements for the year ending December 31, 2010
Jacques Le Mercier	08/29/2007	08/29/2007	General Meeting approving the financial statements for the year ending December 31, 2010

The board of directors decided on February 27, 2009 to propose the following to the Mixed General Meeting of shareholders convened on May 15, 2009:

- renewing Mr Guy Sidos' term of office as director for a period of six years, *i.e.* until the ordinary General Meeting approving the financial statements for the year ending December 31, 2014;
- renewing Ms Sophie Sidos' term of office as director for a period of six years, *i.e.* until the ordinary General Meeting approving the financial statements for the year ending December 31, 2014;
- renewing Mr Raynald Dreyfus' term of office as director for a period of three years, *i.e.* until the ordinary General Meeting approving the financial statements for the year ending December 31, 2011;
- replacing Mr Jean-Michel Allard by Mr Bruno Salmon in his capacity as director for a period of six years, *i.e.* until the ordinary General Meeting approving the financial statements for the year ending December 31, 2014;
- nominating Mr Pierre Breuil as a director for a period of six years, *i.e.* until the ordinary General Meeting approving the financial statements for the year ending December 31, 2014.

In addition, the board acknowledged the resignation of Mr Bernard Titz from his position as director, taking effect on January 14, 2009.

16.6. INFORMATION ON THE SERVICE AGREEMENTS BINDING THE MEMBERS OF THE COMPANY'S ADMINISTRATION AND MANAGEMENT BODIES

To the knowledge of the Company, there are no service agreements binding the members of the board of directors, the President of the board of directors or the CEO or the deputy CEOs to the Company or to any of its subsidiaries and granting benefits to such persons.

The directors and executive managers bound to the Company or to one of its subsidiaries by an employment contract are Jean-Michel Allard (Assistant general manager) and Bernard Titz (Assistant general manager).

16.7. DECLARATION RELATING TO CORPORATE GOVERNANCE

As at the date of registration of this Registration Document, the board of directors has among its members four independent directors: Mr René Fegueux, Mr Raynald Dreyfus, P&E Management (represented by Mr Paul Vanfrachem) and Mr Jacques Le Mercier. Directors not maintaining any direct or indirect relationship or not having any link of particular interest with the Company, its subsidiaries, its shareholders or its management are regarded as independent directors. Moreover, the Company considers as an independent director, a person who is not bound to the Company or to the Group by an employment contract, a contract for the provision of services or by a situation of subordination or dependency with respect to the Company, the Group, its management or major shareholders or by a family tie with the majority shareholder.

The Company subscribes to a policy of transparency and improvement of information disseminated, in particular concerning its activities and in relation to financial matters according to the recommendations prescribed in particular by the AFEP and the MEDEF with respect to the principles of good governance.

In the process of implementation of such principles, the initial preoccupation of the Company has been to reorganise the board of directors by creating two committees in it, an audit committee and a remuneration committee, and by increasing the number of independent directors.

Thus the nomination of Mr Bruno Salmon and Mr Pierre Breuil, who meet the independence criteria, will be proposed at the mixed General Meeting of May 15, 2009.

Once this reorganisation is effective, the board of directors of the Company will analyse its operating rules and their adequation with the recommendations of the AFEP MEDEF. This analysis will also be carried out with a view to setting up board of director's internal rules of procedure the purpose of which being in particular to organise the details of the board's self-assessment and internal debates, or even to plan how the directors will exercise their communication right and the requirements incumbent on them with respect to professional ethics and confidentiality.

Likewise, the Company plans to adapt the mission and operation of the board's committees, in particular the audit committee in accordance with the provisions of the regulation of December 8, 2008.

Nonetheless, the Company does not intend to apply the recommendation of the AFEP MEDEF affecting the limitation of the term of office of the directors. Given its shareholding, which is for the most part a family shareholding, and its long term vision, the Company wants the directors' functions to be long term, which is a guarantee of permanence. This is why the Company planned directors' terms of 3 or 6 years.

17 EMPLOYEES

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17.1. OVERVIEW

Average overall workforce of the Group in 2008 increased by 2.7% compared to 2007 due to new acquisitions (Walker group in the United States, BSA in Mauritania, concrete companies in France) and the increase in importance of the project in Kazakhstan. Employee numbers have remained stable at constant scope. The initial effects of the economic crisis first affected interim staff because the Group had not increased staff numbers significantly during the growth period in 2007 (+0.2% for 2007 consolidated sales, and increase of +4.3% at constant scope and exchange rates).

17.1.1. Distribution of the Group's average workforce by business

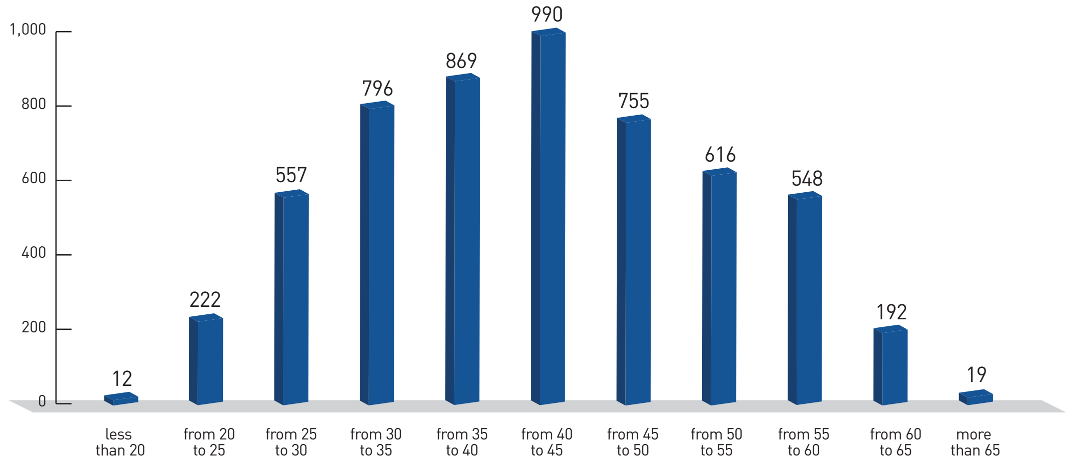
(number of employees)	2008	2007
Cement	2,504	2,413
Concrete & Aggregates	2,996	2,827
Other Products & Services	1,336	1,415
Total	**6,836**	**6,655**

17.1.2. Distribution of the Group's average workforce by geographical area

(number of employees)	2008	2007	Change (%)	Change (excl. scope effect)
France	2,650	2,644	+0.2%	-0.8%
Switzerland and Italy	1,023	1,059	-3.4%	-3.4%
United States	1,335	1,222	+9.2%	-5.6%
Senegal/Mali/Turkey/Egypt/Kazakhstan	1,828	1,730	+5.7%	+3.8%
Total	**6,836**	**6,655**	**+2.7%**	**-1.1%**

17.1.3. Distribution of the Group's average workforce by age

▼ Number of employees classified by age



In 2008, the Group has a balanced age pyramid, which is found similarly in each country where the Group is established.

Workforce by gender

The low proportion of women in the Group's salaried workforce is due to the type of activities and employment offered by the Group.

(in %)	2008	2007
Men	89.2	89.9
Women	10.8	10.1

At 10.8% both in France (+0.7 point) and abroad, the share of women in the overall workforce has increased markedly, at a level that is still quite low due to the greater share of the blue-collar workforce.

(in % of workforce)	2008	2007
Management	11.9	11.0
White-collar workers	24.5	24.0
Blue-collar workers	2.0	2.2
Total Group	**10.8**	**10.1**
of which France:		
Management	15.9	14.3
White-collar workers	27.5	28.2
Blue-collar workers	1.7	1.6
Total France	**16.3**	**15.5**

The proportion of female employees on the payroll is almost negligible in the blue-collar workforce both in France and abroad, and is falling, going from 4% in 2005 to 2% in 2008. In addition, it should be noted that the proportion of female employees on the payroll is higher in France, 16.2%, than abroad (and in particular in Egypt, Turkey, and in Africa where the average rate of female workers is around 4.0%).

17.1.4. Year-end changes in the workforce according to movement type

	Workforce
Workforce as of December 31, 2007	**6,643**
Departures due to normal reasons (resignation, end of contracts, deaths)	(644)
Departures due to retirement, pre-retirement, firings, other movements	(292)
Variations in the perimeter of consolidation	+204
Hirings	+960
Workforce as of December 31, 2008	**6,892**

Recruiting remained at a high level in 2008 with 960 hires in order to handle both a high number of departures (936 people) and a lesser extent, the increase in size of the project in Kazakhstan (+39 people). The high level of departures and hires is explained by the high degree of seasonality of the business, and, in particular, of the Concrete & Aggregates business. This is not the case for the Cement business, where the workforce is quite stable in number. Hires occurred mainly during the first three quarters of 2008 because business slowed down at the end of the year, leading to a reduction of hires to the strict minimum.

17.1.5. Changes in the Group's seniority

	Average age		Average seniority	
	2008	2007	2008	2007
Total for the Group	**41.2**	**40.8**	**8.5**	**8.5**
France's portion of the Group total	41.1	41.1	10.2	10.2

Average seniority age increased slightly compared to the preceding year.

17.1.6. Human Resources Policy

The Group's values

The appropriation of the Group's values by its collaborators is the key factor in the successes that it has encountered throughout its one hundred and fifty years of existence. These values, which have forged a strong company culture, are mainly four:

- management reactivity and capacity to reach decisions quickly, which have proved particularly useful in achieving success in external growth operations;
- the taste for innovation, research and development and progress, which are inspired by the discoveries of Louis Vicat, the brilliant inventor of cement in the 19th century;
- the tenacity that has allowed the Group to overcome trials encountered since it was founded;
- the common feeling of belonging to the Group, which provides a capacity to mobilise energy and a strong capacity for action to achieve the objectives.

Human Resources Policy

The objective of the human resources policy is to ensure the fit of individual competencies of collaborators or team units match with the Group's development strategy in a short, medium and long term vision. Human resources policy is part of respecting and promoting the values that underscore the Group's culture, while maintaining and developing the Group's attractiveness for its employees as well as developing their loyalty. Along these lines, internal promotion is favoured as much as possible, and should offer everyone career development prospects that match their capacities and their ambitions. Mobility, both operational and geographical, is one of the conditions of this progression.

Training

Development of its collaborators' competencies represents an important stake for the Group. It's why the Group invests a significant part of its wages and salaries bill in training actions every year.

In a context of major industrial investments and increasing complexity of processes due to technological innovation, the priority is to train engineers and technicians in using the tools and methods required for the industrial tool to operate properly. As every year from now on, two process seminars and a maintenance seminar were organized in 2008 for engineers and technical managers in all cement plants in the Group.

Internal or external training allowing an employee to acquire transverse skills (training in management, project management, languages, etc.) required by the Group supplement this technical training.

Integration of the Company in its human environment

The Group supports educational projects for the populations of the countries where it is based. This is in particular the case in Senegal with the Maurice-Gueye mediatheque in Rufisque, in Turkey with the school of fine arts in Konya and in Egypt with the University of the Sinai in El Arish. This support takes the form of financial aid for the construction of university buildings, the attribution of scholarships to disadvantaged students, and purchasing books.

Safety

In 2008, the number of accidents with shut-downs within the Group decreased slightly and the rates of frequency and seriousness improved slightly.

	Cement business		Total for the Group	
	2008	**2007**	**2008**	**2007**
Number of accidents with shut-downs	57	73	190	204
Number of work days lost	1,424	1,751	7,490	8,133
Rate of frequency	11.3	13.7	15.73	17.1
Rate of seriousness	0.28	0.33	0.62	0.68

The "Safety 2008" plan produced results but these are still below the objectives set. The Group started to strengthen the "safety culture". Safety meetings are now organised on a systematic basis at all levels of the organisational hierarchy and some changes in behaviour can be observed. The effort must be continued.

After obtaining in 2008 the ISO 9000 version 2001 certification for the Concrete & Aggregates business in France, the general management of the Group decided to launch in 2009 an OHSAS 18001 procedure for the same businesses in 2009, as it had been done for the cement factories of La Grave-de-Peille in France and of Bastas and Konya in Turkey.

17.2. SHARE SUBSCRIPTION AND PURCHASE OPTIONS

As of the date of registration of this Registration Document, there is no plan to award subscription options to employees, or to members or former members of the board of directors (see also Section 21.1.5 "Share subscription and purchase options" of this Registration Document).

17.3. PROFIT-SHARING BY EMPLOYEES

The Company and its French subsidiaries apply the legal scheme for employee profit sharing or an exemption scheme for some. Sums received are invested in the Company's shares in a group savings plan.

In addition, the Company has implemented a conventional profit-sharing agreement. Sums received for this reason can, at the employee's discretion, be placed in the Company's shares in the Group savings plan or in another savings plan proposed by a leading financial institution.

Almost all shares held by employees are under the Group savings plan.

17.4. SHAREHOLDING OF THE COMPANY'S OFFICERS AND OPERATIONS CARRIED OUT BY MEMBERS OF THE BOARD OF DIRECTORS IN THE COMPANY'S TRANSFERABLE SECURITIES

17.4.1. Holdings by the Company's officers of the Company's shares as at December 31, 2008

Shareholder	Number of shares	Percentage of capital	Number of voting rights	Percentage of voting rights
Jacques Merceron-Vicat	41,483	0.09	67,880	0.10
Soparfi (company whose CEO is Jacques Merceron-Vicat)	11,795,267	26.27	21,822,422	31.50
Parfininco (company whose CEO is Jacques Merceron-Vicat)	13,281,135	29.58	25,159,254	36.31
Guy Sidos	3,153	-	4,745	0.01
Jean-Michel Allard	75,949	0.17	146,933	0.21
Bernard Titz	3,284	-	5,016	0.01
Louis Merceron-Vicat	6,648	0.01	10,880	0.02
René Fegueux	966	-	1,932	-
Raynald Dreyfus	900	-	1,800	-
P&E Management (company whose administrator is Paul Vanfrachem)	30	-	30	-
Sophie Sidos	1,913	-	3,826	0.01
Jacques Le Mercier	10	-	10	-

17.4.2. Transactions by members of the board of directors in the Company's shares for the years ended December 2007 and 2008

	Operations carried out in 2007	Operations carried out in 2008
Soparfi (company whose CEO is Jacques Merceron-Vicat)	Purchase of 1,246,761 shares	Purchase of 7,200 shares
Parfininco (company whose CEO is Jacques Merceron-Vicat)	Purchase of 671,000 shares	Purchase of 46,023 shares
Mr Louis Merceron-Vicat	Purchase of 1,242 shares	
Mr Jean-Michel Allard	Purchase of 1,000 shares	
Mr Guy Sidos		Purchase of 120 shares

As of the date of registration of this Registration Document 10,107,607 Company shares, registered in non-transferable accounts, are subject to pledge of financial instrument accounts.

In addition, a certain number of conservation commitments were made in the context of the "Dutreil Law" by certain Company executives.

17.4.3. Conservation commitments affecting the Company's shares

Five conservation commitments, affecting a maximum of 22.51% of the share capital of the Company, were made in 2006 and 2007, and until the date of registration of this Registration Document in order to facilitate the provisions of article 885-I *bis* of the General Tax Code *(Code général des impôts,* CGI) thereby granting to the signatories a partial exemption from the Solidarity Tax on Wealth *(Impôt de solidarité sur la fortune),* as indicated in the table below.

Date commitment was signed	Duration	Renewal procedures	Signatories managers pursuant to 885-0 *bis* of the CGI or holding more than 5% of the Company's capital and/or voting rights
11/22/2006	6 years starting on 11/28/2006	Prorogated by 12-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi
12/08/2006	6 years starting on 12/13/2006	Prorogated by 12-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi
12/08/2006	6 years starting on 12/13/2006	Prorogated by 12-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi Parfininco
12/20/2006	6 years starting on 12/21/2006	Prorogated by 12-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi Parfininco
12/11/2007	6 years starting on 12/13/2007	Prorogated by 12-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi Parfininco

Six conservation commitments, affecting a maximum of 22.51% of the share capital of the Company, were made in 2006 and 2007, and until the date of registration of this Registration Document in order to facilitate the provisions of 787-B of the *Code général des impôts,* thereby granting to the signatories a partial exemption from capital transfer taxes, as indicated in the table below.

Date commitment was signed	Duration	Renewal procedures	Signatories managers pursuant to 885-0 *bis* of the CGI or holding more than 5% of the Company's capital and/or voting rights
07/25/2005	2 years starting on 07/29/2005	Prorogated by 3-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi
07/25/2005	2 years starting on 08/01/2005	Prorogated by 3-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi
11/22/2006	2 years starting on 11/28/2006	Prorogated by 3-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi
12/08/2006	2 years starting on 12/13/2006	Prorogated by 3-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi Parfininco
12/08/2006	2 years starting on 12/13/2006	Prorogated by 3-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi Parfininco
12/11/2007	2 years starting on 12/13/2007	Prorogated by 3-month periods	Mr Jacques Merceron-Vicat Mr Guy Sidos Mrs Sophie Sidos Mr Louis Merceron-Vicat Soparfi Parfininco

The shares comprising the capital of the Company have in addition been subject to crossing of threshold declarations dated March 4, 2008 (see Section 18.1 "Distribution of capital and voting rights" of this Registration Document).

18 PRINCIPAL SHAREHOLDERS

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18.1. DISTRIBUTION OF THE SHARE CAPITAL AND VOTING RIGHTS

The share capital of the Company as at December 31, 2008 was €179,600,000, divided into 44,900,000 shares of €4 each, fully paid up; shares are in nominee or bearer form at the shareholder's discretion.

The evolution of the distribution of the share capital of the Company over the past three financial years, has been the following:

	On December 31, 2006		On December 31, 2007		On December 31, 2008	
Shareholders	**Number of shares**	**Number of shares** (as a percentage)	**Number of shares**	**Number of shares** (as a percentage)	**Number of shares**	**Number of shares** (as a percentage)
Family + family holdings	25,219,788	53.92%	27,136,058	58.02%	27,185,702	60.55%
HeidelbergCement	16,384,320	35.03%	0	0.00%	0	0.00%
Employees and former employees	2,118,192	4.53%	2,026,088	4.33%	2,098,624	4.67%
Public	2,383,189	5.10%	14,304,807	30.59%	14,247,695	31.73%
Treasury shares	665,711	1.42%	3,304,247	7.06%	1,367,979	3.05%
Total	**46,771,200**	**100%**	**46,771,200**	**100%**	**44,900,000**	**100.00%**

The evolution of the distribution of the voting rights of the Company over the past three financial years, after exclusion of the voting rights attached to treasury shares, as been the following:

	On December 31, 2006		On December 31, 2007		On December 31, 2008	
Shareholders	Number of voting rights	Number of voting rights (as a percentage)	Number of voting rights	Number of voting rights (as a percentage)	Number of voting rights	Number of voting rights (as a percentage)
Family + Parfininco + Soparfi[(1)]	48,533,628	55.09%	50,485,124	73.14%	50,730,779	73.22%
HeidelbergCement	32,759,040	37.18%	-	-	-	-
Employees and public[(2)]	6,816,332	7.73%	18,543,739	26.86%	18,556,764	26.78%
Treasury shares[(3)]	-	0.00%	-	0.00%	-	0.00%
Total	**88,109,000**	**100%**	**69,028,863**	**100%**	**69,287,543**	**100%**

(1) Soparfi is controlled by Parfininco, which is itself controlled by the Merceron-Vicat family.
(2) As regards the monitoring of voting rights, there is no difference between employees and the general public.
(3) Shares held by the Company carry no voting rights.

By letter dated as of March 11, 2008, extended by letters in particular on March 18 and April 9, the Financial Market Authority *(Autorité des marchés financiers)* was provided with the following declarations regarding the crossing of thresholds on March 4, 2008:

- Mr Jacques Merceron-Vicat declared along with other members of his family that he had gone below the thresholds of 2/3 of the voting rights, 50%, 1/3, 25%, 20%, 10% of the share capital and the voting rights and 5% of the share capital of Vicat and holds 2,112,879 Vicat shares, representing 3,644,937 voting rights, *i.e.* 4.52% of the share capital and 5.03% of the voting rights of the Company.[(1)]
- Mr Jacques Merceron-Vicat, Mrs Sophie Sidos born Merceron-Vicat, and Mr Louis Merceron-Vicat (hereafter the Merceron-Vicat family group) declared that they exceeded indirectly, through the intermediary of Parfininco and Soparfi which they control, the thresholds of 5%, 10%, 15%, 20% 1/3 and 50% of the share capital and voting rights and 2/3 of the voting rights of Vicat and indirectly hold 25,023,179 Vicat shares, representing 46,840,187 voting rights *i.e.* 53.50% of the share capital and 64.61% of the voting rights in this company, distributed as follows:

	Number of shares	Share capital (as a percentage)	Voting rights	Voting rights (as a percentage)
Mr Jacques Merceron-Vicat and family	2,112,879	4.52	3,644,937	5.03
Soparfi[(2)]	11,788,067	25.20	21,726,956	29.97
Parfininco	13,235,112	28.30	25,113,231	34.64
Total Merceron-Vicat family	**27,136,058**	**58.02**	**50,485,124**	**69.63**

The crossing of these thresholds is the result of the donation-sharing of Parfininco shares by Mr Jacques Merceron-Vicat to the benefit of his children, Mrs Sophie Sidos born Merceron-Vicat and Mr Louis Merceron-Vicat, and his grand-children.

By letter dated as of March 18, 2008, the following declaration of intention was carried out:

"This indirect acquisition being the result of an assets reorganization does not lead to changes regarding the control of the Vicat company by the family group.

Jacques Merceron-Vicat, Sophie Merceron-Vicat and Louis Merceron-Vicat act in concert with some members of their family and the companies they control. They do not act in concert with other individuals or third parties. They consider to carry on their purchase of Company's shares. They are all members of the board of directors and do not plan to ask for the nomination of other persons."

The exceeding, by the Merceron-Vicat family group, of the threshold of 1/3 of the share capital and voting rights of Vicat has led to a decision of derogation to the obligation to set forth a public offer project which is reproduced in *Décision et Information* 208C0712 dated April 16, 2008, published in the *Bulletin des annonces légales obligatoires* (BALO) of April 18, 2008.

(1) On the basis of a share capital composed of 46,771,200 shares representing 72,499,937 voting rights.
(2) Controlled by Parfininco, itself directly controlled by Mr Jacques Merceron-Vicat, Mrs Sophie Sidos born Merceron-Vicat and Mr Louis Merceron-Vicat.

18.2. VOTING RIGHTS

Subject to the double voting rights described below, the voting rights attached to capital shares or rights are proportional to the share of the capital which they represent and each share gives a right to one vote.

Double voting rights are allotted to all paid-up shares for which the holder can prove that it has held such shares for at least four years.

Conversion to bearer form of a share or the transfer of its ownership causes the loss of the abovementioned double voting rights.

In the event of dismemberment of the ownership of a share, the voting right belongs to the legal owner, except for decisions concerning attribution of results, in which case the voting right remains with the usufructuary.

18.3. CONTROL OF THE COMPANY

The Company is directly and indirectly, through the holding companies Parfininco and Soparfi, controlled by the Merceron-Vicat family, which holds the majority of the share capital and the voting rights.

18.4. AGREEMENTS CAPABLE OF LEADING TO A CHANGE OF CONTROL

To the knowledge of the Company, there is no agreement whose implementation could at a date subsequent to the registration of this Registration Document, lead to a change of control.

19 OPERATIONS WITH RELATED PARTIES

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19.1. CONTRACTS AND OPERATIONS WITH RELATED PARTIES

Parties related to the Group include mainly the Company's shareholders, its unconsolidated subsidiaries, firms under joint control (consolidated companies in proportional integration), associated companies (companies accounted for by the equity method), and entities on which the Group's various managers have a significant influence.

Transactions with companies that are unconsolidated or accounted for by the equity method are not significant during the years in question, and were carried out under normal market conditions.

All these operations were registered in compliance with the transactions identified in the IAS 24 standard and their incidence on the consolidated accounts of the Group for years 2008 and 2007 is as indicated below according to type of related party:

	2008				2007			
(in millions of euros)	**Sales**	**Purchases**	**Receivables**	**Debts**	**Sales**	**Purchases**	**Receivables**	**Debts**
Associated companies	467	0	4,419	0	682	700	4,098	195
Joint ventures	1,591	967	216	841	1,492	1,095	235	1,025
Other related parties	42	1,539	30	198	8	1,549	35	213
Total	**2,100**	**2,506**	**4,665**	**1,039**	**2,182**	**3,344**	**4,368**	**1,433**

19.2. INTRA-GROUP OPERATIONS

The Group's financial policy leads to a concentration of the financing lines on the mother company.

In addition, the intra-group flows and internal margins have been eliminated in the Group consolidation operations.

On the basis of the 2008 financial year, the intra-group transfers of cement rose to €208 million, transfers of aggregates to €60 million, transport services to €69 million, transfers related to additional services (analyses, pumping, operation of quarries, etc.) to €38 million and transfers related to various pooled products and services to €70 million. For the same period, intra-group financial products rose to €18 million.

19.3. SPECIAL REPORT BY THE AUDITORS ON AGREEMENTS WITH RELATED PARTIES FOR THE LAST THREE YEARS

Pursuant to article 28-1 paragraph 5 of the Regulations (EC) No. 809/2004 of the European Commission of April 29, 2004, special reports by the statutory auditors on regulated agreements and commitments for the financial years ending on December 31, 2007 and December 31, 2006, which appear respectively on page 126 of the Registration Document registered with the AMF on April 29, 2008 under number R.08-043, and page 126 of the Registration Document registered with the AMF on April 26, 2007 under number R.07-045, are incorporated by reference in this Registration Document.

Financial year ending on December 31, 2008

Dear Shareholders,

As statutory auditors of your Company, we hereby submit to you our report on regulated agreements.

Agreements authorized during the year

As required by article L. 225-40 in the *Code de commerce,* agreements that were submitted to prior authorisation by your board of directors have been brought to our attention.

It is not part of our assigment to seek for the possible existence of such agreements, but to provide you, on the basis of the information made available to us, with the characteristics and the essential details of the agreements that have been brought to our attention, without having to judge their usefulness and their merit. According to the terms of article R. 225-31 of the Commercial Code, it is your responsibility to appreciate the interest of these agreements with a view to approving them.

We have implemented the due care that we considered necessary according to the authoritative professional literature of the *Compagnie nationale des commissaires aux comptes* (national body of statutory auditors) that relates to our mission. This due care consisted in verifying the concordance of the information that we have been given with the source documents in which they are to be found.

Undertakings relating to additional pension benefits

The board of directors of March 7, 2008 adopted the resolution approving the supplemental pension benefits granted to executive directors in the context of undertakings with Cardif.

Persons concerned: J. Merceron-Vicat, G. Sidos, J.-M. Allard, B. Titz and L. Merceron-Vicat.

Type and purpose: Supplemental pension plan as defined in Article 39 of the French General Tax Code (CGI).

Details: The undertakings with Cardif concern the executive directors as well as managers whose salary exceeds 4 times the ceiling of tranche A.

The statutory auditors

Paris-La Défense, on February 27, 2009	Chamalières, on February 27, 2009
KPMG Audit	
Department of KPMG S.A.	Wolff & Associés SAS
Jean-Marc Decléty	Grégory Wolff
Partner	Partner

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20.1. ACCOUNTING POLICIES

20.1.1. Statement of compliance

In compliance with European regulation (EC) 1606 of the European parliament on July 19, 2002 on the enforcement of international accounting standards, the consolidated financial reports of Vicat have been prepared since January 1, 2005 in compliance with the International Financial Reporting Standards (IFRS) as adopted in the European Union. The standards selected as reference accounting policies are those applicable at the accounts closing date.

The following standards, interpretations and amendments issued by the IASB, but not yet in force as of the end of the period are not implemented ahead of schedule in the Group's consolidated financial statements.

These standards and interpretations when applicable to the Group are currently being studied to evaluate their potential impact on the financial statements and to identify possible additional information that is to be required to be published under this heading at the time of their future application.

The consolidated financial statements of a consolidated period present comparative data for the previous year prepared under these same International Financial Reporting Standards.

These financial statements are definitively prepared and approved by the board of directors, and are presented to the General Meeting of the shareholders for approval.

20.1.2. Accounting principles

The Group's financial statements are presented in thousands of euros.

The income statement presents income and expense items by nature.

The balance sheet differentiates between current and non-current assets and liabilities and presents them on the basis of their maturity (divided, generally speaking, into maturities of less than and more than one year).

The statement of cash flows is presented by the indirect method.

The financial statements are prepared using the historical cost method, with the exception of the following assets and liabilities which are recognized at fair value:

- derivatives;
- assets held for trading;
- assets available for sale;
- the portion of assets and liabilities covered by a hedging transaction.

The accounting principles and valuation methods described in this section have been applied on a consistent basis to all of the fiscal 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 on the assumption of continuing operation of the Group and are established on the basis of the information available at the date they are carried out. They concern mainly the assumptions used to:

- evaluate provisions, in particular those for pensions and other post employment benefits;
- measure financial instruments at their fair value;
- carry out impairment tests;
- define the accounting process to apply if no definitive standard is available.

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

20.1.3. Consolidation principles

When a company is acquired, the fair value of its assets and liabilities is evaluated at the acquisition date.

The earnings of companies acquired or assigned in the course of the year are recorded in the consolidated income statement for the period subsequent or previous to, depending on the particular case, the date of the acquisition or assignment.

Annual financial statements of the Group's subsidiaries at December 31 are consolidated, and any necessary adjusting entries are made to restate them in accordance with Group accounting principles. All material inter-company 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 the Company exercises notable control are accounted for by the equity method. Any goodwill generated on the acquisition of these investments is presented on the line "Investments in associated companies (equity method)".

20.1.4. Business combinations—Goodwill

Goodwill corresponds to the difference between the price paid for an acquired company and 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 on the balance sheet according to the principles of French GAAP on December 31, 2003.

In the event of a surplus of the *pro rata* share of interests in the fair value of assets, liabilities and possible liabilities acquired relative to cost ("negative goodwill"), all of this residual surplus is entered in the result of the year of the acquisition.

The values of the assets and liabilities acquired in the framework of a business combination must be definitively determined within 12 months of the acquisition date. These values may therefore be adjusted at any closing date within that timeframe.

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.

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, 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 recognised for the corresponding loss of value.

20.1.5. Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are converted into the functional currency at the exchange rates in effect on the transaction date. At the end of the year, all monetary assets and liabilities denominated in foreign currencies are translated into the functional 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 that are not denominated in euro and that are not hedged are translated into euro at the year-end exchange rates while income, 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 income statement in the event of later sale of these investments denominated in foreign currency.

20.1.6. Other intangible assets

Intangible assets (mainly patents, rights and software) are recorded on the balance sheet at historical cost less accumulated amortization and any impairment losses. This cost includes the cost of acquisition or production and all other costs that can be directly attributed and that are incurred in the acquisition or production of the asset and its commissioning.

Assets with finite lives are amortised on a straight-line basis over their useful life (generally not exceeding 15 years).

Research costs are recognised as expenses in the period in which they are incurred. Long-term development costs meeting the criteria defined by IAS 38 are capitalised.

20.1.7. Emission quotas

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

- the quotas allocated by the French government in the framework of the National Quotas Allocation Plan (PNAQ II) do not require any recording neither in assets nor in liabilities at the projected level of effective use;
- only the quotas held at the end of the period exceeding the actual emissions are recognised as assets after taking the tonnes of CO_2 sold during the period into account;
- in addition, the National Quotas Allocation Plan (PNAQ II) gives the possibility to partially fulfil the obligation to restitute through Emission Reduction Certificates (CER); the Company may be led to exchange quotas for CERs; the balancing cash adjustment received is then recognised in the income of the period.

20.1.8. Property, plant and equipment

Property, plant and equipment are reported on the balance sheet at historical cost less accumulated depreciation and any impairment losses, using the component approach provided for in IAS 16. When tangible asset comprises several significant components with different useful lives, each component is amortised on a straight-line basis over its respective useful life, starting at commissioning.

Main amortization durations are presented below on the basis of the relevant 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 acquired prior to December 31, 1976 were revalued, and the adjusted value was recognised in the financial statements, but without a significant impact on the lines concerned.

Interest expense is capitalised on borrowings incurred to finance the construction of facilities during the period preceding their commissioning.

20.1.9. Leases

In accordance with IAS 17, leases on which nearly all of the risks and benefits inherent to 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 as the lower of their fair value or the current value of the minimum lease payments at the starting date of the lease and amortised over their useful life, with the corresponding debt recorded as a liability.

20.1.10. Investment properties

The Group recognises its investment properties at their historical cost, less accumulated depreciation and any impairment losses, and depreciates them 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 capitalising rental income and taking into account market prices observed on transactions involving comparable properties, and is presented in the notes at each year-end.

20.1.11. Impairment

In accordance with IAS 36, the carrying 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 reviewed only if indicators show that a loss is likely.

An impairment loss is recognised as an expense on the income statement when the carrying cost of the asset is higher than its recoverable value. The latter is the highest of the fair values decreased by expenses related to the 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 equipment. The projected cash flows are determined on the basis of the following elements that have been inflated and then discounted:

- average EBITDA in recent years, which has been corrected if necessary by non-recurrent factors that have affected market and operating conditions significantly;
- maintenance investments;
- and the change in working capital requirements.

The pre-tax discount rate applied corresponds to Vicat's average cost of capital for the cash-generating unit concerned. When it is not possible to estimate the fair value of an isolated asset, the fair value is assessed at the level of the cash-generating unit that the asset is part of insofar as the industrial facilities, products and markets constitute a coherent whole.

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

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

- discount rate combining in particular a risk-free rate of return, a risk premium and a rate of indebtedness;
- inflation rate that must reflect sales price changes and changes in future costs expected.

At every year end, a test of sensitivity to a one-percentage-point increase or decrease in the discount rate used is carried out to identify the impact of this variation on the value of the goodwill and other intangible assets or property, plant and equipment included in the Group's consolidated financial statements.

Recognised impairments can be reversed if they are determined to be unfounded and are redefined when there is a reduction in income, with the exception of those corresponding to goodwill, which are definitive.

20.1.12. Inventories

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, or net market value (sales price reduced by estimated cost for completion and sale).

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.

Inventory depreciations are recorded when appropriate to take account of any probable losses that could arise at year-end.

20.1.13. 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 loss of value. The latter are marked to market at the end of the period. Net cash, whose variation is shown in the cash flow statement, consists of cash and cash equivalents, reduced by the amount of bank overdrafts.

20.1.14. Financial Instruments

▼ 20.1.14.1. Derivatives and hedging

The Group uses hedging instruments to reduce its exposure to changes in interest and foreign exchange rates. These hedging transactions are performed using derivatives (such as interest rate swaps and caps, forward FX contracts and currency swaps) whose own changes in fair value are used to offset the changes in value of the underlying hedged items provoked by the risk to which they are exposed.

The Group uses derivatives solely for financial hedging purposes and no instrument is held for speculative ends. In terms of the criteria set out in IAS 39, however, certain derivatives used were not, not yet or no longer, eligible for hedge accounting at the closing date.

In compliance with IAS 39, derivatives are measured at their fair value and recorded on the balance sheet. The method used to account for changes in the fair value of these derivatives depends on the existence or not of a documented hedging relationship as provided for in IAS 39 and on the type of hedge used:

- in the absence of an IAS hedging relationship, changes in fair value are recognised through profit or loss ("Variation in fair value of financial assets and liabilities");
- in the event of a documented fair value hedging relationship[1], the change in the fair value of the hedging derivative is recognised through profit or loss as an offset to the change in the fair value of the underlying financial instrument hedged. Income is affected solely by the inefficient portion of the hedge;
- in the event of a documented cash flow hedging relationship[2], the change in the fair value of the efficient portion of the hedging derivative is recorded initially in shareholders' equity, and that of the inefficient portion is recognised directly through profit or loss. The accumulated changes in the fair value of the hedging instrument previously recorded in shareholders' equity are recognised through profit or loss at the same rate as the cash flows that were hedged.

▼ 20.1.14.2. Other financial instruments

Financial assets

Non-derivative financial assets mainly include:

- long-term loans and receivables, the payment of which is determined; these are measured at their net book value and may be subject to impairment if a loss of value is identified;
- investments in non-consolidated affiliates are analysed as assets available for sale, and are consequently measured at the lower of their carrying value and their fair value less cost of sale at the end of the period.

The financial assets are reviewed at every year end in order to identify whether there is any possible evidence of impairment.

In compliance with IAS 32, treasury shares are recorded as contra-shareholders' equity.

All purchases and sales of financial assets are recognised at the transaction date.

Financial liabilities

Non-derivative financial liabilities are recognised their net book value.

20.1.15. Employee benefits

Regulations and customs in force in the countries in which the consolidated Group companies are present provide for post-employment benefits, such as retirement indemnities, supplemental pension benefits, supplemental pensions for senior management, and other post-employment benefits, such as medical coverage, etc.

(1) Fair value hedges are intended to hedge exposure to changes in the fair value of a recognized asset or liability or of a firm off-balance sheet commitment.
(2) Cash flow hedges are intended to hedge exposure to changes in future cash flows relating to a recognized asset or liability or to a "highly probable" future transaction.

Defined contribution plans are plans in respect of which contributions are recognised as expenses when they are incurred. As these do 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.

Some pension schemes with defined services, mainly in the United States and in Switzerland are covered in their entirety or in part by dedicated assets that are in the main made up of shares and bonds. Dedicated financial assets are used to cover all or a portion of these liabilities, which are thus recognised on the balance sheet net of the fair value of any such invested assets. Any surplus of asset is capitalised insofar it represents a future economic advantage 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 set the actuarial variances linked to employee benefits not yet recognised on the transition balance sheet to zero 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 recognised through profit or loss. 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 post employment benefits.

20.1.16. Provisions

A provision is recognised when the Group has a current commitment, whether legal or implicit, which can be reliably estimated, resulting from a significant event occurring prior to the closing that would lead to an uncompensated use of cash.

These include, notably, provisions for site restoration, which are set aside progressively as quarries are used and include the projected costs related to the Group's obligation to restore such sites to their original condition.

IAS 37 requires provisions for risks and charges whose maturities are longer than one year to be discounted when the impact is significant. The effects of this discounting are recorded under net financial income.

20.1.17. Income taxes

Deferred taxes are calculated at the tax rates passed or nearly passed at the year end and in force 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 recognised on the consolidated balance sheet and the values of assets and liabilities for tax purposes.

Deferred taxes are calculated 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 recognised if it is probable that the company will generate future taxable income against which to allocate the unused tax losses.

20.1.18. Segment information

The Group did not apply the IFRS 8 standard in advance. This standard for segment information requires that the information provided be processed based on the management aproach in conducting business.

The two sectors that the Group is publishing this information on already correspond to the lines of analysis in internal reporting; application of the IFRS 8 standard should have little effect on the structure of the published information. In addition, this standard should not involve any change in cash-generating units or likewise in measuring goodwill.

Nonetheless, the Group is currently carrying out extra analysis of possible changes in aggregates used; this analysis is particularly required by the ongoing changes in our reporting system.

The Group operates in three sectors of activity, which are the Cement activity, the Concrete & Aggregates activity and the Other Products & Services activity. The management of each of these business areas is responsible for managing and growing their activity, measuring financial performances and allocating capital spending and resources.

These three activities are the basis on which the Vicat group provides all first-level segment information.

The analysis by geographical region provides the second level of segment information.

Transactions between segments are carried out at arm's length.

20.1.19. Financial indicators

The following financial performance indicators are used by the Group, as by other industry participants and notably in the building materials segment, 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, Taxes, Depreciation and Amortization): gross operating earnings plus other ordinary income (expense).

EBIT (Earning Before Interest and Tax): EBITDA plus depreciation, amortization and operating provisions.

20.2. HISTORICAL FINANCIAL INFORMATION

Pursuant to article 28-1 paragraph 5 of the Regulations (EC) No. 809/2004 of the European Commission of April 29, 2004, consolidated financial statements of the Group for the financial year ending on December 31, 2007 and December 31, 2006 (prepared in accordance with IFRS and including comparable data respect to financial year 2006 and 2005) as well as the respective reports prepared by the statutory auditors, which appear on pages 132 to 165 of the Registration Document registered with the AMF on April 29, 2008 under number R. 08-043 and on pages 135 to 170 of the Registration Document registered with the AMF on April 26, 2007 under number R. 07-045 are incorporated by reference in the Registration Document.

20.2.1. Consolidated financial statements

Balance sheet

Assets

(in thousands of euros)	Notes	2008	2007
NON-CURRENT ASSETS			
Goodwill	3	670,901	548,291
Other intangible assets	4	43,600	29,262
Property, plant and equipment	5	1,697,650	1,500,061
Investment properties	7	20,024	18,909
Investments in associated companies (equity method)	8	10,059	8,680
Deferred tax assets	25	2,124	2,458
Receivables and other non-current financial assets	9	94,597	83,031
Total non-current assets		**2,538,955**	**2,190,692**
CURRENT ASSETS			
Inventories and work-in-progress	10	312,456	249,164
Trade and other accounts receivable	11	368,662	406,508
Current tax assets		3,345	22,125
Others receivables and related accounts	11	94,044	86,448
Assets held for sale	2	-	20,428
Cash and cash equivalents	12	109,558	83,595
Total current assets		**888,065**	**868,268**
Total assets		**3,427,020**	**3,058,960**

Liabilities and shareholders' equity

(in thousands of euros)	Notes	2008	2007
SHAREHOLDERS' EQUITY			
Share capital	13	179,600	187,085
Additional paid-in capital		11,207	11,207
Consolidated reserves		1,583,705	1,364,270
Shareholders' equity		1,774,512	1,562,562
Minority interests		179,256	154,078
Shareholders' equity and minority interests		**1,953,768**	**1,716,640**
NON-CURRENT LIABILITIES			
Provisions for pensions and other post-employment benefits	14	42,228	42,171
Other provisions	15	84,590	106,341
Financial liabilities	16	710,472	573,038
Deferred tax	25	150,609	150,554
Other non-current liabilities		16,727	16,867
Total non-current liabilities		**1,004,626**	**888,971**
CURRENT LIABILITIES			
Provisions	15	7,162	6,720
Financial liabilities at less than one year	16	76,900	25,551
Trade and other accounts payable		227,473	270,142
Current payable		8,052	10,730
Other liabilities	18	149,039	136,160
Liabilities held for sale	2	-	4,046
Total current liabilities		**468,626**	**453,349**
Total liabilities and shareholders' equity		**3,427,020**	**3,058,960**

Consolidated income statement

(in thousands of euros)	Notes	2008	2007
Net sales	19	2,057,043	2,136,459
Goods and services purchased		(1,199,064)	(1,206,400)
Added value	1.19	857,979	930,059
Personnel costs	20	(312,454)	(308,804)
Taxes		(40,447)	(39,090)
Gross operating earnings	1.19 & 23	505,078	582,165
Depreciation, amortization and provisions	21	(126,302)	(130,710)
Other income (expense)	22	3,092	(835)
Operating income	**23**	**381,868**	**450,620**
Net financial income (expense)	24	(25,879)	(18,377)
Earnings from associated companies	8	338	1,602
Earnings before income tax		**356,327**	**433,845**
Income taxes	25	(83,316)	(108,746)
Net income from discontinued operations	2	-	5,526
Net income		**273,011**	**330,625**
Minority interests		27,755	31,320
Group share		**245,256**	**299,305**

EBITDA	1.19 & 23	528,297	593,197
EBIT	1.19 & 23	392,195	479,830
Cash flow		401,909	476,600

Earnings per share (in euros)			
Basic and diluted earnings per share	**13**	**5.46**	**6.40**

Consolidated statement of cash flows

(in thousands of euros)	Notes	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		**273,011**	**330,625**
Earnings from associated companies		(338)	(1,602)
Dividends received from associated companies		936	1,036
Elimination of non-cash and non-operating items:			
- depreciation, amortization and provisions		122,915	132,565
- deferred taxes		14,170	25,117
- net (gain) loss from disposal of assets		(9,262)	(10,032)
- unrealized fair value gains and losses		740	(1,002)
- other (including hyperinflation)		(263)	(107)
Cash flows from operating activities		**401,909**	**476,600**
Change in working capital from operating activities—net		(17,411)	(78,880)
Net cash flows from operating activities[1]		**384,498**	**397,720**

Cash flows from investing activities

Acquisitions of fixed assets:			
- property, plant and equipment and intangible assets		(395,187)	(289,223)
- financial investments		(28,922)	(13,094)
Disposals of fixed assets:			
- property, plant and equipment and intangible assets		15,871	8,563
- financial investments		10,571	8,882
Impact of changes in consolidation scope	27	(65,990)	(69,687)
Net cash flows from investing activities		**(463,657)**	**(354,559)**

Cash flows from financing activities

Dividends paid		(70,699)	(66,963)
Increase in share capital		6,236	-
Increases in borrowings		261,628	107,639
Redemptions of borrowings		(100,189)	(20,027)
Acquisitions of treasury shares		(17,461)	(238,391)
Disposals of treasury shares		24,847	8,893
Net cash flows from financing activities		**104,362**	**(208,849)**
Impact of changes in foreign exchange rates		200	(1,275)
Cash flow variation		**25,403**	**(166,963)**
Net cash—opening balance	27	69,635	236,598
Net cash—closing balance	27	95,038	69,635

(1) – of which cash flow from income tax: -€50,310 thousand in 2008 and -€106,071 thousand in 2007.
– of which cash flow from interest paid out and received: -€22,934 thousand in 2008 and -€21,099 thousand in 2007.

Statement of changes in consolidated shareholders' equity

(in thousands of euros)	Capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Shareholders' equity and minority interests
At January 1, 2007—IFRS	**187,085**	**11,207**	**(26,778)**	**1,448,316**	**(41,862)**	**1,577,968**	**122,272**	**1,700,240**
Result of change in fair value of financial assets and liabilities				6,084		6,084		6,084
Change in translation differences					(28,297)	(28,297)	(1,520)	(29,817)
Income items recorded directly in shareholders' equity				**6,084**	**(28,297)**	**(22,213)**	**(1,520)**	**(23,733)**
Net income				299,305		299,305	31,320	330,625
Total income and expenses				305,389	(28,297)	277,092	29,800	306,892
Dividends paid				(60,803)		(60,803)	(6,378)	(67,181)
Net change in treasury shares			(236,060)	5,093		(230,967)		(230,967)
Changes in consolidation scope							10,555	10,555
Other changes				(728)		(728)	(2,171)	(2,899)
At December 31, 2007	**187,085**	**11,207**	**(262,838)**	**1,697,267**	**(70,159)**	**1,562,562**	**154,078**	**1,716,640**
Result of change in fair value of financial assets and liabilities				1,903		1,903		1,903
Change in translation differences					6,160	6,160	(5,758)	402
Income items recorded directly in shareholders' equity				**1,903**	**6,160**	**8,063**	**(5,758)**	**2,305**
Net income				245,256		245,256	27,755	273,011
Total income and expenses				247,159	6,160	253,319	21,997	275,316
Dividends paid				(65,393)		(65,393)	(5,490)	(70,883)
Net change in treasury shares			2,665	748		3,413		3,413
Cancellation of treasury shares[1]	(7,485)		160,923	(153,438)		0		0
Changes in consolidation scope						-	1,758	1,758
Increase in share capital						-	7,344	7,344
Other changes[1]				20,611		20,611	(431)	20,180
At December 31, 2008	**179,600**	**11,207**	**(99,250)**	**1,746,954**	**(63,999)**	**1,774,512**	**179,256**	**1,953,768**

(1) The Extraordinary General Meeting of May 16, 2008 approved the capital reduction by cancelling 1,871,200 directly held shares. Because this operation affected shareholders' equity, recovery of deferred tax related to these cancelled shares was directly recognised in the Group's shareholders' equity for €16.6 million.

Translation differences at December 31, 2008 are broken down by currency as follows (in thousands of euros):

U.S. dollar	*(24,031)*
Swiss franc	*24,138*
Turkish new lira	*(48,573)*
Egyptian pound	*(10,190)*
Kazakh tengue	*(4,381)*
Mauritanian ouguiya	*(683)*
Indian rupee	*(279)*
	(63,999)

20.2.2.
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NOTE 1 – ACCOUNTING PRINCIPLES AND METHODS OF EVALUATION

1.1. Statement of compliance

In compliance with European regulation (EC) 1606/2002 of the European parliament on July 19, 2002 on the enforcement of international accounting standards, the consolidated financial reports of Vicat have been prepared in compliance with the International Financial Reporting Standards (IFRS) as adopted in the European Union. Vicat has adopted those standards that are in force on December 31, 2008 for its benchmark accounting principles.

The following standards, interpretations and amendments issued by the IASB, but not yet in force as of December 31, 2008 were not implemented ahead of schedule in the Group's consolidated financial statements at the closing date:

- IAS 1 (amendments) concerning presentation of financial statements (in force at January 1, 2009);
- IFRS 8 concerning segment reporting (in force at January 1, 2009);
- IAS 23 (amendments) concerning the borrowing costs (in force at January 1, 2009);
- IAS 2 (amendments) concerning the share-based payments (in force at January 1, 2009).

These standards and interpretations applicable to the Group are currently being studied to evaluate their potential impact on the financial statements and to identify the additional information that may be required to be published. At the time of this publication, these studies are in progress.

The consolidated financial statements at December 31, 2008 present comparative data for the previous year prepared under these same International Financial Reporting Standards.

These financial statements have been definitively prepared and approved by the board of directors on February 27, 2009, and will be presented to the General Meeting of the shareholders on May 15, 2009 for approval.

1.2. Accounting principles

The financial statements are presented in thousands of euros.

The income statement presents income and expense items by nature.

The balance sheet differentiates between current and non-current assets and liabilities and presents them on the basis of their maturity (divided, generally speaking, into maturities of less than and more than one year).

The statement of cash flows is presented by the indirect method.

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

The accounting principles and valuation methods described hereafter have been applied on a permanent basis to all of the fiscal 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 on the assumption of continuing operation of the Group and are established on the basis of the information available at the date they are carried out. They concern mainly the assumptions used to:

- evaluate provisions (Notes 1.16 and 15), in particular those for pensions and other post-employment benefits (Notes 1.15 and 14);
- evaluate financial instruments at their fair value (Notes 1.14 and 17);
- to perform valuations used to carry out impairment tests (Notes 1.4 and 1.11);
- define the accounting treatment to be applied in the absence of a definitive standard (Note 1.7 concerning emission quotas).

The estimates and assumptions are reviewed regularly, whenever justified by circumstances and at least at the end of each year, and the relevant 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 companies acquired or assigned in the course of the year are recorded in the consolidated income statement for the period subsequent or previous to, depending on the particular case, the date of the acquisition or assignment.

Annual financial statements of the Group's subsidiaries at December 31 are consolidated, and any necessary adjusting entries are made to restate them in accordance with Group accounting principles. All material inter-company 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 accounted for by the equity method. Any goodwill generated on the acquisition of these investments is presented on the line "Investments in associated companies (equity method)".

The list of the principal companies included in the consolidation at December 31, 2008 is provided in Note 32.

1.4. Business combinations—Goodwill

Goodwill corresponds to the difference between the price paid for an acquired company and 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 on the balance sheet according to the principles of French GAAP on December 31, 2003.

In the event of a surplus of the *pro rata* share of interests in the fair value of assets, liabilities and possible liabilities acquired relative to cost ("negative goodwill"), all of this residual surplus is entered in the result of the year of the acquisition.

The values of the assets and liabilities acquired through the framework of a business combination must be definitively determined within 12 months of the acquisition date. These values may therefore be adjusted at any closing date within that timeframe.

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.

In accordance with IFRS 3 and IAS 36 (see Section 1.11), at the end of each year, and in the event of any evidence of impairment, goodwill is subject 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 later is below carrying cost, an impairment loss is recognised for the corresponding loss of value.

The impairment tests carried out in 2008 and 2007 did not result in the recognition of any impairment with respect to goodwill.

1.5. Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are converted into the functional currency at the exchange rates in effect on the transaction date. At the end of the year, all monetary assets and liabilities denominated in foreign currencies are translated into the functional 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 that are not denominated in euro and that are not hedged are translated into euro at the year-end exchange rates while income, 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 income statement in the event of later sale of these investments denominated in foreign currency.

The following foreign exchange rates were used:

	Closing rate		Average price	
	2008	2007	2008	2007
USD	1.3917	1.4721	1.4697	1.3706
CHF	1.4850	1.6547	1.5871	1.6427
EGP	7.7723	8.1153	8.0190	7.7487
YTL	2.1488	1.7170	1.9081	1.7866
KZT	170.25	177.17	177.06	175.40
MRO	369.46	-	354.20	-

1.6. Other intangible assets

Intangible assets (mainly patents, rights and software) are recorded on the balance sheet at historical cost less accumulated amortization and any impairment losses. This cost includes the cost of acquisition or production and all other costs that can be directly attributed and that are incurred in the acquisition or production of the asset and its commissioning.

Assets with finite lives are amortised on a straight-line basis over their useful life (generally not exceeding 15 years).

Research costs are recognised as expenses in the period in which they are incurred. Long-term development costs meeting the criteria defined by IAS 38 are capitalised.

The costs expensed in accordance with these policies amounted to €2,113 thousand at December 31, 2008 (1,417 in 2007).

1.7. Emission quotas

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

- the quotas allocated by the government in the framework of the National Quotas Allocation Plan (PNAQ II) amounted to 2,802 thousand tonnes of greenhouse gas emissions in 2008 (14,011 thousand tonnes for the 2008-2012 period). They were recorded neither in assets nor in liabilities;
- only the quotas held at the end of the period exceeding the actual emissions by 2,380 tonnes are recognised as assets for €1,254 thousand that correspond to 82 thousand tonnes after taking into account the 340 thousand tonnes of CO_2 assigned during the period for an amount of €5.7 million;

- in addition, the National Quotas Allocation Plan (PNAQ II) gives the possibility of partially fulfilling the obligation to restitution by Emission Reduction Certificates (CER); the company was led to exchange quotas for CERs for 210 thousand tonnes and the balancing cash adjustment received was then recognised in the income of the period.

1.8. Property, plant and equipment

Property, plant and equipment are reported on the balance sheet 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 amortised on a straight-line basis over its respective useful life, starting at commissioning.

Main amortisation durations are presented below on the basis of the relevant 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 amortised on the basis of tonnage extracted during the year in comparison with total estimated reserves.

Certain parcels of land acquired prior to December 31, 1976 were revalued, and the adjusted value was recognised in the financial statements, but without a significant impact on the lines concerned.

Interest expense is capitalized on borrowings incurred to finance the construction of facilities during the period preceding their commissioning (€5,947 thousand were capitalized in 2008 -€1,255 thousand in 2007, determined on the basis of local interest rates ranging from 3.23% to 11.08% depending on the country).

1.9. Leases

In compliance with IAS 17, leases on which nearly all of the risks and benefits inherent to 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 as the lower of their fair value or the current value of the minimum lease payments at the starting date of the lease and amortised over their useful life, with the corresponding debt recorded as a liability.

1.10. Investment properties

The Group recognises its investment properties at their historical cost, less accumulated depreciation and any impairment losses, and depreciates them 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 capitalising rental income and 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 carrying 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 reviewed only if indicators show that a loss is likely.

An impairment loss must be recognized as an expense on the income statement when the carrying cost of the asset is higher than its recoverable value. The latter is the highest of the fair values decreased by expenses related to the 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 equipment.

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

- average EBITDA in recent years, which has been corrected if necessary by non-recurrent factors that have affected market and operating conditions significantly;
- maintenance investments;
- and change in working capital.

The discount rate before taxes applied (from 7.00% to 8.25% depending on the country) corresponds to the Group's average cost of capital for the cash-generating unit concerned. When it is not possible to estimate the fair value of an isolated asset, the fair value is assessed at the level of the cash-generating unit that the asset is part of insofar as the industrial facilities, products and markets constitute a coherent whole.

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

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

- discount rate combining in particular a risk-free rate of return, a risk premium and a rate of indebtedness;
- inflation rate that must reflect sales price changes and changes in future costs expected.

At December 31, 2008, a one-percentage-point increase or decrease in the discount rate used did not affect the value of the goodwill and other intangible assets or property, plant and equipment included in the Group's consolidated financial statements. Only the fair value of a cash-generating unit representative of one of the Group's marginal business would be less than €6 million at book value applying a discount rate increased by one point.

Recognised impairments can be reversed if they are determined to be unfounded and are redefined when there is a reduction in income, with the exception of 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, or net market value (sales price reduced by estimated cost for completion and sale).

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.

Inventory depreciations are recorded when appropriate to take account of any probable losses that could arise 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 loss of value. The latter are marked to market at the end of the period. Net cash, whose variation is shown in the statements of cash flows, consists of cash and cash equivalents, reduced by the amount of bank overdrafts.

1.14. Financial instruments

Derivatives and hedging

The Group uses hedging instruments to reduce its exposure to changes in interest and foreign exchange rates. These hedging transactions are performed using derivatives (such as interest rate swaps and caps, forward FX contracts and currency swaps) whose own changes in fair value are used to offset the changes in value of the underlying hedged items provoked by the risk to which they are exposed.

The Group uses derivatives solely for financial hedging purposes and no instrument is held for speculative ends. In terms of the criteria set out in IAS 39, however, certain derivatives used were not, not yet or no longer, eligible for hedge accounting at the closing date.

In compliance with IAS 39, derivatives are measured at their fair value and recorded on the balance sheet. The method used to account for changes in the fair value of these derivatives depends on the existence or not of a documented hedging relationship as provided for in IAS 39 and on the type of hedge used:

- in the absence of an IAS hedging relationship, changes in fair value are recognised through profit or loss ("Variation in fair value of financial assets and liabilities");
- in the event of a documented fair value hedging relationship[1], the change in the fair value of the hedging derivative is recognised through profit or loss as an offset to the change in the fair value of the underlying financial instrument hedged. Income is affected solely by the inefficient portion of the hedge;
- in the event of a documented cash flow hedging relationship[2], the change in the fair value of the efficient portion of the hedging derivative is recorded initially in shareholders' equity, and that of the inefficient portion is recognised directly through profit or loss. The accumulated changes in the fair value of the hedging instrument previously recorded in shareholders' equity are recognised through profit or loss at the same rate as the cash flows that were hedged.

Other financial instruments

Financial assets

Non-derivative financial assets mainly include:

- long-term loans and receivables, the payment of which is determined; these are measured at their net book value and may be subject to impairment if a loss of value is identified;
- investments in non-consolidated affiliates are analysed as assets available for sale, and are consequently measured at the lower of their carrying value and their fair value less cost of sale at the end of the period.

The financial assets are reviewed at every year end in order to identify whether there is any possible evidence of impairment.

In compliance with IAS 32, treasury shares are recorded as contra-shareholders' equity.

All purchases and sales of financial assets are recognised at the transaction date.

Financial liabilities

Non-derivative financial liabilities are recognised at their net book value.

1.15. Employee benefits

The regulations and customs in force in the countries in which the consolidated Group companies are present provide for post-employment benefits, such as retirement indemnities, supplemental pension benefits, supplemental pensions for senior management, and other post-employment benefits, such as medical coverage, etc.

Defined contribution plans are plans in respect of which contributions are recognised as expenses when they are incurred. As these do not represent a future liability for the Group, these plans do not require any provisions to be set aside.

(1) Fair value hedges are intended to hedge exposure to changes in the fair value of a recognized asset or liability or of a firm off-balance sheet commitment.
(2) Cash flow hedges are intended to hedge exposure to changes in future cash flows relating to a recognized asset or liability or to a "highly probable" future transaction.

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.

Some pension schemes with defined services, mainly in the United States and in Switzerland are covered in their entirety or in part by dedicated assets that are mainly made up of shares and bonds. Dedicated financial assets are used to cover all or a portion of these liabilities, which are thus recognised on the balance sheet net of the fair value of any such invested assets. Any surplus of asset is capitalised insofar it represents a future economic advantage 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 set the actuarial variances linked to employee benefits not yet recognised on the transition balance sheet to zero 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 recognised through profit or loss. 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 post employment benefits.

1.16. Provisions

A provision is recognised when the Group has a current commitment, whether legal or implicit, which can be reliably estimated, resulting from a significant event occurring prior to the closing that would lead to an uncompensated use of cash.

These include, notably, provisions for site restoration, which are set aside progressively as quarries are used and include the projected costs related to the Group's obligation to restore such sites to their original condition.

IAS 37 requires provisions for risks and charges whose maturities are longer than one year to be discounted when the impact is significant. The effects of this discounting are recorded under net financial income.

1.17. Income taxes

Deferred taxes are calculated at the tax rates passed or nearly passed at the year end and in force 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 recognised on the consolidated balance sheet and the values of assets and liabilities for tax purposes.

Deferred taxes are calculated 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 recognised if it is probable that the company will generate future taxable income against which to allocate the unused tax losses.

1.18. Segment information

The Group did not apply the IFRS 8 standard in advance. This standard for segment information foresees the information provided being developed from the information used by management in monitoring business and in internal reporting.

The Group operates in three sectors of activity, which are the Cement activity, the Concrete & Aggregates activity and the Other Products and Services activity. The management of each of these business areas is responsible for managing and growing their activity, measuring financial performances and allocating capital spending and resources.

These three activities are the basis on which the Vicat group provides all first-level segment information.

The analysis by geographical region provides the second level of segment information.

Transactions between segments are carried out at arm's length.

1.19. Financial indicators

The following financial performance indicators are used by the Group, as by other industry participants and notably in the building materials segment, 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, Taxes, Depreciation and Amortization): gross operating earnings plus other ordinary income (expense).

EBIT (Earning Before Interest and Tax): EBITDA plus depreciation, amortization and operating provisions.

NOTE 2 – CHANGES IN SCOPE AND OTHER SIGNIFICANT EVENTS

Cancellation of shares held directly

The Extraordinary General Meeting of May 16, 2008 approved the capital reduction by cancelling 1,871,200 directly held shares representing approximately 4% of the Company's capital.

Acquisition of the Walker Group in the South-East of the United States

In the first half year 2008, Vicat acquired the assets of the Walker Group, which is specialised in producing ready-mixed concrete and is located in the United States in the region of Atlanta (Georgia). This group includes 14 concrete batching plants with a total production capacity of over 700,000 m^3.

Creation of a joint venture in India

In June 2008, Vicat announced the creation of a joint venture with the Indian cement manufacturer, Sagar Cements, which operates in the state of Andhra Pradesh. The objective of this operation is to build a greenfield cement factory in Gulbarga in the state of Karnataka. Production will start in 2012 at the latest. This operation, which remains subject to satisfaction of certain conditions precedent, has no material impact on the consolidated financial statements.

Presence of the Group in Mauritania

In October 2008, Vicat announced its move in the Mauritanian market by acquiring 65% of the capital of BSA Ciment SA, which owns a cement grinding centre with an annual capacity of 450,000 tonnes, a concrete batching plant and a prefabrication producing unit. These installations are ideally located near the capital and the country's main port facilities.

Non-current assets held for sale at December 31, 2007 and sold during the first half year 2008

Following the acquisition on January 1, 2007 of the Swiss company Astrada, the Group acquired some assets which were not fully in line with the current commercial organization. As a consequence, it was decided to sell some assets to a local partner. This sale took place on January 1, 2008.

There was no profit recorded on these disposals.

NOTE 3 – GOODWILL

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

(in thousands of euros)	Cement	Concrete & Aggregates	Other Products and Services	Total
On December 31, 2006	**379,119**	**92,076**	**4,989**	**476,184**
Acquisitions/Increases(1)	43,076	29,493	10,210	82,779
Disposals/Decreases		(1,958)	(232)	(2,190)
Changes in foreign exchange rates	(7,066)	(1,121)	(295)	(8,482)
At December 31, 2007	**415,129**	**118,490**	**14,672**	**548,291**
Acquisitions/Increases(2)	36,038	71,016		107,054
Disposals/Decreases		(75)		(75)
Changes in foreign exchange rates	5,913	8,586	1,132	15,631
At December 31, 2008	**457,080**	**198,017**	**15,804**	**670,901**

(1) The increase in goodwill during 2007 resulted mainly from:
- *for the Cement sector, the acquisition by the Vicat Group of a majority state in a cement company in Kazakhstan in December 2007, with the aim of constructing a cement plant, and an additional investment in Sinai Cement Company in Egypt;*
- *for the Concrete & Aggregates sector, the acquisition during the first half of 2007 of the Swiss company Astrada;*
- *for the Other Products & Services sector, the acquisition during the first half of 2007 of the Swiss company Desmeules Frères.*

(2) The increase in goodwill during 2008 resulted mainly from:
- *for the Cement sector, 65% shareholding in the Mauritanian company BSA Ciment;*
- *for the Concrete & Aggregates sector, the acquisition of assets in the Walker Group in the United States.*

NOTE 4 – OTHER INTANGIBLE ASSETS

The intangible assets are broken down as follows at the closing date:

(in thousands of euros)	December 31, 2008	December 31, 2007
Concessions, patents and similar rights	20,832	17,465
Software	2,365	2,176
Other intangible assets	20,392	9,619
Other intangible assets in progress	11	2
Advances and prepayments on intangible assets	0	0
Other intangible assets	**43,600**	**29,262**

Net other intangible assets amounted to €43,600 thousand at December 31, 2008 compared with €29,262 one year earlier. The change during 2008 was due primarily to - €3,801 thousand in amortization expense, €16,337 thousand on acquisitions (of which €13 million of assets acquired from the Walker Group in the United States), entries into variations of scope for €12 thousand, and the balance resulting from reclassifications, changes in foreign exchange rates and disposals.

At December 31, 2007, net other intangible assets amounted to €29,262 thousand compared with €21,916 thousand at December 31, 2006. The change during 2007 was due primarily to - €7,931 thousand in amortization expense, €2,138 thousand on acquisitions, entries into consolidation scope for €14,179 thousand, and the balance resulting from reclassifications, changes in foreign exchange rates and disposals.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Land & buildings	Industrial equipment	Other property, plant and equipment	Fixed assets work-in-progress and advances/down payments	Total
GROSS VALUES					
On December 31, 2006	**602,850**	**1,638,004**	**149,682**	**128,155**	**2,518,691**
Acquisitions	49,414	123,158	10,331	124,207	307,110
Disposals	(5,413)	(26,445)	(10,557)	(337)	(42,752)
Changes in consolidation scope	24,649	18,028	2,479	9,508	54,664
Changes in foreign exchange rates	(11,183)	(30,854)	569	(3,956)	(45,424)
Other movements	2,588	105,522	(28,180)	(86,239)	(6,309)
At December 31, 2007	**662,905**	**1,827,413**	**124,324**	**171,338**	**2,785,980**
Acquisitions	46,275	76,139	21,654	162,072	306,140
Disposals	(5,499)	(20,670)	(9,803)	(909)	(36,881)
Changes in consolidation scope	721	15,214	2,741	15,471	34,147
Changes in foreign exchange rates	2,843	(31,123)	3,548	6,895	(17,837)
Other movements	18,351	55,855	1,456	(76,438)	(776)
At December 31, 2008	**725,596**	**1,922,828**	**143,920**	**278,429**	**3,070,773**
DEPRECIATION, IMPAIRMENT					
On December 31, 2006	**(240,555)**	**(861,479)**	**(109,756)**	**(239)**	**(1,212,029)**
Increase	(21,622)	(89,497)	(11,566)		(122,685)
Decrease	4,323	21,867	11,111	44	37,345
Changes in consolidation scope	38	(338)	(592)		(892)
Changes in foreign exchange rates	3,842	11,768	(739)	3	14,874
Other movements	(1,890)	(24,733)	23,944	147	(2,532)
At December 31, 2007	**(255,864)**	**(942,412)**	**(87,598)**	**(45)**	**(1,285,919)**
Increase	(22,866)	(95,556)	(12,722)	(8)	(131,152)
Decrease	2,226	18,190	8,941	46	29,401
Changes in consolidation scope	(249)	(661)	(395)		(1,305)
Changes in foreign exchange rates	(1,239)	17,789	(1,896)	(1)	14,654
Other movements	261	1,269	(332)		1,198
At December 31, 2008	**(277,731)**	**(1,001,381)**	**(94,002)**	**(8)**	**(1,373,123)**
Net Book Value at December 31, 2007	407,041	885,001	36,726	171,293	1,500,061
Net Book Value at December 31, 2008	**447,865**	**921,447**	**49,918**	**278,421**	**1,697,650**

Fixed assets work-in-progress amounted to €202 million at December 31, 2008 (€137 million at December 31, 2007) and advances/down payments represented €77 million at December 31, 2008 (nearly €34 million at December 31, 2007). The overall increase of nearly €107 million in these items from 2007 to 2008 is related to the continuation in 2008 of the "Performance 2010" industrial investment program, particularly in France, Turkey, Senegal and Egypt.

These programs are intended to increase production capacities, particularly in France, Turkey, Egypt, Senegal and the United States.

Contractual commitments to acquire tangible and intangible assets amounted to €151 million at December 31, 2008 (€172 million at December 31, 2007).

Property, plant and equipment classified in assets held for sale in accordance with IFRS 5 amount to €10.2 million at December 31, 2007. These mainly concerned assets held for sale in the Astrada group, which were transferred on January 1, 2008 (see Note 2).

NOTE 6 – FINANCE AND OPERATING LEASES

(in thousands of euros)	2008	2007
Net book value by category of asset		
Industrial equipment	5,717	5,840
Other property, plant and equipment	2,887	3,857
Property, plant and equipment	**8,604**	**9,697**
Minimum payment schedule		
Less than one year	4,679	5,004
1 to 5 years	4,674	4,978
More than 5 years	-	15
Total	**9,353**	**9,997**

NOTE 7 – INVESTMENT PROPERTIES

(in thousands of euros)	Gross values	Depreciation & impairment	Net values
On December 31, 2006	**31,238**	**(14,113)**	**17,125**
Acquisitions	2,242		2,242
Disposals	(55)	27	(28)
Depreciation		(366)	(366)
Changes in foreign exchange rates	(371)	83	(288)
Other movements	224		224
At December 31, 2007	**33,278**	**(14,369)**	**18,909**
Acquisitions	213		213
Disposals	(314)	92	(222)
Depreciation		(150)	(150)
Changes in foreign exchange rates	1,596	(322)	1,274
Other movements	22	(22)	0
At December 31, 2008	**34,795**	**(14,771)**	**20,024**
Fair value of investment properties at December 31, 2007			58,807
Fair value of investment properties at December 31, 2008			58,168

Rental income from investment properties amounted to €3.2 million at December 31, 2008 (€2.7 million at December 31, 2007).

NOTE 8 – INVESTMENTS IN ASSOCIATED COMPANIES

Change in investments in associated companies

(in thousands of euros)	2008	2007
At January 1	**8,680**	**8,824**
Earnings from associated companies	338	1,602
Dividends received from investments in associated companies	(936)	(1,036)
Translation gains/losses and other	1,977	(710)
At December 31	**10,059**	**8,680**

NOTE 9 – RECEIVABLES AND OTHER NON-CURRENT ASSETS

(in thousands of euros)	Gross values	Impairment	Net values
At December 31, 2006	**77,155**	**(4,216)**	**72,939**
Acquisitions/Increases	12,129		12,129
Disposals/Decreases	(5,483)	2,387	(3,096)
Changes in consolidation scope	3,628	(7)	3,621
Changes in foreign exchange rates	(1,533)	63	(1,470)
Other	(1,092)		(1,092)
At December 31, 2007	**84,804**	**(1,773)**	**83,031**
Acquisitions/Increases	28,609	(1,122)	27,487
Disposals/Decreases	(20,730)	65	(20,665)
Changes in consolidation scope	4,141		4,141
Changes in foreign exchange rates	2,775	80	2,855
Other	(2,252)		(2,252)
At December 31, 2008	**97,347**	**(2,750)**	**94,597**
Including:			
- investment in affiliated companies[1]	48,047	(1,028)	47,019
- long term investments	1,602	(158)	1,444
- loans and receivables[2]	40,837	(1,564)	39,273
- assets of employee post-employment benefits plans	6,861		6,861
At December 31, 2008	**97,347**	**(2,750)**	**94,597**

(1) At December 31, 2008, investments in affiliates included, in particular, stakes in the following companies (in millions of euros):
- *Sinai White Cement: 12.9*
- *Sagar Cement Ltd: 10.3*
- *Sodicapéi: 7.5*

The residual balance corresponds to the total of investments in nearly 72 non-consolidated companies. The Group had neither control nor significant influence over almost 30% of these, which represented a net cumulative value of €4.7 million.

Other investments in affiliates amounted to a net value of €11.5 million in about 50 non-consolidated companies, which represented total sales of about €45 million. Consolidation of these companies would have had almost no impact on the Group's consolidated financial statements, particularly as most of these companies carry out a part of their purchases and/or sales with Group companies.

(2) Other non-current loans and receivables include particularly €995 thousand in a money market fund backed by a liquidity contract entered into by Vicat with Crédit Agricole Cheuvreux, and €13.7 million in payments due from insurers in relation to the damage occurred in 2006 as described in Note 15.

As far as Mynaral is concerned, a put option has been granted by the Group to IFC for 10% of the entity's capital. This option, which can be exercised in 5 years at the earliest, will be assessed in the future at a valuation. At December 31, 2008, given this time frame and the partial state of advancement of the greenfield project undertaken by the entity, the Group's commitment relating to this option cannot be assessed and was therefore not recognised in the financial statements at year end.

NOTE 10 – INVENTORIES AND WORK-IN-PROGRESS

	2008			2007		
(in thousands of euros)	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials and consumables	219,803	(4,640)	215,163	176,466	(4,033)	172,433
Work-in-progress, finished goods and goods for resale	98,580	(1,287)	97,293	78,037	(1,306)	76,731
Total	**318,383**	**(5,927)**	**312,456**	**254,503**	**(5,339)**	**249,164**

NOTE 11 – OTHER RECEIVABLES

(in thousands of euros)	Trade and other accounts receivable	Provisions Trade and other accounts receivable	Net Trade and other accounts receivable	Other tax receivables	Receivables from benefits organiza-tions	Other receivables	Provisions Others receivables	Total net other receivables
At December 31, 2007	**418,139**	**(11,631)**	**406,508**	**34,383**	**5,230**	**49,809**	**(2,974)**	**86,448**
Increases		(6,458)	(6,458)				(49)	(49)
Uses		2,223	2,223				165	165
Reversal of unused provisions								
Changes in foreign exchange rates	(2,296)	478	(1,818)	(946)	214	615		(117)
Variations of scope	3,939	(507)	3,432	2,602	50	439		3,092
Other movements	(35,223)	(2)	(35,225)	976	1,630	1,952	(53)	4,505
At December 31, 2008	**384,559**	**(15,897)**	**368,662**	**37,016**	**7,124**	**52,816**	**(2,911)**	**94,044**
including matured:								
- since less than 3 months	34,168	(3,584)	30,584	2,955	18	17,026		19,999
- more than 3 months	25,438	(12,051)	13,387	3,336		442	(1,271)	2,507
including not matured:								
- at less than one year	324,518	(262)	324,257	25,723	4,921	26,220	(440)	56,424
- at more than one year	435		435	5,001	2,185	9,128	(1,200)	15,114

NOTE 12 – CASH AND CASH EQUIVALENTS

(in thousands of euros)	2008	2007
Cash	89,276	78,060
Marketable securities	20,282	5,535
Cash and cash equivalents	**109,558**	**83,595**

NOTE 13 – COMMON STOCK

After capital being reduced by cancelling 1,871,200 treasury shares, this reduction being approved by the Extraordinary General Meeting of May 16, 2008, the common stock of Vicat comprises 44,900,000 common fully paid-up shares of €4 each at December 31, 2008, including 1,367,979 treasury shares (3,303,247 at December 31, 2007), acquired under the share buyback program approved by the shareholders at the Ordinary General Meetings and through HeidelbergCement's disposal of its 35% stake in Vicat in 2007.

The dividend paid in 2008 in respect of 2007 amounted to €1.50 per share, totalizing €65,393 thousand compared with €1.30 per share on a like for like basis paid in 2007 in respect of 2006, for a total of €60,802 thousand. The dividend proposed by the board of directors to the General Meeting of shareholders with respect to 2008 amounts to €1.50 per share, totalizing €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 common shares outstanding during the year.

NOTE 14 – EMPLOYEE BENEFITS

Analysis of provisions by type of commitment

(in thousands of euros)	2008	2007
Pension plans and termination benefits (TB)	21,086	23,028
Other post-employment benefits	21,142	19,143
Total	**42,228**	**42,171**

Assets and liabilities recognized in the balance sheet

	2008			2007		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Present value of funded liabilities	259,119	25,833	284,952	227,368	23,047	250,415
Fair value of plan assets	(225,457)		(225,457)	(234,095)		(234,095)
Net value	**33,662**	**25,833**	**59,495**	**(6,727)**	**23,047**	**16,320**
Net unrecognized actuarial variances	(37,794)	(4,660)	(42,454)	9,855	(3,871)	5,984
Unrecognized past service costs	(35)	(9)	(44)	(15)	(33)	(48)
Net recognized assets	18,370		18,370	13,760		13,760
Net balance sheet liability	**14,204**	**21,163**	**35,367**	**16,873**	**19,143**	**36,016**

Analysis of net annual expense

	2008			2007		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Current service costs	(6,172)	(561)	(6,733)	(5,782)	(549)	(6,331)
Financial cost	(12,601)	(1,300)	(13,901)	(11,999)	(1,359)	(13,358)
Expected return on plan assets	12,401		12,401	10,814		10,814
Actuarial variances recognized during the year	(60)	(223)	(283)	(148)	(147)	(295)
Recognized past service costs	(511)	(24)	(535)	(19)	(28)	(47)
Expense for the period	**(6,943)**	**(2,108)**	**(9,051)**	**(7,134)**	**(2,083)**	**(9,217)**

Change in financial assets used to hedge the plan

	2008			2007		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Fair value of assets at January 1	**234,095**	**0**	**234,095**	**227,519**	**0**	**227,519**
Expected return on assets	12,400		12,400	10,814		10,814
Contributions paid in	9,548		9,548	9,428		9,428
Translation differences	22,640		22,640	(8,724)		(8,724)
Benefits paid	(7,655)		(7,655)	(4,332)		(4,332)
Changes in consolidation scope and other	(850)		(850)	2,881		2,881
Actuarial gains and losses	(44,721)		(44,721)	(3,491)		(3,491)
Fair value of assets at December 31	**225,457**	**0**	**225,457**	**234,095**	**0**	**234,095**

Change in net balance sheet liability

	2008			2007		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Net liability at January 1	**16,873**	**19,143**	**36,016**	**16,329**	**20,354**	**36,683**
Expense for the period	6,943	2,108	9,051	7,134	2,083	9,217
Contributions paid in	(6,133)		(6,133)	(6,206)		(6,206)
Translation differences	(1,448)	1,154	(294)	301	(2,214)	(1,913)
Benefits paid by the employer	(1,997)	(1,260)	(3,257)	(1,475)	(1,080)	(2,555)
Change in consolidation scope	24		24	865		865
Other	(40)		(40)	(75)		(75)
Net liability at December 31	**14,222**	**21,145**	**35,367**	**16,873**	**19,143**	**36,016**

Principal actuarial assumptions

	Depending on country
Discount rate	
2008	from 3.35% to 11.0%
2007	from 3.7% to 11.0%
Rate of return on financial assets	
2008	from 4.7% to 8.5%
2007	from 4.7% to 8.5%
Wage inflation	
2008	from 1.5% to 8.0%
2007	from 1.5% to 8.0%
Rate of increase in medical costs	
2008	from 4.5% to 6.5%
2007	from 4.5% to 6.75%

The weight of the various asset categories in the portfolio of plan assets at December 31, 2008 is analysed as follows:

(in %)	December 31, 2008
Stocks	24.53
Bonds	30.30
Real estate	16.55
Money market	5.79
Other	22.83
Total	**100%**

The estimated rate of change in medical costs used in calculating commitments related to post-employment benefits has a direct impact on the estimate 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, 2008	3,955	(2,950)
Increase (decrease) in the service cost and in the financial cost	351	(262)

The amounts of the present value of the liabilities, of the fair value of hedging assets and adjustments related to the experience for 2008 and for the four previous periods is as follows:

(in thousands of euros)	Dec. 2008	Dec. 2007	Dec. 2006	Dec. 2005	Dec. 2004
Defined benefit obligation	(284,952)	(250,415)	(254,895)	(256,247)	(239,528)
Fair value of the plan assets	225,457	234,095	227,518	219,207	205,552
Surplus/(Deficit) in plans	**(59,495)**	**(16,320)**	**(27,377)**	**(37,040)**	**(33,976)**
Adjustments related to the experience of measuring commitments	(1,875)	(4,999)	3,289	901	-
Adjustments related to the experience of measuring plan assets	(45,511)	(3,491)	7,322	1,767	-

NOTE 15 – OTHER PROVISIONS

(in thousands of euros)	Restoration of sites	Demolitions	Other risks	Other charges	Total
At December 31, 2007	**25,871**	**1,945**	**78,283[1]**	**6,962**	**113,061**
Increases	4,032	5	9,585	1,173	14,795
Uses	(2,203)	(760)	(17,605)	(1,715)	(22,283)
Reversal of unused provisions	(488)	(506)	(3,632)	(452)	(5,078)
Changes in foreign exchange rates	1,560	136	576	285	2,557
Changes in consolidation scope	-	-	6	21	27
Other movements	12	-	(11,382)	43	(11,327)
At December 31, 2008	**28,784**	**820**	**55,831[1]**	**6,317**	**91,751**
o.w. less than one year	*0*	*0*	*6,629*	*533*	*7,161*
o.w. more than one year	*28,784*	*820*	*49,202*	*5,784*	*84,590*

(1) At December 31, 2008, other risks included:

- *an amount of €31.2 million (€47.9 million at December 31, 2007) 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 sulphate content exceeded applicable standards. This amount corresponds to the current estimate of the Group's pro rata share of responsibility for repair of identified damages before the residual insurance indemnity of €13.7 million recognized in non-current assets on the balance sheet—Note 9 (€24.3 million at December 31, 2007—Note 9);*
- *provisions for disputes include a provision amounting to €4.5 million (€8 million at December 31, 2007) to face the residual amount of the decision of the French Office of Fair Trading "O.F.T." (Conseil de la concurrence) sanctioning the Group concerning a presumed collusion in Corsica after the initial amount of this decision was reduced by the court of appeal. Vicat appealed against this judgment;*
- *an amount of €8.1 million (€7.6 million at December 31, 2007) corresponding to the estimated amount of the deductible clause relating to claims in the United States in the context of work accidents at year-end, and which will be covered by the Group.*

The remaining amount of other provisions amounting to about €12 million as at December 31, 2008 (€14 million at December 31, 2007) corresponds to the sum of other provisions that, taken individually, are not material.

▼ Impact (net of charges incurred) on income statement:

	Allowances	Reversals of unused provisions
Operating results	13,284	(3,639)
Net financial income (expense)	1,511	(1,439)

NOTE 16 – FINANCIAL LIABILITIES

▼ Analysis of debt by category and maturity

2008

(in thousands of euros)	Total	2009	2010	2011	2012	2013	More than 5 years
Bank borrowings and financial liabilities	722,427	38,045	396,487	42,421	11,480	113,335	120,659
Other borrowings and financial liabilities	26,327	4,716	18,910	240	253	520	1,688
Financial liability on fixed assets under finance leases	8,556	4,077	2,547	1,290	511	131	
Current bank lines and overdrafts	30,062	30,062					
Financial liabilities	**787,372**	**76,900**	**417,944**	**43,951**	**12,244**	**113,986**	**122,347**
o.w. commercial paper	*58,000*		*58,000*				

As at December 2008, the borrowings and financing liabilities at less than one year are mainly made up of overdrafts as well as the share of the Group's bilateral lines and confirmed bank credit lines at less than one year.

2007

(in thousands of euros)	Total	2008	2009	2010	2011	2012	More than 5 years
Bank borrowings and financial liabilities	566,577	1,529	22,506	299,489	30,719	694	211,640
Other borrowings and financial liabilities	7,074	3,735	560	239	384	424	1,732
Financial liability on fixed assets under finance leases	10,064	5,413	2,658	1,255	674	64	
Current bank lines and overdrafts	14,874	14,874					
Financial liabilities	**598,589**	**25,551**	**25,724**	**300,983**	**31,777**	**1,182**	**213,372**
o.w. commercial paper	*152,000*			*152,000*			

Analysis of debt by currency and type of interest rate

	2008	2007
By currency (net of currency swaps)		
Euros	609,963	532,340
US dollars	87,571	27,400
Turkish new liras	4,120	70
CFA Francs	62,969	32,308
Swiss francs	5,021	6,006
Egyptian Pound	0	465
Mauritanian ouguiya	17,728	0
Total	**787,372**	**598,589**

	2008	2007
By type of interest rate		
Fixed rate	249,839	222,574
Floating rate	537,533	376,015
Total	**787,372**	**598,589**

The average interest rate for gross bank borrowings and financial liabilities at December 31, 2008 was 5.3%. It was 5.11% at December 31, 2007.

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. This is the case at December 31, 2008 for Vicat, Sococim and Vigier. The foreign exchange risk on intercompany loans is hedged by the companies when the borrowing is denominated in a currency other than their currency of account.

The table below sets forth the breakdown of the total amount of the Group's assets and liabilities in foreign currencies, which are primarily in US dollars, as at December 31, 2008:

(in millions of US dollars)	
Assets	21.2
Liabilities	(470.9)
Net position before management	(449.7)
Off-balance sheet commitments	(20.8)
Hedging instruments	434.3
Net position after risk management	(36.2)

The hypothetical loss on the net currency position arising from an unfavourable and uniform change of one centime of the operating currency against the US dollar would amount to a loss of €0.7 million.

Moreover, the principal and interest due on a borrowing originally issued by the Group in U.S. dollars (400 million U.S. dollars) were converted into euros through a series of cross currency swaps, included in the portfolio presented below.

▼ Interest rate risk

All floating rate debt is hedged through the use of financial instruments (caps) on original maturities of 3, 5, 10 and 12 years, and swaps on original maturities of 3 years.

The Group is exposed to an interest rate risk on its financial assets and liabilities and short-term investments. This exposure corresponds to price risk for fixed-rate assets and liabilities, and cash flow risk related to floating-rate assets and liabilities.

The Group estimates that a uniform increase or decrease of 100 basis points in interest rates would have a non-significant impact on its financial result, given the financial instruments (caps) in place as of December 31, 2008.

▼ Liquidity risk

At December 31, 2008 the Group had €603 million in unused confirmed lines of credit that have not been allocated to the hedging of liquidity risk on commercial paper (€655 million at December 31, 2007).

The Group also has a €152 million commercial paper program. As at December 31, 2008, the amount of the notes issued was €58 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.

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, 2008, these lines, like the short term notes they covered, amounted to €58 million.

The medium and long-term loan agreements contain specific covenants, especially as regard compliance with financial ratios. Given that Vicat SA, the parent company of the Group, is practically the only company to have these types of borrowings, and given the Group's low level of net borrowings (that represents 34.7% of consolidated shareholders' equity (gearing) and 128% of consolidated EBITDA (leverage)), and the liquidity of its balance sheet, the existence of these covenants does not represent a risk to the Group's financial position. At December 31, 2008, the Group was in compliance with the financial ratios set out in the covenants contained in its credit agreements.

Analysis of the portfolio of derivatives at December 31, 2008:

(in thousands of currency units)	Nominal value (currency)	Nominal value (euros)	Market value (euros)	Current maturity <1 year (euros)	Current maturity 1-5 years (euros)	Current maturity >5 years (euros)
Fair value hedges						
Composite instruments						
US dollar cross currency swap fixed/ floating	200,000 ($)	143,709	(20,139)(1)		(16,503)	(3,636)
Cash flow hedges						
Composite instruments						
US dollar cross-currency swap fixed/ fixed	200,000 ($)	143,709	(26,087)(2)		(19,644)	(6,443)
Other derivatives						
Interest rate instruments						
Euro caps	240,000 (€)	240,000	(2,196)		(1,275)	(921)
Dollar caps	30,000 ($)	21,556	26		26	
Dollar swaps	30,000 ($)	21,556	(1,249)		(1,249)	
Exchange instruments						
Hedging instruments	41,500 (CHF)	27,946	(274)	(274)		
Hedging on acquisitions of raw materials	19,344 (€)	19,344	384	384		

(1) Offset by a €20.3 million improvement in debt.
(2) Offset by a €32.9 million improvement in debt.

NOTE 18 – OTHER LIABILITIES

(in thousands of euros)	2008	2007
Employee liabilities	52,995	53,656
Tax liabilities	18,953	15,813
Other liabilities and accruals	77,091	66,691
Total fees	**149,039**	**136,160**

NOTE 19 – NET SALES

In compliance with IAS 18, net sales are recognized as the fair value of the consideration received or to be received, after deduction of possible sales discounts or rebates, at the date of the transfer of risks and rewards inherent in title to the goods and services.

(in thousands of euros)	2008	2007
Sales of goods	1,850,523	1,918,271
Sales of services	206,520	218,188
Net sales	**2,057,043**	**2,136,459**

▼ Change in net sales on a like-for-like basis

(in thousands of euros)	December 31, 2008	Changes in consolidation scope	Changes in foreign exchange rates	December 31, 2008 on a like-for-like basis	December 31, 2007
Net sales	2,057,043	12,302	(27,827)	2,072,568	2,136,459

NOTE 20 – PERSONNEL COSTS AND NUMBER OF EMPLOYEES

(in thousands of euros)	2008	2007
Salaries and wages	216,978	215,247
Payroll taxes	87,976	85,043
Employee profit-sharing (French companies)	7,500	8,514
Personnel costs	**312,454**	**308,804**
Average number of employees of the consolidated companies	6,836	6,655

Profit-sharing is granted to the French employees in the form of Vicat shares. 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)	2008	2007
Net charge to amortization of fixed assets	(135,002)	(130,718)
Net provisions[(1)]	3,510	17,731
Net charges to other asset provisions	(4,610)	(380)
Net operating charges to depreciation, amortization and provisions	(136,102)	(113,367)
Other net charges to non-operating depreciation, amortization and provisions[(2)]	9,800	(17,343)
Net charges to depreciation, amortization and provisions	**(126,302)**	**(130,710)**

(1) Including at December 31, 2007 a recovery of €10.8 million following the ending of the Group's commitment for infrastructure construction in Switzerland.

(2) Including at December 31, 2008:

- *a reinstatement of €6.1 million corresponding to net reimbursement received in 2008 relating to damages arising in 2006 after deliveries of concrete mixes and concrete made in 2004 with a sulphate rate higher than the standards in force as described in Note 15. This provision was funded at December 31, 2007, to the amount of €9.4 million;*
- *a write back of €3.5 million corresponding to the reduction in the sentence of the French Office of Fair Trading "O.F.T." (Conseil de la concurrence) decided by the court of appeal, concerning a presumed collusion in Corsica. Vicat appealed against the judgment. This provision was funded at December 31, 2007, to the amount of €8.0 million.*

NOTE 22 – OTHER INCOME (EXPENSES)

(in thousands of euros)	2008	2007
Net income from disposal of assets	8,631	2,354
Income from investment properties	3,187	2,678
Miscellaneous	11,401	6,000
Other operating income (expense)	23,219	11,032
Other income (expense)[(1)]	(20,127)	(11,867)
Total	**3,092**	**(835)**

(1) Including at December 31, 2008 a net charge of €17.3 million concerning claims recorded as expenses in 2008 (related to the damage occured in 2006) and the insurance indemnities received during this period for the same damage. A net expense of €10.3 million was recognised in this respect at December 31, 2007.

NOTE 23 – PERFORMANCE INDICATORS

The rationalisation of the passage between Gross operating earnings, EBITDA, EBIT and Operating results is as follows:

(in thousands of euros)	2008	2007
Gross operating earnings	505,078	582,165
Other operating income (expense)	23,219	11,032
EBITDA	528,297	593,197
Net operating charges to depreciation, amortization and provisions	(136,102)	(113,367)
EBIT	392,195	479,830
Other income (expense)	(20,127)	(11,867)
Other net charges to non-operating depreciation, amortization and provisions	9,800	(17,343)
Operating income	**381,868**	**450,620**

NOTE 24 – NET FINANCIAL INCOME (EXPENSE)

(in thousands of euros)	2008	2007
Net interest income from financing and cash management activities	12,148	8,846
Net interest expense from financing and cash management activities	(42,239)	(30,417)
Net income from disposal of cash management assets	4	77
Cost of net borrowings and financial liabilities	**(30,087)**	**(21,494)**
Dividends	1,854	1,740
Net impairment of financial fixed assets	(266)	2,456
Foreign exchange gain (loss)	5,356	(1,506)
Net income (expense) from disposal of non-consolidated assets	632	2,150
Net income (expense) from discounting	(2,529)	(2,591)
Fair value adjustments to financial assets and liabilities	(740)	1,002
Other income (expense)	(99)	(134)
Other financial income (expense)	**4,208**	**3,117**
Net Financial income (expense)	**(25,879)**	**(18,377)**

NOTE 25 – INCOME TAX

▼ Income tax expense

Analysis of income tax expense

(in thousands of euros)	2008	2007
Current taxes	69,146	83,629
Deferred taxes	14,170	25,117
Total	**83,316**	**108,746**

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 may be analyzed as follows:

(in thousands of euros)	2008	2007
Net earnings from consolidated companies	272,673	323,497
Income tax	83,316	108,746
Net income before tax	355,989	432,243
Standard tax rate	34.43%	34.43%
Theoretical income tax at the parent company rate	**(122,568)**	**(148,822)**
Reconciliation:		
Differences between French and foreign rates	41,084	43,350,
Transactions taxed at lower rates	(15)	(565)
Changes in tax rates	729	-
Permanent differences	(3,889)	(4,543)
Investment tax credits	1,109	513
Other	234	1,321
Actual income tax expense	**(83,316)**	**(108,746)**

Deferred tax

Change in deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
(in thousands of euros)	2008	2007	2008	2007
Deferred taxes at January 1:	**2,458**	**1,183**	**150,554**	**116,769**
Expense (income) for the year	(991)	944	13,179	26,061
Deferred taxes allocated to shareholders' equity[1]			(15,394)	5,714
Translation and other changes	4	418	2,270	(3,847)
Changes in consolidation scope	653	(87)		5,857
Deferred taxes at December 31:	**2,124**	**2,458**	**150,609**	**150,554**

(1) Changes in deferred taxes due mainly to the change in the fair value of the hedging instrument, the efficient portion of which is recognized in shareholders' equity (in documented cases of cash flow hedges), and changes in deferred taxes due to a change in tax rates for that portion pertaining to items previously recognized in shareholders' equity.
In addition, because the Extraordinary General Meeting of May 16, 2008 decided to reduce capital by cancelling 1,871,200 directly held shares in the company, reinstatement of deferred tax related to impairment of these cancelled shares was directly recognised in the Group's shareholders' equity for €16.6 million.

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

(in thousands of euros)	2008	2007
Fixed assets and finance leases	3,787	2,205
Financial instruments	320	(315)
Pensions and other post-employment benefits	(200)	(176)
Accelerated depreciation and regulated provisions	(19,480)	(26,878)
Other timing differences, tax loss carry-forwards and miscellaneous	1,403	47
Net deferred tax expense	**(14,170)**	**(25,117)**

Source of deferred tax assets and liabilities

(in thousands of euros)	2008	2007
Fixed assets and finance leases	108,932	108,304
Financial instruments	1,180	527
Pensions	(18,408)	(10,590)
Other provisions for contingencies and charges (discounting)	30,699	25,833
Accelerated depreciation and regulated provisions	28,262	22,339
Other timing differences, tax loss carry-forwards and miscellaneous	(2,180)	1,683
Net deferred tax assets and liabilities	**148,485**	**148,096**
Deferred tax assets on the balance sheet	(2,124)	(2,458)
Deferred tax liabilities on the balance sheet	150,609	150,554
Net balance	**148,485**	**148,096**

NOTE 26 – SECTOR INFORMATION

▼ Business sectors

2008

(in thousands of euros, except number of employees)	Cement	Concrete & Aggregates	Other Products and Services	Total
INCOME STATEMENT				
Net operating sales (after intra-sector eliminations)	1,142,453	882,137	360,674	2,385,264
Inter-sector eliminations	(213,640)	(37,056)	(77,525)	(328,221)
Consolidated net sales	**928,813**	**845,081**	**283,149**	**2,057,043**
Operating income	303,205	57,970	20,693	381,868
BALANCE SHEET				
Capital employed[(1)]	1,986,906	484,984	176,020	2,647,910
OTHER INFORMATION				
Acquisitions of intangible & tangible assets	208,946	150,102	23,785	382,833
Depreciation and amortization charges	82,175	39,425	13,402	135,002
Average number of employees	2,504	2,996	1,336	6,836

2007

(in thousands of euros, except number of employees)	Cement	Concrete & Aggregates	Other Products and Services	Total
INCOME STATEMENT				
Net operating sales (after intra-sector eliminations)	1,156,197	950,299	369,286	2,475,782
Inter-sector eliminations	(227,234)	(36,219)	(75,870)	(339,323)
Consolidated net sales	**928,963**	**914,080**	**293,416**	**2,136,459**
Operating income	336,308	96,507	17,805	450,620
BALANCE SHEET				
Capital employed(1)	1,775,444	356,549	120,574	2,252,567
OTHER INFORMATION				
Acquisitions of intangible & tangible assets	241,398	48,552	21,540	311,490
Depreciation and amortization charges	76,364	41,438	12,916	130,718
Average number of employees	2,413	2,827	1,415	6,655

Geographical sectors

2008

(in thousands of euros, except number of employees)	France	Switzerland and Italy	United States	Turkey, Kazakhstan and India	West Africa and Egypt	Total
Consolidated net sales	1,017,024	282,964	268,017	187,065	301,973	2,057,043
Operating income	202,036	49,392	22,924	16,315	91,201	381,868
Capital employed(1)	646,803	442,304	432,591	438,695	687,517	2,647,910
Acquisitions of intangible & tangible assets	68,219	34,146	124,565	62,975	92,928	382,833
Average number of employees	2,650	1,023	1,335	892	936	6,836

2007

(in thousands of euros, except number of employees)	France	Switzerland and Italy	United States	Turkey, Kazakhstan and India	West Africa and Egypt	Total
Consolidated net sales	1,027,570	284,565	363,639	201,520	259,165	2,136,459
Operating income	195,525	57,816	59,284	54,581	83,414	450,620
Capital employed(1)	596,106	380,151	309,689	439,455	527,166	2,252,567
Acquisitions of intangible & tangible assets	90,935	32,744	19,302	64,174	104,335	311,490
Average number of employees	2,644	1,059	1,222	875	855	6,655

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

NOTE 27 – STATEMENT OF CASH FLOWS

▼ Acquisition/disposal of shares of consolidated companies carried out during 2008

Transactions to acquire and dispose of shares in consolidated companies carried out in 2008 resulted in a total cash inflow of €19.7 million and a total cash outflow of €85.7 million, for a net outflow of -€66.0 million.

The Group's main cash outflows during this period correspond to the balance of the payment linked to acquiring 60% of a Kazakh cement manufacturing and marketing company at year end 2007, to the amount paid to acquire 65% of the capital of the Mauritanian company BSA Ciment SA, as well as to acquire various concrete and aggregates companies in France.

The Group's main cash inflow during 2008 corresponds to the assignment of some of Astrada's sites to a regional partner.

In 2007, transactions related to changes in the consolidation scope resulted in a total cash inflow of €23.1 million and a total cash outflow of -€92.8 million, for a net flow of -€69.7 million.

Analysis of net cash balances

	At December 31, 2008	At December 31, 2007
(in thousands of euros)	Net	Net
Cash and cash equivalents (see Note 12)	109,558	83,595
Bank overdrafts	(14,520)	(13,960)
Net cash balances	**95,038**	**69,635**

NOTE 28 – EXECUTIVE MANAGEMENT COMPENSATION

Pursuant to Article 225.102-1 of the French Code of Commerce and in application of the IAS 24 standard, we hereby present the total gross compensation paid to each executive director during fiscal year 2008: J. Merceron-Vicat €684,326, G. Sidos €599,046, J.-M. Allard €370,784, B. Titz €355,842, L. Merceron-Vicat €163,200.

These amounts do not include any variable components and represent the total compensation paid by Vicat S.A. and any companies it controls, or is controlled by, as defined by Article L. 233-16 of the French Commercial Law Code.

Furthermore, no stock or stock options have been awarded to the above executive directors with the exception of any income received under legal or contractual employee profit-sharing or incentive bonus plans.

Lastly, the aforementioned executive directors also benefit from a supplemental pension plan as defined in Article 39 of the French General Tax Code (CGI). The corresponding commitments were all reserved in the financial statements, in the same manner as all of the Group's post-employment benefits, in the amount of €6,555 thousand at December 31, 2008 (Note 1.15).

NOTE 29 – TRANSACTIONS WITH RELATED PARTIES

Other than the information required for related parties as key executives, described in Note 28, related parties with which transactions are carried out include associated companies and joint ventures in which Vicat holds shares directly or indirectly, and entities that hold shares in Vicat.

These transactions did not have a material impact in 2008, and are carried out at arm's length.

All these operations were taken stock of in compliance with the transactions identified in the IAS 24 standard and their incidence on the consolidated accounts of the Group for years 2008 and 2007 is as indicated below according to type of related party:

	2008				2007			
(in thousands of euros)	Sales	Purchases	Receivables	Debts	Sales	Purchases	Receivables	Debts
Associated companies	467	0	4,419	0	682	700	4,098	195
Joint ventures	1,591	967	216	841	1,492	1,095	235	1,025
Other related parties	42	1,539	30	198	8,	1,549	35	213
Total	**2,100**	**2,506**	**4,665**	**1,039**	**2,182**	**3,344**	**4,368**	**1,433**

NOTE 30 – FEES PAID TO THE STATUTORY AUDITORS AND OTHER ADVISORS

The fees paid to independent auditors and other advisors in their networks as recognized in the financial statements of Vicat S.A. and its fully consolidated subsidiaries for 2008 and 2007 are as follows:

	KPMG				Wolff & Associés				Other			
	Amount (HT)		%		Amount (HT)		%		Amount (HT)		%	
(in thousands of euros)	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
AUDIT												
Statutory auditors, certification, examination of individual and consolidated accounts	715	665	39	40	369	266	20	16	750	723	41	44
Vicat S.A.	*188*	*148*	*10*	*9*	*160*	*138*	*9*	*8*				
Companies which are fully or proportionally consolidated	*527*	*517*	*29*	*31*	*209*	*128*	*11*	*8*	*750*	*723*	*41*	*44*
Other forms of investigation and directly related services	4	169	100	67		85		33				
Vicat S.A.		*166*		*66*		*85*		*33*				
Companies which are fully or proportionally consolidated	*4*	*3*	*100*	*1*								
Total Audit fees	**719**	**834**	**39**	**44**	**369**	**351**	**20**	**18**	**750**	**723**	**41**	**38**
OTHER SERVICES												
Legal, tax and employee-related services	7	3	100	100								
Other fees		3		100								
Subtotal of other services	**7**	**6**	**100**	**100**	**0**							
Total fees	**726**	**840**	**39**	**44**	**369**	**351**	**20**	**18**	**750**	**723**	**41**	**38**

NOTE 31 – POST BALANCE SHEET EVENTS

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

NOTE 32 – LIST OF SIGNIFICANT CONSOLIDATED COMPANIES AT DECEMBER 31, 2008

Fully consolidated: France

			% controlling	
Company	**Address**	**Siren No.**	**Dec. 2008**	**Dec. 2007**
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	98.96	98.96
Annecy Béton Carrières	14, chemin des Grèves 74960 Cran-Gevrier	326 020 062	50.01	50.01
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	95.97
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 Genévriers 63430 Les Martres-d'Artière	327 336 343	100.00	100.00
Béton Rhône-Alpes	4, rue Aristide-Bergès 38080 L'Isle-d'Abeau	309 918 464	99.53	99.53
Béroud	4, rue Aristide-Bergès 38080 L'Isle-d'Abeau	398 044 222	100.00	100.00
Béton Travaux	Tour Manhattan 6, place de l'Iris 92095 Paris-La Défense	070 503 198	99.98	99.98
Beton Yssingelais	Villeneuve 43200 Yssingeaux	328 308 556	100.00	100.00
B.G.I.E. Béton Granulats IDF/Est	52-56, rue Jacquard Z.I. 77400 Lagny-sur-Marne	344 933 338	100.00	100.00
Boue	Lieu-dit Bourjaguet 31390 Carbonne	620 800 359	100.00	100.00
Bra	2, chemin du Roulet 69100 Villeurbanne	310 307 392	100.00	100.00
Condensil	1327, av. de la Houille-Blanche 73000 Chambéry	342 646 957	60.00	60.00
Delta Pompage	1327, av. de la Houille Blanche 73000 Chambéry	316 854 363	100.00	100.00
Fournier	4, rue Aristide-Bergès 38080 L'Isle-d'Abeau	586 550 147	100.00	100.00
Granulats Rhône-Alpes	4, rue Aristide-Bergès 38080 L'Isle-d'Abeau	768 200 255	100.00	100.00
Gravières de Basset	4, rue Aristide-Bergès 38080 L'Isle-d'Abeau	586 550 022	100.00	100.00
Kristo	10, rue de la Corne-d'Abondance Village d'entreprises 74100 Ville-la-Grand	388 592 735	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
Monaco Béton	24, avenue de Fontvielle 98000 Monaco	326 MC 161	79.60	79.60
Parficim	Tour Manhattan 6, place de l'Iris 92095 Paris-La Défense	304 828 379	100.00	100.00
Rudigoz	Les Communaux Route de Saint-Maurice-de-Gourclans 01800 Pérouges	765 200 183	100.00	100.00
Sablières du Grésivaudan	La Gâche 38530 Barraux	065 502 627	100.00	100.00
SATMA	4, rue Aristide-Bergès 38080 L'Isle-d'Abeau	304 154 651	99.99	99.99
SATM	1327, av. de la Houille-Blanche 73000 Chambéry	745 820 126	99.99	99.99
Sigma Béton	4, rue Aristide-Bergès 38080 L'Isle-d'Abeau	343 019 428	100.00	100.00
Société Azuréenne de Granulats	217, route de Grenoble 06200 Nice	968 801 274	100.00	100.00
Papeteries de Vizille	Tour Manhattan 6, place de l'Iris 92095 Paris-La Défense	319 212 726	100.00	100.00
Béton 83	ZI Camp-Laurent 83500 La Seyne-sur-Mer	436 780 555	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	99.99	99.99

Fully consolidated: Rest of world

			% controlling	
Company	**Country**	**State/City**	**Dec. 2008**	**Dec. 2007**
Sinai Cement Company	Egypt	Cairo	52.18	52.02
Mynaral	Kazakhstan	Almaty	60.00	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
Cementi Centro Sud Spa	Italy	Genova	100.00	100.00
Ciments & Matériaux du Mali	Mali	Bamako	95.00	95.00
Gecamines	Senegal	Thiès	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
Astrada Aebisholz Oensingen[(1)]	Switzerland	Aebisholz (Solothurn)	-	99.64
Deponie Rümbergacker	Switzerland	Gunzgen (Solothurn)	99.64	99.64
Astrada Holding[(1)]	Switzerland	Gunzgen (Solothurn)	-	99.64
Kieswerk Aebisholz AG (ex Astrada Kies AG)	Switzerland	Aebisholz (Solothurn)	99.64	99.64
Beton AG Interlaken	Switzerland	Matten BEI Interlaken (Bern)	98.55	98.55
Béton Frais Moutier SA	Switzerland	Belprahon (Bern)	90.00	90.00
Béton Grands Travaux SA	Switzerland	Asuel (Jura)	75.00	75.00
Betonpumpen Oberland AG	Switzerland	Wimmis (Bern)	72.22	72.22
BFL Béton Frais Loveresse SA[(1)]	Switzerland	Loveresse (Bern)	-	90.47
Biedermann Sand und Kies Transport AG	Switzerland	Safnern (Bern)	100.00	100.00
Cementwerk Därligen AG	Switzerland	Därligen (Bern)	98.55	98.55
Covit SA	Switzerland	Saint-Blaise (Neuchâtel)	100.00	100.00
Creabéton Matériaux SA	Switzerland	Lyss (Bern)	100.00	100.00
Desmeules Frères SA[(1)]	Switzerland	Granges (Vaud)	-	100.00
Emme Kies + Beton AG	Switzerland	Lützelflüh (Bern)	66.66	66.66
FBF Frischbeton AG Frutigen	Switzerland	Frutigen (Bern)	98.55	98.55
Frischbeton AG Därligen	Switzerland	Därligen (Bern)	-	73.91
Frischbeton AG Zuchwil	Switzerland	Zuchwil (Solothurn)	88.94	88.94
Frischbeton Langenthal AG	Switzerland	Langenthal (Bern)	81.17	81.17
Fritschi Bauelemente AG[(2)]	Switzerland	Gunzgen (Solothurn)	-	99.64
Grandy AG	Switzerland	Langendorf (Solothurn)	100.00	-

			% controlling	
Company	**Country**	**State/City**	**Dec. 2008**	**Dec. 2007**
Kies- und Betonwerk Reulisbach AG	Switzerland	St. Stephan (Bern)	98.55	98.55
Kiestag Steinigand AG	Switzerland	Wimmis (Bern)	98.55	98.55
Kieswerk Gunzgen AG[2]	Switzerland	Gunzgen (Solothurn)	-	100.00
Kieswerk Neuendorf AG	Switzerland	Neuendorf (Solothurn)	PC	100.00
Materialbewirttschftung Mitholz AG	Switzerland	Kandergrund (Bern)	98.55	98.55
Michel & Co AG	Switzerland	Bönigen (Bern)	98.55	98.55
SHB Steinbruch + Hartschotter Blausee Mitholz AG	Switzerland	Frutigen (Bern)	98.55	98.55
Steinbruch Vorberg AG	Switzerland	Biel (Bern)	60.00	60.00
Vibeton Fribourg SA	Switzerland	St. Ursen (Fribourg)	100.00	100.00
Vibeton Kies AG	Switzerland	Lyss (Bern)	100.00	100.00
Vibeton Safnern AG	Switzerland	Safnern (Bern)	90.47	90.47
Vigier Cement AG	Switzerland	Pery (Bern)	100.00	100.00
Vigier Holding AG	Switzerland	Deitingen (Solothurn)	100.00	100.00
Vigier Management AG	Switzerland	Deitingen (Solothurn)	100.00	100.00
Viro AG	Switzerland	Deitingen (Solothurn)	100.00	100.00
Vitrans AG	Switzerland	Pery (Bern)	100.00	100.00
Wyss Kieswerk AG	Switzerland	Feldbrunnen (Solothurn)	100.00	100.00
Aktas	Turkey	Ankara	100.00	100.00
Bastas Baskent Cimento	Turkey	Ankara	85.48	85.22
Bastas Hazir Beton	Turkey	Ankara	85.48	85.22
Konya Cimento	Turkey	Konya	80.98	80.68
Tamtas	Turkey	Ankara	100.00	100.00
BSA Ciment SA	Mauritania	Nouakchott	64.91	-
Vicat Sagar	India	Hyderabad	51.00	-

(1) Company merged in 2008.
(2) Company transferred in 2008.

Proportionate consolidation: France

			% controlling	
Company	**Address**	**Siren No.**	**Dec. 2008**	**Dec. 2007**
Carrières Bresse Bourgogne	Port fluvial Sud de Chalon 71380 Épervans	655 850 055	33.27	33.27
Dragages et Carrières	Port fluvial Sud de Chalon 71380 Épervans	341 711 125	50.00	50.00
Sablières du Centre	Les Genévriers Sud 63430 Les Martres-d'Artière	480 107 457	50.00	50.00

Proportionate consolidation: Rest of world

			% controlling	
Company	**Country**	**State/City**	**Dec. 2008**	**Dec. 2007**
BFT—Béton Frais Tuffière SA[1]	Switzerland	Villars-sur-Glan (Fribourg)	-	43.83
Frishbeton Tafers AG	Switzerland	Tafers (Fribourg)	49.50	49.50
Kieswerk Neuendorf	Switzerland	Neuendorf (Solothurn)	50.00	FC
Sables + Graviers Tuffière SA	Switzerland	Hauterive (Fribourg)	43.83	43.83

(1) Company merged in 2008.

Equity method: France

			% controlling	
Company	**Address**	**Siren No.**	**Dec. 2008**	**Dec. 2007**
Socava	74490 Saint-Jeoire-en-Faucigny	606 320 752	39.90	39.90

Equity method: Rest of world

			% controlling	
Company	**Country**	**State/City**	**Dec. 2008**	**Dec. 2007**
Hydroelectra	Switzerland	Au (St. Gallen)	49.00	49.00
Silo Transport AG	Switzerland	Bern (Bern)	50.00	50.00

20.2.3. Statutory auditors' report on the consolidated financial statements

Financial year ending on December 31, 2008

Dear Shareholders,

In compliance with the assignment entrusted to us by the shareholders in your General Meeting, we hereby present our report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying consolidated financial statements of Vicat S.A.;
- the justification of our assessments;
- the specific verifications required by law.

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

▼ Opinion on the consolidated financial statements

We conducted our audit in accordance with the standards of professional practice 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 or by means of other sampling methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management and the overall financial statements presentation. We believe that the elements compiled for the purposes of our audit provide a reasonable basis for our opinion.

We hereby certify that the consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the assets, liabilities, and financial position of the consolidated group of entities as at December 31, 2007 and of its result for the year then ended.

▼ Justification of our assessments

In accordance with the provisions in article L. 823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

At each reporting date, the company tests for impairment any goodwill acquired in a business combination and assets with indefinite useful lives, and also assesses whether there is any indication that non-current assets may be impaired, using the methodology disclosed in Note 1.11 in the appendix to the consolidated financial statements. We have examined the procedures for the performance of the impairment review, and the expected future cash flows and the related assumptions.

Notes 1-15 and 14 specify the methods of evaluation of post-employment benefits and other long-term employee benefits. These obligations have been evaluated by independent actuaries. The work we performed consisted of examining data used in the calculations, assessing the assumptions, and verifying that the disclosures contained in Notes 1-15 and 14 of appendix to the consolidated financial statements provide appropriate information.

The assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

▼ Specific verification

We have also performed the specific verifications required by law for information relating to the Group that is provided in the management report.

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

The statutory auditors

Paris-La Défense, February 27, 2009	Chamalières, on February 27, 2009
KPMG Audit	Wolff & Associés SAS
Department of KPMG S.A.	Grégory Wolff
Jean-Marc Decléty	Partner
Partner	

20.3. VICAT S.A. FINANCIAL STATEMENTS AT DECEMBER 31, 2008

20.3.1. Balance sheet at December 31, 2008

Assets

(in thousands of euros)	2008 Gross amount	2008 Amortizations and depreciations	2008 Net	2007 Net
NON-CURRENT ASSETS				
Intangible assets				
Concessions, patents and similar rights	14,833	8,048	6,785	5,828
Goodwill	1,163	1,163		
Other intangible assets	674	385	289	324
Property, plant and equipment				
Land	83,273	14,384	68,889	68,061
Buildings	160,373	104,151	56,222	50,816
Plant, machinery and equipment	497,576	373,135	124,441	104,209
Other tangible assets	24,774	19,990	4,784	4,034
Tangible assets under construction	9,183		9,183	23,557
Advances and payments on account	74		74	784
Long-term investments				
Equity investments	1,093,964	675	1,093,289	1,028,715
Other long term investments	85	64	21	21
Loans	67		67	136
Other financial assets	78,269	40,805	37,464	183,936
Non-current assets	**1,964,308**	**562,800**	**1,401,508**	**1,470,421**
CURRENT ASSETS				
Inventories				
Raw material and other supplies	53,935		53,935	48,137
Work in process	9,762		9,762	10,953
Semi-finished and finished products	10,689		10,689	10,294
Merchandise	114		114	119
Advances and payments on account on orders	1,080		1,080	233
Receivables				
Trade receivables and related accounts	132,624	172	132,452	145,450
Others receivables and related accounts	88,887	310	88,577	55,661
Short-term investments:				
- own shares	20,939	6,101	14,838	24,684
- other investments	4,502		4,502	
Cash and equivalents	4,126		4,126	1,447
Accrued expenses	1,151		1,151	1,423
Current assets	**327,809**	**6,583**	**321,226**	**298,401**
Expenses to be allocated	630		630	810
Translation adjustments – assets	17		17	6
TOTAL	**2,292,764**	**569,383**	**1,723,381**	**1,769,638**

Liabilities and shareholders' equity

(in thousands of euros)	2008	2007
SHAREHOLDERS' EQUITY		
Share capital*	179,600	187,085
Additional paid capital and merger premiums	11,207	11,207
Revaluation adjustments	11,228	11,262
Reserve	18,708	18,708
Regulated reserves	112	112
Other reserves	510,266	603,483
Retained earnings	45,764	40,765
Year result	103,415	82,336
Regulated provisions	72,106	54,476
Shareholders' equity	**952,406**	**1,009,434**
PROVISIONS		
Provisions for liabilities (risks)	5,138	8,583
Provisions for liabilities (expenses)	7,510	8,201
Total	**12,648**	**16,784**
LIABILITIES		
Bank borrowings and financial liabilities**	593,857	510,454
Other borrowings and financial liabilities	763	894
Trade payables and related accounts	41,248	42,122
Tax and employee related liabilities	23,122	24,537
Debts on investments and related accounts	13,945	27,413
Other debts	85,337	137,991
Accrued income	3	3
Total	**758,275**	**743,414**
Translation adjustments – liabilities	52	6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,723,381**	**1,769,638**
** Revaluation adjustments incorporated in capital*	*14,855*	*14,855*
*** Of which current banking facilities and credit balances (including commercial papers)*	*4,282*	*2,194*

20.3.2. Income statements for the year ended on December 31, 2008

(in thousands of euros)	2008	2007
OPERATING REVENUE		
Sale of merchandise	4,108	4,200
Sales of goods and services	507,734	506,233
Net sales	511,842	510,433
Change in inventories of goods	(796)	3,652
Production of assets capitalized	548	933
Operating subsidies	16	39
Recovery on depreciation, amortization and provisions, transferred expenses	1,063	3,877
Other revenues	13,806	2,903
Total operating revenue	**526,479**	**521,837**
OPERATING EXPENSES		
Purchases of merchandise	2,570	2,594
Change in inventories of goods	5	(7)
Purchases of raw material and supplies	94,725	101,877
Change in inventories of raw materials and other supplies	(5,798)	(11,433)
Other purchases and external expenses	178,945	177,057
Taxes, duties and assimilated transfers	18,127	16,518
Salaries	39,560	38,365
Social charges	18,192	18,483
Allocations for amortizations and depreciations:		
- on non-current assets: allocations for amortizations	18,928	17,072
- on current assets: allocations for depreciations	104	26
Allocations for provisions	654	638
Other expenses	3,620	1,362
Total operating expenses	**369,632**	**362,552**
Earnings before interest and taxes	**156,847**	**159,285**
FINANCIAL INCOME		
Financial income from equity affiliate	58,638	53,453
From other marketable securities and long term loans	7	
Other interest and assimilated income	980	1,879
Recovery on depreciation & provisions, transferred expenses	61	23
Positive exchange rate differences	444	497
Total investment income	**60,130**	**55,852**
FINANCIAL EXPENSES		
Allocations for amortizations, depreciations and provisions	37,434	57,771
Interests and assimilated expenses	35,137	29,610
Negative exchange rate differences	882	226
Total financial expenses	**73,453**	**87,607**
Net financial income (expense)	**(13,323)**	**(31,755)**
NET PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX	**143,524**	**127,530**
EXCEPTIONAL INCOME		
From non-capital transactions	107	708
From capital transactions	5,438	7,405
Recovery on depreciation & provisions, transferred expenses	6,384	2,367
TOTAL EXCEPTIONAL INCOME	**11,929**	**10,480**
EXCEPTIONAL EXPENSES		
From non-capital transactions	439	4,329
From capital transactions	3,767	651
Allocations for amortizations, depreciations and provisions	19,877	27,273
TOTAL EXCEPTIONAL EXPENSES	**24,083**	**32,253**
NET NON-OPERATING INCOME (EXPENSE)	**(12,154)**	**(21,773)**
Employee profit sharing	5,333	5,416
Income tax	22,622	18,005
TOTAL INCOME	**598,538**	**588,169**
TOTAL EXPENSES	**495,123**	**505,833**
NET EARNINGS	**103,415**	**82,336**

20.3.3.
NOTES TO VICAT S.A. FINANCIAL STATEMENTS

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ACCOUNTING POLICIES

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

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

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

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

Mineral reserves and related development costs are amortized using the units of production method.

Investments are recorded at cost and adjusted to market value when a significant and permanent decline in value occurs. Investments acquired before December 31, 1976 have been restated.

No manufactured inventories are recorded at the lower of cost, determined on a weighted average basis, or market.

Cost includes both the purchase price and all related costs.

Manufactured products are recorded at cost and include labour, material, manufacturing overhead and other direct costs of production.

Receivables and payables are recorded at cost.

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.

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

Short term investment securities are valued at cost or at market value if lower.

SIGNIFICANT EVENTS OF THE PERIOD

During the year, the company reduced capital by cancelling 1,871,200 treasury shares (note B) and in addition, subscribed to an increase in the capital of its American subsidiary NCC of 90 million dollars, *i.e.* an equivalent of €58 million (note A2).

SALES ANALYSIS

Net sales by geographical area and activity break down as follows for the year ended December 31, 2008:

(in thousands of euros)	France	Other countries	Total
Cement	444,602	28,872	473,474
Paper	28,014	10,354	38,368
Total	**472,616**	**39,226**	**511,842**

ANALYSIS OF THE FINANCIAL STATEMENTS

A. Non current assets

1. Intangible and tangible assets:

(in thousands of euros)	Gross value at beginning of year	Additions	Retirement	Gross value at end of year
Concessions, patents, goodwill and other intangible assets	15,332	1,641	303	16,670
Land and improvements	81,395	2,115	237	83,273
Buildings and improvements	151,503	10,103	1,233	160,373
Plant, machinery and equipment	466,737	31,130	291	497,576
Other tangible assets	23,576	2,091	893	24,774
Tangible assets in progress	23,557	19,530	33,904	9,183
Advances and payments on account	784	601	1,311	74
Total	**762,884**	**67,211**	**38,172**	**791,923**

(in thousands of euros)	Accumulated depreciation, at beginning of year	Provision	Retirement	Accumulated depreciation at end of year
Concessions, patents, goodwill and other intangible assets	9,180	720	304	9,596
Land and improvements	12,276	1,091	41	13,326
Buildings and improvements	100,687	4,697	1,233	104,151
Plant, machinery and equipment	362,528	10,898	291	373,135
Other tangible assets	19,542	1,341	893	19,990
Total	**504,213**	**18,747**	**2,762**	**520,198**

Goodwill, fully amortized, corresponds to business assets received prior to the 1986 fiscal year.

The quotas allocated by the government in the framework of the National Quotas Affectation Plan (PNAQ II) amounted to 2,802 thousand tonnes of greenhouse gas emissions in 2008 (14,011 thousand tonnes for the 2008-2012 period). They were recorded neither in assets nor in liabilities. Only the quotas held at the end of the period exceeding the actual emissions by 2,380 thousand tonnes are recognised as assets for €1,254 thousand that correspond to 82 thousand tonnes after taking into account the 340 thousand tonnes of CO_2 assigned during the period for an amount of €5.7 million.

In addition, the National Quotas Affectation Plan (PNAQ II) gives the possibility of partially fulfilling the obligation to restitution through Emission Reduction Certificates (CER); the company was led to exchange quotas for CERs for 210 thousand tonnes and the balancing cash adjustment received was then recognised in the income of the period.

Property, plant and equipment are depreciated as follows:

• Buildings:	20-40 years
• Complex facilities:	8-10 years
• Antipollution facilities:	6-2/3 years
• Vehicles and rolling materials:	4 to 5 years
• Sundry equipments:	5 years
• Computer equipment:	3 years

2. Financial investments

Long-term investments decreased by €98,982 thousand and consist of the following:

• Increase of investments in companies:	64,518
• change in other long-term investments:	(163,500)
of which 160,923 as capital reduction by cancelling treasury shares	
	(98,982)

In accordance with a liquidity agreement entered into with an investment services provider—CA Cheuvreux.

- 160,650 Vicat shares representing a global amount of €6,768 thousand were allocated, at December 31, 2007, to this liquidity agreement. At the end of the year, a financial provision of €1,011 thousand was booked on the basis of the average share price of December;
- €995 thousand in cash was allocated to this liquidity agreement.

Loans and other long-term investments break down as follows:

• within one year	0
• over one year:	78,336
	78,336

B. Shareholders' equity

At January 1, 2008, the share capital amounts to €187,084,800 and is divided into 46,771,200 shares of €4 each.

After capital being reduced by cancelling 1,871,200 shares held directly, this reduction being approved by the Extraordinary General Meeting of May 16, 2008, the common stock of Vicat comprises 44,900,000 common fully paid-up shares of €4 each, including 1,367,979 treasury shares held directly at December 31, 2008 (3,303,247 at December 31, 2007), acquired under the share buyback program approved by the shareholders at the Ordinary General Meetings, and through HeidelbergCement's disposal of its 35% stake in Vicat in 2007.

The share ownership breaks down as follows:

• Employees		4.67%
including salaried shareholders (*)	2.46%	
• Family, Parfininco and Soparfi		60.55%
• Vicat		3.05%

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

Change in shareholder's equity

(in thousands of euros)	2008	2007
Shareholder's equity at the beginning of year	1,009,434	972,479
Shareholder's equity at the end of year	952,406	1,009,434
Change	**(57,028)**	**36,955**
ANALYSIS OF CHANGE		
Capital reduction	(112,646)	
Result for year	103,414	82,336
Dividends paid[1]	(65,393)	(60,037)
Regulated provision	17,630	14,661
Revaluation change	(33)	(5)
	(57,028)	**36,955**

(1) Less dividends on owner shares.

Regulated reserves break down as follows:

	Amount	Recovered at 1 year maximum	Recovered after more than 1 year
Price increase provision	8,226	11	8,215
Special tax depreciation	56,355	3,079	53,276
Special revaluation provision	2,465	-	2,465
Investment provision	5,060	526	4,534
Total	**72,106**	**3,616**	**68,490**

C. Provisions for risks and other charges

(in thousands of euros)	Amount at the beginning of year	Allowance for the year	Reversal of depreciation	Reversal (unused provision)	Amount at the end of year
Provisions for quarry rehabilitation	5,901	458	585		5,774
Provisions for major repairs	-	-	-		-
Provisions for disputes	8,089	17	35	3,500	4,571
Other charges	2,794	197	688		2,303
Total	**16,784**	**672**	**1,308**	**3,500**	**12,648**

Provisions for risk and other charges amounted to €12.6 million and cover in particular forecasted charges related to the French regulated quarry depletion provision for an amount of €5.8 million. These provisions are made for each of the quarries based on actual tonnage extracted times an estimated per tonne cost of the work to be performed at the end of operations.

Provisions for disputes include a provision amounting to €4.5 million (€8 million at December 31, 2007) to face the residual amount of the decision of the French Office of Fair Trading "O.F.T." *(Conseil de la concurrence)* sanctioning the Company concerning a presumed collusion in Corsica after the initial amount of this decision was reduced by the Paris Court of Appeal. Vicat appealed against this judgment.

Other charges included an amount of €1.6 million corresponding to the tax due to the subsidiaries in the framework of the tax sharing agreement.

D. Borrowings and financial liabilities

During 2008, long term debt and other bank borrowings increased by €83,273 thousand.

Statement of maturities

(in thousands of euros)	Gross amount	<1 year	1-5 years	>5 years
Bank borrowings and financial liabilities[1]	586,204		480,267	105,937
Miscellaneous loans and financial debts	763	85	338	340
Short term bank borrowings and bank overdrafts	7,653	7,653	-	-
(1) Including commercial paper	*58,000*	*-*	*58,000*	*-*

Other information

At December 31, 2008, the Company has €438 million in unused confirmed lines of credit that have not been allocated to the hedging of liquidity risk on commercial paper (€519 million at December 31, 2007).

The Company also has a programme for issuing commercial paper amounting to €152 million. As at December 31, 2008, the amount of the notes issued was €58 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 regard compliance with financial ratios. The existence of these covenants does not represent a risk to the company's financial position.

Financial instruments

Foreign exchange risk

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

Interest rate risk

All floating rate debt is hedged through the use of financial instruments (caps) on original maturities of 5 to 12 years for an amount of €240 million at December 31, 2008.

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, 2008, these lines, like the short term notes they covered, amounted to €58 million.

▼ E. Statement of maturities for trade receivables and payables

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

▼ F. Other balance sheet and income statement information

The gain from allotment of shares for the purpose of employee profit sharing amounts €3,804 thousand.

Other items are as follows:

Items concerning several balance sheet accounts (in thousands of euros)	**Associated companies**	**Payables and receivables represented by commercial paper**
Long-term investments	1,090,045	
Trade receivables and related accounts	35,004	35,178
Others receivables and related accounts	72,067	
Trade payables and related accounts	12,130	11,550
Other liabilities	63,096	
INCOME STATEMENT ITEMS		
Financial expenses	4,727	
Financial income excluding dividends	2,781	

Accrued liabilities

(in thousands of euros)	**Amount**
Borrowings and debt with credit institutions	3,371
Trade payables and related accounts	14,219
Tax and employee-related payables	10,553
Other liabilities	411
Total	**28,554**

Prepaid expenses

(in thousands of euros)	Amount
Operating expenses	999
Financial expenses	152
Total	**1,151**

Short-term investments

Short-term investments securities break down as follow:

- 414,163 Vicat shares for a net amount of €14,839 thousand acquired for the purpose of shares allotment to employees. Their market value as of December 31, 2008 amounts to €15,490 thousand.
- Marketable securities for an amount of €4,502 thousand are included in these amounts.

Analysis of corporate income tax and additional contributions

Headings (in thousands of euros)	Profit (loss) before tax	Corporate income tax	Social contribution	Profit (loss) after-tax
Current profit (loss)	143,524	(28,661)	(969)	113,894
Net non-operating income (expense) and profit-sharing	(17,487)	6,778	230	(10,479)
Book profit (loss)	**126,037**	**(21,883)**	**(739)**	**103,415**

Off balance sheet commitments

Commitments given (in thousands of euros)	Off-balance sheet amount
Accrued retirement indemnities(1)	9,838
Guaranties granted to subsidiaries	82,825
Total	**92,663**

(1) Including an amount of €3,808 thousand relating to a pension scheme for the officers and other managers of the Company implemented in addition to the legal and complementary pension schemes.

Commitments received (in thousands of euros)	Amount
Confirmed credit lines(1)	671,000
Other commitments received	18,254
Total	**689,254**

(1) Including €152,000 thousand allocated to coverage of the programme of commercial paper issue.

Retirement indemnities are accrued in accordance with the terms of collectively labour agreements, using assumptions for personnel turnover, life expectancy and salary increases. Liabilities are calculated including social charges, in proportion to service cost.

Principal actuarial assumptions are as follows:

- Discount rate: 5.75%
- Wage inflation: 3.50%
- Inflation rate: 2%

Impact of the special tax valuations

Headings (in thousands of euros)	Allowances	Reinstatements	Amounts
Profit of the period			103,415
Income taxes			21,883
Social taxes			739
Earnings before income tax			**126,037**
Change in special tax depreciation of assets	14,621	1,644	12,977
Change in investment provision	2,708	538	2,170
Change in the price increase provisions	-	5	(5)
Change in revaluation provision	2,548	60	2,488
Subtotal	**19,877**	**2,247**	**17,630**
Profit excluding the special tax valuations (before tax)			**143,667**

Vicat, together with twenty subsidiaries, entered into a tax sharing agreement whereby they have elected to file a consolidated tax return. According to the tax sharing agreement, the effective tax expenses accounted for by the subsidiaries are calculated as if 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 losses subsidiaries. This savings reached €530 thousand for 2008.

Non tax deductible expenses amounted to €518 thousand for the year.

Deferred tax

Headings (in thousands of euros)	Amount
TAX DUE ON:	
Price increase provisions	2,832
Special tax depreciation	19,403
Total increases	**22,235**

Headings (in thousands of euros)	Amount
Expenses temporarily non-deductible (to be deducted the following year):	2,132
including profit-sharing expenses	*1,836*
Total reductions	**2,132**
Net deferred tax	**20,103**

Executive management compensation

(in thousands of euros)	Amount
Compensation allocated to:	
- directors	210
- senior management	2,289

Workforce

	Average	At December 31, 2008
Management	194	200
Supervisors, technicians, employees	381	377
Blue-collar workers	274	276
Total Company	**849**	**853**
Including Paper Division	148	150

Subsidiaries and affiliates

(in thousands of currency units: euros, USD, FCFA)

Company or group of companies 2008 financial period	Capital	Reserves and retained earnings before appropriation of income	Ownership interest (%)	Book value of shares owned		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 the Company during the period	Comments
				gross	net						
SUBSIDIARIES & AFFILIATES WHOSE GROSS VALUE EXCEEDS 1% OF VICAT'S CAPITAL											
1) Subsidiaries (at least 50% of the capital held by the company)											
Béton Travaux 92095 Paris-La Défense	27,997	178,251	99.97	88,866	88,866	38,403		22,208	31,726	29,914	
National Cement Company Los Angeles USA	280,521[1]	216,670[1]	97.85	229,581	229,581			393,973[1]	19,829[1]		
Parficim 92095 Paris-La Défense	48,340	845,608	99.99	737,731	737,731	4,486			38,534	20,242	
2) Participations (10% to 50% of the capital held by the company)											
Société des Ciments d'Abidjan Côte d'Ivoire	2,000,000[2]	10,160,638[2]	17.14	1,596	1,596			46,611,307[2]	2,392,043[2]	464	Items 2007
SATM 38081 L'Isle-d'Abeau	1,600	36,651	22.00	15,765	15,765			115,291	10,207	1,980	
SATMA 38081 L'Isle-d'Abeau	10,754	16,001	35.71	7,612	7,612			19,658	1,194	2,400	
OTHER SUBSIDIARIES & AFFILIATES											
French subsidiaries (total)				10,065	9,372	132				857	
Foreign subsidiaries (total)				2,833	2,787						
Total				**1,094,049**	**1,093,310**	**43,021**				**55,857**	

(1) Items in USD.
(2) Items in FCFA.

20.3.4. Statutory auditors' report on the annual financial statements

Financial year ending on December 31, 2008

Dear Shareholders,

In compliance with the assignment entrusted to us by the shareholders in your General Meeting, we hereby present our report to you, for the year ended December 31, 2008, on:

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

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

▼ Opinion on the financial statements

We conducted our audit in accordance with the standards of professional practice 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 or by means of other sampling methods, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management and the overall financial statements presentation. We believe that the elements compiled for the purposes of our audit provide a reasonable basis for our opinion.

We hereby certify that the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of December 31, 2008, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

▼ Justification of our assessments

In accordance with the provisions in article L. 823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- significant accounting rules and methods are disclosed in Note 1 "Accounting policies" of the financial statements;
- 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.

The assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

▼ Specific verifications and information

We have also performed the specific verifications required by law.

We have no matters to report regarding:

- the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the Shareholders with respect to the financial position and the financial statements;
- the fair presentation of the information provided in the management report of the board of directors with respect to remuneration and benefits paid to Company officers and to any commitments given to them on, or subsequent to, their appointment, termination, or change of function.

As required by law, we have ascertained that the necessary information relating to the acquisition of shareholdings and controlling interests, and the identity of shareholders, was given in the management report of the board of directors.

The statutory auditors

Paris-La Défense, February 27, 2009	Chamalières, February 27, 2009
KPMG Audit	Wolff & Associés SAS
Department of KPMG S.A.	Grégory Wolff
Jean-Marc Decléty	Partner
Partner	

20.4. AUDITORS' FEES

The auditors' fees paid by the Company and the Group to KPMG Audit and to Cabinet Patrick Wolff for the years 2007 and 2008 are presented in Note 30 of Section 20.2.2 "Notes to the 2008 consolidated financial statements" of this Registration Document.

20.5. DIVIDEND POLICY

The Company can decide to distribute dividends for a given year on a proposal from the board of directors and approval of the General Meeting of the shareholders.

For the three preceding years, the dividends distributed by the Company and the earnings per share were as follows:

	2008 (dividend proposed to the General Meeting)	2007	2006 (adjusted)
Dividend per share (in euros/share)	1.50	1.50	1.30
Consolidated earnings per share (in euros/share)	5.46	6.40	6.03
Rate of distribution	27%	23%	22%

The Company's objective for future years is to distribute in cash to shareholders a level of dividend in line with that proposed by the board of directors for 2008.

Nevertheless, the factors on which the distribution and the amount of distributed dividend depend are the results, the financial condition, the financial needs related to industrial and financial development, the prospects for the Group and all other determinative factors such as the general economic environment.

Regardless of the objective which the Company intends to prioritize, it cannot guarantee that in the future dividends will be distributed nor the amount of any future dividend.

20.6. LEGAL PROCEEDINGS AND ARBITRATION

The Group is involved in certain disputes, legal, administrative or arbitration proceedings in the ordinary course of its business. The Group constitutes a provision each time a given risk presents a substantial probability of materialising before the end of the financial year and when an estimate of the financial consequences related to such risk is possible.

The principal disputes and administrative, legal or arbitration proceedings in progress in which the Group is involved are detailed below.

20.6.1. "Maurienne" dispute

The year 2006 was marked by the discovery of significant damages linked to the production of aggregates on the site of Saint-Martin-la-Porte in the Maurienne valley in 2004.

From February to the end of August 2004, a quarry and two concrete batching plants belonging to "Béton Rhône-Alpes" (BRA), a subsidiary of the Group, located in the Maurienne valley, sold 22,000 tonnes of aggregates and 15,000 m^3 of concretes, potentially polluted by gypsum.

These materials, containing heterogeneous sulphate did not come from a quarry owned by the Group but from materials recycled at the request of Lyon-Turin Ferroviaire (LTF), a public sector client responsible for constructing the high speed railway line from Lyon to Turin. The materials resulting from boring the recognition galleries were intended to be recycled near their place of extraction pursuant to principles of sustainable development.

An accidental mixture of limestone and gypsum which occurred at the time of handling after sorting contributed to the occurrence of irregularities which appeared more than two years after using the polluted materials.

The appraisals by court order that have been concluded or that are in progress have found BRA liable notwithstanding the implementation of material as well as certain internal or project construction checks by some firms that frequently did not comply with standards and best technical practise, which could have triggered, accelerated or amplified the irregularities.

BRA is using these implementation or verification faults as a basis to negotiate shared liability. Protocols covered by a confidentiality obligation are being developed between BRA and certain firms. Likewise, to put a halt to claims, whether unjustified or clearly exaggerated, construction industry economists assisted by experts certified with the *Cour de cassation* are examining all the documents that set forth material or immaterial damages.

This examination and a critical analysis of the period under investigation led BRA to recognise as at December 31, 2008 a net expense of €11.2 million, given either the evolution of the costs expected to cover the damages, the changes in BRA's estimated share of responsibility, or the appearance of new claims.

Usually, these two concrete batching plants at Maurienne, like all the Group's plants, use materials extracted from quarries with perfectly identified deposits, that are checked regularly and rigorously so as to avoid this type of risk.

Reinforced control measures have been implemented in order to prevent the recurrence of such events and led the Concrete & Aggregates business in France to receive, at the beginning of 2009, the ISO 9001-2000 certification.

20.6.2. Competition litigation in Corsica

By the ruling of March 12, 2007, the Competition Council fined the Company €8 million, as well as imposing fines on another French cement manufacturer and the Corsican cement business' dealer network. According to the Council, the practices sanctioned would have had the objective of reserving for the two cement manufacturers the provisioning of the island with cement and to blocking imports, in particular from Italy and Greece.

By a judgment of May 6, 2008, the Paris Court of Appeal reached a decision on the Company's various appeals and in particular the appeal to cancel the original decision and, on a subsidiary basis, to reform it. The Paris Court of Appeal reformed the deferred decision of the Competition Council for the quantum of the penalties pronounced, and in particular reduced the amount of the fine inflicted to the Company to €4.5 million.

The Company regrets the fact that the Competition Council and the Court of Appeal have, from its point of view, ignored the general context of the provisioning and distribution of cement in Corsica, as well as the very particular circumstances having led to the conclusion, in a fully transparent manner, of various agreements now sanctioned and the beneficial effects resulting from same for Corsican consumers.

The plan was instituted many years ago under pressure from the public authorities without either the customers or the allegedly evinced competitors petitioning the Competition authorities.

In 1991, the Chamber of Commerce and Industry of Upper Corsica requested Vicat and Lafarge to finance a renewed silo facility at the port of Bastia, likely to receive standard cement in bulk and required the two suppliers to entrust the exclusive operation to the GIE Groupement Logistique Ciments Haute-Corse, an exclusivity now disputed by the Council.

Until 1998, the State subsidised the transport of cement in bulk by €2.3 million per year in the name of the principle of territorial continuity. At the time of cancelling this subsidy, Vicat S.A., Lafarge Ciments and the dealers' association on the island sought a means to rationalise the conditions of the provisioning of the island with cement. They have to agree to substantial efforts to maintain continuous and regular provisioning of Corsica with cement to the French standard, without a rise in the cost of transport for the businesses, thus allowing unchanged cement selling prices despite this suppression of a substantial grant.

During the period in question, foreign imports to Corsica grew by almost 50%. Consequently, the Company considers that the Council did not establish that this scheme prevented businesses from being supplied with cement of foreign origin, which does not, in any case, offer the guarantees of continuity of supply and standardisation required in the majority of construction works contracts.

The Company is thus surprised to be fined in consideration of a legal argument which it also considers runs counter to the work undertaken by the European Commission as regards reform of competition law in recent years.

On the basis of the decision of the Court of Appeal, the €8 million provision made in 2007 was reduced to €4.5 million in the financial statements for the year ended December 31, 2008.

The Company lodged an appeal against the Paris Court of Appeal's decision of May 6, 2008. A barrister, designated as court reporter, is responsible for making his report, which will be sent to the prosecuting attorney for his conclusions.

20.6.3. Disputes relating to operating licenses

Some environmental protection associations regularly file contentious civil actions with a view to obtaining the cancellation of a permit or of decrees from the prefecture authorising the exploitation of quarries. The Company has, in any case, organised its defence and filed new applications for operating licenses or permits to ensure normal supply to its factories.

Other than the disputes described above, there do not exist, governmental, judicial or arbitration proceedings of which the Group is aware, which are in abeyance or with which it, or any proportionally consolidated subsidiary, is threatened, which may have or have had in the past 12 months a material adverse effect on its activity, its financial condition or its results of operations.[1]

(1) Excluding any subsidiaries accounted for by the equity method.

20.7. SIGNIFICANT CHANGES TO THE FINANCIAL COMMERCIAL STANDING

To the knowledge of the Company, there has been no significant change to the Company's financial or commercial standing since December 31, 2008.

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21.1. SHARE CAPITAL

21.1.1. Issued share capital and number of shares for each class

The amount of the share capital as at December 31, 2008 is €179,600,000 divided into 44,900,000 shares of €4 each. The Company's shares are fully subscribed, paid up and all of the same class.

21.1.2. Authorised but unissued share capital

Not applicable.

21.1.3. Shares held by the Company or for its account

At the end of the financial year 2008, after cancelling 1,871,200 shares held directly and distributing 146,087 shares to employees, the Company held 1,367,979 of its own shares, or 3.05% of the authorised share capital.

▼ Description of the 2008 share purchase programme

In accordance with the authorisation given by the Mixed General Meeting of May 16, 2008, the Company purchased (excluding liquidity agreements), based on the current authorised capital, 870.4 (*i.e.* 164 shares + 7,064 tenth parts of shares) of its own shares on the stock exchange in 2008 at a nominal price of €4 at a mean price of €48.32 per share.

Distribution of transferable securities by purpose

Acquisitions in view of the allocation of shares to personnel within the framework of participation and profit-sharing: 870.4 shares representing an acquisition price of €42,061.

Acquisitions in order to promote the market for the securities and their liquidity through a liquidity agreement in conformity with the ethical charter of the *Association française des marchés financiers* (AMAFI), as recognised by the AMF: acquisition of 237,178 shares and sale of 156,028 shares during the year representing 160,650 shares as at December 31, 2008.

Volume of shares used by objectives

Shares allocated to personnel within the framework of the participation and profit-sharing: 414,162 shares.

Promotion of a market of the securities and their liquidity through a liquidity agreement conforming to the ethical charter of the AMAFI as recognised by the AMF: 160,650 shares.

No shares purchased have been allocated to other purposes and the Company did not use derivatives to achieve its share purchase programme.

▼ Description of the planned share purchase programme for 2009

The fifth resolution to be submitted to a vote by the Ordinary General Meeting on May 15, 2009 is intended to allow the Company to purchase or otherwise engage in operations in relation to its own shares.

The Company may acquire, sell, transfer or swap, by any means, all or part of the shares thus acquired in compliance with current legislative and regulatory provisions and in compliance with changes to the substantive law and by respecting the limits below:

- The unit purchase price must not exceed €150 per share (excluding acquisition expenses);
- The total shares held shall not exceed 10% of the Company's share capital, this threshold of 10% having to be calculated on the actual date when the purchases will be made. This limit is reduced to 5% of the share capital in the situation mentioned in paragraph (c) below. On January 1, 2009, this limit corresponds, given shares already owned by the Company, to a maximum number of 3,122,021 shares, each with a nominal value of €4, equal to a maximum amount of €468,303,150.

The shares may be purchased at a single time or in instalments, and by all means including by mutual agreement, in order (without order of priority):

a. To allot shares to employees and in particular within the framework of participation and profit-sharing.

b. To promote the market for the securities and their liquidity through a liquidity agreement complying with the ethical charter of the AMAFI as recognised by the AMF.

c. To deliver the shares as payment or exchange within the framework of external growth operations in compliance with market practice as permitted by the AMF. It is specified that the maximum number of shares acquired by the Company for their retention and later delivery in payment or exchange within the framework of a merger, scission or contribution operation may not exceed 5% of its authorised share capital.

d. To cancel shares, subject in this last case to a vote by an Extraordinary General Meeting on a specific resolution.

Share purchase, as well as the retention, divestment or transfer of shares thus bought may occur, according to the circumstances, on one or more occasions, at any time during periods which the board of directors will assess, if necessary in a public offer period, by all means on the market or over the counter, in particular by way of acquisition or divestment of blocks, or by recourse to derivative financial instruments (other than options to sell) and to warrants, in compliance with current regulations.

The fifth resolution which will be submitted to the vote of the General Meeting on May 15, 2009 may be used at any time and for a period of 18 months as from this meeting including in a public offer period for purchase or exchange within the limits and subject to the periods of abstention provided for by the law and the AMF's General Rules. This authorisation supersedes that granted by the Ordinary General Meeting of May 16, 2008.

In accordance with article 241-3-III of the AMF's General Rules, this description exempts the Company from publication as foreseen in article 241-2 of the AMF's General Rules.

21.1.4. Other securities giving access to the capital

Not applicable.

21.1.5. Share subscription and purchase options

Not applicable.

21.1.6. Changes to the share capital during the last three years

The table below shows changes to the Company's share capital since January 1, 2006 until the date of registration of this Registration Document.

Date of operation	Operation	Number of shares issued/ cancelled	Nominal value of the shares (in euros)	Nominal amount of the capital variation (in euros)	Issue of shares, contribution or merger premium (in euros)	Cumulative amount of share capital (in euros)	Accumulated number
June 2, 2006	Capital increase by incorporation of reserves	31,180,800	4	124,723,200	-	187,084,800	46,771,200
May 16, 2008	Capital reduction by cancellation of shares held directly	1,871,200	4	7,484,800	-	179,600,000	44,900,000

In June 2007, HeidelbergCement sold its 35% stake in Vicat share capital, representing 16,384,320 shares, in the context of a public offer at open price in France and an international private placement in Europe. This operation allowed the Group to significantly increase its floating share capital (from 5.1% to 30.4%) and the Company to intensify its treasury stock (from 1.4% to 7.1%), through the acquisition of 2,664,367 of its own shares.

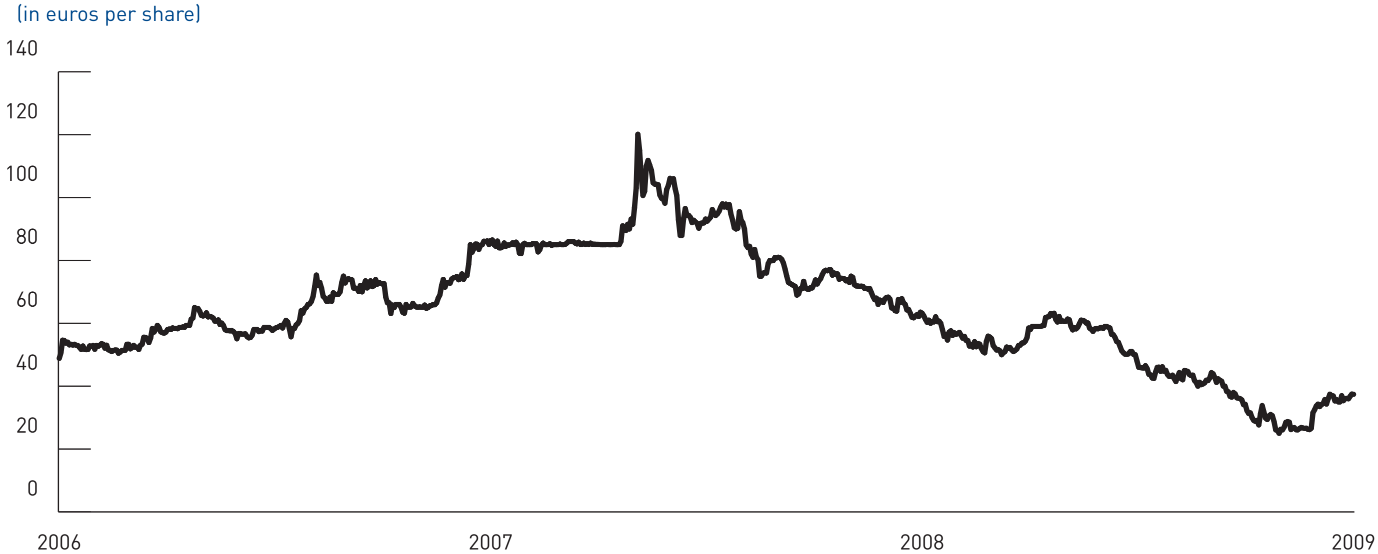
The Extraordinary General Meeting of shareholders of May 16, 2008, on a proposal from the board of directors, decided to reduce the Company's share capital by cancellation of 1,871,200 shares held directly by the Company and to modify accordingly article 6 of the by-laws. After the realisation of the capital reduction, the Company's share capital amounted to €179,600,000, divided into 44,900,000 shares each with a nominal value of €4.

21.1.7. Securities not representative of the capital

Not applicable.

21.1.8. Changes to the share price

The Company's shares are listed on the Eurolist of Euronext Paris, compartment A. Vicat S.A. was included in the SBF 250 index and has been eligible for deferred payment (SRD: *service de règlement différé)* since February 2008. The graph below shows the change in price at the end of the month of the Company's shares since January 1, 2006 until December 31, 2008.



The table below shows the change to the Company's share price in 2008, 2007 and 2006 (on the basis of the closing price):

(in euros)	2008	2007	2006
Average annual price	46.52	83.34	62.95
High	64.50	120.11	86.20
Low	24.76	61.74	48.83
Price as at December 31	37.40	63.54	85.05

21.2. CONSTITUTIONAL DOCUMENTS AND BY-LAWS

21.2.1. Corporate purpose

The Company's corporate purpose is:

- operating the quarries currently belonging to the Company and all those of which it may subsequently become owner or dealer;
- the manufacture, purchase and sale of limes, cements and all products of interest to the construction business;
- the manufacture, purchase and sale of bags or packing for hydraulic binders in any material and, more generally, any activity being carried on in the plastic and paper industries branch;
- the production and distribution of aggregates and sand;
- the public transport of goods over land and the leasing of all vehicles;
- in general, all industrial, commercial and financial operations attached to this industry, both in France and abroad.

The Company may also invest in French or foreign companies or firms, whose business or industry is similar or likely to support and develop its own business or its own industry; to merge with them, to invest in all industries which would be likely to provide it with outlets and to enter into all commercial industrial, financial, property or real transactions that could in whole or part be assimilated, directly or indirectly, to its corporate purpose or likely to support development of the Company.

21.2.2. Provisions concerning members of the Company's administration and management bodies

▼ 21.2.2.1. Composition of the board of directors (article 15 of the by-laws)

The Company is managed by a board of directors consisting of at least five and no more than twelve members, drawn from the shareholders and appointed by the General Meeting, except where this number is exceeded for legal reasons.

▼ 21.2.2.2. Term of office of the directors – Age limit – renewal – co-opting, (article 16 of the by-laws)

1) The Directors are appointed for a term of 3 or 6 years. They can be re-elected. If one or more seats is unfilled, the board can, under the conditions fixed by the law, co-opt interim appointments, subject to ratification at the next meeting.

2) Subject to the provisions of in paragraphs 3 and 4 below, terms of office end at the end of the Ordinary General Meeting which has voted on the financial statements for the financial year during which the term of 3 or 6 years ended.

3) When a director's mandate is conferred on an individual who will reach 75 years of age before expiry of the three or six year period fixed above, the duration of this mandate is limited, in any event, to the time to run from his nomination to the Ordinary General Meeting approving the financial statements of the financial year during which such director reaches the age of 75 years.

4) However, the Ordinary General Meeting, on completion of which the term of office of said director ends can, on a proposal from the board of directors, re-elect him for a new period of 3 or 6 years, it being specified however that at no time may the board of directors have more than one third of its members aged over 75.

5) Any director must be the owner of at least ten shares before expiry of the period fixed by the law and remain so throughout his term of office.

▼ 21.2.2.3. Presidency and secretariat of the board of directors (article 17 of the by-laws)

The board of directors shall elect from its members a President and, if it considers it useful, a vice-president. It fixes their term of office, which may not exceed neither that of their term as director, nor the time to run from their appointment as President or director until completion of the Ordinary General Meeting approving the financial statements for the financial year during which they will reach the age of 75.

Subject to these provisions, the President of the board of directors or the vice-President can always be re-elected.

The President represents the board of directors. He organises and directs the work of the latter, on which he reports to the General Meeting and carries out its decisions. He supervises correct operation of the bodies of the Company and makes sure that directors are able to fulfil their mandates.

The board of directors can appoint a secretary for each meeting who can be selected from outside the shareholders.

▼ 21.2.2.4. Meeting – Convening – Deliberation –Attendance register (article 18 of the by-laws)

The board of directors meets at the President's behest as often as the interests of the Company require it, either at the registered office, or in any other place indicated in the convening letter.

Moreover, the CEO and directors constituting at least one third of the members of the board of directors can, by presenting an agenda of the meeting, convene it if it has not met for more than two months; otherwise, the agenda is set by the President and can be fixed only at the time of the meeting.

Meetings are chaired by the President or the vice-president and, failing this, by a director appointed at the start of the meeting.

Decisions are taken pursuant to the quorum and majority conditions prescribed by the law. If there is a tied vote, the President shall have the casting vote.

The minutes are drawn up and copies or extracts are delivered and certified in accordance with the law.

▼ 21.2.2.5. Powers of the board of directors (article 19 of the by-laws)

The powers of the board of directors are those which are conferred on it by law. The board shall exercise these powers within the limit of the corporate purpose and subject to those which are expressly allotted by law to shareholders' meetings.

▼ 21.2.2.6. Remuneration of the board of directors (article 20 of the by-laws)

The board of directors receives in remuneration of its activity an annual fixed sum, by way of attendance fees, which amounts determined by the General Meeting, is maintained until a contrary decision.

The board of directors freely allocates the attendance fees among its members.

▼ 21.2.2.7. General management (article 21 of the by-laws)

Methods of exercise

In accordance with the provisions of article L. 225-51-1 of the *Code de commerce*, the general management of the Company is assumed, either by the President of the board, or by another individual named by the board of directors and who takes the title of CEO.

This option of exercising the general management is taken by the board of directors for the duration that it determines. The board of directors deliberates with the majority of the directors present or represented.

The choice of the board of directors is communicated to shareholders and third parties in accordance with applicable regulations.

The board of directors can decide at any time to modify the methods of exercise of general management.

General management

According to the option chosen by the board of directors, in accordance with the provisions above, the general management of the Company is undertaken either by the President of the board, or by a general manager, an individual appointed by the board of directors. In the event that the functions of President of the board and of CEO are separated, the deliberation of the board of directors which appoints the CEO must set his term of office, determine his remuneration and, if necessary, limit his powers.

Subject to the legal limitations, the CEO, whether he is President of the board or not, is invested with the widest powers to act in any circumstance in the name of the Company. However, by way of rules of procedure, and without this limitation being opposable by third parties, the board of directors will be able to limit the extent of his powers.

The age limit for the appointment of a CEO is fixed at 75; the term of office of a CEO shall end on completion of the first annual Ordinary General Meeting following the date of his 75th birthday.

The CEO may be dismissed at any time by the board of directors.

At the proposal of the CEO, the board of directors can name one or more individuals, up to five in number, tasked to assist the CEO and who will assume the title of deputy CEO.

The age limit for the appointment of a deputy CEO is fixed at 75; the term of office of a deputy CEO shall end on completion of the first annual Ordinary General Meeting following the date of his 75th birthday.

21.2.3. Rights, privileges and restrictions attached to the shares

▼ 21.2.3.1 Rights and obligations attached to the shares (article 9 of the by-laws)

Each share gives a right to a proportional share of the capital that it represents in the income and the corporate assets.

If applicable, and subject to the obligatory legal prescriptions, all tax exonerations or charges or any taxation that the Company may bear will be applied to the total number of shares without distinction before making any reimbursement within the duration of the company or at its liquidation so that all shares of the same category existing at that time receive the same net sum whatever their origin and their date of creation.

Every time there is a requirement to own a certain number of shares in order to exercise a right, it is the responsibility of the owners who do not have this number of shares to deal with putting the required number of shares together.

Shares cannot be divided up with respect to the Company.

When a share is burdened with usufruct, the rights and obligations of the beneficial owner and the bare owner are governed by the law.

The rights and obligations attached to the share follow the security, no matter who acquires it.

▼ 21.2.3.2 Voting rights (article 26 of the by-laws)

Each member of the meeting has as many votes as he has or represents shares.

The voting rights attached to shares in capital or rights are proportional to the share of the capital that they represent and each share gives rise to one vote.

However, voting rights double those conferred on bearer shares are allotted to all paid up shares for which a personal registration has been proved for at least four years in the name of the same shareholder, at the end of the civil year preceding the date on which the meeting in question is held.

In the event of a capital increase by incorporation of reserves, profits or issue premiums, double voting rights will be conferred, as of their issue, on registered shares allotted for free to a shareholder pursuant to old shares in respect of which he enjoys this right.

These double voting rights will automatically cease to be attached to any share having been converted to a bearer share or on a transfer of title. Nonetheless, the transfer by settlement of an estate by liquidation of common property held by spouse or by donation inter vivos to the benefit of a spouse or a relation by degree of entitlement to succeed does not result in the loss of acquired rights.

The list of registered shares benefiting from double voting rights is maintained by the officers of the meeting.

In the event of property stripping of a share, the voting right belongs to the bare owner except for decisions concerning attribution of results, in which case the voting right is reserved to the beneficial owner.

21.2.4. Procedures for modifying the rights of the shareholders

Modification of rights attached to the shares is subject to the legal regulations. The by-laws not stipulating specific provisions; only an Extraordinary General Meeting is qualified to modify the rights of the shareholders, in accordance with the legal provisions.

21.2.5. General Meetings

▼ 21.2.5.1. Nature of General Meetings (article 23 of the by-laws)

The General Meeting, regularly constituted, represents all the shareholders; its decisions taken in accordance with the law and with the by-laws bind all shareholders.

An annual General Meeting must be held each year within six months of the end of the financial year; General Meetings, or ordinary General Meetings held extraordinarily, or extraordinary General Meetings, can also be held at any time of the year.

▼ 21.2.5.2. Form and periods of notice (article 24 of the by-laws)

Ordinary and extraordinary General Meetings are convened and conducted in accordance with conditions set by law. Meetings take place on the day and at the time and place indicated on the convening notice.

▼ 21.2.5.3. Attendance and representation at meetings (article 25 of the by-laws)

Any shareholder may participate in the meetings in person or by proxy on proof of ownership of his/her shares in the form either of a registration by name or by filing his/her shares by bearer at the locations identified in the summons notice; the period during which this formality must be accomplished expires five days before the date of the meeting.

Participation in the ordinary General Meetings is subordinate to proof of ownership of at least one share.

▼ 21.2.5.4. Officers of the meetings – Attendance sheet – Agenda (article 27 of the by-laws)

General Meetings of the shareholders are chaired by the President of the board of directors, the vice-President or, in their absence, by a vice-President especially delegated for this purpose by the board. Alternatively, the meeting itself shall elect a President, the two shareholders having the greatest shareholdings present at the opening of the meeting, and accepting, shall act as tellers. The secretary is appointed by the officers.

An attendance sheet is maintained under the conditions stipulated by law.

The agenda for the meetings is ordered by the author of the convening notice; however, one or more shareholders meeting the legal conditions can under the conditions stipulated by law require registration of draft resolutions on the agenda.

▼ 21.2.5.5. Minutes (article 28 of the by-laws)

The deliberations of the General Meeting are noted in minutes drafted under the conditions prescribed by applicable regulations; copies or extracts of these minutes are certified according to such regulations.

▼ 21.2.5.6. Quorum and majority – Competence (article 29 of the by-laws)

Ordinary and extraordinary General Meetings taking decisions quorate and under the majority conditions prescribed by the provisions governing them respectively shall exercise the powers that are allotted to them by law.

21.2.6. Provisions having the effect of delaying, deferring or preventing a change of control

Not applicable.

21.2.7. Crossing of threshold

Aside from the legal and regulatory measures relating to crossing of threshold, the follow measures apply (article 7 of the by-laws):

With a view to identify shares in bearer form, the Company has the right, at any time, under the conditions and according to the details foreseen by the legal and regulatory provisions, to ask the central custodian of financial instruments for the name or trade name, nationality, year of birth or year of constitution and address of the holders of securities giving immediate or future voting rights in its shareholder meetings as well as the number of securities of shares held by each of them and if applicable, the restrictions that may apply to the securities.

After following the above procedure and on the basis of the list provided by the custodian, the Company may ask, either by the intermediary of the central custodian or directly from the persons who appear on this list and who the Company considers could be registered on behalf of a third party, the same information concerning the owners of the securities. The information is provided directly to the financial intermediary authorized to hold the account, who provides it to the Company or to the aforementioned central custodian depending on the situation.

If these are nominative shares giving access to capital immediately or in the future, the intermediary who is registered on behalf of an owner who is not a resident of France, must reveal the identity of the owners of these shares as well as the quantity of shares held by each of them under the legal and regulatory conditions, on request from the Company or its agent, which can be made at any time.

For as long as the Company considers that some shareholders in bearer or nominative form, whose identity has been made known to it, hold shares on behalf of third party shareholders, the Company is entitled to ask these shareholders to reveal the identity of the owners of these shares as well as the quantity of shares held by each of them under the conditions foreseen above.

Subsequent to this request, the Company may ask any legal entity who owns its shares and has a shareholding of more than 1.5% of its capital or voting rights to reveal the identity of the persons holding directly or indirectly more than one third of the share capital or voting rights of this legal entity that are exercised in its General Meetings.

When the person subject to a request made in accordance with the above provisions has not provided the information thereby requested within the legal and regulatory delays or has provided information that is incomplete or erroneous with respect to its quality or to the owners of the shares or to the quantity of shares held by each of them, the shares that give immediate or future access to the capital and for which this person was registered are deprived of voting rights for any meeting of shareholders that takes place until their identification is regularized, and the payment of the corresponding dividend is deferred until this date.

Moreover, in the event that the registered person ignore intentionally the above provisions, the court in whose jurisdiction the Company has its registered office may, on request form the Company or from one or more shareholders holding at least 5% of the capital, decide the total or partial privation, for a time period not exceeding five years, of the voting rights attached to the shares that have been subject to the request for information and if need be, for the same period, of the corresponding dividend.

Besides the thresholds foreseen by the legal and regulatory provisions in force, any physical or juridical person acting alone or in concert who directly or indirectly holds or ceases to hold a fraction—of the capital, of voting rights or shares giving future access to the capital of the Company—equal or greater than 1.5% or a multiple of this fraction, must notify the Company by registered letter with acknowledgement of receipt within a fifteen day period from the date this threshold is exceeded, specifying their identity as well as that of the persons acting in concert with them, and the total number of shares, voting rights and shares that give future access to the capital, that they own alone, directly or indirectly or in concert.

The non observation of the preceding provision is sanctioned by the privation of voting rights for shares exceeding the fraction who may have been declared, for any meeting of the shareholders taking place until the expiry of a two year period following the regularization date of the notification foreseen above, if the application of this sanction is requested by one or more shareholders holding at least 1.5% of the share capital or voting rights of the Company. This request is registered in the minutes of the General Meeting.

The intermediary who is registered as the shareholder in accordance with the third paragraph of article L. 228-1 of the *Code de commerce* must make the declarations foreseen in this article for all shares for which he is registered without prejudice to the obligations of shareholders.

The non observation of this requirement is sanctioned in accordance with article L. 228-3-3 of the *Code de commerce*.

21.2.8. Conditions governing modifications of the capital

The authorised capital can be increased, reduced or amortised in accordance with the laws and regulations in force.

The board of directors decided at February 27, 2009 to propose to change the following by-laws to the mixed General Meeting of shareholders convened on May 15, 2009:

1) Extension of the duration of the Company for a period of 80 years, and changes relating to article 5 of the by-laws

Current wording:

"The Company, the duration of which was to terminate as of December 31, 1938, shall end as of December 31, 2018 subsequent to the extension decided by the Extraordinary General Meeting of January 31, 1920, except for cases of anticipated dissolution nonetheless foreseen in the by-laws".

New wording:

"The Company, the duration of which was to terminate as of December 31, 2018, shall end as of December 31, 2098 subsequent to the extension decided by the Extraordinary General Meeting of May 15, 2009, except for cases of anticipated dissolution nonetheless foreseen in the by-laws".

2) Modification of article 25 of the by-laws to ensure compliance with article R. 225-85 of the *Code de commerce*, which changes from five days to three days the period that shareholders have to carry out the formalities allowing them to attend the General Meetings

Current wording:

"Any shareholder may participate in the meetings in person or by proxy on proof of ownership of his/her shares in the form either of a registration by name or by filing his/her shares by bearer at the locations identified in the convocation notice; the period during which this formality must be accomplished expires five days before the date of the meeting.

Participation in the ordinary general meetings is subordinate to proof of at least one share".

New wording:

"Any shareholder may participate in the meetings in person or by proxy on proof of ownership of his/her shares in the form either of a registration by name or by filing his/her shares by bearer at the locations identified in the convocation notice; the period during which this formality must be accomplished expires three days before the date of the meeting.

Participation in the ordinary general meetings is subordinate to proof of at least one share".

22 SIGNIFICANT CONTRACTS

Given its activity, the Group has not signed as at the date of registration of this Registration Document any significant contracts other than contracts signed in its ordinary course of business.

23 INFORMATION COMING FROM THIRD PARTIES, EXPERT DECLARATIONS AND DECLARATIONS OF INTERESTS

Not applicable.

24 DOCUMENTS AVAILABLE TO THE PUBLIC

Official statements by the Company and annual reports, in particular including historical financial information on the Company are accessible from the Company's website at the following address: www.vicat.fr and copies can be obtained at the Company's registered office.

The Company's by-laws and the minutes of General Meetings, the Company and consolidated financial statements, auditors' reports and all other company documents can be consulted in hard copy at the Company's registered office.

25 INFORMATION ON HOLDINGS

Information concerning companies in which the Group holds a fraction of the capital likely to have a significant effect on the appreciation of its assets, its financial condition or its results are described in section 7.2 "Information on subsidiaries and holdings" of this Registration Document and in note 31 to the consolidated financial statements of December 31, 2008 appearing in section 20 "Financial information" of this Registration Document.

APPENDIX 1

REPORT BY THE PRESIDENT ON THE CORPORATE GOVERNANCE AND INTERNAL AUDIT 207

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Report by the President on the corporate governance and internal audit

Dear Shareholders,

In application of the provisions of article L. 225-37, paragraph 6, of the French *Code de commerce,* I report herein on:

- the composition and the conditions for preparation and organisation of the work of your board of directors during the financial year ended on December 31, 2008;
- the Internal control and risk management procedures set up by the Company;
- the policy for remuneration of the Company's officers;
- the scope of powers of the Chairman and of the CEO.

1. Preparation and organisation of work of the board of directors

Your board of directors met twice in the last financial year. The dates and the agendas of the board meetings were as follows:

▼ Meeting of March 7, 2008

- Situation of the profession;
- Situation of Vicat and of the Group;
- Examination and cut-off of parent company and consolidated annual financial statements for the year ended December 31, 2007;
- Change in the organisation of general management;
- Committee composition;
- Renewal or nomination of an incumbent auditor;
- Renewal or nomination of a deputy auditor;
- Purchases of Vicat shares;
- Cancellation of Vicat shares;
- Capital reduction;
- Changes in by-laws;
- Regulated agreements;
- Convening of the Mixed General Meeting and fixing of the agenda;
- Sundry items.

All the members of the board attended this meeting, as well as company's auditors and four delegates from the Works Council.

The resolutions tabled during this meeting were all adopted unanimously.

▼ Meeting of August 1, 2008

- Economic and social questions;
- Situation of the Group at June 30, 2008 and 2008 perspectives;
- Sundry items.

All the members of the board attended this meeting, as well as KPMG Audit, the incumbent auditor and four delegates from the Works Council. Wolff et Associés SAS were excused.

Each director had been sent with his convening order for the board meeting, all the documents and information necessary to the achievement of his mission. The minutes of the board meetings were drafted at the end of each meeting.

▼ Composition of the board of directors

The Company is managed by a board of directors composed of at least five and no more than twelve members, appointed by the General Meeting of shareholders for a term of three or six years.

As at December 31, 2008, the board of directors consisted of ten members listed in an appendix to this report. It also indicates the list of appointments filled by each director in other companies in the Group.

The board of directors consists of individuals who have industry knowledge, specific knowledge of the Group's businesses, technical experience, and/or experience in management and the financial sector.

As at December 31, 2008, the board of directors included among its members three independent directors: Mr René Fegueux, Mr Raynald Dreyfus, P&E Management (represented by Mr Paul Vanfrachem) and Mr Jacques Le Mercier. Directors not maintaining any direct or indirect relationship or not having any link of particular interest with the Company, its subsidiaries, its shareholders or its management are regarded as independent directors. Moreover, the Company considers as an independent director, a person who is not bound to the Company or to the Group by an employment contract, a contract for the provision of services or by a situation of subordination or dependency with respect to the Company, the Group, its management or major shareholders or by a family tie with the majority shareholder.

▼ Committee composition

On the suggestion of its chairman, and in accordance with article 90 of the decree of March 23, 1967, the board of directors decided in its meeting of August 29, 2007 to proceed with the creation of an accounts committee and a remuneration committee starting January 1, 2008, whose composition, mission and operation are as follows:

The committees are made up of three members, all of whom are nominated from the independent administrators designated by the board of directors on the proposal of the President and chosen on the basis of their competencies. Committee members are nominated for the duration of their term as director. The can be re-elected. The committee members can be recalled at any time by the board of directors, which does not have to justify its decision. A committee member may renounce his/her functions without having to provide reasons for his/her decision.

Each committee is presided by a chairman designated by a majority decision of the committee members. The chairman of the committee sees to its proper operation, in particular concerning convening orders, holding of meetings, information from the board of directors.

Each committee designates a secretary from among the three members or from outside the committee and the board of directors.

The board of directors of March 7, 2008 changed committee composition as follows:

- Accounts and Auditing committee:
  - Mr Raynald Dreyfus, Chairman of the committee;
  - Mr René Fegueux;
  - Mr Jacques Le Mercier.
- Remuneration committee:
  - Mr Paul Vanfrachem, Chairman of the committee;
  - Mr René Fegueux;
  - Mr Raynald Dreyfus.

Operating details

Meetings:

Accounts committee: twice a year and more often on request from the board of directors.

Remuneration committee: once a year and more often on request from the board of directors.

The proposals of the committees are voted on by the majority of the members present, each member having a vote. The members may not be represented by proxies in committee sessions.

The deliberations of the committees are observed by minutes entered in a special registry. Each committee reports to the board of directors on its work.

The board of directors may allocate a remuneration or attendance fees to committee members.

Missions of the accounts and auditing committee

The attributions of the accounts and auditing committee consist in particular in:

- examining the annual and half-yearly accounts, both consolidated and social; and directs its attention in particular to the consistency and the relevance of the accounting methods used;
- the auditing committee is responsible for monitoring the financial information development process;
- becoming knowledgeable of the internal procedures for gathering and verifying the financial information that guarantees the consolidated information;
- for monitoring the internal audit system efficiency and risk management.

Missions of the remuneration committee

The remuneration committee has the responsibility of:

- examining the remunerations of managers and employees (fixed part, variable part, bonuses …) and in particular their amounts and their distribution;
- studying the share subscription or purchase option plans and in particular as far as the beneficiaries are concerned, the number of options that could be attributed to them as well as the term of the options and the subscription price conditions as well as any other form of access to the company's capital in favour of directors and employees;
- studying some advantages in particular as far as pension plan, health and welfare benefit plan, invalidity insurance, death insurance, education allowance, civil liability insurance for representatives and executive managers of the Group, etc.

2. Internal control and risk management procedures

▼ Definition and objectives of internal audit

According to the AMF reference framework, which the Company has chosen to refer to, internal audit is a measure used to provide:

- compliance with laws and regulations;
- application of the instructions and orientations set by general management;
- proper operation of Group internal processes, in particular those concurring to protect assets;
- reliability of financial information.

This measure consists in a set of resources, behaviours, procedures and actions adapted to the Group's characteristics that contribute to controlling its activities, to the efficiency of its operations, and to the efficient use of its resources.

It should also allow the Group to take significant risks, whether operational, financial or compliance risks, into account. Nonetheless, like any management control system, it cannot provide an absolute guarantee that these risks have been completely eliminated.

▼ Application scope

The scope selected for internal audit is the mother company and all the subsidiaries that it controls exclusively or jointly.

▼ Description of internal auditing components

The internal auditing process is based on an internal organisation that is adapted to each of the Group's activities, and is characterised by its operating management being given extensive responsibilities by top management.

The Group carries out procedures and operational modes on its subsidiaries, concerning notably the development and treatment of accounting and financial information, and taking into account the risks inherent to each of the businesses and markets on which the Group operates, in compliance with the directives and communal rules defined by the Group's management.

As far as tools are concerned, the Group steers and monitors the course of its industrial (in particular, supply, production and maintenance), and commercial (sales, shipping and customer credit) activities, and converts this information into accounting information using either integrated software packages that are recognised as being among the standards on the market, or specific applications developed by the Group's Information Services department. In addition, a study that was begun in this department in 2008 is in progress, and aims at defining a master plan for the Group's information systems. This study will determine the adequacy of the current tools to the Group's needs and integrate changes in these tools.

The Company has set up a system for transmitting information upstream to general management and to the management units concerned; allowing for enlightened and quick decisions. This system includes:

- reviews of weekly activity by the operations departments (country or subsidiary);
- monthly operational and financial reviews (factory performance, industrial and commercial control panels) analysed by the Group's financial control with reference to the budget and to the previous financial year;
- monthly reports presenting the consolidated results broken down by country and branch of activity, and reconciled with the budget;
- monthly consolidated cash flow and indebtedness reports broken down by country and branch of activity;
- regular visits by general management to all subsidiaries, during which the results and the progress of commercial and industrial operations are presented to them, allowing them to assess implementation of directives and to facilitate exchanges and decision-making.

With a view to improving coherence and consistency of financial reports, to simplifying report production, to automating consolidation and to facilitating exploitation of consolidated information, a project to set up an overall system for uniform reporting and budgeting was initiated in 2008, and should be put into production in the course of 2009.

▼ Risk analysis and management

Risk management is integrated in the responsibilities of the various levels of operation management. If applicable, the various reports on activities described above integrate risk elements.

Major risks are then analysed and if applicable, managed along with general management. An overview of the main risks that the Group is exposed to is presented every year in chapter 4 of the Registration Document published by the company; in particular, this addresses:

- industrial risks including those related to industrial equipment and to product quality defects, and those related to the environment;

- market risks—in particular, exchange rate risks, conversion risks, risks relating to liquidity and to interest rates.

The Company did not set up a procedure to formalise its risk analysis and management on this basis. The company is working on setting up this sort of formalisation to adapt to context changes imposed by changes in regulations.

Consequently, internal auditing has undertaken a risk enumeration and analysis approach. This should contribute to mapping the Group's risks and setting up a formal risk management procedure.

The Internal Auditing department, which was created in March 2008, is attached to the Group's general management and can intervene in all the Group's activities and subsidiaries. It is expected to gain in importance, and will carry out its missions in compliance with an annual auditing plan aimed at covering the main risks identified in the company, in particular, those relating to accounting and financial information.

Auditing work is the subject of reports presented to management, to general management and to the audit and accounts committee. It comprises overviews specifically targeted at directors, and detailed reports used among other things to sensitize operating staff concerned, with possible dysfunctions observed and recommendations proposed.

Implementation of these action plans is subject to formal monitoring by the Internal Auditing department in a specific operating report.

3. Corporate governance

Pursuant to the law of July 3, 2008, which adapts community directive 2006/46/CE of June 14, 2006, the Company has decided to refer to the AFEP-MEDEF code of corporate governance on "Corporate Governance of Listed Companies" of October 23, 2003, which is available on the www.medef.fr site.

4. Remuneration of the Company's officers

▼ Policy on remuneration of the Company's officers

The Company's directors have studied the AFEP-MEDEF recommendations of October 6, 2008 relating to the remuneration in listed companies of executive managers who are Company officers.

These recommendations comply with principles of good governance to which the Company has always subscribed. Consequently, the Company has decided to adhere to these recommendations.

The Company's position with respect to the five AFEP-MEDEF recommendations published on October 6, 2008 is as follows:

- measures have been taken for executive managers who are Company officers not to be bound to the Company by an employment contract;
- no severance pay is provided for executive managers who are Company officers;
- the additional pension plans applicable in the Company that Company officers and some non-Company officer executive managers enjoy are subject to strict controls. The amount of the additional pension benefits may in particular not result in the beneficiaries receiving, under all pension benefits, an amount exceeding 60% of the reference salary;
- the Company has not instituted a share purchase or share subscription policy or a performance share award scheme;
- in accordance with the recommendations on transparency for all items in remuneration, the Company will adopt the standardised presentation defined by AFEP and MEDEF and will notably publish this information in its Registration Document.

▼ Policy for determining the remuneration of the executive managers who are not Company officers

The President of the board has, in accordance with the recommendations of the MEDEF on corporate governance, monitored compliance with the following principles:

A) Exhaustiveness

The determination of remuneration of non-officer executive management was retained and appreciated overall for each of them.

It integrates:

- a fixed remuneration;
- attendance fees;
- a top-up pension plan;
- benefits in kind.

It should be remembered that no executive manager receives a variable remuneration, nor share options, nor a free share allotment, nor termination payments.

B) Reference/business market

Remuneration of non-officer executive management was compared with remuneration published by French companies and groups in the same sector, and with reference to industrial companies capable of being the subject of a comparison by their level of results or sales. This revealed that current remunerations are lower than noted average remunerations.

C) Consistency

The consistency of remunerations between the various non-officer executive managers could be checked, given the following criteria:

- professional experience and training;
- seniority;
- level of responsibility.

D) Simplicity and stability of the rules

The absence of variable remuneration and allocation of share options or free allocation of shares allows a simplicity and a stability of the rules for setting remunerations.

E) Measurement

Remuneration of non-officer executive management, taking into account their amounts and their primarily fixed nature, are compatible with the general interest of the firm and are consistent with market practices in this branch of industry.

▼ Policy of allocating share options and free allocations of shares

The Company has not instituted a share options policy or a free share award scheme.

5. Participation of shareholders in the General Meeting

Participation of shareholders in the General Meeting is not subject to specific details or procedures and is governed by the law and article 25 of the Company by-laws reproduced below:

"Article 25.—Attendance and representation at Meetings

Any shareholder may participate in the Meetings in person or by proxy on proof of ownership of his/her shares in the form either of a registration by name or by filing his/her shares by bearer at the locations identified in the convocation notice; the period during which this formality must be accomplished expires three days before the date of the Meeting.

Participation in the Ordinary General Meetings is subordinate to proof of at least one share."

6. Powers of the Chairman and of the CEO

In accordance with article 21 of the Company by-laws, the board of directors decided by a decision of March 7, 2008 to opt for a separation of the functions of chairman of the board and Chief Executive Officer.

The same board meeting confirmed Mr Jacques Merceron-Vicat in his capacity of Chairman of the board of directors for the remainder of his term of office as director, *i.e.* until the General Meeting of 2010, which will be called to approve the financial statements for the year ending on December 31, 2009.

This board meeting designated Mr Guy Sidos in his capacity of CEO; he will exercise his functions for the duration of the Chairman of the board's term of office, *i.e.* until the General Meeting of 2010, which will be called to approve the financial statements for the year ending on December 31, 2009.

No limitation was applied to the powers of the Chairman and to those of the CEO.

Executed in Paris, on February 26, 2009

The Chairman of the board of directors

List of offices and functions exercised within the Group as at December 31, 2008 (article L. 225-102-1 of the *Code de commerce*)

Mr Jacques Merceron-Vicat	
Vicat	Chairman of the board of directors
Béton Travaux	Chairman of the board of directors
SATM	Permanent representative of Béton Travaux, director
National Cement Company	Chairman of the board of directors
Vigier Management	Director
Aktas	Director
Bastas Baskent Cimento	Director
Konya Cimento	Director
Bastas Hazir Beton	Director
Tamtas	Director
Sococim Industries	Permanent representative of Parficim, director
Sinai Cement Company	Director
Vicat Egypt for Cement Industry	Chairman of the board of directors
Mynaral TAS Company LLP	Member of the supervisory board
Jambyl Cement Production Company LLP	Member of the supervisory board
Vicat Sagar Cement Private Limited	Director
BSA Ciment SA	Director
Mr Guy Sidos	
Vicat	Chief Executive Officer, director
Béton Travaux	Chief Executive
Papeteries de Vizille	Chairman
National Cement Company	Chief Executive
Vigier Holding	Director
Sococim Industries	Director
Bastas Hazir Beton	Director
Aktas	Director
Konya Cimento	Director
Bastas Baskent Ciment	Director
Tamtas	Director
Sinai Cement Company	Vice-President, director
Vicat Egypt for Cement Industry	Director
Cementi Centro Sud	Director
Parficim	Chairman
BCCA	Permanent representative of Vicat, director
Mynaral TAS Company LLP	Member of the supervisory board
Jambyl Cement Production Company LLP	Member of the supervisory board
Vicat Sagar Cement Private Limited	Director
BSA Ciment SA	Director
Ravlied Holding AG	Sole director

Mr Jean-Michel Allard	
Vicat	Assistant general manager, director
Konya Cimento	Director
Cementi Centro Sud	Chief Executive Officer
SATMA	Director
Mr Raynald Dreyfus	
Vicat	Director
Mr René Fegueux	
Vicat	Director
Mr Jacques Le Mercier	
Vicat	Director
Mr Louis Merceron-Vicat	
Vicat	Director
Béton Travaux	Permanent representative of Vicat, director
BCCA	Chief Executive Officer
SATM	Permanent representative of Vicat, director
Aktas	Director
Bastas Baskent Cimento	Director
Konya Cimento	Director
Bastas Hazir Beton	Director
Tamtas	Director
Sococim Industries	Director
Sinai Cement Company	Director
Mrs Sophie Sidos	
Vicat	Director
Mr Bernard Titz	
Vicat	Assistant general manager, director
SATM	Chairman of the board of directors
Béton Travaux	Deputy CEO, director
Escolle Béton	Director
Getrim	Manager
BCCA	Permanent representative of Béton Travaux, director
Béton Rhône-Alpes	Chief Executive Officer
C2B	Permanent representative of Béton Travaux, director
DEC	Permanent representative of Béton Travaux, director
Kristo	Permanent representative of Béton Travaux, director
Mr Paul Vanfrachem (P&E Management)	
Vicat	Director

APPENDIX 2

Report by the statutory auditors prepared pursuant to the last paragraph of article L. 225-235 of the *Code de commerce* (Commercial Code), on the report by the President of the board of the company Vicat S.A., regarding internal auditing procedures for the preparation and processing of accounting and financial information.

Financial year ending on December 31, 2008

Dear Shareholders,

In our capacity as statutory auditors for the company Vicat S.A. and in accordance with the provisions of article L. 225-235 of the *Code de commerce,* we hereby present our report based on the report by the President of your company pursuant to the provisions of article L. 255-37 of the *Code de commerce* regarding the accounting period ended as of December 31, 2008.

It is the President's responsibility to submit a report on internal inspection and risk management procedures set up in the company for approval by the board of directors; this report also provides the other information required by article L. 225-37 of the *Code de commerce* relating in particular to the provision as to corporate governance.

It is our duty:

- to inform you of any observations on our part based on the information contained in the President's report concerning procedures of internal auditing regarding the preparation and processing of accounting and financial information;
- to attest to the fact that the report included the other information required by article L. 225-37 of the *Code de commerce;* we point out that it is not our responsibility to verify the genuineness of this other information.

We have carried out our duties in accordance with the standard of professional practice in force in France.

▼ Information concerning procedures of internal auditing regarding the preparation and processing of accounting and financial information

The standards of professional practice require implementing diligence designed to evaluate the honesty of the information contained in the President's report concerning the procedures of internal control on the subject of the preparation and processing of accounting and financial information contained in the president's report. Specifically, this diligence consists in:

- becoming knowledgeable on the procedures of internal auditing regarding the preparation and processing of accounting and financial information underlying the information presented in the president's report as well as the existing documentation;
- becoming knowledgeable on the work used to prepare this information and the existing documentation;
- determining whether the major deficiencies of the internal audit regarding the preparation and processing of the accounting and financial information that we might have recorded in the context of our mission are the subject of appropriate information in the President's report.

On the basis of this work, we have not formulated any observations on the information concerning the company's internal auditing procedures regarding the preparation and processing of accounting and financial information, contained in the President of the board of directors' report, prepared pursuant to provisions of article L. 225-37 of the *Code de commerce*.

Other information

We attest to the fact that the report of the President of the board of directors included the other information required by article L. 225-37 of the *Code de commerce*.

The statutory auditors

Paris-La Défense, February 27, 2009

KPMG Audit

Department of KPMG S.A.

Jean-Marc Decléty
Partner

Chamalières, February 27, 2009

Wolff & Associés SAS

Grégory Wolff
Partner

APPENDIX 3
ANNUAL INFORMATION

(ARTICLE 222-7 OF THE GENERAL REGULATIONS OF THE AMF)

List of information published or made public during the last twelve months and connected to the quotation of the shares on Euronext Paris

1. References

Date	Title
04/29/2008	2007 Regsitration Document—filed with the AMF April 29, 2008—No. R.08-043

Documents available in electronic form on the websites of the AMF (www.amf-france.org) and of the Company (www.vicat.fr) and free of charge as a printout on paper on request sent to the registered office of the Company.

2. Communiqués published and available on the website of the AMF (www.amf-france.org) and/or the website of the Company (www.vicat.fr)

Date	Title
02/05/2009	Vicat obtains ISO 9001 version 2000 certification for all of its Concrete & Aggregates business in France
02/02/2009	Partial reinstatement of securities in the liquidity agreement
01/21/2009	Financing of Jambyl Cement’s greenfield cement factory in Kazakhstan
01/08/2009	Half-yearly balance sheet of the liquidity agreement
12/19/2008	Executive management compensation—AFEP/MEDEF recommendations
10/20/2008	Vicat establishes itself in Mauritania
07/10/2008	Half-yearly balance sheet of the liquidity agreement
07/04/2008	The Vicat group inaugurates a new ready-mixed concrete plant in Île-de-France
07/03/2008	The capacity of the Sinai Cement plant in Egypt are doubled
06/23/2008	Vicat establishes itself on the Indian market
06/03/2008	The cornerstone of the Jambyl Cement Production Company cement plant is laid
05/19/2008	Minutes of the Ordinary and Extraordinary General Meeting
05/05/2008	Strategic acquisition in the South East of the United States

3. Communiqués available on the website of the AMF (www.amf-france.org) and/or the website of the Company (www.vicat.fr)

Date	Type of information
03/02/2009	2008 annual results
01/28/2009	Sales as at December 31, 2008
01/09/2009	Financial public relations calendar for 2009
11/03/2008	Sales as at September 30, 2008
08/01/2008	2008 1st half results
05/05/2008	Sales as at March 31, 2008

4. Press Releases

Date		Title
03/07/2008	*Investir*	2008 annual results
03/07/2008	*Les Échos/Le Figaro*	2008 annual results
08/09/2008	*Journal des finances/Investir*	2008 1st half results
08/05/2008	*Financial Times*	2008 1st half results
08/04/2008	*Les Échos/Le Figaro*	2008 1st half results
06/24/2008	*Les Échos*	Joint-venture in India
05/29/2008	*Challenge*	General Meeting of May 16, 2008
05/24/2008	*Journal des finances/Investir*	General Meeting of May 16, 2008
05/23/2008	*La Vie financière*	General Meeting of May 16, 2008
05/22/2008	*Le Progrès/Le Dauphiné (Isère/Savoie)*	General Meeting of May 16, 2008
05/20/2008	*Le Figaro/Les Échos/La Tribune*	General Meeting of May 16, 2008
05/03/2008	*Investir*	Notice of the General Meeting of May 16, 2008
04/29/08	*Le Figaro*	Notice of the General Meeting of May 16, 2008

5. Declaration of the managers' operations on the Company's shares available on the site of the AMF (www.amf-france.org) and/or on the Company's website (www.vicat.fr)

Published online on the website of the AMF on the following dates: January 12, 2009; December 10, 2008; November 25, 24, 21, 20, 19, 18, 17, 14 13, 12, 11, 10, 7 and 6, 2008; October 28, 27, 24, 23, 20, 13, 10, 8 and 7, 2008; July 22, 2008; February 25, 2008; February 19, 2008; January 7, 16 and 29, 2008; November 29, 2007; October 5, 2007; August 2, 2007; July 30, 2007; July 6, 2007; June 25, 2007; June 15, 2007; June 4, 2007; May 21, 2007; May 9, 2007; May 3, 2007; April 16, 2007; April 6, 2007.

6. Declarations of the transactions on the Company's shares available on the website of the AMF (www.amf-france.org) and/or on the Company's website (www.vicat.fr)

Published online on the website of the AMF on the following dates: January 7, 2009; December 5, 2008; November 5, 2008; October 1, 2008; September 3, 2008; August 4, 2008; July 7, 2008; June 12, 2008; May 9, 2008; April 4, 2008; March 7, 2008; February 8, 2008; January 7, 2008.

7. Information published in the *Bulletin des annonces légales obligatoires* (BALO) available on the following Internet site: www.journal-officiel.gouv.fr

Date	Type of information
08/06/2008	Compared sales in 2nd quarter 2008
05/28/2008	Voting rights in the General Meeting of May 16, 2008
05/14/2008	Compared sales in 1st quarter 2008

8. Information submitted to the Registry of the Commercial Court of Nanterre, available from the Registry of the Commercial Court of Nanterre and indexed on www.infogreffe.fr

Company: Vicat, identified in the RCS of Nanterre by the number 057 505 539.

Date of the act	Type of information
16/05/2008	Minutes of the Mixed General Meeting: co-optation of two directors, change of deputy auditor, and change in by-laws

APPENDIX 4 ELEMENTS CONSTITUTING THE FINANCIAL REPORT ANNUAL 2008

Elements constituting the financial annual report 2008

To facilitate its consultation, the following table of concordance identifies the main information that must appear in the financial annual report.

Headings in the annual financial report	Section
Attestation of the person responsible	Section 1
Financial statements	Section 20.3
Statutory auditors' report on the financial statements	Section 20.3.4
Consolidated financial statements	Section 20.2
Statutory auditors' report on the consolidated financial statements	Section 20.2.3
Management report:	
- Analysis of business, financial situation and results	Sections 9 and 10
- Description of the main risks and uncertainties	Section 4
- Information on questions related to the environment	Section 8.2
- Information on employment-related questions	Section 17
- Information on the share purchase programs	Section 21.1.3
- Company Shareholding	Section 21.1
Statutory auditors' fees	Section 20.4
Report from the President of the Board on the preparation and organisation of work of the Board and the internal control procedures set up by the Company	Appendix 1
Report of the statutory auditors on the President of the Board's report	Appendix 2
List of all information published by the Company or made public during the last 12 months	Appendix 4

GLOSSARY

Additive	Chemical incorporated in low doses (less than 5% of the mass of cement) in concrete or mortar in order to modify some of its properties. It is incorporated either before or during mixing, or during an additional mixing operation.
Aggregate	Component of the concrete. Grouping of mineral grains that one indicates, according to their dimension which is between 0 and 125 mm (the dimension is the length on the side of the square mesh of the sieve through which the grain can pass): fillers, fine sands, sands or fine gravels. There are natural aggregates resulting from movable or massive rocks when they do not undergo any treatment other than mechanical and artificial aggregates when they come from the thermal or mechanical transformation from rocks or ores. Natural aggregates can be rolled, of round form of alluvial origin or be crushed, of angular form resulting from quarry rocks. The nature of the links between the aggregates and the cement paste strongly influences the strength of the concrete.
Auto-levelling or auto-levellable	This means fluid mortars or concretes which, without being really self-smoothing, are extended by simple passage of a hawk or mason's rule to give a very plane surface.
Auto-smoothing	Qualifies the coatings of finishing or smoothing of the grounds, characteristics of which are that they can be distributed easily, in a smoothing machine (some even with a brush), before they tighten and themselves correct, by creep, inequalities left by the spreading-out tool.
Bag filter	Used to vacuum-clean gases, the bag filter consists of several hundreds of fabric sleeves placed in several rooms laid out in parallel. At their crossings, the gases give up their dust in the pockets which are emptied periodically and alternatively by mechanical striking or blowing air against the flow.
Bagging machine	Automated bagging system. In a cement factory, its capacity can reach 5,000 bags/hour. The rotating assembly is provided with nozzles (8 to 16) and is fed with empty bags by arms or by projection from one or two peripheral stations. The central silo feeds the nozzles assembled on the weighing rockers. The automatic extraction is carried out during rotation; the bags are recovered by belt which feeds the palletisation device.
Ball mill	Consists of a grinding tube rotating about a horizontal axis. Rotation drives the balls which fall on the material which crosses the cylinder causing its grinding more and more finely thus. The interior wall of the cylinder is protected from wear by shielding.
BHP	Abbreviation for "high performance concrete" in French. This concrete—rendered particularly compact by its formulation, therefore of low porosity—has a mechanical strength (from 60 to 120 MPa) and durability much higher than those of the current concretes.
Binder	Material having the property to pass - under certain conditions (in the presence of mixing water for the hydraulic binders)—from the plastic state to a solid state; it is thus used to assemble between them inert materials. Component of the concrete which, following the setting process, ensures consistency of the aggregates.
Burner	Combustion device placed in the axis of the revolving kiln supplied with fuel, coal, gases or alternative fuels burners can burn several types of fuels simultaneously. Flows can reach 15 to 20 tonnes/hour in the largest kilns. Air blown into the burner under pressure ensures the start of the formation and the modelling of the flame (air termed "primary"). The remaining air for combustion comes from recovering the hot air obtained during cooling of the clinker.

Calcination	Conversion of a limestone into lime by firing at high temperature.
Calorie	Thermal energy measuring unit: a calorie is the quantity of energy necessary to increase the temperature of one gram of water by 1°C. Currently, the official unit of the International System is the joule (J): one joule = 0.239 cal. The watt-hour is also used in practice (Wh: 1 Wh = 3,600 J) and the kilowatt-hour (1 kWh = 860,000 cal = 3.6×10^6 J); more rarely, megacal (HT), or megacalorie (1 th = one million cal);
Carbonation	Chemical reaction of combination of free lime of the concrete with the carbon dioxide of the air.
CEM	This designation characterises cement in conformity with the European standard IN 197-1. CEM cements consist of various materials and are of statistically homogeneous composition.
CEM I (formerly CPA-CEM I)	This designation according to the standard NF IN 197-1 characterises the type of cement "Portland cement", *i.e.* cement consisting of at least 95% clinker.
CEM II (formerly CPJ-CEM II)	This designation according to the standard NF IN 197-1 characterises cements of which the most common are "composite Portland cement" (the letter "M" then supplements the designation of the cement), "Portland cement with Limestone" (the letter "L" supplements the designation of cement then), "Portland cement with Slag" (the letter "S" then supplements the designation of cement) or "Portland cement with silica fume" (the letter "V" then supplements the designation of the cement). A CEM II cement has a clinker content: • either from 80 to 94%; this cement is then designated "CEM II/A"; • or from 65 to 79%; this cement is then designated "CEM II /B".
CEM III (formerly CHF-CEM III)	This designation according to the standard NF IN 197-1 characterises the type of cement "Blast furnace cement" made up of clinker and blast furnace slag, in the following alternative proportions: • 35 to 64% clinker and 36 to 65% slag; this cement is then designated CEM III/A; • 20 to 34% clinker and 66 to 80% slag; this cement is then designated CEM III/B; • 5 to 19% clinker and 81 to 95% slag; this cement is then designated CEM III/C.
CEM IV (formerly CPZ-CEM IV)	Designates "pozzolanic cement" which is not marketed in France.
CEM V (formerly CLC-CEM V)	Designates "Composite cement" little used in France.
Cement	Hydraulic binder, *i.e.* a fine powder which, mixed with water, forms a paste which sets and then hardens following reactions with the water. After hardening, this paste preserves its strength and its stability even under water.
Certification	Informative identification of the specific characteristics and recognised qualities of a product, established after tests by an approved organisation by the administrative authorities; certification commits the manufacturer to follow-up and permanent checks for compliance of the product with the certification endorsements.
Clay	Compact and impermeable sediment, becoming plastic, malleable and more or less thixotropic in the presence of water. According to its smoothness, it shows variable physicochemical characteristics. With its composition based on silico-aluminates, clay is present in the raw materials for manufacturing cements and hydraulic lime (30 to 40%). It is present in more or less great quantity in the marls. Clays are generally rich in impurities (mica, quartz, granite). Refer to: marl.
Clinker	Basic component of cement, composed of four major biogenic salts: limestone, silica, alumina and iron oxide. It is obtained by firing at a high temperature in a cement kiln.
Clinkerisation	Conversion of raw materials (limestone, silica, alumina and iron oxide) into clinker, taking place at a temperature of 1,450°C.

Coal Fuel of vegetable origin, transformed over millennia into more or less pure carbon, by carbonisation. Despite the competition of oil, gas and electricity, coal remains an important fuel, especially in industry, the power stations and the boiler rooms of multiple occupancy housing and major units. Coals are classified according to their oxygen and water content (anthracites, thin and ¼ fats, semi-fat, fatty, blazing, lignites) and their dimension *(braisette,* nut, brick, large, etc).

Coating Surface coating (approximately 2 cm for traditional coatings) made up of a cement mortar and/or hydraulic lime, intended to cover a wall, in order to homogenise its surface and to waterproof it. There are traditional coatings (which require three layers), double-layered ones, finally single layer ones (based on industrial mortars and applied in two passes).

Composite Portland cement Cement containing clinker, a setting regulator and a proportion of fly ash, limestone or slag.

Concrete Building material formed by a mixture of cement, aggregates and of water, possibly supplemented by additives and additions. This mixture, which is created on the building site or in factory at the plastic state, can adopt very diverse forms because it is castable; it hardens gradually to form a monolith finally. According to its formulation, its use and its surface treatment, its performances and its appearance can vary considerably.

Concrete accelerator Mortar or concrete additive introduced into mixing water in order to decrease the setting time by accelerating the hydration of the cement.

Concrete batching plant Fixed equipment for industrial production of ready-mixed concrete.

Concrete mixer Machine used to manufacture concrete on a building site. It includes a tank, turning on a horizontal or slightly inclined axis, where the components of the concrete are mixed. The mixture thus obtained is then poured into the formwork.

Conditioning tower Tower laid out at the exit of the fume from the pre-heating tower in order to cool it and humidify it in order to optimise the output of the electrostatic precipitator located downstream. Refer to: electrostatic precipitator.

Constituents of cement Grouping of materials defined by the standard NF P 15-301 entering into the composition of cement in a proportion varying according to the type of cement. The various components are Portland clinker, granulated blast furnace slag, natural pozzolanas, fly ash, calcined schists, limestones, silica fume.

Cooler Apparatus located at exit of a clinker kiln intended to cool clinker at 1,400°C to ambient temperature. Coolers with small balloons consist of cylinders provided with chains, joined outside in periphery of the ring of the rotary kiln. The clinker is cooled during its crossing of the cylinders by the air aspired by the kiln for combustion. The grid coolers and perforated plates are more widespread; they consist of a series of mobile rows of plates which pushes the clinker towards the output end (layout as a bed of material from 60 to 90 cm in thickness). Air blown upwards through the plates provides cooling: at the output from the clinker bed, some of the hottest air goes up in the kiln to feed combustion, excess air rises at the back of the apparatus.

Crushed aggregate Aggregate resulting from crushing rocks.

Crusher Crushing machine, used especially in a quarry. Crushers can be:

- with jaws (with reciprocating motion, nut-cracker principle);
- with hammers, for more tender materials;
- gyratory, by crushing between reversed vertical cones (fine gravels).

Crushing Fractioning rocks into small pieces by crushing or hammering.

Decarbonation Reaction releasing CO_2 contained in raw limestone materials under the action of heat (850 to 950°C). The remaining lime (CaO) then combines with silicates and aluminates to form the clinker. This reaction absorbs much heat, it constitutes the principal item in the heat consumption of the kiln.

Dolomite Carbonated sedimentary rock, containing at least 50% of carbonate, of which much is in the form of dolomite. Dolomite: carbonated mineral, dolomite crystal, which can be white (when it is pure).

Electrostatic filter	Electrostatic filter, very widespread in cement works for extracting dust from the kiln gases or the mill chimney. Suspended particles in gases, negatively charged by wire under tension between the plates, are attracted by the plates because of the very strong potential difference applied (50 to 100 kilovolts). The layer of dust collected is collected by striking on the receiving plates. After crossing several rooms, the gases are vacuum-cleaned with an efficiency capable of reaching a few milligrams of dust per cubic meter. The gases must be conditioned beforehand in a conditioning tower. See conditioning tower.
Exhauster	Device for sucking gases or fume out of an appliance under vacuum. Exhausters are used in particular to aspire fume from the clinker kilns or the mill ventilation air. Vacua can reach 1,000 mm of water column.
Energy valorisation	Introduction into the production process of by-products, waste or fuels a priori useless in order to use the calorific content for the production of heat. These products will replace in whole or in part primary fuels such as coal, fuel or gas. Their use makes it possible to save primary energy resources in energy, to avoid their polluting destruction and their discharge into the natural environment. For example, in a cement works, tires or waste solvents are fuels for the kiln.
Fine gravel	Aggregate of diameter ranging between 1 and 31.5 mm.
Fines	(a) Set of grains (size range 0/63 μm) passing the 63 μm sieve whatever the component to which it belongs (sands, cement, additions, fillers). (b) The finest particles of the material. Used to designate fine material flow at the output from the separators (as opposed to hulled grains or refusal). Refer to: separator.
Fly ash	By-product of the combustion of coal in power stations, used as a source of silica and alumina in the manufacture of clinker, or to replace part of this in the manufacture of composite Portland cement.
Formulation	Operation consisting of defining proportioning—by weight rather than by volume—various components of a concrete, in order to satisfy the requirements of desired strength and aspect.
Fresh concrete	Concrete in the phase which follows mixing and precedes setting, *i.e.* in a plastic state which allows its transport and its installation. The workability of a concrete is assessed during this phase of its manufacture, by subjecting a sample to a slump test on the Abrams cone.
Fuel	Solid, liquid or gaseous matter which, in the presence of oxygen in air, burns with a strong release of heat, usable for heating. See calorific value.
Fuel valorisation	Introduction into the production process of by-products, waste or fuels *a priori* useless in order to use the calorific content for the production of heat. These products will replace in whole or in part primary fuels such as coal, fuel or gas. Their use makes it possible to save primary energy resources in energy, to avoid their polluting destruction and their discharge into the natural environment. For example, in a cement factory, tires or waste solvents are fuels for the kiln.
Granulometry	(a) Measurement of the granularity of an aggregate, i.e. spreading out of the particle sizes which it contains, by passage of this one through a series of sieve with square meshes whose dimensions are standardised. (b) Granulometry or granulometric analysis: this is the measurement of the proportion of the various granular sizes of the grains of a powder of a sand or aggregates.
Grinding	Second major stage of cement manufacture, which consists of crushing and reducing to powder clinker with the other components of cement.
Grinding	Reduction to powder or very fine pieces. Grinding can be by grinding (minerals), by rubbing (dyes, cement) or by crumbling (refuse). In a cement factory, the grinding shops very generally consist of a grinding device, a separator which makes it possible to turn over to the mill too large materials and a ventilation and dust extraction system.
Grinding agent	Called more familiarly “assistance with grinding”. These are products intended to facilitate the grinding process to the extent of a few hundred grams per tonne of produced cement.

Gypsum	Natural calcium sulphate or by-product resulting from industries manufacturing phosphoric acid or citric acid. It is added to cement as a setting regulator.
Handiness	State defining the capability of a mortar or a concrete to be transported, handled and used; it is characterised by the consistency and the plasticity of material. Refer to: workability.
Hardening	Stage in the changing of mortars and concretes: after setting, the material passes from the plastic state to a solid state and acquires its strength.
Heat consumption	Expression of the measurement of the calorific exchanges between a closed medium and outside. More specifically for cement kilns, the heat consumption evaluates the heat contributions and compares them with the needs related to the physicochemical conversions and thermal losses.
Homogenisation	Operation practiced in cement works to obtain a homogeneous mixture of the components of the raw meal before firing. It can be carried out discontinuously by batch or uninterrupted. Mechanical and/or pneumatic mixing means can be used.
Hopper	Storage device at the height of materials in bulk (sands, aggregates, cement, etc.) made from steel or concrete, truncated in the lower part, a hopper terminate in a device for feeding materials by gravity.
Hydration (of cements)	Chemical phenomenon by which cement fixes mixing water and triggers the processes of setting and then hardening. This reaction is accompanied by a more or less large release of heat according to the type of cement.
Kiln shell	Name given to the cylinder of the revolving kiln.
Lime	Binder obtained by more or less siliceous limestone calcination. There are air limes, which harden under the action of carbon dioxide in the air, and hydraulic limes, which set by mixing with water.
Limestone	Sedimentary rock containing primarily calcium carbonate ($CaCO_3$). Calcite is the most stable and most frequent crystalline form. Dolomites constitute a distinct class: they are mixed carbonates (calcium and magnesium). Limestone is one of the basic components of clinker; it contributes the lime necessary to the formation of silicates and aluminates. The magnesia content of limestones used must remain limited to a few per cent in order to avoid on firing the formation of non-combined magnesia likely to cause concrete expansion in the short or the long term.
Marl	Mix of clay and limestone in the natural state in various proportions. If the limestone rate is lower than 10%, the marl is known as argillaceous. For higher rates the marl is described as marly limestone. It is generally characterised by its carbonate content (lime and magnesia in a lesser proportion). It is one of the raw materials essential for the manufacture of cement; it brings the argillaceous fraction rich in iron and aluminosilicates. Refer to: content of carbonates
Megapascal (mPa)	Unit of pressure measurement used to evaluate the mechanical strength of mortars and concretes. 1 megapascal = 1 newton/mm^2 (formerly 10 bars).
Mill	Grinding appliance. In a cement factory it can be either with balls, or with rollers, or with rolls.
Mixer	Apparatus used to mix the components of the concrete. Two types according to the part which is moving: • concrete-mixer: the tank turns along a horizontal or slightly tilted axis (gravity is the principal force acting on the mixture); • mixer: comprises a tank (or trough) and animated pallets of relative movements.
Mixing	Action of mixing the components of the concrete until a homogeneous mixture is obtained.
Mixer truck	Truck equipped with a tilted rotary tank in which the freshly-mixed concrete is kept in motion during its transport to the building site.

Mortar	Mix of cement, sand and water, possibly supplemented by additives and additions. It is distinguished from concrete by its absence of fine gravels. Prepared on the building site—starting from predosed dry industrial mortar or by proportioning and mixing all the components—or delivered on site from a concrete mixing and batching station, mortars are used for producing joints, coatings, screeds and for various sealing, recovery and stopping works.
PCI	Abbreviation of "Lower Calorific Value" in French: quantity of heat released by the complete combustion of 1 kg of fuel, water coming from combustion being in the vapor state. It results from the GCV of fuel by subtraction of the heat absorbed by the vaporisation of this water. For most fuels, PCS (in kcal/kg) = PCI - 5,400*%H where H represents the hydrogen content of the fuel. Example: heavy fuel PCS = PCI - 200 in kcal/kg. The PCI is evaluated in kilocalories per kilogram (or megacals per tonne) and also in kilojoules/kilogram.
PCS	Abbreviation of "Higher Calorific value" in French: quantity of heat released by the complete combustion of 1 kg of fuel, water coming from combustion being condensed. It is measured experimentally by the combustion of a given quantity in a calorimetric bomb (almost adiabatic). The PCS is evaluated in kilogram calories per kilogram (or megacals per tonne) and also in kilojoules/kilogram. Example: PCS = 9,800 kcal/kg or 41,018 kilojoules/kg.
Portland cement	Basic cement, manufactured containing clinker and a setting regulator.
Pozzolana	Product of volcanic origin composed of silica, alumina and iron oxide which, in the form of fine powder is suitable for combining with lime to form stable compounds having hydraulic properties (hardening under water). By extension indicates natural or artificial materials having the same property. Pozzolanas are components of certain types of cements.
Precalcination	System capable of starting combustion before entry into the kiln and thus reducing the quantity of energy necessary in the kiln.
Precalcinator	Combustion chamber laid out in the base of the pre-heating tower, fed with fuels of all types and hot air for combustion (750 to 900°C) coming from the cooling clinker. The precalcinator can contribute up to 55% of the heat necessary for satisfactory running of the kiln. Refer to: preheater.
Prefabrication	Production of construction components away from their final site, in a factory or on a site near the work. Many concrete components can be prefabricated—posts, beams, panels carrying or envelope panels exterior wall, boardings as well as standardised elements blocks, beams, flags, honeycomb flags, tiles and finally parts of roadway systems, drainage systems or urban furniture.
Prehomogenisation	Operation practiced in cement factory to obtain a premixing of the raw materials broken up before grinding. It can be carried out discontinuously by batch (constitution of a heap during a few days whereas second is in recovery) or uninterrupted in circular halls (simultaneous eccentric rotation and unloading on the heap and of the recovery).
Proportioning	Quantity of the various components of the concrete (in kg/m^3). Example: proportioned concrete with 350 kg/m^3.
Pumping	Process of routing the concrete, forced from a feed hopper to the pouring site, through tubes. It makes it possible to traverse horizontal distances which may reach 400 m (even 1.5 km) and vertical distances from 100 m (even 300 m).
Raw material	Name given to the raw material dosed before entry into the cement kiln.
Raw Meal	Name given to the raw material from the raw mill after grinding (the size of the grains corresponds to that of a baker's flour).
Ready-mixed concrete	Concrete manufactured in an installation away from the construction site or on the construction site, mixed in a fixed mixer, delivered by the producer to the user, in a fresh condition and ready for use.
Refractory (concrete)	Concrete which can resist very high temperatures (up to 1,800°C). Its formulation calls for refractory cements and aggregates. It is used for example to make the inside walls of kilns or chimneys.

Reinforced (concrete)	Concrete in which steel reinforcements - wire, rounds, bars, welded lattices, etc., judiciously laid out, absorb the tractive forces.
Retarder	Additive. Introduced into mixing water, it increases the start and end times for setting of cement in a concrete, a mortar or a purée.
Rolled aggregate	Aggregate of alluvial origin made up of grains of round form.
Roller mill or vertical mill	An assembly of 2, 4 or 8 rollers (grinding stones) with floating suspension strongly supported by jacks, on a circular plate in rotation. The material to be crushed is deposited on the plate. Under the effect of the centrifugal force the material passes under the rollers where it is crushed. Driven by a strong air current, it supplies a separator which turns over on the table the largest particles. Refer to: separator.
Sand	Aggregate 0/D of diameter <6.3 mm.
Screed	Cement mortar construction, poured in low thickness (3 to 5 cm) on a concrete floor in order to ensure its flatness.
Self-laying (concrete) (BAP)	Concrete which does not need vibration to be set up, because of its great workability. It is also named auto-compacting, or auto-levelling concrete (BAN).
Separator	In a cement works, apparatus laid out in the crushing shops to sort the material at the output from the mill into fine and large particles. Large particles are returned to the mill to be refined. Fines constitute the production. An adjusting device makes it possible to vary the cut of separation in the size of the grains. Refer to: hulled grains, fines.
Setting	Start of the development of the strength of the concrete, mortar or the cement paste. It is characterised by the setting test (NF P 15-431, NF IN 196-3).
Setting regulator	Component of cement intended to slow down the hydration reactions. It is most frequently gypsum and calcium sulphate.
Setting time (measurement)	The setting time for cements is determined by observing the penetration of a needle into a cement paste of standardised consistency ("normal paste) and this up to a specified depth (NF IN 196-3). The device known as "Vicat apparatus" makes it possible to increase the time which separates the beginning from the setting in contact of water and cement and the beginning of the catch (depression of the Vicat needle until 4 mm of the bottom) as well as the end of catch (depression quasi no one). Refer to: water demand.
Shrinkage	Contraction of the concrete, due to hydraulic phenomena—evaporation or absorption of mixing water before and during setting—and/or thermic—because of cooling after the rise in temperature which accompanies hydration of cement, or in climatic variations.
Silica fume	Silica fume is a by-product of the industry of silicon and its alloys. It is obtained by condensation of SiO gas or by oxidation of Si metal on the surface of the electrometallurgy furnaces whose fume is collected and filtered. These microsilices are generally densified in order to facilitate storage and handling operations. Silica fume appears as spherical elementary amorphous silica balls (SiO_2) whose diameter varies between 0.1 and 0.5 micron. Their silica content varies from 70 to 98% according to the manufacturing unit and the alloy produced. In concretes, silica fume acts according to two mechanisms: • by a granular effect related to the form and the extreme smoothness of the powder; • by pozzolanic reaction due to the high amorphous silica content.
Silo	High capacity tank, generally cylindrical intended for dry materials (sands, cements, etc.). Steel or concrete, loaded from above and unloaded from below, it is equipped with various types of extraction device. Refer to: hopper.

Slag By-product of the manufacture of cast iron from metallurgical industry blast furnaces. It has hydraulic characteristics similar to that of clinker, and enters for this reason the composition of certain cements (metallurgical cements).

Standard Document which specifies a set of technical or different specifications, drafted in collaboration with the parties concerned (representatives of the manufacturers, users, consumers, authorities, and specialist organisations such as the CSTB).

They are made compulsory only by ministerial decrees. There are various types: test, performance, safety and terminology standards. An ISO standard is a standard drafted and/or adopted by the International Standardisation Organisation. An EN standard is a standard adopted by the European Committee for Standardisation. A referenced standard NF IN ISO + No. completely reproduces the European standard, which itself reproduces the international standard with the same number.

Stone Aggregate of diameter ranging between 20 and 125 mm.

Strength of a concrete All the behavioural characteristics under the stresses of compression, traction and flexing. In France, it is conventionally checked for concrete works twenty-eight days after their installation. In the United States, this time is fifty six days.

Thermy (Th) Unit of quantity of heat. 1 thermy = 1,000 kilocalories = 1,000,000 calories.

This unit is replaced by the unit of energy the joule: 1thermy = 4,1855 megajoules (4,185,500 joules).

The specific consumption of the cement kiln is evaluated:

- either in thermies per tonne of clinker (former units);
- or in gigajoules per tonne of clinker (new units).

Example: a kiln consumes 850 thermies per tonne of clinker is the equivalent of 3,558 megajoules per produced tonne.

Type of cement Element of a classification standardised according to the nature of the components of cement. There are five types: Portland cement, composite Portland cement, blast furnace, pozzolanic, with slag and ash. The marking of a cement bag also specifies its strength class.

Vibration Operation of tamping the freshly-mixed concrete after its installation, in order to improve its compactness. Vibration can be internal or external to the concrete.

Workability Property characterising the more or less great ease of installing a concrete or a mortar. Workability is related to plasticity and fluidity. It varies according to the nature of the work and the conditions of installation. It is evaluated by measurements of spreading out or depression. Synonym: handiness.

X-ray fluorescence (analyses by) An X-ray beam output by a powerful tube makes it possible to excite the elements constituting the sample. By X-ray fluorescence, the excited atoms re-emit characteristic wavelengths; the measurement of their intensity makes it possible to obtain the concentration from it.

This technique is used to determine the chemical composition of cements or raw materials. At the time of the analysis being held in a few minutes only, the samples in the form of compacted powder (or diluted in a glass bead) are subjected to the X-ray beam. It allows a rapid and very precise check of the various stages of the manufacture of the cement.

Copies of this Registration Document are available without charge from Vicat,
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on the Internet websites of the AMF (http://www.amf-france.org) and of Vicat (http://www.vicat.fr).