REGISTRATION DOCUMENT & FINANCIAL ANNUAL REPORT 2010

VICAT

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

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INTRODUCTION

Vicat, a French *société anonyme*, with a share capital of €179,600,000 whose registered offi ce is Tour Manhattan, 6 place de l'Iris, 92095 Paris-La Défense, registered with the Registry of Companies and Commerce of Nanterre 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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PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1. Person responsible for the information contained in the Registration Document 3

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

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

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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. Bertrand Desbarrières.

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

185 avenue Charles de Gaulle,
92200 Neuilly-sur-Seine

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:
Combined 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

Not applicable.

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SELECTED FINANCIAL INFORMATION

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Investors are advised to read the following selected financial information together with section 9 "Examination of the financial position and income statement", 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

Over a period of more than 150 years, the company Vicat SA (the "Company") together with all the subsidiaries it directly and indirectly controls, these subsidiaries and the Company together called the group (the "Group"), has developed considerable expertise in the Cement, Ready-mixed concrete and Aggregates businesses enabling it to maintain a leading regional position in the majority of the markets in which it operates. Cement is its "core business", on which it focuses its development and which accounted for 51% of its consolidated sales in 2010. Wherever the market situation justifies it, the Group pursues a policy of vertical integration into Ready-mixed concrete and Aggregates, which accounted for 36% of consolidated sales in 2010. The Group also benefits from synergies with complementary activities (precast concrete products, construction chemicals, transport, paper and bags businesses), undertaken in certain markets, to consolidate its range of products and services and to strengthen its regional position.

In 2010, the Group's total shipments in the three main businesses amounted to 16.2 million tonnes of cement related products, 7.7 million m^3 of concrete and 20.8 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	▼		
Mali	▼		
India	▼	▼	
Mauritania	▼	▼	

The weighting of Europe in general and France in particular in the Group's consolidated sales decreased in 2010, while that of Africa and the Middle East increased. Sales in France represented 41.3% of consolidated sales in 2010.

In 2010, EBITDA ratios on sales and consolidated net earnings on sales were 25.0% and 13.1% respectively.

The Group's financial structure is characterized by significant equity (€2,557 million) and a low level of net debt (38.6% of equity), which gives the Group a good flexibility and the means 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 growth strategies:

- organic growth, by significantly increasing its production capacity and by developing the means to respond to demand in the markets where it operates. In 2006, the Group committed to an industrial investment plan extending over several years, the "Performance 2010" plan, intended both to increase its cement production capacity by 50% by the end of 2010, with the start-up of one new kiln each year during this period in order to reduce its production costs and to strengthen its competitive position. This "Performance 2010" plan was completed with the opening of a new cement kiln in Senegal in October 2009. It has enabled the Group to increase its cement sales in a difficult macro-economic context.
- the Group also intends to continue its selective external growth policy through acquisitions or greenfield plants 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. As part of this policy, the Group announced during 2010 the acquisition of a majority stake of 51% in the Indian company Bharathi Cement Company, the start-up of a new factory in Kazakhstan and the start of construction of a new greenfield cement plant in the State of Karnataka in India.

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 2008, 2009 and 2010.

The Group's consolidated financial statements, for each of the three years covered by this Registration Document, were audited by KPMG Audit and Wolff & Associés SAS, statutory 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)	2010	2009	2008
Consolidated net sales	2,014	1,896	2,057
EBITDA[1]	504	473	528
Consolidated net income	264	234	273
Total equity	2,557	2,082	1,954
Net debt/equity (in %)	38.6%	31.4%	34.7%
Net income per share (euros/share)	4.52	4.26	5.46
Dividend per share (euro/share)	1.50 [2]	1.50	1.50

(1) **Earnings Before Interest, Taxes, Depreciation and Amortization**: gross operating earnings plus other ordinary income (expense). EBITDA is not an aggregate defined by accounting policies. 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 from other companies.

(2) Proposal of the Board of Directors to the General Meeting of the Shareholders to be held on May 6, 2011.

Summary income statement

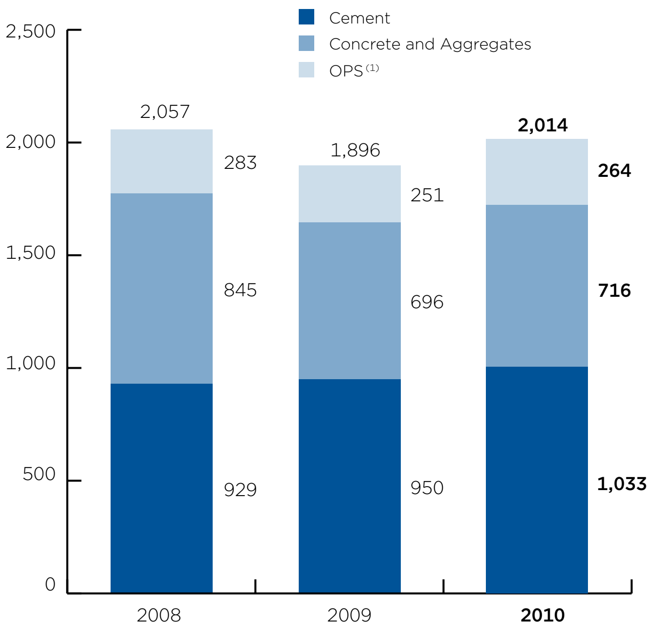
(In millions of euros)	2010	2009	Change 2010/2009	2008	Change 2009/2008
Consolidated net sales	2,014	1,896	+6.2%	2,057	-7.8%
EBITDA	504	473	+6.6%	528	-10.5%
EBIT [1]	337	322	+4.7%	392	-17.9%
Financial income (expense)	(27)	(24)	+14.3%	(26)	+7.5%
Consolidated net income	264	234	+13.1%	273	-14.4%
Group share of net income	203	191	+5.9%	245	-22.0%
Cash flows from operations	409	387	+5.6%	402	-3.6%

(1) **Earnings Before Interest and Taxes**: EBITDA less depreciation, amortization and operating provisions. EBITDA is not an aggregate defined by accounting policies. 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.

Change in the breakdown of sales and EBITDA by business

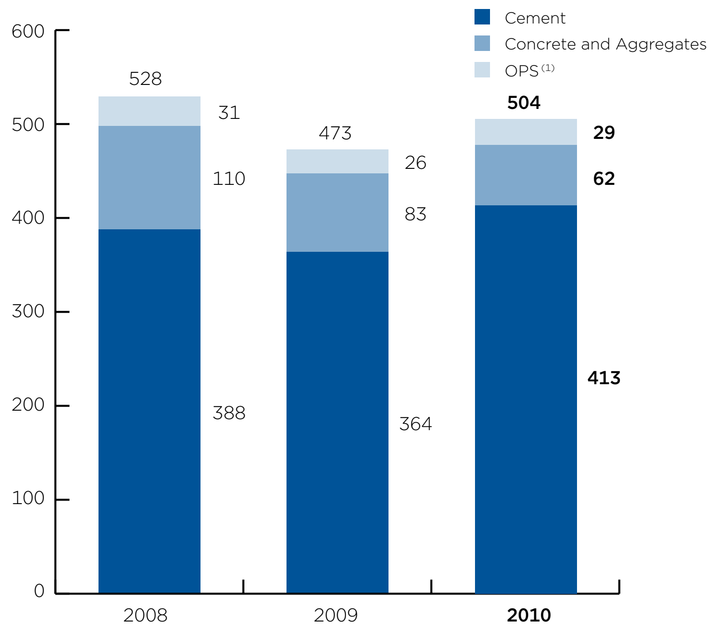
Consolidated sales by business (2)

(In millions of euros)



EBITDA by business (3)

(In millions of euros)

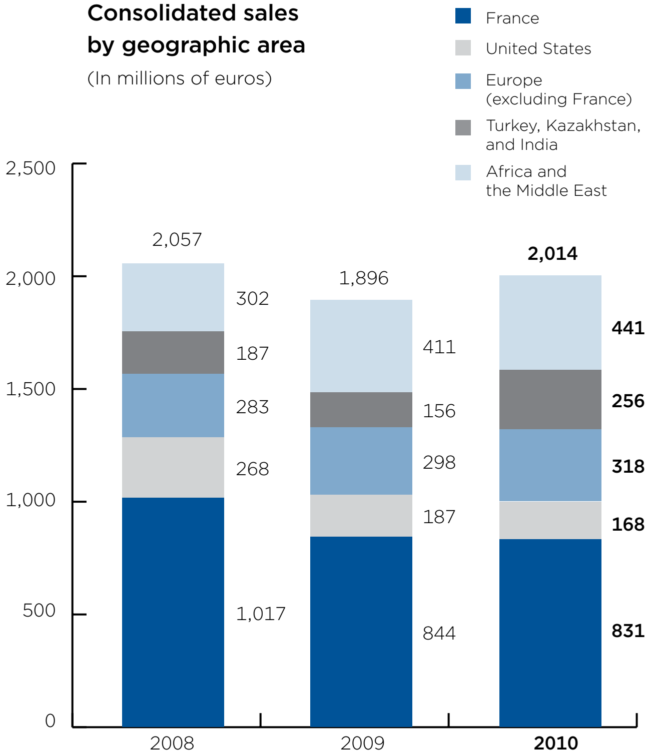


(1) **OPS**: Other Products & Services.
(2) Unless stated otherwise, the figures are given after intra-group eliminations.
(3) **Earnings Before Interest, Taxes, Depreciation and Amortization**: gross operating earnings less other ordinary income (expense). EBITDA is not an aggregate defined by accounting policies. 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 from other companies.

Change in the breakdown of sales and EBITDA by geographic area

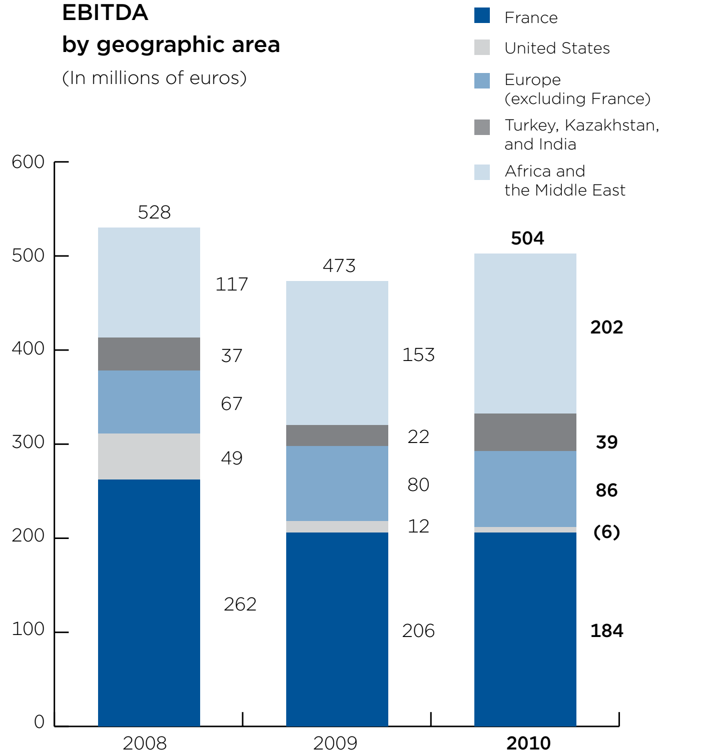
Consolidated sales by geographic area

(In millions of euros)



EBITDA by geographic area

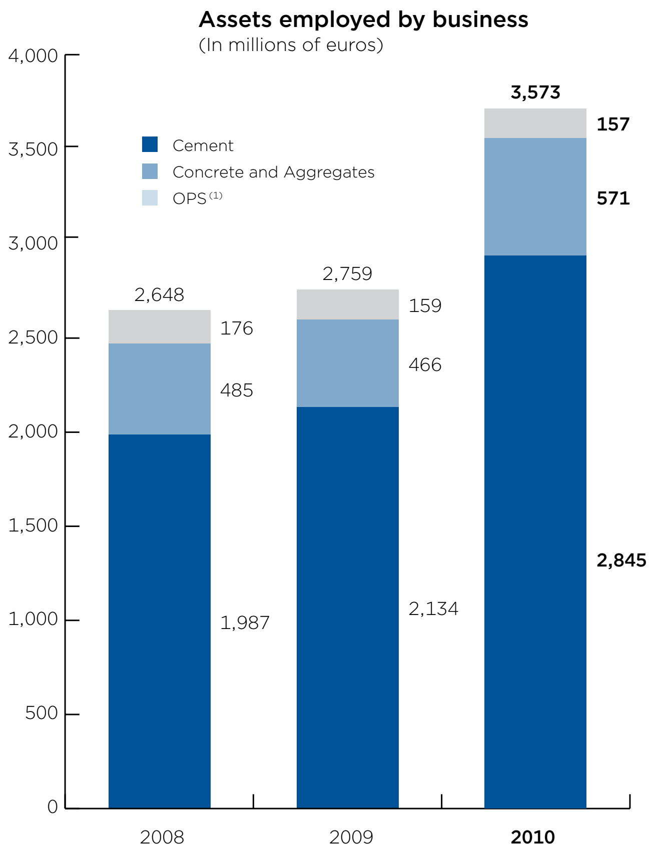
(In millions of euros)

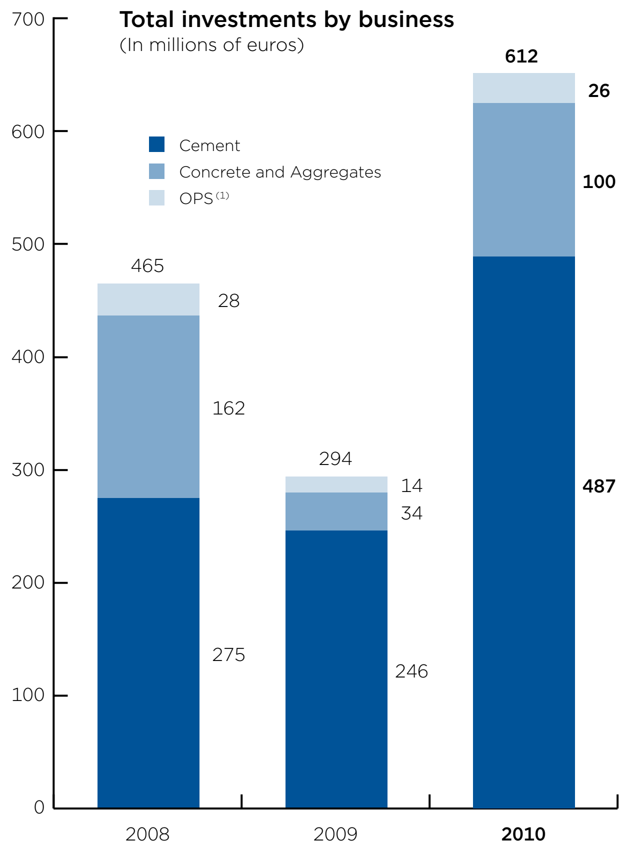


Summary balance sheet

(In millions of euros)	2010	2009	2008
ASSETS			
Non-current assets	3,455	2,655	2,539
Current assets	1,112	959	888
Total assets	**4,566**	**3,614**	**3,427**
LIABILITIES			
Group share of the equity	2,141	1,882	1,775
Minority interests	416	199	179
Total equity	2,557	2,082	1,954
Non-current liabilities	1,510	964	1,005
Current liabilities	499	568	468
Total liabilities	**4,566**	**3,614**	**3,427**

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





(1) **OPS**: Other Products & Services.

Simplified changes in shareholders' equity (including minority interests)

(In millions of euros)	2010	2009	2008
Equity as at January 1	2,082	1,954	1,717
Income for the year	264	234	273
Dividends	(84)	(89)	(71)
Effect of exchange rate fluctuations	116	(36)	-
Change in consolidation scope (minority interests)	150	8	2
Other changes	29	11	33
Shareholders' equity as at December 31	2,557	2,082	1,954

Consolidated financial ratios

(In millions of euros)	2010	2009	2008
Net debt/total equity (in %)	38.6	31.4	34.7
Net debt/EBITDA [1]	1.96	1.38	1.28
Net debt/cash flows from operations	2.42	1.68	1.68
Coverage of net financial expenses			
by EBITDA	20.0	19.7	17.6
by EBIT	13.3	13.4	13.0

[1] **Earnings Before Interest, Taxes, Depreciation and Amortization**: gross operating earnings plus other ordinary income (expense). EBITDA is not an aggregate defined by accounting policies. 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 from other companies.

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RISK FACTORS

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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 materialize, to have an adverse effect on the Group, its business, its financial position or its earnings, 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 position, or its earnings, but could in fact adversely affect its activities, its financial position, its earnings, 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 position, its earnings, its prospects or its capacity to achieve its objectives, in particular in the context of a worldwide economic crisis and considerable financial instability. 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 generation facilities.

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 fuels on the international markets and is thus exposed to fluctuations in the price of such fuels. 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 fuel price fluctuations. It has also developed a policy intended to foster the use of alternative fuels, namely waste materials.

However, increases or significant fluctuations in the price of electricity or fuel may have a material adverse effect on the Group's business, its financial position, its earnings, 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 2010, approximately 35% of the Group's sales were made on these markets, referred to as "emerging markets". 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 nationalizations 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 materialization 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 position, its earnings, its prospects or its capacity to achieve its objectives. As far as Egypt is concerned, the perspectives are described in the section 12.2.1.1.

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 malfunction could affect the factories' daily operations.

Heavy production facilities are protected against risks of breakdown and machine failure by permanent maintenance programs 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 position, its earnings, 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 modernize 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 position, its earnings, its prospects or its capacity to achieve its objectives.

4.1.4.3. Environmental risks

The Group's principal environmental risks are the result of its activities which are governed by laws and regulations imposing a large number of obligations, restrictions and rigorous protective measures. The Group is constantly taking measures to address and limit these risks, paying particular attention to the following areas: integrating quarries into their environment, optimizing choices of energy sources, with an increasing share of alternative fuels and waste, controlling emissions, including greenhouse gases, managing and recycling the water needed for production. These measures 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 position, its earnings, 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 position, its earnings, 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 urbanization 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 worldwide economic crisis and considerable financial instability. 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.

To reduce the risk of the cyclical nature of a given market, the Group has adopted a geographical development strategy (detailed in section 6.2.3) aiming to combine investments in developed countries with investments in emerging countries, that thereby contribute to a diversification of its geographical exposure.

However, 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 position, its earnings, 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 position, its earnings, 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 fluctuations, which is described in section 9 "Examination of the financial position and earnings" 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 position, its earnings, 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 proceedings (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 1.17 of section 20.2.2 "appendix to the 2010 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 subsidiaries' business essentially involves producing and selling locally, in their operating currency, so the Group feels that its current and future exposure to exchange rate risks is very low overall in this respect.
These companies' imports and exports denominated in currencies other than their own local currency are generally hedged by forward currency purchases and sales.
The Group's financial indebtedness is essentially borne by the Company and is denominated in Euros after the conversion of US Dollar denominated debts through financial hedging instruments (cross currency swap or forex). Intragroup financings are hedged by subsidiaries if the loan currency is not the same as the subsidiary's operating currency.

The Group is still exposed in some countries where there is no hedging market (currency not convertible) or the market is not sufficiently liquid.
The table below sets forth the breakdown of the total amount of the Group's assets and liabilities denominated in currencies as at December 31, 2010, when the transaction currency is different from the subsidiary's operating currency. The main risk involves the US Dollar as this table shows:

(In millions)	US Dollar	Euro	Swiss Franc
Assets	147.5	25.0	0.0
Liabilities and confirmed orders	(982.7)	(17.8)	(29.0)
Net position before risk management	**(835.2)**	**7.2**	**(29.0)**
Hedging instruments	617.2	8.6	29.0
Net position after risk management	**(218.0)**	**15.8**	**0.0**

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

The net position after risk management in US Dollars corresponds mainly to the Kazakhstan subsidiaries' debt to finance providers and to the Group which are not swapped owing to the absence of a sufficiently structured and liquid hedging market.

The hypothetical loss on the net currency position arising from an unfavorable and uniform change of one centime of the operating currency against the US Dollar would amount to €1.8 million (including €1.7 million for the Kazakhstan loan).

However, the Group cannot exclude the fact that an unfavorable change in exchange rates could have a material adverse effect on its activities, its financial position, its earnings, 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 Euro zone) 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 Euro zone) on the consolidated balance sheet and the income statement is discussed in sections 9 "Examination of the financial position and earnings" 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 fluctuations 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 fluctuations 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 financial hedging purposes.
The table below shows the breakdown of the fixed and variable rates by currency of the Group's net exposure to the interest rate risk after hedging as at December 31, 2010.

(In thousands of euros)	Euro	Dollar US	Other currencies	Total
Total gross debt	1,084,570	120,733	78,984	**1,284,287**
Debt at fixed rate	386,657		67,430	**454,087**
Debt at variable rate	697,913	120,733	11,554	**830,200**
Cash and cash equivalents	(30,712)	(10,296)	(255,165)	**(296,173)**
Net position	667,201	110,437	(243,611)	**534,027**
Hedging instruments	360,000	52,387		**412,387**
Net position after hedging	**307,201**	**58,050**	**(243,611)**	**121,640**

The net residual positions not hedged are not significant overall. This residual position will be reduced on January 11, 2011 with the collection of funds (€ 120 million after conversion) from signature of the 2nd "closing" of the USPP.
The Group estimates that a uniform change in interest rates of 100 basis points would have an insignificant impact on its earnings, or on the Group's net situation as the table below illustrates:

(In thousands of euros)	Impact on earnings before taxes	Impact on equity (excluding impact on earnings) before taxes
Impact of a change of +100bps in the interest rate	(3,447)	457
Impact of a change of -100bps in the interest rate	2,976	(198)

4.4.4. Equity and securities risks

The Group does not have a securities portfolio, other than holdings of treasury shares, purchased principally in June 2007 in the context of the sale by Heidelberg Cement of its shares in the Company. The situation of this portfolio of treasury shares as at December 31, 2010 is as follows:

- Number of Vicat shares held in the portfolio 1,006,864;
- Percentage of share capital held by the Company 2.24%;
- Carrying cost of the portfolio by the historical cost method (purchase price) €81,966 thousand;
- Net carrying cost of the portfolio €61,036 thousand;
- Market value of the portfolio €62,929 thousand.

Changes in the Vicat share value below the historical purchase price may lead to a change in the Company's earnings, in respect of which a provision of €20,970 thousand was made for share depreciation before tax as at December 31, 2010.

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 Franc, US Dollar, Rupee and Euro.

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.

The sensitivity of the value of these hedging assets at the end of 2010 corresponding to a change of ±100 basis points in the rate of return excepted from the assets is respectively €3.1 and (2.7) million. The hedging assets are largely made up of financial assets other than shares, so the equity and securities risk is considered to be insignificant.

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 position, its earnings, 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 and in note 17 "Financial instruments" in the appendix to the consolidated accounts.

The maturities of the debt as at December 31, 2010 is shown below.

(In thousands of euros)		N+1 Nominal	N+1 Interest	N+2 Nominal	N+3 Nominal	N+4 Nominal	N+5 and + Nominal
US Private placement	490,612	0	22,533		105,956		384,656
Compulsory loans	0		0				
Bank loans	758,712	64,355	17,790	354,888	26,249	263,392	49,828
Financial leasing debts	6,543	3,251	327	1,776	1,003	423	90
Miscellaneous debts	18,049	7,019	1,375	7,660	351	483	2,536
Creditor banks	15,115	15,115	847	0	0	0	0
Derivative instruments	(4,744)	773	1,647		(54)	221	(5,684)
Total financial liabilities	**1,284,287**	**90,513**	**44,519**	**364,324**	**133,505**	**264,519**	**431,426**

* The interest on the N+1 debt is calculated on the basis of the known due date of the debt as at December 31, 2010 and the interest rates at that date. The Group does not publish earnings or cash flow forecasts, so no calculation is made on following years.

The liquidity risk is therefore covered by surpluses in the cash flow as well as by the availability of unused confirmed credit lines for the Company, over 1 and 4 year periods.

Considering the small number of companies concerned, essentially Vicat SA, the parent company of the Group, the low level of net debt (as at December 31, 2010 the Group's gearing and leverage were 38.6% and 195.9% respectively) and the liquidity of the Group's balance sheet, the existence of covenants contained in some of these credit lines agreements does not constitute a risk for the Group's financial position. At December 31, 2010, the Group is compliant with all ratios required by covenants in contained financing contracts.

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 position, its results of operations and prospects or on its capacity to achieve its objectives.

4.5.2. Risks relating to the financial organization 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 position, 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 eleven 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 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 in the country concerned, its financial position, its results of operations, 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 monitoring and risk prevention procedures and on a training policy. The Group has also established an Internal Audit department which reports to the Group's General Management and is able to involve itself in all the Group's businesses and subsidiaries.

It works in accordance with an annual audit plan intended to cover the main risks identified within the company, in particular those relating to accounting and financial information.

The audits are the subject of reports submitted to management, General Management and the Audit Committee. These comprise summary reports intended particularly for Managers and detailed reports designed inter alia to make the operational staff concerned aware of any findings and proposed recommendations.

In addition, the Internal Audit department undertook a risk identification and analysis study. After identification of the risks through discussions with the Group's key operational and functional managers and a subsequent analysis phase conducted in conjunction with General Management, this study enabled a mapping of the risks to which the Group is exposed.

4.6.2. Risk hedging and insurance policy

The Group has subscribed to "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 subscribed for 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 standardization 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 €150 million per incident, including operating losses, results from a study of possible incidents.

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 €100 million. All foreign subsidiaries (except in the United States) are insured by the "Group policy" once the warranty and amounts of the compulsory local policies are exhausted.

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 corporate officers, as well as beneficiaries 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 SA

5.1.2. Place of registration and registration number

The Company is registered at the Trade and Companies Register 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 in the Trade and Companies Register, on January 1, 1919 for a term of 99 years, which has subsequently been extended by a further 80 years to December 31, 2098 by the Combined 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, governed by the provisions of Volume II and 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:** Foundation 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 La Pérelle factory in France, manufacturing quick-setting cement.
- **1922 - 1929:** Construction of the French cement factories at Montalieu and La Grave-de-Peille by Joseph Merceron-Vicat, grandson of Joseph Vicat.
- **1950:** André Merceron-Vicat embarks on a program to modernize and increase production capacity at Vicat’s factories.
- **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 abroad, with the acquisition of the Ragland cement factory in Alabama (United States).
- **1984:** Jacques Merceron-Vicat is appointed as President and Chief Executive Officer of the Group. The Group commits from this date to vertical integration of its business in France by acquisition of numerous Ready-mixed Concrete and Aggregates companies, thus gradually building up a network in the Île-de-France, Centre, Rhône-Alpes and Provence-Alpes-Côte d’Azur (PACA) regions, and by the acquisition of SATM (transport) and VPI (bringing together two companies specializing in renders, mortars, adhesives and mastics).
- **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 takeover of control of the Sinaï Cement Company in Egypt through the successive acquisitions of blocks of shares (with the Company holding 48.25% of the capital of the Sinaï Cement Company at the end of 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 of Mynaral Tas Company LLP in Kazakhstan allowing the Group to be involved in the construction of a cement plant in Mynaral with a production capacity of 1.1 million tonnes.
- **2008:** Guy Sidos is appointed as 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 joint venture company, Vicat Sagar Cement, in which the Group has a majority holding; this company intends to build a cement factory with a 5.5 million tonnes capacity in the State of Karnataka in two phases; the first kiln line is expected to be finished in 2012. In Mauritania, acquisition of 65% of the capital of BSA Ciment SA, a company that operates a cement grinding center. In addition to the “Performance 2010” Plan, launch of the “Performance Plus” Plan to optimize cost structure in response to the downturn in the macro-economic environment.
- **2009:** The Group completed the “Performance 2010” Plan by increasing the capacity of the kiln at Reuchenette (Switzerland) in the first half of the year, and by opening the new kiln line at Sococim (Senegal) in October. In addition, the “Performance Plus” Plan, initiated as a complementary measure to the “Performance 2010” Plan, generated savings of €61 million.
- **2010:** Increase in the capacity of the Sinaï Cement factory in Egypt with the start-up of the new 400,000 tonnes capacity cement grinding mill. Acquisition of 51% of the company Bharathi Cement based in southern India and owner of a cement factory the capacity of which has been increased to 5 million tonnes. Finalization of the financing for the Vicat Sagar Cement greenfield project in India, in the Southern Indian province of Gulbarga (State of Karnataka), enabling the construction of a cement factory which will finally have a capacity of 5.5 million tonnes. Start-up of the Jambyl Cement 1.1 million tonnes cement factory in Mynaral, Kazakhstan. Acquisition in France of the company L. Thiriet & Cie, in Meurthe-et-Moselle, France, specialist manufacturer of concrete and aggregates.

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 recognized technologies.

Between 2006 and 2009, the Group carried out an industrial investment plan and designed to increase its cement production capacity by approximately 50 %, by bringing one new kiln a year into service during this period. The schedule for implementing this plan was adapted during 2008 and 2009 to take into account the situation in certain markets. As a result, the construction of the new kiln at the Ragland plant in the United States was suspended, whereas the increase in capacity at the Rechenette plant in Switzerland was brought forward to 2009.

In addition, the Group concluded partnerships in Kazakhstan and in India with a view to building greenfield plants in these countries. "The construction of the factory Jambyl Cement, located in the Mynaral site in Kazakhstan was completed and the factory was brought on stream in December 2010. The construction of the factory Vicat Sagar Cement located in Chatrasala, in the State of Karnatakat, in Southern India began in September 2010.

Lastly, the Group continued with its external growth strategy. This was demonstrated in 2010 with the acquisition of 51 % of the company Bharathi Cement, with a production capacity of 2.5 million tonnes, which rose to 5 million tonnes at the end of 2010 with the commissioning of the second production line.

As indicated in section 10.3.1 "Group financial policy" of this Registration Document, the finance required for industrial investments is met from the Group's own resources. The choice of new equipment to be acquired under this investment program embodies the Group's objective of continuing to improve the energy efficiency of its installations and increasing substantially the proportion of alternative fuels used. The following sections present the main investments made in recent years and the major projects in progress or planned for the future.

5.2.1. Investments made

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

(In millions of euros)	2010	2009	2008
Cement	487	246	275
Concrete & Aggregates	100	34	162
Other Products & Services	26	14	28
Total	**612**	**294**	**465**
Of which financial investments	277	20	83

5.2.1.1. Investments made in 2010

The total amount of industrial investments made in 2010 was € 335 million. These are shown below for each of the Group's main businesses. Financial investments amounted almost to € 277 million in 2010 and were mainly made up of the share of the acquisition of 51 % of Bharathi Cement in India paid to third parties (the balance coming from an increase the capital), the acquisition of the Concrete and Aggregates company, L. Thiriet & Cie in Southern Lorraine, the precast concrete products business, Cewag, in Switzerland, and Mine & Rocks, a company that mines aggregate quarries near Bangalore.

(a) Cement: capital expenditure amounting to a total of € 487 million, of which € 259 million in industrial capital expenditure

- **France**: The construction of the Fos-sur-mer grinding mill was completed in 2010. This plant increases the Group's milling capacity in France using modern technology, and strengthens its position in the Provence-Alpes-Côte d'Azur Region. Other industrial capital expenditure went into reducing costs.

- **Senegal**: The work involved in completing the kiln that opened in October 2009, and the associated cement mill was completed in 2010.

- **Egypt**: The construction of the 4th cement mill was completed in 2010, enabling the Group to take full advantage of the growth in the Egyptian market.

- **Kazakhstan**: The Mynaral plant, with a capacity of 1.1 million tonnes, went into the production phase in December 2010.

- **India**: The construction of the second clinker production line for Bharathi Cement was completed at the end of December 2010, doubling production capacity. The company is also continuing work on its greenfield plant at Chatrasala as part of the joint venture, Vicat Sagar Cement Private Ltd.

- **Turkey**: Investment mainly went into reducing costs, predominantly by the use of alternative fuels, and work towards achieving compliance with future environmental standards.

- **Switzerland**: The main aim of this year's investment was to complete the process of increasing capacity at the Reuchenette plant in the different workshops.

(b) Concrete & Aggregates: capital expenditure amounting to a total of €100 million, of which €57 million in industrial capital expenditure

- **France**: The Group acquired the company L. Thiriet & Cie which operates 3 concrete plants and 4 aggregate quarries in Southern Lorraine. Other investments were focused on the maintenance of production facilities, as well as on improving environmental conditions and safety.

- **Senegal**: The Group secured its basalt aggregate reserves by the acquisition of a plot adjacent to the Diack site.

- **Switzerland**: Land was bought to exploit aggregate resources, and some equipment was replaced.

(c) Other Products & Services

Capital expenditure amounted to €26 million, of which €18 million in industrial capital expenditure.

- **France**: Investment mainly related to replacing transport equipment.

- **Switzerland**: In the context of the acquisition of Cewag, the company acquired some land on the strategic Berne-Fribourg axis. Investments were also made to increase the capacity of the Precast concrete products business.

5.2.1.2. Investments made in 2009

The total amount of industrial investments made in 2009 was €274 million. These are shown below for each of the Group's main businesses. Financial investments amounted almost to €20 million in 2009 and include the buy-back of shares held by minority shareholders.

(a) Cement: capital expenditure amounting to a total of €246 million, of which €232 million in industrial capital expenditure

- **France**: The main investments made in 2009 were focused on improving production costs, the environment and safety. The capacities of alternative fuel plants were increased at the Montalieu, Peille and Créchy factories.

- **Senegal**: Construction of a new firing line was completed on schedule in 2009. This kiln, which employs the very latest technology, brings the Group's cement production capacity in Senegal to 3.5 million tonnes a year. The plant enables the Group to take full advantage of the growth potential in West Africa with a modern production facility. It also brings to an end the external purchases of clinker and increases noticeably the proportion of alternative fuels used.

- **Switzerland**: The capacity of the kiln at the Reuchenette cement plant was increased to 2,400 tonnes of clinker per day, in order to meet increasing market demand. Work was completed in the first half of the year, bringing to an end the external purchases of clinker and increasing the capacity to use alternative fuels.

- **Turkey**: Alternative fuel preparation and feed systems were completed and brought on stream in May 2009. This installation substantially increases the capacity of the Bastas plant to use alternative fuels.

- **Egypt**: Work on the construction of a 4th cement mill began during the year, with start-up scheduled for 2010.

- **Kazakhstan**: Construction of the greenfield plant continued as planned. The facilities will be operational, as originally scheduled, at the end of 2010.

(b) Concrete & Aggregates: capital expenditure amounting to a total of € 34 million, of which € 32 million in industrial capital expenditure

- **France**: The principal concrete investments were related to the renovation of four concrete batching plants. With regard to aggregates, the Group acquired a new suction dredger and undertook the improvement of an existing dredger. In addition to this, two new processing units came into operation.

- **Switzerland**: Investments were made on facilities for recycling certain materials recovered from construction sites, including timber, in order to supply the Reuchenette plant with biogenic materials.

- **Senegal**: Investments mainly concerned the replacement of a crusher at the Diack quarry.

(c) Other Products & Services

Capital expenditure amounted € 14 million, including € 10 million in industrial investments, relating mainly to construction chemicals in France and to the concrete precasting business in Switzerland.

5.2.1.3. Investments made in 2008

The total amount of industrial investments made in 2008 was € 383 million. These are shown below for each of the Group's main businesses. Financial investments totaled almost € 83 million in 2008 and relate in particular to the acquisition of 65 % of the shares in the BSA Ciment in Mauritania, a price supplement paid in 2008 in relation to the project in Kazakhstan completed in 2007 and several smaller transactions, in particular in the Ready-mixed concrete business in France.

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

- **France**: In Montalieu, the investments started in previous years were completed, with in particular the start up of the new vertical cement mill in August 2008, enabling the cement capacity of the plant to be increased and greater energy efficiency to be achieved.

- **Egypt**: The construction of the second firing line at the El Arish plant proceeded on schedule, with start up of the kiln in June 2008, enabling clinker production capacity to be doubled to 10,000 tonnes per day. This was followed in August 2008 by the start up of the cement mill, which produced over 350,000 tonnes of cement in the final months of the year, enabling the Sinaï Cement Company to respond to the strong growth in demand on the local market.

- **Senegal**: Work carried out in 2006 and 2007 (new bagging unit, new storage and cement filler dosing facility, construction of a vertical cement mill) were completed during the year, enabling an increase in milling and shipping capacity with effect from October 2008. In addition, the construction of a new kiln line continued on schedule in 2008.

- **Switzerland**: Infrastructure work at the Reuchenette plant to increase cement capacity, initially scheduled for 2010, was started in response to growing market demand.

- **Turkey**: Completion of payments in relation to the program to increase capacity at Bastas and Konya, on stream at the end of 2007.

- **Kazakhstan**: Start of construction of the greenfield plant. The amount entered in the 2008 accounts relates to infrastructure work carried out (rail link, water and electricity supply), advance payments on equipment and the start of civil engineering work.

(b) Concrete & Aggregates: capital expenditure amounting to a total of € 162 million, of which € 150 million in industrial capital expenditure

- **France**: In addition to the construction of two new cement batching plants in Ile-de-France, maintenance work was carried out on the batching plants and investments were made in vehicles.

- **Switzerland**: The renovation of the Saint Ours cement batching plant was completed. Modernization work continued at the Emme Kies und Beton site and the new ready-mixed concrete plant at Loveresse came on stream in the third quarter of 2008.

- **United States**: The Group acquired the Walker group, based in the Atlanta region. The Walker group specializes in the production of ready-mixed concrete and has 14 concrete batching plants. This transaction is included in the industrial investments as the Group acquired the Walker group's industrial assets.

(c) Other Products & Services

Capital expenditure amounted to €28 million, including €24 million in industrial investments, relating to the transport business in France and the concrete precasting business in Switzerland.

5.2.2. Principal investments in progress and in planning

In the current uncertain economic environment, the Group is determined to pursue its growth strategy prudently by building on the benefits of the "Performance 2010" plan. The greenfield project in Kazakhstan will be completed at the beginning of 2011, while the project in Chatrasala in India will continuing throughout 2011, with commissioning of the first line planned for 2012. In this context, the total amount of capital expenditure expected for 2011 is around €360 million. The main projects are as follows:

- **France**: Industrial investments will focus on completing the Fos-sur-mer facilities, as well as on reducing costs by using more alternative fuels, and on environmental and safety improvements.

- **Turkey**: The focus will be on reducing costs through investments in milling plant.

- **Switzerland**: Optimization of capacity at the Reuchenette cement works will continue through the logistics chain. Investments will also be made to comply with environmental regulations as well as to improve energy efficiency with a hydro-electric project.

- **Egypt**: Optimization of the cement production capacity in the kiln and the cement mill. Improvement in energy efficiency by recovery of the hot gas produced in the kiln.

- **Mali**: Start of the construction of a cement mill with a capacity of 400,000 tonnes of cement a year in the Bamako region.

- **Kazakhstan**: Completion of construction of the Mynaral plant, with start-up of the last cement mills, and of the wholly-owned Almaty terminal.

- **India**: Construction of the first production line at the Chatrasala plant by the joint venture company Vicat Sagar Private Ltd., begun in 2010, will continue throughout 2011, with start-up scheduled for 2012 (see also section 6.3.1.7 (i) "Description of businesses and introduction to the markets" and 12.2.3 "Industrial investments"), and completion of the second production line at Bharathi Cement.

6

BUSINESS OVERVIEW

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The Group's three businesses are:

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

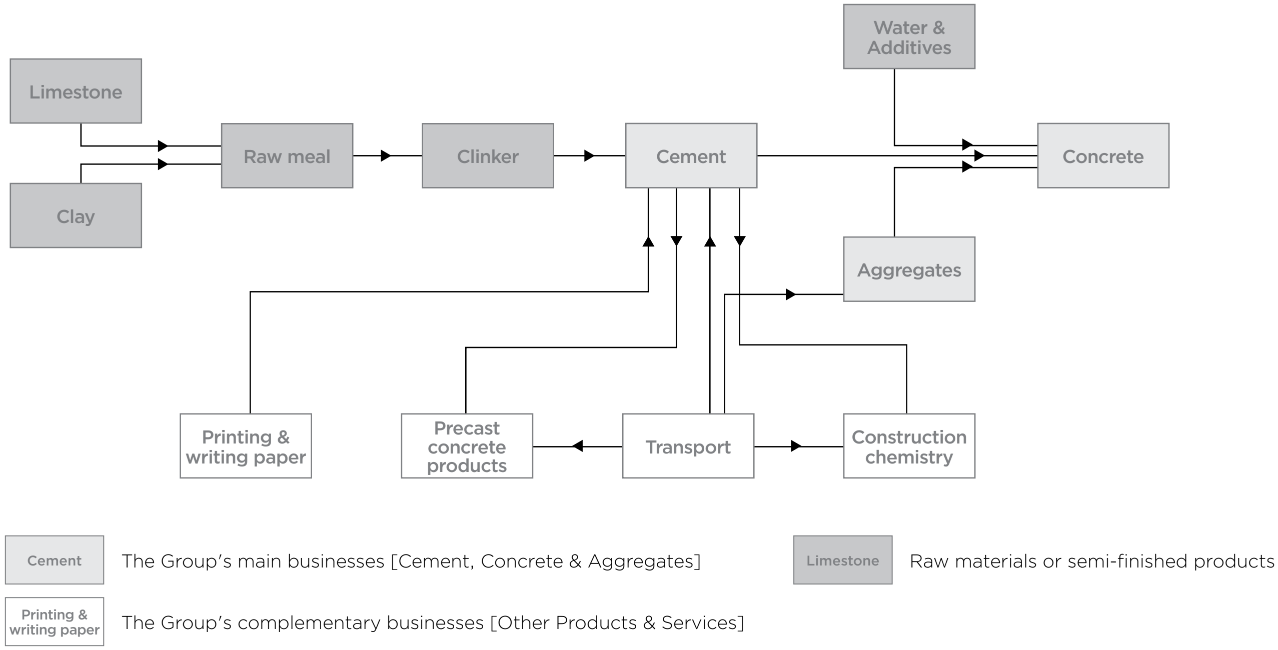
The Group has developed around the manufacture and sale of cement, a business it undertakes in all the countries where it operates. The Group then integrates vertically downstream in the cement industry in businesses such as Ready-mixed concrete and Aggregates. Together, these three activities comprise 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 chemicals, paper production and precast, 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 reorganize 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. A significant quantity of these aggregates is 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, optimize 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, 2010, the Group employed 7,369 people worldwide, and recorded nearly 58.7% of its sales outside France.

Consolidated sales allocated by business

	2010		Change	2009		2008	
	millions of euros	%	2010/2009	millions of euros	%	millions of euros	%
Cement	1,033	51.3	+8.8%	950	50.1	929	45.2
Concrete & Aggregates	716	35.6	+3.0%	696	36.7	845	41.1
Other Products & Services	264	13.1	+5.4%	250	13.2	283	13.7
Total	**2,014**	**100.0**	**+6.2%**	**1,896**	**100.0**	**2,057**	**100.0**

The share of the Group's core businesses that Cement, Concrete and Aggregates represent remained fairly stable in 2010 at more than 86% of consolidated sales, with the cement business continuing to grow, mainly because of the acquisition of the Bharathi Cement company in India.

Consolidated sales allocated by geographic area

	2010		Change	2009		2008	
	millions of euros	%	2010/2009	millions of euros	%	millions of euros	%
France	784	39.0	-3.0%	809	42.7	974	47.3
Europe (excluding France)	352	17.5	+7.4%	328	17.3	318	15.5
United States	168	8.3	-10.1%	187	9.8	268	13.0
Turkey	194	9.6	+37.5%	141	7.4	162	7.9
Africa & Middle East	468	23.2	+8.3%	432	22.8	335	16.3
Asia	47	2.3	-	-	-	-	-
Total	**2,014**	**100.0**	**+6.1%**	**1,896**	**100.0**	**2,057**	**100.0**

The share of consolidated sales made in France fell slightly, in an economic environment that remains uncertain. The apartment block market has shown clear signs of recovery, unlike the residential housing industry: the social unrest and bad weather of the final quarter prevented the market from achieving the same levels as in 2009. Business in the United States continued to suffer, in an economic environment that is struggling to recover and in an environment where housing stock is high, once again reducing the share of consolidated sales realized there; Turkey has seen a considerable rise, driven by residential housing; the share of the Africa and the Middle East continues to rise, reaching 23.2% in 2010, driven by sustained demand in Egypt and West Africa.

EBITDA allocated by business

	2010		Change	2009		2008	
	millions of euros	%	2010/2009	millions of euros	%	millions of euros	%
Cement	413	81.8	+13.4%	364	76.9	388	73.4
Concrete & Aggregates	62	12.4	-24.6%	83	17.5	110	20.8
Other Products & Services	29	5.8	+10.4%	26	5.6	31	5.9
Total	**504**	**100.0**	**+6.6%**	**473**	**100.0**	**528**	**100.0**

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 precast concrete products business in Switzerland or transport in France).

The Group favors 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 summarized 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 prioritizing 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.

The industrial scheme of the Group is described in the section 8.1 of this Registration Document.

(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 modernize 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.

Between 2006 and 2009, the Group undertook an investment program which enabled it to increase its production capacity by 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;
- 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. A new firing line was brought on stream in October 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, was brought forward to the end of the first half of 2009.

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 continue the industrial development of its businesses in general, and of its Cement business in particular, while also actively managing environmental aspects:

- 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 in the short term.

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

In 2010, the Group acquired Bharathi Cement, with a cement works which had a capacity of 5 million tonnes at the end of 2010 and is strategically located between Chenai and Bangalore, right in the heart of the booming market of Southern India. This acquisition was financed by the existing lines of credit of the Group.

• 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 has completed the construction of a factory at the Mynaral site in Kazakhstan, which began production at the end of 2010, and is building a plant in the State of Karnataka, India, where start-up is scheduled 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 prioritizing 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.

In 2010, the Group acquired the company L. Thiriet & Cie, with 3 cement plants and 4 quarries, in order to consolidate its position in Southern Lorraine, close to the Xeuilley cement plant.

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

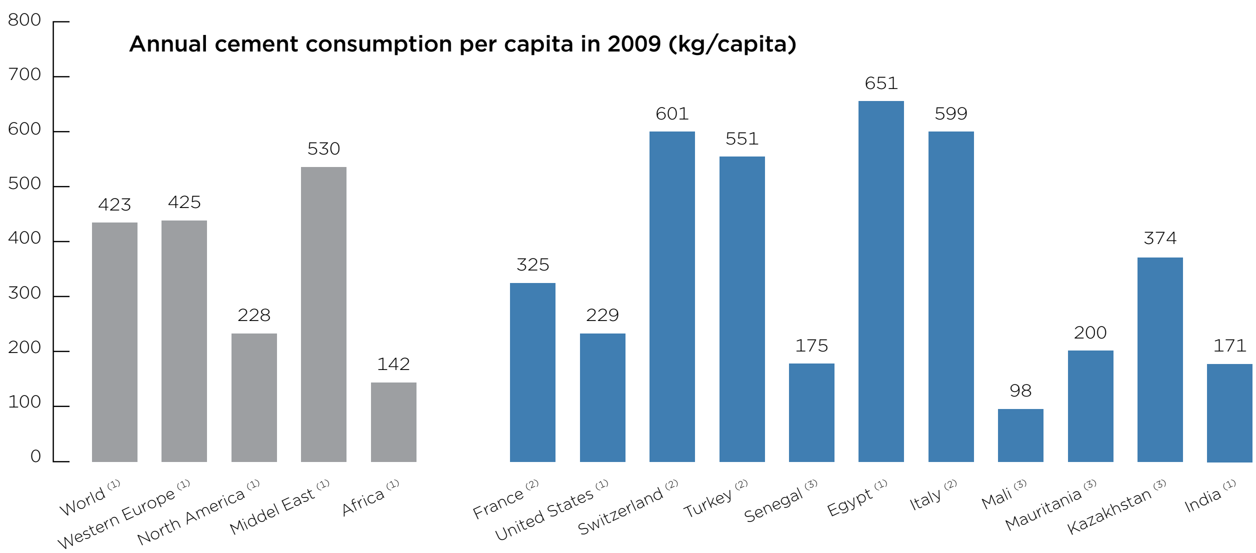
The Group is established and works in eleven countries. It records 41.3% of its sales in France, 15.8% in Europe (excluding France), 8.3% in the United States and 34.6% in emerging markets (India, Kazakhstan, Egypt, Mali, Mauritania, Senegal and Turkey).

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. 2010 was marked by the Group's healthy development in India thanks to the acquisition of Bharathi Cement, as well as the construction of a greenfield plant. These projects are illustrations of 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 optimize the economic performance of the acquired entity while capitalizing 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.

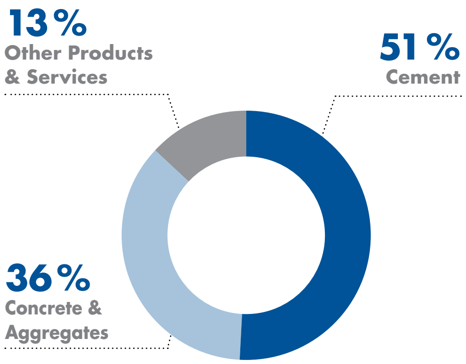


The selling price of cement, which is the Group's principal product, is determined primarily by availability and ease of extraction of its component raw materials, by the cost of thermal and electrical energy, and by the availability of qualified personnel to maintain the production facilities. The existence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

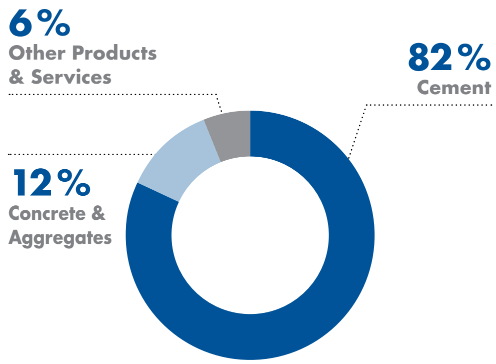
(1) Source: "Global Building Materials" Jefferies International Ltd, April 2010; CIA, The World Factbook.
(2) Source: Cembureau, 2009.
(3) Internal source.

The distributions of the Group's consolidated sales and EBITDA[1] by business in 2010 were as follows:

Consolidated sales in 2010 by business

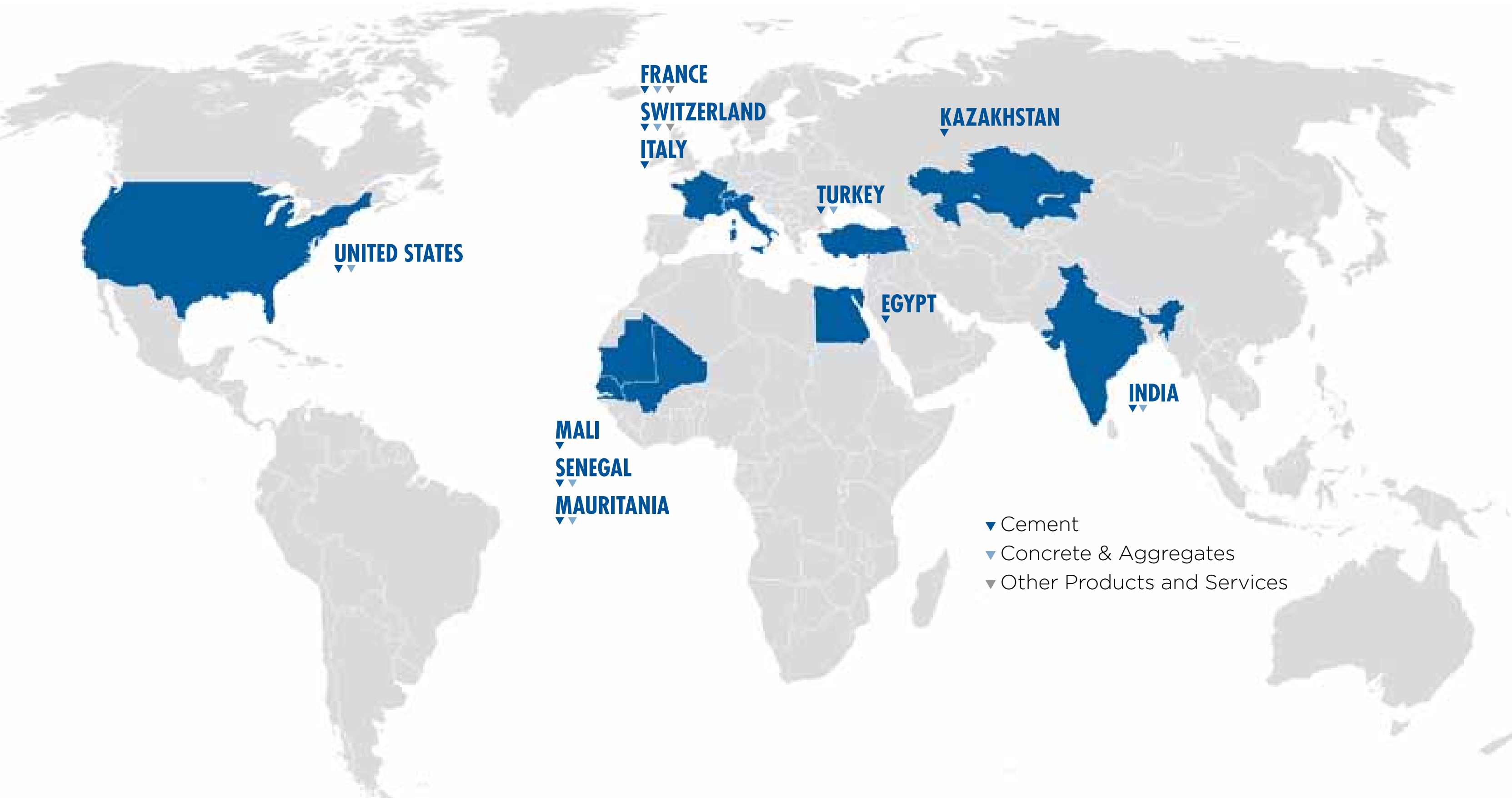


EBITDA by activity in 2010



[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 policies. Since EBITDA is calculated differently from one company to another, the data provided in this Registration Document relating to the Group's EBITDA might not be comparable to EBITDA data from other companies.

The Group organizes its teams by business segment in order to manage each of its activities more effectively. This organization 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 segment 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 organization.



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, 2010, the Group's worldwide Cement business comprised 14 cement factories and five clinker grinding plants. In France, the Group also operates two factories specializing in natural fast-setting cement. The Group's cement sales volumes in 2010 (before intra-group eliminations) amounted to 16.2 million tonnes (versus 14.5 million tonnes in 2009 and 14.2 million tonnes in 2008). So, in 2010 this segment accounted for 51.3% of the Group's consolidated sales (50.1% in 2009, 45.2% in 2008 and 43.4% in 2007), and 81.8% of the Group's EBITDA (77% in 2009, 73.5% in 2008 and 69.9% in 2007).

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 housing construction, civil engineering 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:

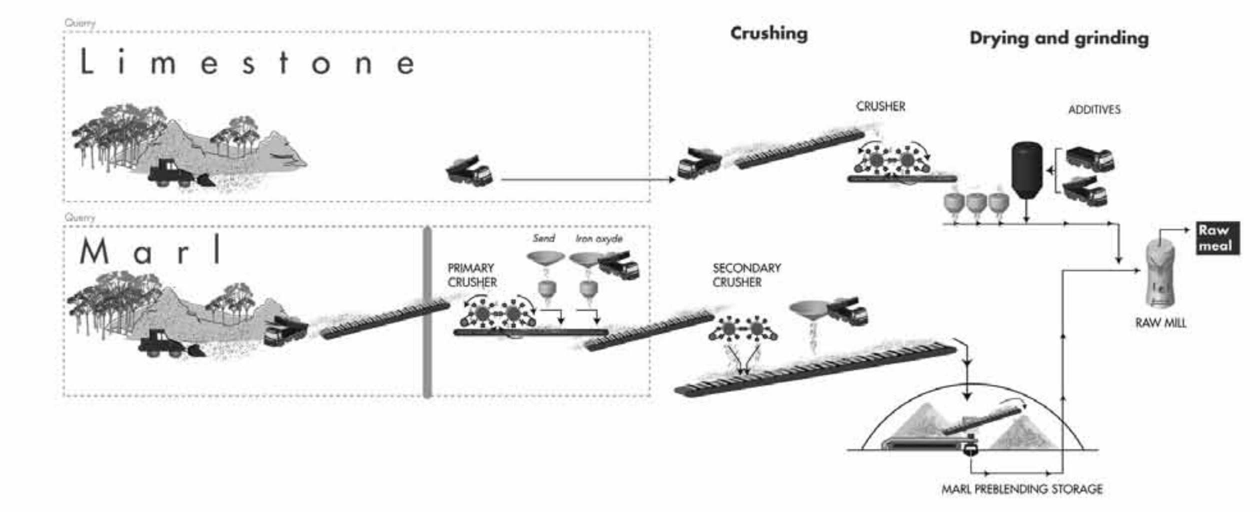
- CEM I (Portland cements) and CEM II (composite Portland cements): cements most commonly used in the housing construction industry, to produce conventional reinforced concrete works;
- CEM III (blast furnace cements) and CEM V (slag cements): conventional cements, with few heat releasing properties during hydration and with low sulfate 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;
- 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 programs on its products and their applications, advancing the knowledge of these products and optimizing their use (see section 11 "Research and development, patents and licenses" of this Registration Document).

6.3.1.2. Manufacturing methods

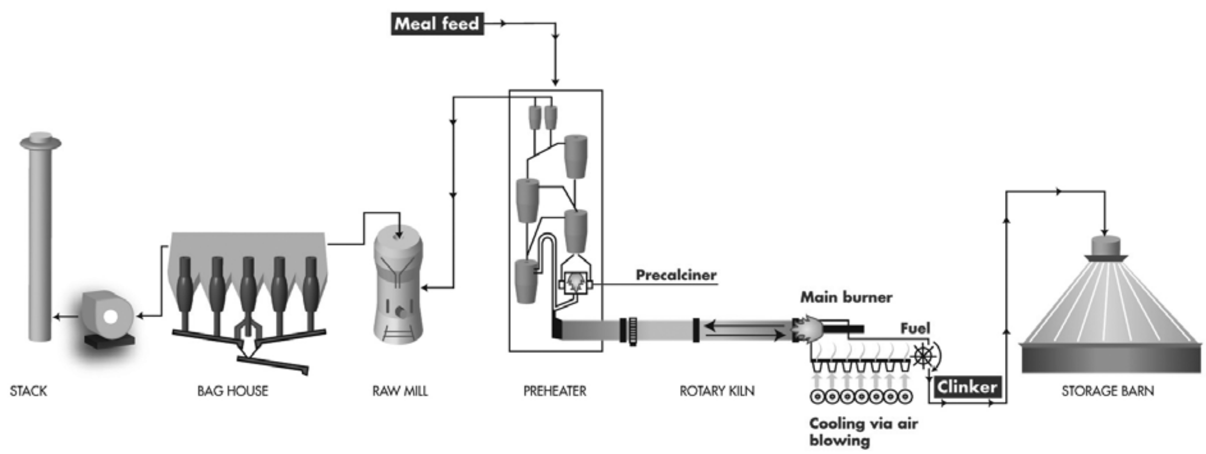
Cement manufacture proceeds mainly in four stages:

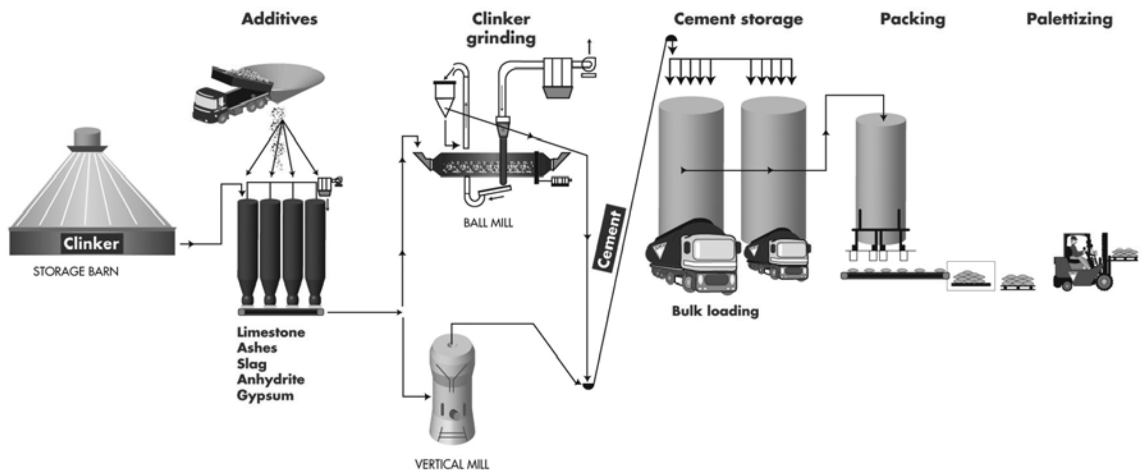
- Extraction of the raw materials: limestone and clay are extracted from quarries generally located near the cement factory. The rock is blasted out with explosives. The rocks and blocks obtained are then transported to crushers, in order to reduce their size and obtain stones less than 6 cm in diameter.
- Preparing the raw meal: the materials extracted from the quarries (limestone 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 by the Group in Italy and Mauritania 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 sulfate, and has implemented a quality-control procedure to ensure the conformity of delivered products to these regulations. Depending on the quality of the cement.

There are three types of cement manufacturing processes, each characterized 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 20 kilns currently in service, 19 are dry process kilns. In addition, the kiln on order is 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 clinker. 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 2010, fuels therefore represented an expense of approximately €144 million, and electricity €104 million for the entire Group. The Group allocates a significant part of its industrial investments to the improvement of its energy productivity.

The Group optimizes 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. All 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 2010, the share of alternative fuels in the Group's cement manufacturing business was on average 14.5%, 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.

[1] Source: CEMBUREAU.

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	Kilns under construction	Cement terminals
France	5	3	5	-	4
United States	2	-	2	-	5
Switzerland	1	-	1	-	1
Turkey	2	-	4	-	-
Senegal	1	-	3	-	4
Egypt	1	-	2	-	-
Italy	-	1	-	-	2
Mali	-	-	-	-	1
Kazakhstan	1	-	1	-	1[1]
India	2[3]	-	2	1	64[2]
Mauritania	-	1	-	-	-
Total	**15**	**5**	**20**	**1**	**81**

(1) Rail terminal in Almaty.
(2) Bharathii Cement distribution depots, mainly rented, for local distribution.
(3) Including one cement factory under construction.

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.

6.3.1.4. Implantations

The Group manufactures cement in the eleven countries where it is present. The Group is the third largest cement manufacturer in France[4], 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 Kazakhstan and in India in the States of Karnataka and Andra Pradesh 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 kilometers 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 or in some countries by rail, 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 would allow it to export to other countries in the Middle East and to Europe.

(4) Source: "Global Building Materials" study, Jefferies International Ltd, April 2010.

Worldwide, the cement manufacturing industry remains very fragmented. In 2009, the world leader held approximately a 5% market share on a global scale [1]. 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 14 cement factories spread over eight countries, as well as 5 cement grinding plants established in three countries. The table below summarizes the cement volumes sold by country:

[1] Source: "Global Building Materials" study, Jefferies International Ltd, April 2010.

Cement volumes sold (in millions of tonnes) [2]	2010	2009	2008
France	3,257	3,218	3,771
United States	1,212	1,271	1,766
Switzerland	845	754	715
Turkey	3,406	3,087	3,160
Senegal/Mali/Mauritania	2,399	2,260	1,969
Egypt	3,753	3,493	2,370
Italy	279	424	474
India	1,028	-	-
Kazakhstan	0 [3]	-	-
Total	**16,179**	**14,507**	**14,225**

[2] Volumes of cement, clinker and masonry cement.
[3] As clinker production began in December 2010, the production sold is less than 500 tonnes for 2010.

Intra-group cement sales accounted for 15.9% of the Group's activity, with a significant disparity ranging from 0% to 35% depending on the operating country in question.

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 position and earnings" of this Registration Document.

(a) France

The recovery in the new housing sector has been evident since the second half of 2010. For 2010 as a whole, the number of new housing starts increased by 3.5% compared with the previous year, while the number of construction permits rose by 15.1% under the combined effects of historically low interest rates and stimulus measures, such as the doubling of the loan at "zero interest rate". In contrast the non-residential sector fell by 3.6% compared with 2009 as a result of reduced investment by companies. The public works sector stabilized, with business falling slightly by around 1%; social changes in the fourth quarter disrupted the favorable trend led major infrastructure works, initiated in particular by the Réseaux Ferrés de France (RFF – French Railway Network) and the Réseaux de Transport d'Electricité (RTE – French Electricity Grid) and by local authorities.

Historic birthplace of the Group, the French cement market is mature, with consumption of 19.8 million tonnes in 2010 [4]. Consumption reached approximately 325 kg of cement per capita in 2009 [5].

[4] Source : SFIC, 2010.
[5] Source : CEMBUREAU, 2009 (organization representing the European cement industry).

Since 2005, owing to the drop in consumption over the last three years, sales volumes have fallen by approximately 12% over five years[(1)], or an average annual decrease of 2.6% over the period. Between 2007 and 2010, French cement consumption showed an average annual decrease of 7.3%. The decline in cement consumption which began in 2008 (-2.8%), accelerated in 2009 (-15.5%), with a further fall of 2.9% in 2010. According to industry organizations, cement consumption is expected to rise by 1.5 to 3% in 2011[(2)].

Cement is sold in France in bulk or in bags:

- bulk, which represents approximately 78%[(3)] of consumption, is used by the manufacturers of ready-mixed concrete (55%) and of prefabricated concrete parts (17%) and by the public construction companies, which only account for 6% of consumption as direct supplies[(4)];
- bags, which account for approximately 22% of consumption in France, are distributed mainly via the trade and to a lesser extent through DIY stores to users, craftsmen, firms and private individuals[(4)].

The French cement industry is concentrated. Four groups account for approximately 97% of the market[(6)]: 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 3.3 million tonnes in 2010.

The Group operates five artificial cement factories and two other factories where various products containing natural quick-setting cement are manufactured. Because of the geographical positioning of its sites, the Group is market leader in the south-east (three factories: Montalieu, Saint-Égrève and La Grave-de-Peille, and three depots: Lyon port Édouard-Herriot, Décines and Chambéry). Its two other factories in Auvergne (Créchy) and in Lorraine (Xeuilley), the grinding plant in Fos-sur-Mer 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: Marseille, Nancy, Lyon, Grenoble, Clermont-Ferrand and Nice.

The Group also exports part of its artificial cement production:

(In thousands of tonnes)	2010	2009	Change
Domestic	2,819	2,824	-0.2%
Export	298	268	+11.2%
Total	**3,118**	**3,093**	**+0.8%**

Domestic sales remained stable while export sales increased by 11% in 2010, owing to a stronger presence with customers. 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 housing 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, modernization of the Montalieu factory in the preceding years has resulted in competitive production costs.

Production costs have been maintained at a satisfactory level by:

- giving priority to the most economic production facilities, with the poorest performing parts of the plant being temporarily mothballed;
- constant switching between energy sources depending on their overall financial impact;
- strict control of operating costs.

(b) United States

The house-building sector still suffers from a significant number of repossessions and a large existing housing stock. House building costs fell again this year by 4%, bringing the decline since the 2006 peak to 62%[(7)]. The industry, however, estimates that the lowest point has been reached and foresees an increase of slightly under 4% in 2011.

(1) Source : SFIC, 2010.
(2) Source : SFIC 2011 and the European Institute for Information and Economic Research, 2011.
(3) Source : SFIC, 2008.
(4) Source : SFIC, 2008.
(5) Source : SFIC, 2008.
(6) Source : SFIC, 2008.
(7) Source: "Global Building Materials" study, Jefferies International Ltd, April 2010.

The non-residential sector, which traditionally lags behind the housing sector, continued to decline by more than 26% in 2010. A further, smaller fall is expected in 2011, with a recovery forecast for 2012[(1)].

The public works sector benefited only marginally from the Federal stimulus plan, which simply took the place of financing by the States. Moreover, the switch in the majority in the House of Representatives might lead to predictions of drastic budget cuts in the spending on infrastructure and public transport planned by the President's office.

The American cement market, which reached more than 127 million tonnes in 2005 and 2006, has experienced an average annual fall of approximately 15.8% since 2005 and 11.5% since 2007[(2)]. Domestic consumption is estimated at 69.5 million tonnes in 2010[(3)]. Annual consumption per capita fell to a historic low of approximately 229 kg[(4)] per capita in 2009.

The following table sets forth cement consumption in the two regions of the United States where the Group is present[(5)]:

(In millions of tonnes)	2010	2009	Change
South-East	7.2	7.5	-3.4%
California	6.1	6.5	-6.1%
Total United States	**69.5**	**71.5**	**-2.8%**

With cement production in 2010 of around 64.5 million tonnes, the American cement industry supplies approximately 92% of national consumption, the remainder being imported mainly from Asia, Canada and Mexico[(6)].

In 2010, cement consumption in the United States fell by 2.8% (after a drop of 26.7% in 2009 and 15.5% in 2008), reaching its lowest level since 1982, resulting in the closure of production capacity in particular[(7)].

The South-East, where the crisis was not felt until later in 2007, has suffered a bigger decline than the national average since 2008. Consumption in California also continues to fall but at a lower rate than in 2009 (30%).

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

- bulk accounts for approximately 95% of consumption: the first destination is the public sector, followed by the housing sector and finally by the non-residential private sector[(8)];
- 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[(9)].

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, 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 1.21 million tonnes of cement in 2010 (that is 0.64 million tonnes for Ragland and 0.57 million tonnes for Lebec), NCC is the eleventh largest American producer[(10)]. However, as these factories are more than 3,000 km apart, they operate on two independent markets.

The top five producing states were, in descending order, Texas, California, Missouri, Florida and Pennsylvania[(11)]. Together, these five states accounted for approximately 45% of the cement production in the United States. Similarly, the principal consuming states are Texas, California, Florida, Louisiana and Illinois. The Group's competitors in its two established markets in the United States are HeidelbergCement, Holcim, Lafarge, Cemex and Buzzi Unicem in the south-east region and Cemex, HeidelbergCement, CPC, Mitsubishi and TXI in California.

The sales figures for the Group in 2010 showed a drop of 4.6% compared to 2009. This drop, which

(1) Source : Portland Cement Association (PCA), 2011.
(2) Source : USGS, 2010.
(3) Source : USGS, 2010.
(4) Source : "Global Building Materials" study by Jefferies International Ltd, April 2010.
(5) Source : USGS, 2010.
(6) Source : USGS, 2010.
(7) Source : USGS, 2010.
(8) Internal source.
(9) Internal source.
(10) Source : PCA, 2008.
(11) Source : USGS, 2010.

concerns the two regions where the Group operates, is comparable with the fall in business activity in the respective markets.

The commercial structure includes a manager for each cement factory. This organization 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

The construction sector had another record year, with industrial capital expenditure taking off once more and continuing strong demand in the housing sector against a background of population growth and attractive interest rates. The public works sector, sustained by long-term infrastructure programs, such as the Bienne bypass or the TransJura motorway, was also helped by stimulus plans at Canton and Federal level.

The Swiss cement market has experienced average annual growth of approximately 1.4% since 2005 and 2.4% since 2007 [(1)]. In 2010, Swiss cement consumption was estimated at 4.9 million tonnes [(2)] up around 6.5%. The annual consumption per capita remained stable at approximately 601 kg in 2009 [(3)], 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 (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 has approximately two thirds of the Swiss market, JuraCim (CRH group) 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 35 companies working in Cement, Ready-mixed concrete, Aggregates and Precast concrete products in Switzerland.

Through its subsidiary, Vigier, the Group is the third largest cement manufacturer in Switzerland [(6)] with approximately 17% of the market in 2010 [(7)] and a production of 0.84 million tonnes per year, up more than 12% compared to 2009 as a result of the increase in capacity under the "Performance 2010" Plan. Ciments Vigier grew in 2010, boosted by the acquisition of new customers in the Zurich region and by the supply to major construction sites such as the Viège bypass and the Thoune stadium.

Vigier has a cement factory established in Reuchenette, near Bienne. Its natural market is thus the plateaux region including the Bienne-Solothurn axis, 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 and equipment.

The Group has a limited sales administration 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 gives it a significant competitive advantage in terms of production cost.

[(1)] Source : CEMSUISSE, 2010.
[(2)] Source : CEMSUISSE, 2010.
[(3)] Source : CEMBUREAU, 2009.
[(4)] Source : CEMSUISSE, 2008.

[(5)] Internal source.
[(6)] Internal source.
[(7)] Internal source.

(d) Turkey

For twenty years, the urbanization of Turkey, its demographic growth and the large migration of the rural population have sustained demand for housing 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, 2% in 2008 and down 6.5% in 2009. In 2010, the country again saw strong growth which is expected to be around 8%.

The private housing sector is growing sharply: building permits increased by over 30% in the first nine months of the year. The non-residential sector, however, remained depressed.

After strong sustained growth up to 2007, the Turkish cement market saw two consecutive years of decline. It took off again strongly in 2010, posting growth of almost 15% compared with 2009, bringing the average annual growth for the last three years to 2.6%. Growth since 2005 has amounted to almost 31%, that is an annual average increase of 5.5%. Annual consumption is estimated at 45.8 million tonnes in 2010 (1). Cement consumption per capita was approximately 551 kg of cement per year in 2009 (2). Consumption trends vary significantly between regions: while the Mediterranean and Aegean regions are growing very slowly, the Black Sea and Anatolia regions are seeing sustained increases.

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, HeidelbergCement, Italcementi and Cementir (Italy) and from Turkish groups of national stature (such as Oyak, Sabanci and Nuh). The principal cement consumption areas in Turkey are the urban areas of Marmara (Istanbul) and Central Anatolia (Ankara) and the tourist areas of the Mediterranean (Antalya) and the Aegean Sea. Between 2007 and 2009, approximately 15 million tonnes of new clinker production capacity were brought on stream, while in 2010 a new entrant brought on stream a new production line with a capacity of one million tonnes in Bilecik. This increase in supply combined with the turnaround in the consumption trend created a highly competitive market situation. As a consequence, Turkish producers are very active on the export market. Export volumes in 2010 are expected to be close to 16 million tonnes (excluding clinker), down 4% compared with 2009, as result of the strengthening of the Turkish Pound against the US Dollar and the Euro.

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, which account for approximately two thirds of the volumes sold.

The Group has been operating in Turkey since 1991 with the acquisition of Konya Cimento and, particularly with the acquisition of Bastas Baskent Cimento in 1994, has become a significant player with cement sales of more than 3.4 million tonnes in 2010, up 10.3% compared to 2009. 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 and 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, but its priority goes to the domestic market.

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 4.7% since 2005. The size of the market has doubled over the last ten years to reach an annual consump-

(1) Internal source.
(2) Source : CEMBUREAU, 2009.

tion of approximately 2.4 million tonnes in 2010[(1)]. Consumption per capita was nonetheless limited to approximately 175 kg of cement per year in 2009.

The market benefited from infrastructure projects financed by the Senegalese government and by international organizations and foreign aid, such as the construction of a motorway between Dakar and Thiès, an urban transport plan for the city of Dakar, the construction of Ndiass airport and development projects for the port of Dakar. Market growth has also been sustained by the rise in the rate of urbanization 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 clinker producer, forming the following sub-region: Mauritania, Guinea-Bissau, Guinea Conakry, and in particular, Mali and The Gambia (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 0.9 million tonnes in 2009[(2)].

Cement is generally sold in bags on the Senegalese market (nearly 97%)[(3)], 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, while the remaining 18% go to public construction firms for the construction of large road construction and infrastructure projects, 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 62% in 2010 and it exports to the Sub-Region. Its Senegalese subsidiary, Sococim Industries (Sococim), operates a factory at Rufisque, near Dakar, which was the first cement factory in the Sub-Region. Its sales amounted to more than 2.2 million tonnes in 2010 (up 3.4% compared to 2009), of which 748,000 tonnes were for export. Despite a competitor which arrived on this market in 2002 and which brought a second firing line on stream in 2010, Sococim continues to represent around two thirds of the market share since this date.

(1) Internal source.
(2) Internal source.
(3) Internal source.

Sococim has opened four depots to provide better coverage of country and to develop a close relationship with its customers. The sales organization 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.

In 2006, the Group's subsidiary in Mali, Ciment et Matériaux du Mali (CMM), also opened a depot and a bagging plant in Bamako. This depot is supplied with cement from the Rufisque factory by rail and road. This new establishment allows the Group to penetrate the market in Mali more effectively. This market is in full expansion, with the implementation of large infrastructure projects and public housing construction. Cement consumption in Mali was approximately 1.3 million tonnes, an increase of almost 16% compared to 2008, and the Group's total sales there represented almost 440,000 tonnes in 2009, a decrease of 5% compared to the previous year, of which 89,000 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 utilization of the factory. Accordingly, a coal mill was brought into service in 2004 and a new power generation plant started up at the beginning of 2007. This new power plant ensures independence of the cement factory from the Senegalese electricity utility. This policy 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. Finally, the start-up of a new firing line brought the Group's cement production capacity in Senegal to over 3.5 million tonnes, enabling it to take advantage of the growth potential in West Africa based on its competitive production costs.

(f) Egypt

The Egyptian cement market has experienced annual average growth of approximately 12% since 2005 and 12.9% since 2007[(4)]. This market was affected by the war in Iraq in 2003 and 2004, and then experienced sustained growth from 2005 onwards. In 2010, cement consumption in Egypt was approximately 49.5 million tonnes[(5)], i.e. growth of approximately 3.4% compared to 2009. The per capita consumption

(4) Source : Egyptian Equipment Ministry, 2010.
(5) Source : Egyptian Equipment Ministry, 2010.

reached approximately 651 kg of cement per year in 2009 [(1)].

Egypt currently has 14 active cement producers established throughout the country, although most are concentrated in a 200 km radius around the capital. These producers posted domestic production estimated at approximately 48 million tonnes in 2010 [(2)]. Alongside this, Egypt imported 1.6 million tonnes of cement and 0.6 million tonnes of clinker. A ministerial decree that prohibited cement exports from April 2009 was repealed with effect from October 1, 2010: these amounted to 0.05 million tonnes for the year [(3)] (compared with 0.3 million tonnes in 2009). The Egyptian cement manufacturing industry has the advantage of low production costs, despite steadily increasing energy costs, and of a geographical position allowing it to export any production surpluses by sea to various areas of the world. With its ports on the Mediterranean, it has access routes to the European and Syrian markets, whilst the Red Sea ports can also access the Gulf countries and certain African countries such as Somalia, Djibouti, Eritrea and Sudan.

Titan, Misr Beni Suef and Medcom each brought a production line on stream at the end of 2009, providing a total capacity of around 4 million tonnes. Arabian Cement Company, a subsidiary of the Spanish group La Unión, brought two cement mills on stream in 2010, with a second clinker line due to start up in 2011. The new projects due to come on stream in the first half of 2011 will be delayed following the events in Egypt at the start of 2011. The total nominal capacity of these new projects in a full year is 13 million tonnes of clinker.

In 2003, the Group made a strategic investment of 25% in the Sinaï Cement Company (SCC), so as to position itself in this emerging market. This holding was increased with effect from 2005, allowing the Group to take control of this company.

According to the Group's estimates, SCC is the fifth largest Egyptian producer with a share of the domestic market amounting to around 7.5% at the end of 2010 and a production of some 3.8 million tonnes of cement sold in 2010, up almost 7.4% compared to 2009. Following the export ban imposed by the Egyptian government, SCC consolidated its penetration of the markets in Cairo and the Nile Delta and maintained its leading position in the Sinaï Peninsula. SCC occupies a privileged geographic position: the proximity of a port would enable it to be the base for cement export to several countries, in particular for the Group's Italian businesses. SCC also benefits from abundant high quality limestone reserves.

The cement factory, having been established in 2001, benefits from modern production equipment. Since 2005, operating the kiln for the first firing line 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 up in June 2008. SCC was the only cement factory to put a complete new line into service in 2008, therefore allowing it to respond to strong growth in the local market and to consolidate its position on this market in 2009 and 2010. Furthermore, the start-up of a fourth cement grinding plant and optimization of the performance of the three existing grinding plants enabled production to be increased in response to market demand. It also allowed advantage to be taken of export opportunities. In 2010, for example, SCC sold 25,000 tonnes of cement to Eritrea.

(g) Italy

The building construction and public works market in Italy fell by approximately 6.4% in 2010. This fall severely affected the social housing sector and the infrastructure sector, which declined by more than 10%, and to a lesser extent the residential sector (-5%). Only the renovation sector seems to be recovering very slightly.

The cement market in Italy remained at between 46 and 47 million tonnes from 2004 to 2007. Consumption is estimated at around 34 million tonnes in 2010 [(4)], a decline for the fourth consecutive year which amounted to a fall of 6% compared with the previous year and over 27% compared with 2007 [(5)]. However, per capita consumption remains one of the highest in Europe at nearly 600 kg of cement per year [(6)], comparable with other Southern European countries based on construction and renovation practices in the market and the ongoing infrastructure construction program.

(1) Internal source.
(2) Internal source.
(3) Source : Egyptian Equipment Ministry, 2010.
(4) Internal source.
(5) Source : AITEC.
(6) Source : CEMBUREAU, 2009.

Italy was an exporter in 2010, with selling prices in line with those of Greek and Turkish exports which traditionally dominate the Mediterranean market.

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 terminal in the port of Taranto. CCS also operates a second terminal in the port of Imperia. CCS sold over 0.3 million tonnes of cement in 2010, accounting for some 0.8% of the Italian market. Deliveries in 2010 decreased by 34.2% compared to 2009. Against this background of severe pressure on prices, the Group decided to protect its margins at the expense of volume.

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

The above mentioned three sites allow low cost manufacture and handling of cement. These sites also allow clinker to be imported at a low cost from several countries in the Mediterranean basin.

(h) Kazakhstan

After a major slow-down in 2008 resulting from the impact of the global financial crisis on the local banking system and stabilization in 2009, the construction sector remained at a relatively low level in 2010. Cement consumption increased by over 15% in 2010 compared with the previous year, under the impetus of major infrastructure projects financed by the Kazakhstan government and by international aid. The fall in the selling price favored local production, although imports from Uzbekistan were found, particularly in the south of the country.

Beyond the economic slow-down created by the impact of the international financial crisis on the local banking system, the increase in cement consumption should continue, sustained by growth in the urban population and by continuous increase in per capita income related to significant income from the raw materials sector. Consumption, which was just under 6 million tonnes in 2010, should reach somewhere between 9 and 10 million tonnes in the medium term.

After the Group took control of the project company in December 2007, the legal structure of operations in Kazakhstan is as follows:

- Mynaral TAS, a joint venture company 60% owned by Vigier, a subsidiary of the Group, holds the mining securities and the land rights 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 US$ 160 million, was set up with the International Finance Corporation (IFC), a subsidiary of the World Bank. Alongside this financing, the IFC took a 10% stake in Mynaral Tas in December 2008; the Group's Kazakh partner, Homebroker, holds 30%.

The Group is building a greenfield plant located near Lake Balkach, about 400 kilometers from Almaty and 900 kilometers from Astana. This plant, which has a 1.1 million tonnes cement capacity, is being built by China Triumph Engineering under a turnkey agreement concluded in August 2007. It uses modern, proven cement techniques (vertical raw meal mill, 5 stage pre-heating tower, bag filters, covered clinker storage, etc.). Located along the Almaty/Karaganda/Astana road and railway, the plant will supply the region of Almaty and its surroundings, the southern region (Taraz, Chymkent), the center and the Astana region primarily by rail.

After two years under construction, the factory began operation in December 2010. Some work is still to be completed in the first half of 2011 to bring on stream the last cement grinders and the Almaty terminal owned by the company.

(i) Mauritania

During the second half of 2008, the Group consolidated its position in West Africa by acquiring 65% of BSA Ciment, which has operated a cement grinder in Nouakchott, the capital of Mauritania, since the beginning of 2008. This acquisition enabled 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 Sococim's surplus clinker capacity in Senegal, following the start-up of the new kiln in October 2009.

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

The steady normalization of relations between Mauritania, the international community and finance providers was not sufficient to enable the commitments made and expected infrastructure projects to materialize. Consequently in 2010, cement consumption fell very slightly by 1% to 625,000 tonnes, with local production declining slightly in favor of imports.

In this context, BSA has grown its business substantially to become the third largest player in the Mauritanian market with sales in excess of 166,000 tonnes, up 60% compared with the previous year. The electricity generation unit installed in 2009 ensured continuous use of production capacity and a significant increase in market share.

(j) India

During the last ten years, India has experienced an average annual growth of more than 7% in its GDP. Its growth in 2010 is estimated to be at 9%, and the country is taking advantage of an abundance of skilled labor, which has allowed it to develop in the service sector in particular.

Since 2004, the Indian cement market has developed steadily, with a growth of over 60% in 5 years. The Indian cement market has thus seen continuous average annual growth of almost 10% since 2004. Annual consumption was estimated at 201 million tonnes in 2009, which makes India the second largest market in the world for cement. However, cement consumption per capita has remained weak, at approximately 171 kg per person.

The population of India has reached 1.17 billion, 29% of whom live in towns and cities, and India should become the most populous country on the planet by around 2030. Although the global economic crisis is beginning to affect Indian growth, growth in annual cement consumption should be maintained, fuelled by population growth (estimated at 1.45% in 2009) and its switch to nuclear power together with major planned infrastructure programs (roads, railways, dams, irrigation, ports and airports, etc.), should be maintained.

Cement consumption in the States of southern India where the Group operates (Andhra Pradesh, Tamil Nadu, Karnataka, Kerala and Goa) and in the State of Maharashtra was estimated at 88.7 million tonnes in 2010, up 5%[1] compared with 2009. There is currently surplus production capacity, with 135 million tonnes available. Cement consumption per capita was estimated at 244 kilograms per person for the 2009/2010 fiscal year.

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 has a capacity of 2.5 million tonnes with its new line which came on stream in July 2008.

The objective of Vicat Sagar Cement is to build a greenfield cement factory in the south of India, 700 kilometers from Mumbai and 170 kilometers 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 began in 2010 with start-up scheduled for 2012 (see also sections 5.2.2 "Principal investments in progress and planned" and 12.2.3 "Industrial investments").

The new plant will use the latest generation of cement mill techniques (raw meal roller mill, 6 stage pre-heating tower, bag filters, covered clinker storage, coal and commodities, etc.) and will have its own power generation plant. It will be connected to the railway network and be able to supply the States of Karnataka, Maharashtra and Andhra Pradesh and the main metropolitan centers of Mumbai, Pune, Bangalore and Hyderabad.

As at December 31, 2010 the Group owned 53% of this joint venture. The company is actively pursuing

(1) Source : Cement Manufacturing Association (figures for December are estimates)

the acquisition of land for quarrying in accordance with the plans in place. Work on construction of the first line began in the second half of 2010. The majority of equipment orders have been placed and financing for the project has been finalized.

In addition, the Group acquired 51% of the company Bharathi Cement (BCCPL) in April 2010, mainly through a reserved increase in capital. BCCPL owns a modern cement factory in the south of Andhra Pradesh, comprising two production lines which at the end of 2010 represented a total annual capacity of 5 million tonnes of cement. This acquisition makes Vicat a major player in the south of India and will enable it to take advantage of synergies with Vicat Sagar Cement from the second half of 2012.

Between May and December (the period included in the Group consolidated financial statements), Bharathi Cement sold 982,000 tonnes of cement and 46,000 tonnes of clinker exclusively in the States of southern India and in Maharashtra, achieving rapid market penetration, production from the factory having begun in October 2009.

The Group, present with Bharathi Cement and its capacity of 5 million tonnes by the end of 2010, will gradually increase its capacity up to 7.5 million tonnes in 2012 with the start-up of the first production line of Vicat Sagar Cement, then up to 10.5 millions de tonnes, to become a significant player in the very dynamic southern India market.

6.3.2. Ready-mixed concrete and Aggregates

The Ready-mixed concrete and Aggregates businesses accounted for 35.6% of Group sales, that is over €716 million of consolidated sales in 2010 (€696 million in 2009 and € 845 million in 2008), and 12.4% of the Group's EBITDA for this same period (17.5% in 2009 and 20.8% in 2008).

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

Concrete and aggregates, like cement, are essential components of construction projects throughout the world. The Ready-mixed concrete and Aggregates businesses were established in each of these countries by the acquisition and creation of many companies. At the end of 2010, the Group operated 76 aggregates quarries and 248 concrete batching plants, distributed over six countries, and had sold 20.8 million tonnes of aggregates and 7.7 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 markets served by 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, quick 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 at a given rate. Mixing must then be continuous and homogeneous. These production constraints explain why concrete manufactured in a batching plant is of a superior quality and uniformity 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 standard concrete to special concrete, developed for specific applications by its research and development laboratory, thus meeting its customers' needs and constraints:

- standard 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 with respect to the cement content (strength ranging from 60 to 100 MPa);

- fiber 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 exact requirements.

The Group's research and development laboratories designs innovative concrete for new applications or ease of use. See section 11 "Research and development, patents and licenses" of this Registration Document for further details.

(b) Aggregates

Aggregates (sands and gravel), which are the principal raw material consumed in the world after water, are natural materials used in the manufacture of concrete, masonry and asphalt. They are also the basic materials for building roads, embankments and structures. Most of these aggregates come from crushed rocks (usually limestone or granite), or from natural gravel and sand extraction. To a certain extent, and depending on 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 2010, the Group produced and sold 20.8 million tonnes of aggregates in four countries (France, Switzerland, Turkey and Senegal). Besides, the Group acquired at the end of 2010 an aggregates company in India which started operating at the beginning 2011.

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 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 setting 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 production and delivery 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 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

As at December 31, 2010, the Group operated 248 concrete batching plants across all the countries where it is present. 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 plasticizers) 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, 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, for handling both solid rock and alluvial rock. The quarrying and grinding of solid rock requires the use of loaders, transport equipment and crushers. Alluvial rocks are extracted using dredgers. In both cases, aggregates on the processing 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 licenses. The Group maintains the level of its reserves by acquiring, obtaining and renewing extraction licenses.

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, followed in 2010 by the acquisition of adjacent land in order to supplement its reserves of basalt. In addition to 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.

The Group invested in a cement milling plant, concrete batching plant and precast products plant in Mauritania in 2008, enabling it to strengthen its network in West Africa.

In India, following its acquisition by the Group, Bharathi Cement acquired an aggregates quarry in the inner suburbs of Bangalore with a view to the imminent production of ready-mixed concrete.

6.3.2.5. Competitive position

In 2010, the Group produced over 7.7 million m^3 of concrete, 37 % of which was in France, 18.4 % in the United States, 38.3 % in Turkey and 6.2 % in Switzerland. The Group's 248 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 centers.

The table below shows concrete sales over the past three years:

(Volumes sold in thousands of m^3)	2010	2009	2008
France	2,867	2,838	3,673
United States	1,429	1,439	2,148
Turkey	2,971	2,341	2,030
Switzerland	480	502	522
Mauritania	1	1	-
Total	**7,749**	**7,121**	**8,373**

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

The Group's Aggregates business operates 48 quarries in France, 20 in Switzerland, 6 in Turkey and 2 in Senegal, with a production of 20.8 million tonnes of aggregates in 2010. The aggregates produced by the Group's French sites represents approximately 49.8 % of its total aggregates production.

The table below shows aggregates sales over the past three years:

(Volumes sold in thousands of tonnes)	2010	2009	2008
France	10,346	9,991	12,757
Turkey	5,555	4,022	3,901
Switzerland	2,469	2,638	2,651
Senegal	2,396	2,024	2,270
Total	**20,766**	**18,675**	**21,579**

The aggregates market is generally fragmented into many local markets. The various participants are regional or national quarry operators, firms in the public construction sector which are 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 optimize 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, owing to the high transport costs. However, quarries sometimes enjoy access to river or railroads, which makes it possible to ship aggregates over long 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 manufacturers of precast products (breeze blocks, paving stones, etc.), 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 house building companies, farmers or private individuals. The batching plants fulfill scheduled work contract orders and immediate delivery requests.

6.3.2.7. Markets

(a) France

After the market downturn in 2009, the ready-mixed concrete market stabilized in 2010, showing a slight increase of 0.4%[1] compared with 2009.

The ready-mixed concrete market in France has experienced an annual average reduction of approximately 1.1% since 2005 and 6.2% since 2007[2]. In 2010, the ready-mixed concrete market accounted for more than 37 million m^3 of concrete (an increase of 0.4% compared to 2009), manufactured by some 1,790 concrete batching plants distributed throughout France[3].

Production (In thousands of m^3)	2010	2009	Change
Auvergne	693	706	-1.6%
Bourgogne -Franche-Comté	1,368	1,466	-6.7%
Centre	1,254	1,348	-7.0%
Île-de-France	4,888	4,839	+0.1%
Lorraine	1,040	1,087	-5.7%
Midi-Pyrénées	2,378	2,308	+3.0%
Nord	1,752	1,734	+1.1%
Provence	3,825	3,709	+3.1%
Rhône-Alpes	4,182	4,229	-1.1%
Total France	**37,302**	**37,153**	**+0.4%**

The Group operates 141 concrete batching plants in France, which produced more than 2.9 million m^3 of concrete in 2010, up by 1% compared with the previous year. The Group has a 7.7% market share nationally[4].

(1) Source : Syndicat National du Béton Prêt à l'Emploi (SNBPE), 2010.
(2) Source : Syndicat National du Béton Prêt à l'Emploi (SNBPE), 2010.
(3) Source : Syndicat National du Béton Prêt à l'Emploi (SNBPE), 2010.
(4) Source : Syndicat National du Béton Prêt à l'Emploi (SNBPE), 2010.

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 [(1)]. 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 540 mixer trucks to carry out site deliveries, including 33 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 technical sales 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, specializing 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 364 million tonnes in 2010 [(2)] (excluding recycled materials) down by 3.2% compared to 2009, from the operation of approximately 3,500 quarries. The Group has 63 production sites, including 48 quarries, which enabled it to produce and market 10.3 million tonnes of aggregates in 2010, i.e. approximately 2.8% of national demand [(3)]. The Group is one of the top ten aggregate producers in France, where, according to the Group's estimates, the leading 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. At the end of 2010, the Group acquired the company L. Thiriet & Cie which operates 3 concrete plants and 4 aggregate quarries in Southern Lorraine.

In 2010, the Group's Aggregates business in France increased slightly by 3.6% (compared with a production of approximately 10 million tonnes in 2009) with different trends apparent in different regions.

(b) United States

The American market for ready-mixed concrete was estimated at approximately 197 million m^3 in 2010 [(4)]. Ready-mixed concrete is widely used in the United States. After a drop of 15% in 2008 and 24% in 2009, the market stabilized in 2010 with a fall of 0.4% on a national level. This average figure, however, masks very different regional situations. The market remains highly competitive with both large and strongly integrated players, such as Cemex or Lafarge being present, but many small independent producers still operating at the local level as well.

The Group operates 47 concrete batching plants in the United States, in the two areas where it is established. These produced an overall output of slightly more than 1.4 million m^3 in 2010 (of which 68% in California and 32% in Alabama), down less than 1% by comparison with total production in 2009. Development of the Group's sales volumes varies by region and is determined by the residential market. 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 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 7.6 million m^3 in 2010, which represents a decline of 8.3% compared to 2009 [(5)].

The ready-mixed concrete market in California accounted for a production of 17.2 million m^3 in 2010,

[(1)] Internal source.
[(2)] Source : Union Nationale des Industries de Carrières et de Matériaux (UNICEM), 2010.
[(3)] Source : Union Nationale des Industries de Carrières et de Matériaux (UNICEM), 2010.
[(4)] Source : National Ready Mix Concrete Association (NRMCA), 2010.
[(5)] Source : National Ready Mix Concrete Association (NRMCA), 2010.

down 6.1% compared with the previous year [1].

The Group consolidated its market share in California and increased it in the South-East region, in Alabama in particular.

(c) Switzerland

The ready-mixed concrete market in Switzerland has experienced 1.7% annual average growth since 2005 and stability since 2007, according to the latest estimates from the ERMCO [2]. Consumption declined in 2002 and 2003, before increasing in 2004 with construction sites involving major projects. According to the ERMCO, ready-mixed concrete production in Switzerland remained stable at 12 million m^3 between 2007 and 2009. According to the Group's estimates, the market held up in 2010, with large regional differences. The ready-mixed concrete market is very developed and served by a dense network.

Through its Vigier subsidiary, the Group owns 19 concrete batching plants distributed over the western half of Switzerland in four regions. These concrete batching plants produced 0.48 million m^3 in 2010, a decrease of 4% compared with the previous year (production having been 0.50 million m^3 in 2009).

Vigier operates 20 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 in 2010 was 2.5 million tonnes, down 6.4% compared to the previous year.

(d) Turkey

The ready-mixed concrete market in Turkey has experienced annual average growth of 10.1% since 2005 and 0.3% since 2007 [3]. 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 approximately 75 million m^3 in 2010, up approximately 13% compared with the previous year. In addition, the number of plants in the country increased by approximately 2% in the same period, strengthening competition and leading to reductions in ready-mixed concrete prices.

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 2010, the Group operated 40 concrete batching plants, 17 in the Ankara area and 23 in the Konya region, with a production of 3 million m^3, corresponding to a 27% increase compared with the previous year. This significant increase was more marked in the Ankara region, driven by the construction of major infrastructure projects.

The ready-mixed concrete business in Turkey must adapt both to the rigorous climatic conditions in the center 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 210 million tonnes in 2010 [4], down by nearly 12.5% compared to 2009. The Group operates seven quarries in Turkey, producing a total of 5.6 million tonnes of aggregates in 2010 (increasing by 38% compared to 2009): five quarries are located close to Ankara, one quarry near Konya and one 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 the Aggregates business is focused on covering its Ready-mixed concrete market.

(e) Senegal

2010 was marked by a recovery in the building and public works sector, particularly in the very dynamic public works market.

The Group operates in the aggregates market serving Senegal and neighboring countries. In the absence of official statistics, the Group estimated this market at approximately 4 million tonnes in 2010, i.e. an increase of around 43% compared to 2009.

(1) Source : National Ready Mix Concrete Association (NRMCA), 2010.
(2) Source : European Ready Mixed Concrete Organization (Brussels), June 2010.
(3) Internal source.
(4) Internal source.

This market has been characterized since 1994 by a demand higher than the cumulative production capacities of the country's various quarry operators. This trend continued in 2010 in the case of basalt. Produced in the western part of Senegal (Dakar and Thiès), the crushed aggregates are used in the 11 regions of the country and in neighboring Gambia.

In 2010, the Group produced 2.4 million tonnes of aggregates, an increase of 18% compared with 2009. 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 in which the Group has a 70% stake).

Sodevit operates a limestone mine and has a network of points of sale which supply various construction sites. It covers, on its own, approximately 45% of the demand of the aggregates market intended for hydraulic concretes. Gécamines produces and sells crushed basalt aggregates, with approximately 70% of market volumes intended for the construction of road infrastructure. In 2010, the Group acquired a company which owns land adjacent to that operated by Gécamines in order to supplement its reserves of basalt rock.

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. Wherever 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, since the acquisition of Vigier in 2001, the Group has developed a Precast concrete products 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 synergy criteria are sold, which was the case, for example, with the Vigier group's Trading business or Trading and Piping activities in France.

The Other Products & Services business covers the transport, construction chemistry, paper and precast concrete products businesses. It accounted in 2010 for 13.1% of the Group's consolidated sales, i.e. €264 million (€250 million in 2009 and €283 million in 2008) and 5.8% of the Group's EBITDA for the same period, i.e. €29 million (5.6% in 2009 and 5.9% in 2008).

Breakdown of sales by business

(In millions of euros)	Products and Services	2010	2010 (excl. Group sales)	2009	2008
France	Transport and Major Projects	88.0	51.2	79.9	115.3
	Vicat Produits Industriels	60.4	60.1	66.5	67.6
	Paper	40.0	35.3	39.5	43.7
Switzerland	Precast concrete products	105.7	105.5	92.3	90.7

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 harbor systems. SATM, through its 15 branches in France, uses three means of transport: bucket, tank and platform trucks.

Road transport was supported 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 leading player 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 58% of sales by the SATM's transport business are with Group companies especially since, in France, SATM transports much of the cement and aggregates to the Group's ready-mixed concrete batching plants. The complementary nature of this transport activity with the Group's businesses allows it to optimize the quality of service provided to its customers. Sales in this SATM business sector increased by 12% in 2010, but nevertheless failed to reach 2008 levels.

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 programs. 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 and 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 major player in the industrial mortar market for construction and civil engineering. Its quality policy was rewarded by ISO 9001, ISO 14001 and OHSAS 18001 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 decreased by approximately 9% in 2010 to € 60.1 million, in a market which fell by around 10%.

VPI operates in the following three business segments, defined by type of customer:

- **Construction segment:** deals in general or multi-specialist materials. This segment accounts for approximately 63% of VPI's sales, customers are consortia, integrated or independent traders.
- **DIY segment:** sells to major DIY outlets. This segment accounts for approximately 30% of VPI's sales.
- **Civil engineering segment:** deals with specialist civil engineering companies. This segment accounts for approximately 7% of VPI's sales.

Significant investments were made in the Auneau plant in 2006 and 2007, in order to increase production capacity and thus be able to respond to the commercial development of its façade coatings and tile adhesive manufacturing business.

6.3.3.3. Paper and Bag business (France)

Located in the Grenoble area, the Papeteries de Vizille operates in two segments.

a) Printing and writing paper production

Sales by Papeteries de Vizille amounted to 25,618 tonnes of paper in 2010, a reduction of 1.6% compared to 2009, despite the increase in export sales; French production in this sector experienced decrease of 2.1% [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.

The paper business remained buoyant in the first half of the year, before again experiencing a significant downturn at the end of the year, resulting in production stoppages.

Despite its modest size, with around 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 recognized.

b) Production of high capacity paper bags

The French market remained stable in 2010 with a modest increase of 1,2% [2].

The bag 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 12% of

[1] Source : Confédération française de l'industrie des papiers, cartons et celluloses (Copacel), 2010.
[2] Fédération européenne des fabricants de sacs papier à grande contenance (Eurosac), 2010.

the national market[1]. In addition, 30% 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.

Papeteries de Vizille was able to take advantage of the restructuring of the global leader Mondi and in particular the closure of plants in France to increase its market share.

Sales of sacks by Papeteries de Vizille increased by 4.5% in 2010.

The following table shows the changes in volumes sold by Papeteries de Vizille[2]:

	2010	2009	Change
Writing and printing paper (in tonnes)	25,618	26,037	-1.6%
Bags (in thousands of units)	61,146	58,539	+4.5%
Sales (In millions of euros)	40.0	39.5	+1.3%

6.3.3.4. Precast concrete products business (Switzerland)

Créabéton Matériaux, a Swiss subsidiary of Vigier, unites the four precast concrete products plants. 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 products for gardens (flagstones, paving stones), products for infrastructures (Deltablocs, gutters) and made-to-measure products (architectural items). Vigier also manufactures and sells railroad sleepers and concrete platform curbs under the Tribeton brand, and has recently acquired a supplier of technical solutions which has licenses for the "Low Vibration Tracks" slab track systems.

In 2010, the five Swiss factories produced a total of 392,089 tonnes of prefabricated concrete products, up almost 7% compared to 2009 and returning to 2008 levels, owing in particular to the acquisition of Cewag. Sales of catalogue products remained very strong in 2010, offsetting the halt in supplies to major motorway construction sites at the end of 2009.

[3] Fédération européenne des fabricants de sacs papier à grande contenance (Eurosac), 2010.
[2] 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, pollution, waste water, industrial waste discharge, 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 organizations. 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 Directive published in January 2008 was modified to take into account its predictable impact on the competitiveness of European industries recognized as highly consumers in energy. The Directive adopted on December 16, 2008 allocates free CO_2 quotas to industries that will be recognized 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.

The European Commission has finally adopted the revised Directive on the allocation of CO_2 quotas for the period 2013-2020. The text is still to be ratified by the European Parliament but no further amendments may be made. The final outcome is that CO_2 quotas will be calculated on the basis of clinker production in the reference years multiplied by the benchmark coefficient, i.e. 766 kg of CO_2 per tonne of clinker. The value of this coefficient for Vicat in 2010 is slightly higher.

In addition, REACH (Registration, Evaluation and Authorization 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, labeling 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 triethanolamine) 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 authorizations 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 pollution, rational use of energy, town planning were carried out. Developments agreed with the neighboring populations and with environmental players and protectors.

The administrative authorities and the independent laboratories conduct regular 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 authorizations, 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 is 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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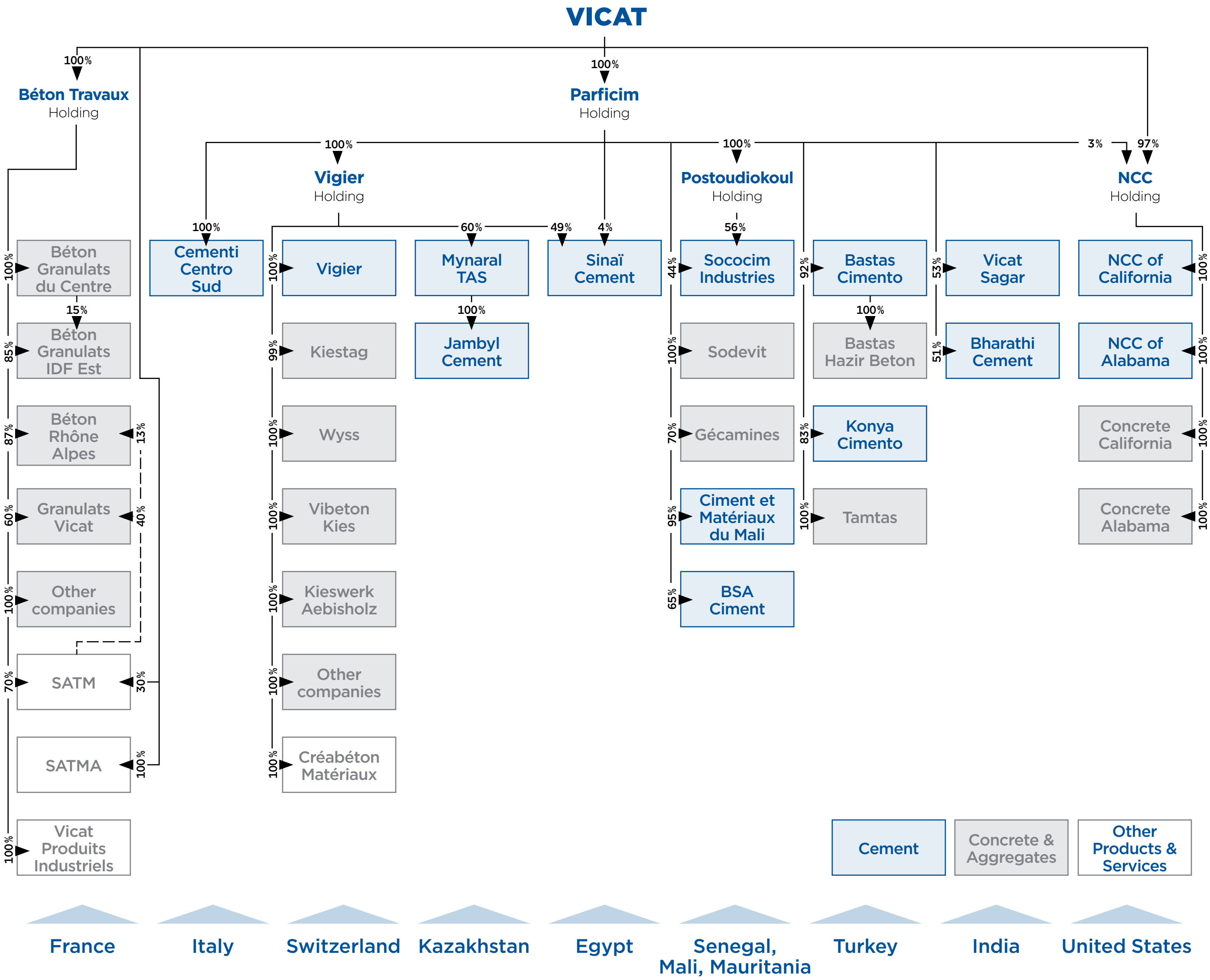
7.1. SIMPLIFIED LEGAL ORGANISATION CHART FOR THE GROUP AS AT DECEMBER 31, 2010

Some of the subsidiaries directly and indirectly 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 Holding, of which the Company indirectly helds 100%, Home Broker JSC (formerly known as KazKommerts Invest) and International Finance Corporation to organise their relations as shareholders of the company Mynaral Tas, which contains a put option granted by the Group to International Finance Corporation in order to organize their relationship within Mynaral Tas. This option, which can be exercised in December 2013 at the earliest, and its price will be determined by an expert. The debt relating to this put option granted to the International Finance Corporation was recorded in the accounts of 31 December, 2010, as the construction of the plant had been completed and production began at the end of the year (see note 16 of section 20.2.2 "appendix to the 2010 consolidated financial statements" of this Registration Document).



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

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

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

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 as at December 31, 2010:

Country	Number of subsidiaries
France	52
United States	17
Switzerland	36
Turkey	7
Senegal	4
Egypt	13
Italy	1
Mali	1
Mauritania	2
India	5
Kazakhstan	2
Total	**140**

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 €67,728,368 whose registered office is located at Tour Manhattan, 6, place de l'Iris, 92095 Paris-La Défense Cedex, registered in the Trade and Companies Register of Nanterre under number 30 482 8379. The corporate purpose of Parficim, the holding company, is the acquisition and management of transferable securities, shares in interests, and tangible and intangible assets.
As at December 31, 2010, the Company held 100% of Parficim's share capital.

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 Tour Manhattan, 6, place de l'Iris, 92095 Paris-La Défense Cedex, registered in the Trade and Companies Register of Nanterre under number 070 503 198. 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, 2010, the Company held 99.98% of Béton Travaux's 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$ 280,520,000, whose registered office is located 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 purpose is the acquisition, administration and financing of holdings in companies, in particular in the cement and ready-mixed concrete sectors.
As at December 31, 2010, the Company held 96.84% of the share capital of National Cement Company, Inc. and Parficim held 3.16%.

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 purpose 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, 2010, 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 €2,123,856, whose registered office is located at Chemin des Martailles, Les 63430 Martres-d'Artières, registered in the Trade and Companies Register of Clermont-Ferrand under number 327 336 343. The company's corporate purpose is the production, transport and marketing of ready-mixed concrete and all materials and equipment used in its manufacture.
As at December 31, 2010, Béton Travaux held 99% of the share capital of B.G.C. (others: 1.00%).

Béton Granulats Ile-de-France/Est (B.G.I.E.)

Incorporated on April 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 52-56, rue Jacquard, 77400 Lagny-sur-Marne, registered inthe Trade and Companies Register of Meaux under number 344 933 338. B.G.I.E.'s corporate purpose 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, 2010, Béton Travaux held 79.62% of the share capital of B.G.I.E., Bétons Granulats du Centre held 15.16% and 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 €2,711,376 whose registered office is located at Les Trois Vallons, 4, rue Aristide-Bergès, 38080 L'Isle-d'Abeau, registered in the Trade and Companies Register of Vienne under number 309 918 464. 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, 2010, Béton Travaux held 69.85% of the share capital of Béton Rhône-Alpes, SATM held 13.29%, BRA SAS held 7.17%, Granulats Vicat 6.18% and Rudigoz 3.35% (others: 0.16%).

Granulats Vicat

Incorporated on January 1, 1942, Granulats Vicat, formerly Granulats Rhône-Alpes, is a French société par actions simplifée with a share capital of €3,407,088 whose registered office is located at Les Trois Vallons, 4, rue Aristide-Bergès, 38080 L'Isle d'Abeau, registered in the Trade and Companies Register of Vienne under number 768200255. Granulats Vicat's corporate purpose is the operation of all businesses relating to 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, 2010, Béton Travaux held 51.93% of the share capital of Granulats Vicat, SATM held 40.42%, Béton Rhône-Alpes held 1.21%, Boué held 5.37% and Mariotto Béton held 1.07%.

Société Auxiliaire de Transport et de Matériel (SATM)

Incorporated on February 1, 1958, SATM is a French société par actions simplifiée with a share capital of €1,600,000 whose registered office is located at 1327, avenue de la Houille-Blanche, 73000 Chambéry, registered in the Trade and Companies Register of Chambéry under number 745 820 126. SATM's corporate purpose 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, 2010, Béton Travaux held 70.12% of the share capital of SATM, the Company held 22.02% and Parficim held 7.86%.

Vicat Produits Industriels – VPI

Incorporated on May 1, 1957, VPI is a French société par actions simplifiée with a share capital of €3,221,776 whose registered office is located at Les Trois Vallons, 4, rue Aristide-Bergès, 38080 L'Isle-d'Abeau, registered in the Trade and Companies Register of Vienne under number 655 780 559. The corporate purpose of VPI 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, 2010, Béton Travaux held 100% of VPI's share capital.

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 YTL 131,559,120, whose registered office is located at Ankara Samsun Yolu 35.km, 06780 Elmadag, Ankara (Turkey), registered in 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, 2010, Parficim held 87.90% of the share capital of Bastas Baskent Cimento Sanayi Ve Ticaret A.S. and Tamtas Yapi Malzemeleri Sanayi Ve Ticaret A.S. held 3.7% (others: 8.4%).

Konya Cimento Sanayii A.S. (Konya)

Incorporated on December 11, 1954, Konya is a Turkish company with a share capital of YTL 4,873,440, whose registered office is located at Horozluhan Mahallesi Ankara Caddesi n° 195, 42 300 Selçuklu, Konya (Turkey), registered in 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, 2010, Parficim held 77.92% 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 remaining shares, representing 16.66%, 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 Béton Sanayi Ve Ticaret A.S.

Incorporated on December 20, 1990, Bastas Hazir Béton Sanayi Ve Ticaret A.S. is a Turkish company with a share capital of YTL 19,425,000, whose registered office is located at Ankara-Samsun Yolu 35.km, 06780 Elmadag, Ankara (Turkey), registered in the Register of Businesses of Elmadag under number 488 and whose corporate purpose is the production and marketing of ready-mixed concrete.

As at December 31, 2010, Bastas Baskent Cimento Sanayi Ve Ticaret A.S. held 99.99% of the share capital of Bastas Hazir Béton Sanayi Ve Ticaret A.S. (others: 0.01%).

Sococim Industries

Incorporated on August 7, 1978, Sococim Industries is a Senegalese company 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 and 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, 2010, Postoudiokoul held 55.56% of the share capital of Sococim Industries and Parficim held 44.32% (others: 0.12%). Furthermore Parficim held 100% of Postoudiokoul.

Sinaï Cement Company

Incorporated on December 27, 1997, the Sinaï Cement Company is an Egyptian company with a share capital of EGP 700 million, whose registered office is located at 29A Sama Tower, Ring Road Katameya, 11439 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, 2010, Vigier Holding and Parficim controlled 48.82% and 3.80% respectively of the Sinaï Cement Company (others: 47.38%).

Cementi Centro Sud

Incorporated on September 5, 2001, Cementi Central Southern S.p.a., is an Italian company with a share capital of €3,434,013, whose registered office is located at Corte Lambruschini – Torret, Piazza Borgo Pila, 40/57 F - G – 16 129, Genoa (Italy), registered in Genoa under the number 02154090985 and whose corporate purpose is the management of harbor terminals and the production, import and export of construction materials.
As at December 31, 2010, Parficim held 100% of the share capital of Cementi Centro Sud S.p.a.

Bharathi Cement Corporation Private Limited

Incorporated on 12 May 1999, Bharathi Cement Corporation Private Limited is an Indian company with a share capital of 791,968,790 rupees, whose registered office is located at 8-2-269/S/98, Sagar Society, Road n°2, Banjara Hills, 500034, Hyderabad, Andhra Pradesh, India, registered in the Trade and Companies Register of Andhra Pradesh under number U26942AP1999PTC031682, and whose corporate purpose is the operation of quarries and manufacture of cement.

Parficim entered the share capital of Bharati Corporation Private Limited following upon the agreement announced on April 20, 2010. As for this acquisition, see section 6.2.2.1 (b) and note 2 of the appendix to the financial consolidated statements in this Registration Document.
As at December 31, 2010, Parficim held 51.02% of the share capital.

Mynaral Tas Company LLP

Incorporated on March 27, 2007, Mynaral Tas Company LLP is a Kazakhstan company with a share capital of 8,453,454,800 Tenge, whose registered office is located at 38 Dostyk ave, Almaty, 050010 Republic of Kazakhstan, registered with the Ministry of Justice of the Republic of Kazakhstan under number 84559-1919-TOO, and whose corporate purpose is the operation of a quarry.
As at December 31, 2010, the Company (through Vigier Holding) held 60% of the share capital.

Jambyl Cement Production Company LLP

Incorporated on August 5, 2008, Jambyl Cement Production Company LLP is a Kazakhstan company with a share capital of 3,604,195,512 Tenge, whose registered office is located at Cement plant, Reserved lands “Betpakdala”, Moyinkum District, Zhambyl Oblast, 080618 Republic of Kazakhstan, registered with the Ministry of Justice of the Republic of Kazakhstan under number 10544-1919-TOO, and whose corporate purpose is the operation of a cement factory.
As at December 31, 2010, the Company (through Vigier Holding and Mynaral Tas) held 60% of the share capital.

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, 2010 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	3	4	4.6	141	48
United States	2 (2)	-	5	2.6	47	-
Turkey	2	-	-	4.6	40	6
Senegal	1	-	4	3.5	-	2
Mali	-	-	1	-	-	-
Switzerland	1	-	1	0.9	19	20
Egypt	1	-	-	3.6	-	-
Italy	-	1	2	0.5	-	-
Mauritania	-	1	-	0.5	1	-
Kazakhstan	1			1.1		
India	1		64 (3)	5.0		
Total	**14**	**5**	**81**	**26.9**	**248**	**76**

(1) Equivalent cement capacity to the clinker capacity of each factory.
(2) As for the Lebec cement factory, the Group benefits from a 99 year lease relating to the land (see 8.1.1).
(3) Bharathi Cement distribution terminals necessary for a distribution network close to the Indian market.

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 €150 and €200 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 continuously invested in new equipment, which enables it to benefit from the latest recognized technologies, and has in particular enabled it to benefit from a steady improvement of the energy balance 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.

Sites	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, this was the Group's second cement factory in France.
Créchy	France	Built in 1968, this was the 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 this cement factory in Ragland, 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 this factory in Lebec, California, located near Los Angeles.

Sites	Country	Key dates
Konya	Turkey	This cement factory, acquired in 1991, is located in Konya, in the south of the Anatolian plain.
Bastas	Turkey	This cement factory, acquired in 1994, is located in Bastas, 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 for the Group to supplement its activities with this cement factory of Reuchenette.
El Arish	Egypt	At the beginning of 2003, the Group took a strategic holding in the Sinai Cement Company, owner of a cement factory built in 2001, located 40 km from El Arish harbour.
Oristano (grinding station)	Italy	Acquired in May 2003, Cementi Centro Sud is the 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	In December 2007, the Group acquired a specific purpose company established to build 1.1 million tonnes capacity cement factory in Mynaral, 400 km from Almaty. The factory began production at the start of December 2010.
Nouakchott	Mauritania	In October 2008, the Group took control of 65% of the equity of BSA Ciment SA, which operates a cement mill near the capital.
Chatrasala	India	Vicat Sagar Cement, a joint venture set up by the Group with its Indian partner, is currently building the first line at a greenfield plant in Karnataka, with an initial capacity of 2.5 million tonnes, which will increase to 5.5 tonnes in the second phase.
Kadapa	India	In April 2010, the Group acquired 51% of the company Bharathi Cement. The company had a 2.5 million tonnes capacity factory, which was increased to 5 million tonnes in the 2nd half of 2010.

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 54 years remain. In addition, except for some rolling items (such as loaders and trucks), the production equipment is 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 248 concrete batching plants as at December 31, 2010. These concrete batching plants consist of raw materials storage facilities and concrete preparation tanks. This equipment is heavily automated in order to ensure consistency in the quality of the concrete manufactured. With the exception of four 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. For the remainder it 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 necessity 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 plants held under financing leasing agreements, the Group generally owns this equipment.

8.2. ENVIRONMENTAL POLICY

The main 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, conserve natural resources and develop human relations. Investments amounted to a total of €5.9 million in 2010, €8 million in 2009 and €9.2 million in 2008. This commitment results in particular in the following:

8.2.1. Integrating quarries into their environment

Environmental considerations are incorporated into all stages of the life cycle of the operation of the quarries, which is necessary in order to supply the cement factories or for the production of aggregates. The flora, fauna and countryside are taken into consideration at every stage of their operation. There are three main pillars to the Group’s environmental policy for the operation of its quarries:

Redevelopment of quarries: 84% of the Group’s quarries have a redevelopment plan. In 2010, more than 600,000 m2 were redeveloped under such programs, which take various forms depending on the specific context and local needs; in particular, they include meadows, tree planting and lakes. For example, the planting program at the quarries linked to the Bastas and Konya cement factories in Turkey; 9,000 trees were planted in 2010 bringing the total number of trees to 103,000 (Konya quarries) and 102,000 (Bastas quarries). In Senegal the reinstatement of the woods around the Bandia aggregates quarry also continued.

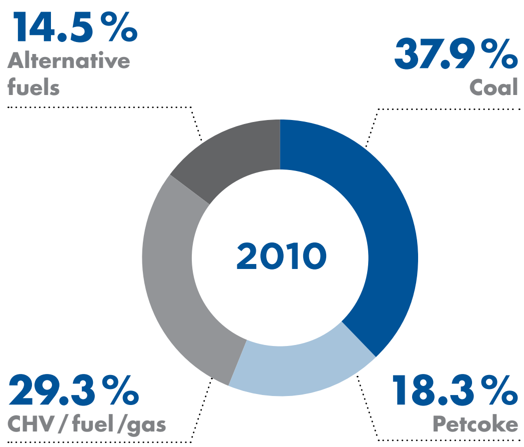
Measures to compensate for extraction: As part of its projects, the Group is committed to setting up compensatory measures in conjunction with local NGOs and the authorities, involving programs targeted at a specific species, or broader programs relating to biotopes as whole. For example, on July 20, 2010 a partnership agreement was signed between Granulats Vicat and the fishing association of the French department of Ain, concerning the redevelopment and future management of aggregates quarries.

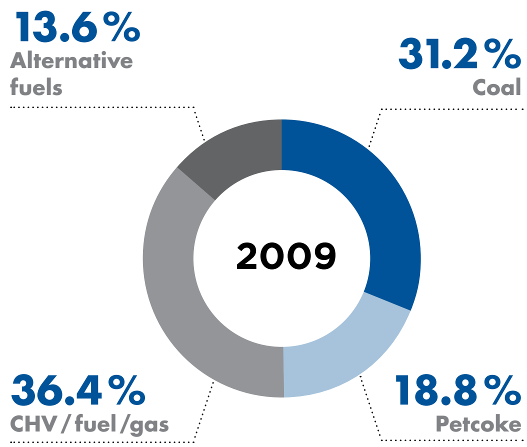
Reduction of environmental impact: The control of pollution and the impact of our quarries on biodiversity are essential elements in our operating policy.

The amounts for which provision is made under this heading in the Group’s consolidated financial statements are shown in notes 1.17 and 15 of section 20.2 “Financial information” of this Registration Document.

8.2.2. Optimized mix of energy sources with an increasing share going to alternative fuels and waste

Environmental considerations always feature in the choice of fuels used in the Group’s cement factories, whether this is reflected in the choice of fuels that emit less CO_2, such as natural gas, or in the use of alternative fuels, as soon as a waste collection contract makes this feasible from an industrial and financial point of view (subject to agreement from the relevant monitoring authorities).





Two notable changes in the fuel mix occurred in 2010: a significant increase in the proportion of alternative fuels which increased from 13.6% of consumption in 2009 to 14.5% in 2010 and an increase in the proportion of coal used.

This overall increase does not fully reflect the reality of what has been achieved owing to other factors in the production mix, namely the significant increase in clinker production with the integration of Bharathi Cement and to a lesser extent Jambyl Cement, which do not so far use alternative fuels, but exclusively coal. Fuel consumption increased by 1 points in France and Turkey, by more than 5 points in the United States and by more than 6 points in Senegal. In total the proportion of alternative fuels, excluding Kazakhstan and India, was 15.5% in 2010, compared with 13.6% in 2009.

Several ongoing projects will continue to increase the use of these alternative fuels:

- **In Turkey**, a joint venture subsidiary established with Chimirec has obtained the necessary authorizations and has begun to supply the Bastas plant with waste in a program which is expected to grow over the coming years.
- **In Senegal**, the program to use of a range of fuels (peanut shells, Jatrophas berries, used oils, tires, solid waste) is to be extended to the kiln n° 5.
- **In Switzerland**, the factory has begun to use milled wood from construction site materials recovered by the Concrete and Aggregates business, thus doubling the proportion of biomass fuel used from 14 to over 28%.

8.2.3. Pollution control

In addition to the above measures in relation to quarries, the Group is reducing environmental pollution caused by industrial operations. Emissions and discharges into the air relate primarily to the cement factories. These are measured on a regular basis and are strictly regulated and monitored, in particular with regard to dust, SOx and NOx.

Emissions of pollutants are measured on a regular basis and action plans put in place to reduce these. The following table shows the aggregate emission measurements for the Group:

	% of 2010 clinker production covered by the study	Total emissions (tonnes)		Emissions (g/tonne of clinker)	
		2009	2010	2009	2010
Dust	92%	451	402	42	33
SO_x	47%	2 942	1 753	552	285
NO_x	67%	8 605	9 612	1 164	1 092

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 a further reduction in dust emissions, which put the Group among the most efficient in the industry in this area.

Similarly, the greenfield factories currently being brought on stream or under construction use modern technology which ensures an environmental performance meeting international standards.

In addition to the work on emissions from the cement factory chimneys, efforts have also been made to control the emissions of diffuse dust: these include in Senegal the installation of a number of filter bags in the Rufisque cement factory and the use of conveyor belts to prevent material being picked up from the ground, and a new clinker storage shed with full dust extraction has been brought on stream. Continuous emission measurement systems have been installed at the El Arish factory in order to enable more accurate monitoring.

8.2.4. Control of greenhouse gas emissions

In all the countries where the Group is present, it implemented measures as part of the collective action by the Kyoto Protocol signatory countries to reduce greenhouse gas emissions. The cement business is primarily affected by emissions of CO_2 from, on one hand, the decarbonization of limestone and, on the other, the fuels used in its kilns.

Even before the first period in which emission quotas applied (2005-2007), the Group worked actively on reducing its CO_2 emissions into the atmosphere, by endeavoring to decrease fossil fuel consumption, improve the thermal efficiency of its kilns and increase the use of alternative fuels, which emit less CO_2, and of biomass fuels where the CO_2 balance is neutral for the environment. Looking to the medium-term, 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. new products, etc.).

The cement industry in France has been subject to greenhouse gas emission quotas since 2005, when a quota mechanism was introduced by the European Union in order to encourage industry to control and reduce CO_2 emissions into the atmosphere. Each year, therefore, the Member States of the European Union allot emission quotas to each operator under national allocation plans, which are negotiated by Member States after dialogue with professional organizations. These emission quota allocations are determined on the basis of past emissions, the expected growth of the industry sector and taking into account 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.

With regard to the second phase of allocation 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 entrants (total: 2.8 million tonnes), it should not need to purchase additional emission rights on the market.

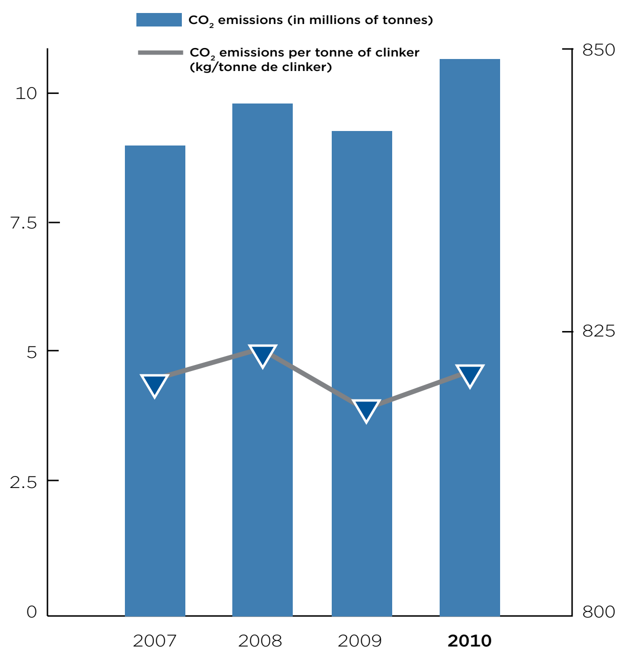
The European Commission has finally adopted the revised Directive on the allocations of CO_2 quotas for the period 2013-2020. The text is still to be ratified by the European Parliament but no further amendments can be made. The CO_2 quotas will, therefore, be calculated on the basis of the clinker production in the reference years, multiplied by the benchmark coefficient, i.e. 766 kg CO_2 per tonne of clinker. The value of this coefficient was slightly higher for Vicat in 2010.

This level will be used post-2012 to allocate to each plant producing clinker free quotas calculated by multiplying the benchmark by the average production of such plant over the period 2006-2007. Plants receiving quotas which exceed their requirements will be able to sell these, while those with insufficient allocation will have to purchase the shortfall.

As far as the Group's business in France is concerned, owing to the thermal efficiency of the kilns and the high proportion of biomass used, the CO_2 emission factor per tonne of clinker is very close to the benchmark. The program to introduce new alternative fuels containing biomass should enable an emissions factor equal to or below the benchmark to be achieved in 2012.

In 2010, the total emissions from the Group's cement business were 10,762,802 tonnes of CO_2. There was a net increase in these emissions in absolute terms, +23%, with the increase in clinker production, +22.6%. Emissions per tonne remained stable at 817 kg of CO_2 /tonne of clinker, owing particularly to the production mix in the factories and the increasing proportion of biomass fuels.

Vicat Group's CO_2 emissions



In France, 2010 was the third year in the implementation of phase II of the national quota allocation plan (PNAQ II), under which the Group was allocated 2,802 thousand tonnes in emission quotas; the share of the allocation corresponding to the "reserve for new entrants", allocated to the Group because of the increase in capacity at the Montalieu factory, was not, however, delivered, but will be before June 30, 2011. Given the slowdown in the market, the continued increase in alternative fuels, in particular, from biomass, and the good control over the thermal performance of the plants, actual emissions were estimated at 2,012 thousand tonnes of CO_2. In light of the clarification of the rules for phase III and current emission forecasts, a cumulative surplus (1,300,000 tonnes) was sold by the company. In addition, the National Quotas Allocation Plan (PNAQ II) offers the Group the option to fulfill part of its obligation through Carbon Emission Reduction Certificates (CERs); the Group was therefore able to exchange quotas against CERs to the tune of 110 thousand tonnes and the balancing cash adjustment received was then recognized in the income for the period.

The amounts posted under this heading in the Group's consolidated financial statements are shown in note 1.7 of nection 20.2.2 "appendix to the 2010 Consolidated Financial Statements" of this Registration Document.

8.2.5. Managing and recycling the water required for production

Water management is a factor in each of the Group's 3 core businesses:

- in the case of cement manufacture, water is used only for cooling and the Group is developing an approach intended to minimize extraction from the environment by giving priority to recycling systems and by collecting rainwater (in 2010 a storm water and fire pond containment system was established at the Saint Egrève factory in France);
- in the case of ready-mixed concrete, water is used both for incorporation into the product and for washing the installations and vehicles. In France, the Ready-mixed concrete business continued implementation of the water management program begun in 2007, with settlement tanks being installed in a number of batching plants in France in 2010;
- in the case of the aggregates business, the large amounts of water extracted for washing materials are offset by water recycling systems, as for example at the Sablières de Grésivaudan site, which operates in closed loop. The proportion of water recycled is steadily increasing, reaching 72% in 2009 and 2010.

9

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The following presentation and analysis is to be read in conjunction with the entire Registration Document, in particular the Group's consolidated financial statements for the years ended on December 31, 2008, 2009 and 2010, 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 at the date of this Registration Document, the Group is present in eleven countries, where it operates its main businesses, namely Cement, Ready-mixed concrete and Aggregates. The Group has organized its teams by business segment 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 have a different customer base. Accordingly, the Group manages its activities and allocates its resources by business segment 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 organization.

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

In 2010, the Group's total shipments in these main businesses amounted to 16.2 million tonnes of cement, 7.7 million m^3 of concrete and 20.8 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 2010 results

During the financial year 2010, the Group's consolidated sales were €2,014 million, up 6.2% compared to 2009 and 0.3% at constant consolidation scope and exchange rates.

Against an economic background that is still difficult in most mature countries, the Group's business fell in France (-1.5%), in the United States (-14.3%) and in Europe (-4.6%) at constant consolidation scope and exchange rates. On the other hand, business continued to grow in Africa and the Middle East (+5.5%), and recovered strongly in Turkey, +23.2%. Overall, the consolidated net sales of the Group at constant consolidation scope and exchange rates increased slightly compared to 2009.

Change in 2010/2009 sales by business and geographical region:

	France		Outside France		Total	
	In millions of euros	Change	In millions of euros	Change	In millions of euros	Change
Cement	(5)	-1.8%	89	+13.5%	84	+8.8%
Concrete & Aggregates	(7)	-1.8%	28	+9.2%	21	+3.0%
Other Products & Services	-	=	13	+14.5%	13	+5.4%
Total	**(12)**	**-1.5%**	**130**	**+12.5%**	**118**	**+6.2%**

The Group's levels of operating profitability improved both in terms of EBITDA (€504 million, equivalent to 25.0% of sales, compared with 24.9% in 2009), and in terms of operating income (€ 333.5 million, up by 9.7%, equivalent to 16.6% of sales, compared with 16.0% in 2009).

This was the result of contrasting changes in different countries:

- the continuing significant decrease in business in the United States, in a business climate that is still difficult;
- a slight fall in prices in the French market;
- recovery in Turkey, thanks to the recovery in volumes and prices;
- in a consistently improving business environment, a continuation of the rise in margins in Africa and the Middle East, as a result of the investment plans in Egypt and Senegal.

The net consolidated income was €264 million, up by 13.1% compared to 2009 (€234 million), including a Group share of €203 million, up by 5.9% compared to 2009 (€191 million).

The consolidated cash flows from operations increased to € 409 million compared with € 387 million in 2009. The cash generated by operations (€ 403 million) has widely funded the € 335 million of industrial investments made over the year. With a net financial indebtedness of € 988 million, the Group displays, as at December 31, 2010, a sound financial structure, with gearing as at this date of 38.6% compared with 31.4% at the end of 2009.

9.1.2. Elements having an impact on earnings

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 urbanization. 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.

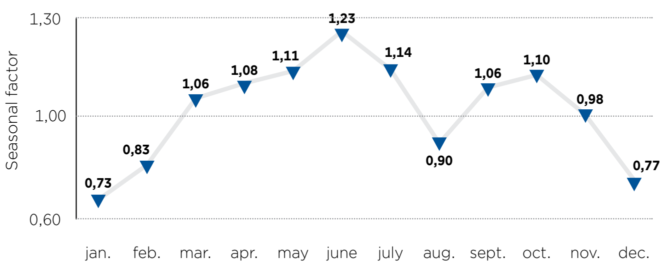
The price levels applicable to each market are determined by the production costs of existing operators and the competitive intensity of the product markets.

(b) Seasonality 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 favorable to the construction industry.

The following graph shows the changes in the monthly average seasonality coefficient during the year, calculated from the seasonality of sales recorded during the last five years. Thus, for a monthly average equal to 1, the seasonality factor varies from 0.73 on average in January to almost 1.23 on average in June.

Seasonal factors of Vicat's sales



The seasonality varies depending on the country. Thus, the Group's activities in Senegal, despite reduced winter activity from August to October, and in the United States, were less affected by seasonality than 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; it represents in total 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 fuel. 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 fluctuations has a delayed and reduced impact on the income statements, in view of the stocks held 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 determinant for the competitive position and have a direct effect on the selling prices net of transport obtained 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 income

The consolidated financial income depends mainly on the Group's indebtedness, as well as on the interest rates applied and fluctuations in the exchange rates of the currencies in which the Group incurs debts or has a cash surplus. The sensitivity to these fluctuations in interest and exchange rates 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 (Kazakhstan, 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 relief on import duties over the investment period of four years.

In Egypt, at the time of its creation, Sinaï Cement benefited from an exemption scheme in favor 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 came into operation, i.e. in December 2010.

9.1.3. Key accounting policies

In accordance with European Regulation no. 1606/2002 of the European Parliament of July 19, 2002 with respect to the application of international financial reporting standards, the Group's consolidated financial statements have been prepared, since January 1, 2005, in accordance with IFRS reference manual, as adopted within the European Union. Standards retained as reference accounting policies are those in force as at the closing date. None of the standards and interpretations published but not in force as at December 31, 2010 were applied ahead of their effective date.

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

- no adjustment for business combinations completed before the transition date;
- no use of fair value or an earlier revaluation as the new historical cost;
- setting to zero of the actuarial differences related to personnel benefits not yet recognized 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 flows statement.

Note 1 of the appendix to the consolidated financial statements details the accounting policies and the valuation methods applied by the Group, and appears in section 20.2.2 “appendix to the 2010 consolidated financial statements” 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 following:

- sales, which are mainly composed of billings for products delivered during the period and services rendered during the period, in particular the transport of goods sold re-invoiced to the customer;
- goods and services purchased, which mainly comprise purchases and changes in inventories of raw materials and fuels, electricity supplies and other services received (in particular maintenance costs and transport charges);
- personnel costs, which include the cost of salaries and social security contributions related to personnel employed directly by the Group, as well as employee profit-sharing schemes for companies in which these schemes exist and charges related to post-employment benefits;
- taxes and duties which represent taxes other than those based on income.

In addition to the accounting aggregates presented 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 1.22 of the appendix to the consolidated financial statements and the rationalization between Gross operating earnings, EBITDA, EBIT and Operating income is presented in note 23 (See also section 3 "Selected financial information" of this Registration Document).

9.1.5. Effect of changes in the consolidation scope and exchange rate fluctuations

Changes in the consolidation scope

Changes in the consolidation scope of consolidation include acquisitions (included in the consolidation scope), divestments (removed from the consolidation scope) and the changes in the method of consolidation of the Group's subsidiaries (additional acquisitions or partial divestment).

At the end of April 2010, the Group announced the signature of an agreement with the shareholders of Bharathi Cement Company Limited (BCCL), a cement company operating in the State of Andhra Pradesh, relating to the acquisition of 51% of this company's capital. BCCL owns a cement works with two production lines which, at the end of 2010, represented an annual capacity of 5 million tonnes of cement. This acquisition of a majority stake in Bharathi Cement is in addition to the Vicat Sagar Cement joint venture, and has helped the Group consolidate its position in a market with a great deal of potential.

In December 2010, the Group acquired L. Thiriet & Cie, a company based in the French Department of Meurthe-et-Moselle specializing in the production of Concrete and Aggregates. L. Thiriet & Cie operates 3 concrete plants and 4 aggregate quarries, with an overall annual capacity of around 100,000 m^3 of concrete and 500,000 tonnes of aggregates. In 2009, L. Thiriet & Cie had sales of € 19 million. With this acquisition, Vicat is expanding and consolidating its business in Southern Lorraine, by providing support for the Xeuilley cement works.

During the 2009 and 2010 financial years, additional share holdings which did not lead to significant changes in the consolidation scope were acquired. Furthermore, in 2009 the Group consolidated the company Sinaï White Cement using the equity method.

Exchange rate fluctuations

The Group's international operations expose its results to fluctuations inthe currencies of each country where the Group is established relative to the Euro (i), as well as fluctuations in 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 fluctuations from one period to another between the different currencies in which the Group operates relative to the Euro result in fluctuations in sales and, more generally, income and expense in Euros, even though such fluctuations 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 2010, sales recomputed at constant consolidation scope and exchange rates compared to 2009. In addition, the balance sheets of the subsidiaries are converted at the year-end exchange rates. Fluctuations in 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 income as exchange rate gain or loss.

9.2. COMPARISON OF THE EARNINGS FOR 2010 AND 2009

9.2.1. Change in consolidated sales

Consolidated sales for 2010 reached € 2,014 million, up by 6.2% compared to the previous year, resulting from the following:

- a +0.3% organic change in activity representing a rise of more than € 6 million and resulting mainly from the marked growth in the emerging countries, Egypt, West Africa and Turkey, fully compensating for the fall in sales in the United States and in France;
- a 2.9% rise representing an increase of nearly € 56 million, attributable to favorable exchange rate fluctuations in 2010 compared to 2009, in particular for the US Dollar (+€ 8 million), the Swiss Franc (+€ 25.2 million), the Egyptian pound (+€ 6.7 million), and the Turkish lira (+€ 15.9 million) and;
- a 2.9% rise representing an increase of € 55.4 million, associated with changes in consolidation scope, mainly with the acquisition of Bharathi Cement on May 1, 2010.

The change in consolidated sales for the financial year 2010 by activity, compared to 2009 is as follows:

(In millions of euros except %)	2010	2009	Change	Change (%)	Of which: Exchange rate effect	Of which: Change in consolidation scope	Of which: Internal growth
Cement	1,033	950	84	+8.8%	25.5	47.3	10.6
Concrete & Aggregates	716	695	21	+3.0%	21.4	2.3	(2.9)
Other Products & Services	264	251	13	+5.4%	8.9	5.8	(1.3)
Total	**2,014**	**1,896**	**118**	**+6.2%**	**55.8**	**55.4**	**6.4**

As indicated above, the Group's net consolidated sales are very slightly up at constant consolidation scope and exchange rates. The overall analysis of the various components of this change is presented below:

	Change 2010/2009
Volume effect	+2.1%
Price and mix effect	-1.7%
Changes in consolidation scope	+2.9%
Translation gains/losses and other	+2.9%
Total	**+6.2%**

In geographical terms, the rise in volumes mainly relates to Turkey, Egypt, Senegal and Switzerland in the case of cement, and Turkey and Senegal in the case of Concrete and Aggregates. The change in average selling prices depends on the activities and markets with a significant decrease in the United States owing to continuing difficult market conditions, a fall in France and Senegal and significant growth in Turkey, while the Group's other sales regions remained stable or improved slightly.

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

	2010	2009	Change
Cement (in thousand tonnes)	16,179	14,507	+11.5%
Concrete (in thousand m^3)	7,749	7,121	+8.8%
Aggregates (in thousand tonnes)	20,766	18,675	+11.2%

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

(As a percentage)	2010	2009
Cement	53.0	52.1
Concrete & Aggregates	32.6	33.4
Other Products & Services	14.4	14.5
Total	**100.0**	**100.0**

The share of the Group's core businesses, namely Cement, Concrete and Aggregates, remained stable at nearly 85% of consolidated sales before elimination, although the contribution of Cement was higher due to the favorable global dynamics of this business and the integration of Bharathi Cement.

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

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

By geographic sales area, the share of consolidated sales made in France is falling as is that in the United States due to a sharp downturn in these markets affected by a decline in the construction sector.

The share of business done in emerging countries is increasing strongly, from 30.2% in 2009 to 35.2% in 2010 due to sustained growth in the African and Middle Eastern markets and Turkey and also the first contribution from India following the acquisition of Bharathi Cement on May 1, 2010.

The breakdown of operational sales for 2010 by country and by business was as follows:

Country	Cement	Concrete & Aggregates	Other Products & Services	Inter-sector eliminations	Consolidated sales
France	388	400	224	(180)	**832**
United States	78	117		(27)	**168**
Turkey, Kazakhstan, India	198	110	3	(56)	**255**
Africa, Middle East	424	17			**441**
Europe (excluding France)	135	109	106	(32)	**318**
Sector operational sales (before inter-sector eliminations)	1,223	753	333	(295)	**2,014**
Inter-sectors eliminations	(189)	(37)	(69)	295	
Consolidated sales	**1,033**	**716**	**264**	**-**	**2,014**

9.2.2. Change in operating income

In a contrasting macro-economic context during 2010, the Group delivered a solid performance, characterized by the stability of the operational profitability. EBITDA rose by 6.6% (2.3% at constant consolidation scope and exchange rates) mainly due to the significant rise in the cement business, particularly in Egypt, Switzerland and Turkey, while the fall in selling prices was offset by the control of energy costs and an improvement in production factors resulting from the Performance Plan 2010, especially in Senegal.

(In millions of euros)	2010	2009	Change
Net sales	2,013.7	1,896.0	+6.2%
EBITDA	504.3	473.0	+6.6%
EBIT	336.9	321.9	+4.7%
Operating income (1)	333.5	304.2	+9.7%

(1) The operating incomeis calculated by adding up the EBIT, other extraordinary income and expenses and net depreciations and extraordinary provisions.

In addition to the operationing performance of the various businesses which is detailed below, the operating income in 2010 incorporates in particular a residual net charge of €2.3 million in connection with the incident which occurred in the Maurienne valley (€16.6 million for the previous period). A description of the incident and the related procedure is contained in the section 20.6.1 of this Registration Document.

Overall, all non-recurrent elements included in the operating income, which represented a net expense of €18.5 million for 2009, represented a net income of €14.7 million in 2010 (mainly owing to the recognition of a retrospective correction of a tax on cement in Egypt).

9.2.2.1. Change in the operating income by business

The following paragraphs show the breakdown of operating results by business, as well as an analysis of the change between 2009 and 2010.

9.2.2.1.1. Change in the operating income of the Cement business

(In millions of euros)	2010	2009	Change
Operating sales	1,223	1,129	+8.4%
Inter-sector eliminations	(189)	(179)	
Contribution to consolidated sales	1,033	950	+8.8%
EBITDA	413	364	+13.4%
EBITDA/ operating sales (%)	*33.7%*	*32.2%*	*+1.5 pt*
Operating income	302	267	+13.1%

The consolidated sales of the cement business went up by 8.8%, +1.1% at constant consolidation scope and exchange rates. Volumes rose, with a marked fall in the United States and Italy and a strong rise in Turkey, Switzerland and the Africa / Middle East region. Average selling prices continued their marked fall in the United States, fell slightly in France and Senegal, mainly because of the negative impact of the geographical mix, and recovered in Turkey after the considerable fall in previous years.

The operational profitability of the Cement business has risen in terms of both operating income and EBITDA. At constant consolidation scope and exchange rates, the EBITDA of the Cement business rose by 9.2% to €413 million that reflects a 1.5 pt rise in the EBITDA margin to 33.7% of operating sales.

Personnel costs increased by 4.0% and taxes and duties went down by 22.6% compared to the previous year, to approximately €29 million, due to the fall in the unit cost of the tax on cement paid in Egypt.

By country, the following comments are made in respect of changes in the operating income of the Cement business:

- in **France**, the Group saw a 1.8% decline in sales at constant consolidation scope, despite a slight rise of 1.2% in both domestic and export sales volumes, offset by the fall in average selling prices, particularly in relation to the considerable growth in exports. On this basis, the EBITDA margin on operating sales is down compared to 2009, but remains sound owing to the control of both fixed and variable costs.
- in the **United States**, consolidated sales went down by 17.6% at constant consolidation scope and exchange rates, affected both by a drop in the volumes sold and prices, particularly in California. Despite the continuing efforts made to reduce costs and the positive change in variable costs (mainly linked to a further increase in the use of alternative fuels), the EBITDA margin again registered a very significant decrease.
- in **Switzerland**, consolidated sales at constant consolidation scope and exchange rates saw a rise of nearly 10.7%. This positive performance is the result of a solid increase in volumes sold, supported by the considerable dynamism in the domestic market and deliveries to large construction sites, and a slight fall in the average selling price given the geographical mix and the nature of the sites being delivered to. The control of production costs and the good performance of the industrial plant against this background of sustained business helped to improve the EBITDA margin.
- in **Italy**, sales decreased by 45.5%, largely explained by a considerable decrease in volumes due to a decline in the market, and the marked fall in prices in a fiercely competitive context. The EBITDA margin fell significantly, despite good management of the purchase price for clinker.
- in **Turkey**, operating sales volumes rose by 30.7% in Euros and 20.7% at constant consolidation scope and exchange rates. This rise was partly due to sales volumes increasing by more than 10% across the year, despite the considerable fall in export sales, and partly because of the solid increase in the average selling price, despite the continuing palpable competitive pressure. So despite a slight rise in production costs, especially energy prices, the

EBITDA margin increased significantly compared to its low level in 2009.

- in **West Africa**, consolidated sales were up by 2.3% and 2.4% at constant consolidation scope and exchange rates, taking into account the increasing volumes and falling average selling prices, mainly because of Sococim Industries' commercial policy of geographical diversification. Against this background, the EBITDA margin rate rose considerably for the whole year thanks to the improvement in costs in Senegal resulting from the investments made as part of the "Performance 2010" Plan (elimination of clinker purchases, improvement in heat and electricity consumption, improvement in the use of alternative fuels) and the more consistent performance of the BSA Cement mill in Mauritania once the electricity supply problems encountered in 2009 had been resolved.
- in **Egypt**, consolidated sales for the whole year rose by 11% and 7.6% at constant consolidation scope and exchange rates, thanks to an increase in volumes made possible by the commissioning of the 4th cement mill and stable average selling prices. As well as this positive growth in business, the EBITDA benefited from a favorable adjustment to the cost of a tax on cement, both for the year and for previous years, amounting to a total of €18 million.

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

(In millions of euros)	2010	2009	Change
Operating sales	752	724	+3.9%
Inter-sector eliminations	(36)	(29)	
Contribution to consolidated sales	716	695	+3.0%
EBITDA	62	83	-24.6%
EBITDA/ operating sales (%)	*8.3*	*11.4*	*-3.1 pts*
Operating income	16	24	-32.1%

Operating sales in the Concrete & Aggregates business were up by 3.9% and by 0.3% at constant consolidation scope and exchange rates. This reflects contrasting market situations, with a business that is still growing in Turkey and Africa, and remains stable or slightly down in the United States, Switzerland and France. Operational profitability, measured in terms of EBITDA, fell by 28.4% at constant consolidation scope and exchange rates, i.e. a decline in the EBITDA margin of 3.1 pts, mainly reflecting the falling trend in selling prices in the United States and to a lesser extent in France. Personnel costs went up by 4.3% despite measures to reduce costs taken because of inflation levels in the emerging countries.

After having recorded a net expense in France for the year as a whole of €2.3 million related to the "Maurienne valley" dispute, the operating income decreased by 32.1%.

- Operating sales in **France** in the Ready-mixed concrete and Aggregates businesses decreased by 1.9% at constant consolidation scope because of a rise in concrete volumes (+1.0%), and in aggregate volumes (+3.6%), and a fall in the selling prices of concrete. Against this background, the EBITDA margin declined over the year, and the rise in business was not enough to compensate for the fall in prices and the rise in some variable costs.
- In the **United States**, operating sales fell by 12.8% at constant consolidation scope and exchange rates, given a rise in volumes in the South East and a marked fall in California (with some recovery towards the end of the year however). In this very competitive climate, selling prices fell significantly in California. The EBITDA margin declined significantly.
- In **Turkey**, operating sales in the Concrete & Aggregates business were up by 47.5% in Euros, and by 36.3% at constant consolidation scope and exchange rates. This change reflects a clear increase in volumes both of concrete, +27%, and aggregates, +38%, and a gradual recovery in selling prices which rose significantly over the whole year. However, the EBITDA margin was still down in light of the increase in production costs.
- In **Switzerland**, operational sales rose by 7.7% in Euros and fell by 3.7% at constant consolidation scope and exchange rates. Volumes saw a slight fall in the case of both concrete and aggregates, a trend which slowed down over the year, while prices remained stable overall. The EBITDA margin therefore declined.
- In **Senegal**, consolidated sales rose by 23.8% with volumes for basalt aggregates seeing a considerable rise in a fiercely competitive environment. This resulted in a rise in the EBITDA margin.

9.2.2.1.3. Change in the operating income of the Other Products & Services business

(In millions of euros)	2010	2009	Change
Operating sales	333	314	+6.3%
Inter-sector eliminations	(69)	(63)	
Contribution to consolidated sales	264	251	+5.4%
EBITDA	29	26	+10.4%
EBITDA/ operating sales (%)	*8.7*	*8.4*	*+0.3 pt*
Operating income	15.7	14	+15.2%

Operational sales rose by 6.3% and 1.5% at constant consolidation scope and exchange rates (given the positive impact of the value of the Swiss Franc and the integration of the company Cewag in Switzerland). The operating income for the Other Products & Services business was €15.7 million, up by 15.2% compared to 2009.

9.2.2.2. Change in the operating income by geographic areas

9.2.2.2.1. Income statement France

(In millions of euros)	2010	2009	Change: Published	Change: At constant consolidation scope and exchange rates
Consolidated sales	832	844	-1.5%	-1.5%
EBITDA	184	206	-10.9%	-10.9%
EBIT	131	153	-14.2%	-14.2%

Consolidated sales in France showed a 1.5% decline at constant consolidation scope. EBITDA was down by 10.9% at € 184 million. The EBITDA margin declined to 21.9%, compared to 24.2% in 2009. The increase in volume and control of costs were not sufficient to offset completely the effects of the erosion of selling prices. This change is reflected in the different business segments as follows:

- decline in operational profitability of the Cement business, despite a slight increase in the volumes sold;
- decline in the margin in the Concrete & Aggregates business, despite a limited improvement in volumes;
- squeezing of the margin in the Other Products & Services business.

9.2.2.2.2. Income statement Europe (excl. France)

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

Consolidated sales in Europe, excluding France, showed an increase of 6.6%. Excluding consolidation scope and exchange rate effects, business decreased by 4.6%.

EBITDA went down by 3.5% at constant consolidation scope and exchange rates, i.e. a slight increase in the EBITDA margin of 0.3pt to 27.1%. This change comes mainly from the contrasting situation of the markets with the business well positioned, particularly the cement business in Switzerland, and a fall in volumes and prices in Italy in a highly competitive environment.

9.2.2.2.3. Income statement United States

(In millions of euros)	2010	2009	Change Published	Change At constant consolidation scope and exchange rates
Consolidated sales	168	187	-10.0%	-14.3%
EBITDA	(6)	12	-151.2%	-148.7%
EBIT	(37)	(17)	-118.2%	-107.8%

Consolidated sales in the United States declined by 10.0%, and 14.3% at constant consolidation scope and exchange rates. EBITDA fell by 151.2%, 148.7% at constant consolidation scope and exchange rates. Despite continuing efforts to reduce costs, under the additional "Performance Plus" Plan, the EBITDA margin on the operational sales contracted sharply due to the combined effect of the limited drop in volumes, which stabilized towards the end of the year, and a very significant fall in selling prices in the South East, and even more so in California.

9.2.2.2.4. Income statement Turkey, Kazakhstan and India

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

Consolidated sales in Turkey rose by 33.4% and 23.2% at constant consolidation scope and exchange rates. EBITDA increased by 46.4% at constant consolidation scope and exchange rates. Overall, the EBITDA margin in Turkey (excluding Kazakhstan and India) improved considerably, rising from 14.9% in 2009 to 17.7% in 2010. This rise was the result of an increase in volumes and prices in an economic environment that is showing a strong recovery.

For the first time the region's business benefited from the consolidation with effect from May 1, 2010 of the company Bharathi Cement in India. This inclusion in the consolidation scope added sales of €47.3 million over 8 months in 2010. It should be remembered that 2010 was a year in which the first production line of Bharathi Cement gained in market share and provided more industrial might. Given the increased industrial and commercial power, the EBITDA margin generated by this business was relatively modest.

9.2.2.2.5. Income statement Africa and Middle East

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

Consolidated sales for Africa and the Middle East region increased by 5.5% at constant consolidation scope and exchange rates. The EBITDA margin grew considerably, rising from 37.2% in 2009 to 45.7% in 2010.

In West Africa, business increased by 4.9% at constant consolidation scope and exchange rates and EBITDA grew by 25.1%, mainly because of the positive effects of the investments made as part of the "Performance 2010" Plan on costs (end of clinker purchases, improvements in energy efficiency).

In Egypt, sales increased by 11% and 7.6% at constant consolidation scope and exchange rates. The EBITDA margin improved considerably because of the increase in the volume of business and the savings resulting from the adjustment of the rate of tax on cement.

9.2.3. Change in financial income

(In millions of euros)	2010	2009	Change
Cost of the net financial indebtedness	(25.3)	(24.0)	+5.3%
Other financial income and expenses	(2.1)	0.1	
Net financial income (expense)	**(27.4)**	**(23.9)**	**+14.3%**

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 gross indebtedness (gross average indebtedness reached €1,192 million in 2010 as opposed to €829 million in 2009) and the fall in interest rates.

9.2.4. Change in taxes

(In millions of euros)	2010	2009	Change
Current taxes	(57.0)	(53.6)	
Deferred tax (income)	12.4	5.9	
Total taxes	**(44.6)**	**(47.7)**	**-6.5%**

The Group recorded a profit before tax of € 308.8 million in 2010, up by 9.8% compared to € 281.2 million in 2009.

The decrease in apparent tax rate, which went from 23.4% in 2008 to 17% in 2009 and 14.6% in 2010 is the result of the increase in income from cement subsidiaries in Egypt and in Senegal, which benefit from tax exemptions in light of the significant investments made in these two countries.

9.2.5. Change in net income

The net consolidated income was €264.2 million, up by 13.1% compared to 2009 (€233.6 million), including a Group share of €202.7 million, up by 5.9% compared to 2009 (€191.4 million).

The minority income share was €61.5 million as at December 31, 2010, a rise of 45.8% compared to 2009 (€42.2 million) due essentially to the rise in income from the Sinaï Cement Company in Egypt.

Net earnings per share were €4.52 in 2010, a rise of 6.1% compared to 2009 (€4.26 per share) due to the change in the Group's share of the income.

9.3. COMPARISON OF THE RESULTS FOR 2009 AND 2008

The comparative analysis of the results of 2009 and 2008 is contained in the 2009 Registration Document, section 9.2 pages 76 to 82, and is included by reference in this Registration Document.

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, eachwith a nominal value of € 4, fully subscribed and paid up.

Consolidated shareholders' equity was € 2,557 million as at December 31, 2010 including a Group share of € 2,141 million and minority interests of € 416 million, which relate mainly to the cement manufacturing subsidiaries in Turkey, in Egypt, in India and in Kazakhstan.

Shareholders' equity – Group share – includes as at December 31, 2010:

- the Company's share capital of € 180 million;
- premia linked to the capital of € 11 million;
- conversion reserves of € 16 million;
- consolidated reserves amounting to € 1,731 million, net of treasury shares for € 85 million;
- the result—Group share—for 2010, of € 203 million.

For a detailed description of shareholders' equity in the Company, please refer to the statement of changes in consolidated shareholders equity and to note 13 to the consolidated financial statements in section 20.2.2 "notes to the 2010 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 earnings for the period (other than income and expenses not affecting cash flow or not related to the activity), as well as by the change in the working capital requirement.
Cash flows relating to investment activity result mainly from outflows for the acquisition of intangible and tangible fixed assets and other long-term assets, as well as for the acquisition of equity instruments in other entities and participations in joint ventures. They also include loans granted to third parties. Inflows related to divestments and/or redemptions of these assets are deducted from these outflows.

Cash flows related to financing activities result from inflows and outflows having an impact on the amount of the equity 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)	2010	2009	2008
Cash flows from operations	409	387	402
Change in WCR [1] (excluding exchange rate and consolidation scope effects)	(6)	(4)	(17)
Net cash flow from operations	403	383	385
Net cash flow from investments	(542)	(280)	(464)
Net cash flow from financing	205	19	104
Impact of exchange rate fluctuations on cash flow	8	(4)	-
Change in cash flow	**74**	**118**	**25**

[1] Working Capital Requirement.

Analysis of the change in free cash flow and gross and net indebtedness:

(In millions of euros)	2010	2009	2008
Cash flow from operations	403	383	385
Industrial investments net of disposals	(304)	(264)	(380)
Free cash flow	**99**	**119**	**5**

In 2010, the Group generated a large free cash flow (€ 99 million compared with € 119 million in 2009). In spite of the continuing high level of industrial investments, the cash flows from operations net of the change in WCR, meant that the increase in the Group's net debt could be limited to € 336 million in 2010, despite continuing to pursue its strategy of external growth with the acquisition of Bharathi Cement in India, the start-up of the Jambyl Cement cement works in Kazakhstan and the acquisition of L. Thiriet & Cie. At € 988 million, net indebtedness, excluding the put option, represents 38.6% of consolidated shareholders' equity as at December 31, 2010 and less than 2.0 times consolidated EBITDA in 2010.

10.2.1. Net cash flows generated by operational activities

Net cash flows from operational activities conducted by the Group in 2010 were € 403 million compared with € 383 million in 2009.

This increase in cash flows generated by operational activities between 2009 and 2010 results from an increase in cash flows from operations of € 22 million, offset to a lesser extent by an increase in the change in working capital requirement of € 2 million.

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

(In millions of euros)	WCR as at December 31, 2008	Variation of the WCR 2009	Other variations (1)	WCR as at December 31, 2009	Variation of the WCR 2010	Other variations (1)	WCR as at December 31, 2010
Inventories	312	(15)	(2)	295	42	19	356
Customers	369	(51)	3	321	(33)	15	303
Suppliers	(217)	41	(1)	(177)	(13)	(21)	(211)
Other receivables & liabilities	(43)	29	(11)	(25)	10	5	(10)
WCR	**421**	**4**	**(11)**	**414**	**6**	**18**	**438**

(1) Exchange rate, consolidation scope and miscellaneous.

10.2.2. Net cash flows related to investment operations

Cash flows related to investment operations are analyzed as follows:

(In millions of euros)	2010	2009
Investment in intangible and tangible fixed assets	**(321)**	(270)
Disposal of intangible and tangible fixed assets	**17**	6
Net investments in shares of consolidated companies	**(225)**	(4)
Other net financial investments	**(13)**	(12)
Total cash flows related to investment operations	**(542)**	**(280)**

Net cash flows related to investment operations carried out by the Group in 2010 amounted to € (542) million compared with € (280) million in 2009.

10.2.2.1. Investments in and divestment of intangible and tangible fixed assets

These reflect outflows for industrial investments (€ 321 million in 2010 and € 270 million in 2009) mainly corresponding to the following:

- in 2010, investments made in India, Kazakhstan, France, Senegal and Switzerland
- in 2009, completion of the “Performance 2010” Plan, particularly in France, Senegal, Switzerland and Egypt, and the further increased investments in Kazakhstan.

For further details, see section 5.2 “Investments” of this Registration Document.

78% of the investments made in 2010 were in the Cement business (85% in 2009), 17% in the Concrete & Aggregates business (12% in 2009) and the remaining 5% in the Other Products & Services business (4% in 2009).

Disposals of tangible and intangible assets generated total cash inflows of €17 million in 2010 (€6 million in 2009).

10.2.2.2. Net investments in the shares of consolidated companies

In 2010, the acquisition and disposal of shares in consolidated companies resulted in a total outflow of €(229) million and a total inflow of €4 million, i.e. a net impact of €(225) million.

The main cash outflows by the Group during the year were primarily for the acquisition of a 51% stake in the Indian company Bharathi Cement. In addition to the buy-back of minority interests, the increase in the capital of Bharathi Cement was entirely subscribed by the Group and financed by borrowings, enabling the Group to repay all its financial debts and release surplus cash, thus contributing to the Group’s increase in cash and cash equivalents at the end of the year. The Bharathi Cement cash was used in part in the second half of the year to finance its investments. The Group’s main cash flows in this respect in 2009 (net cash outflow of €4 million) corresponded mainly to the acquisition of Swiss companies, particularly in the concrete & aggregates and precast concrete sectors, and the Group’s acquisition of further shareholdings in companies already consolidated.

There were no disposals of shares in consolidated companies in 2010.

10.2.2.3. Other net financial investments

Other net financial investments (net outflow of €13 million in 2010 and €12 million in 2009) consist mainly of loans and long-term credits 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 2010 increased to € 205 million, compared with € 19 million in 2009.

The net cash flows relating to financing activities comprises primarily:

- cash outflows for the payment of dividends to the Company's shareholders and to the minority interests in consolidated companies (€84 million in 2010 compared with €89 million in 2009);
- the draw-down, net of repayments, of credit lines or loans taken out by the Group and amounting to €274 million in 2010 (€92 million in 2009), including the payment of the annual maturities on financial leasing contracts;
- the net cash inflow from the sale by the Company of its own shares (€5 million in 2010 and €11 million in 2009).

10.3. INDEBTEDNESS

10.3.1. Group financial policy

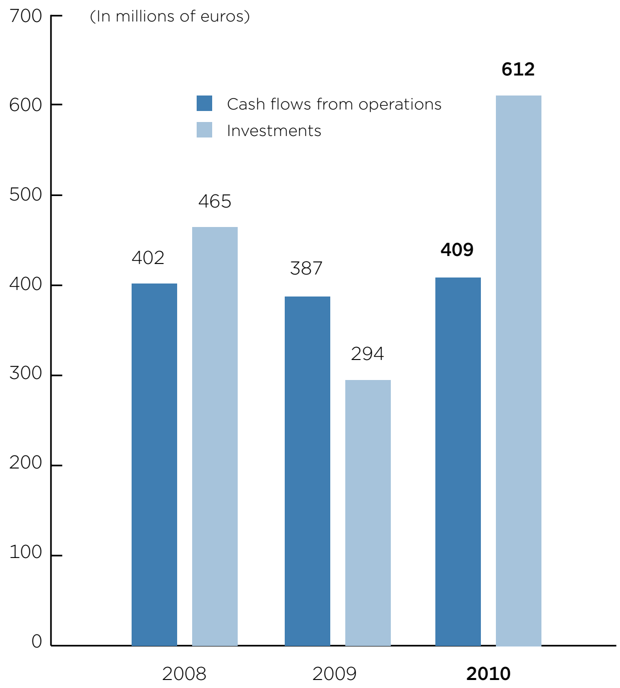
The Group's financial policy is set by the General Management.

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

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

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

Change in the Group's cash flows from operations and the Group's investments between 2008 and 2010



To secure resources in excess of its cash flows from operations, 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 realization of larger operations such as exceptional industrial investments, significant external growth operations or the acquisition of Vicat shares.

These facilities are essentially carried by the Company (82%), but some of the Group's foreign subsidiaries also have medium-term lines of credit or loans, whether drawn or not, to finance their investment program. This is the case in particular in Senegal, Mali, the United States, Egypt, Switzerland, Kazakhstan and India.

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

Type of line	Borrower	Year set up	Currency	Authorization in millions of currencies	of €	Use (M€)	Due date	Fixed rate (FR)/ Variable rate (VR)
US Private Placement	**Vicat SA**	**2003**	**$**	**240.0**	**211.9**	**211.9**	**2013 to 2015**	**VR/FR**
	Vicat SA	**2010**	**$**	**370.0**	**278.7**	**278.7**	**2017 to 2022**	**FR**
Syndicated loan	Vicat SA	2009	€	445.0	445.0	(1)	2012	VR
Bank bilateral lines	Vicat SA	2009	€	240.0	240.0	(1)	2014	VR
	Vicat SA	2010	€	80.0	80.0	(1)	2011	VR
	Vicat SA	Without	€	11.0	11.0	(1)	Without	VR
Total bank lines (1)	**Vicat SA**		**€**	**776.0**	**776.0**	**565.0**	**2011 to 2014**	**VR**
	Sococim	2006	FCFA	20,000.0	30.5	30.5	2011	FR
	Sococim	2007	€	14.3	14.3	14.3	2011 to 2013	VR
	Sococim	2009	FCFA	37,000.0	56.4	10.0	2011	VR
	CMM	2007	FCFA	200.0	0.3	0.3	2011 to 2012	FR
(Club Deal)	SCC	2007	EGP	300.0	38.7	0.0	2012	VR
	NCC	2008	$	10.0	7.5	0.0	2011 and 2012	VR
	Vigier	2009	CHF	23.0	18.4	18.4	2011 to 2019	FR
	Jambyl	2008	$	50.0	37.4	37.4	2012 to 2018	VR
	Jambyl	2008	$	110.0	82.3	82.3	2011 to 2015	VR
Total subsidiaries' loans or bilateral lines (2)					**285.7**	**193.1**		
Fair value of the derivatives						(4.7)		
Total medium-term					**1,552.3**	**1,244.1**		
Other debts						40.4		
Gross total debt (3)					**1,552.3**	**1,284.4**		

(1) "Total bank lines" corresponds to all confirmed lines of credit from which the Company benefits, essentially for a duration of one or five years at the outset, where the authorized total amount is € 776 million. These lines of credit are used depending on the Company's financing requirements by drawdown of notes and hedging the liquidity risk of the commercial paper program, bearing in mind that the total amount of drawdowns and notes issued must not exceed the authorized total. As at December 31, 2010, the bilateral bank lines for € 240 million and the Club Deal line for € 80 million are fully used. The syndicated loan has been used to the extent of € 245 million. These lines are used to hedge commercial paper to the extent of € 152 million. Given the ability to substitute these lines of credit between one another, and the possible re-allotment of drawdowns for the longest line, this information is presented as an overall amount.

(2) "Total subsidiaries' loans or bilateral lines" do not include lines put in place in India at VSCL in 2010, as the first drawdown is not to be made until April 2011. These lines for a total of US$ 70 million and € 138.7 million, redeemable over periods of 8 and 10 years, were subscribed with financing institutions (IFC, DEG, FMO).

(3) The amount of gross debt used does not include the liability relating to put options (€ 10.2 million).

10.3.1.1. US Private Placement

This loan, originally amounting to US$400 million was subscribed by American investors under a private placement (USPP). It consisted of three tranches in US Dollars at a fixed rate (one tranche of US$160 million for 7 years and two tranches of US$120 million for 10 years and 12 years respectively), with only the last two remaining, the first tranche having been repaid in August 2010. To eliminate the exchange rate risk on the principal and the interest, this was converted into a synthetic debt in Euros by a cross currency swap at a fixed rate for half of its amount and at a variable rate for the other half (basis Euribor 3 month rate). The remaining amounts from this conversion are currently €106 million at a fixed rate and €106 million at a variable rate.

A second loan of the same type was put in place in December 2010 for total amounts of US$450 million and €60 million, available on December 21, 2010 at an amount of US$ 370 million (US$ 80 million over 7 years, US$180 million over 10 years and US$110 million over 12 years) and on January 11, 2011 at an amount of US$80 million and €60 million (US$20 million and €60 million over 7 years, US$50 million over 10 years and US$10 million over 12 years). The Dollar debt was converted by means of cross currency swaps to a fixed-rate Euro debt in order to eliminate the exchange rate risk. The amounts in US Dollar converted corresponded to €339 million (€279 million on December 21, 2010 and €60 million January 11, 2011). The part of the debt in Euro (€60 million) is also at a fixed rate.

10.3.1.2. Vicat SA bank lines

Syndicated loan

This line of credit with a 3 year term, at a variable rate, was placed by the Company with a syndicate of 12 international banks and matures in July 2012. 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. As at December 31, 2010, it was drawn down at the amount of €220 million and partly used (€25 million) to hedge the liquidity risk of commercial paper.

Bank Bilateral Lines

Vicat SA's bilateral lines of credit for an amount of €240 million and a term of 5 years were renewed by the Company in 2009 with six banks. Interest is payable at the rate for the drawdown period. As at December 31, 2010, they were drawn down at an amount of €113 million and were partly used (€127 million) to hedge the liquidity risk of commercial paper.
A bridge bank line of credit was put in place in the form of a club deal in June 2010 for a term of 12 months renewable for a term of 6 months and an amount of €360 million. As at December 31, 2010, it has been reduced to €80 million and is used in full.

Commercial papers

The Company has a commercial paper issue program amounting to €152 million. As at December 31, 2010, the commercial papers issued amounted to €152 million. Commercial papers which constitute short term credit instruments are backed by the lines of credit confirmed for the issued amount and are treated as such in medium-term debts in the consolidated balance sheet.

10.3.1.3. Subsidiaries Bank Bilateral Lines

Senegal

The medium-term bilateral lines taken out by Sococim Industries were on the one hand in the form of a bank loan of FCFA 20 billion 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 of € 20 million, of which only € 14.3 million remained as at December 31, 2010. This loan, at a Euribor variable rate and with a term of 6 years, is repayable in 7 equal tranches starting in 2010.
Sococim Industries also has three confirmed lines of credit (two for FCFA 15 billion each, and one for FCFA 7 billion) for a term of 18 months. As at December 31, 2010, they were drawn down at a total amount of FCFA 6.5 billion. The interest rate that applies to each drawdown is jointly determined with the bank up to a maximum cap determined for the term of the line.

Mali

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. At the end of 2010, this had been drawn to the extent of FCFA 200 million.

Egypt

Sinaï Cement Company subscribed to a line of financing under a club deal for EGP 550 million including a loan of EGP 250 million for a term of 6 years at a fixed rate of interest, the drawdown period of which expired on December 6, 2008, and a 5-year revolving line of credit at variable rate amounting to EGP 300 million. As at December 31, 2008, because the loan had not been used, the authorized amount outstanding was brought back to the amount of the line of credit, i.e. EGP 300 million. As at December 31, 2010, the line of credit was not drawn down.

United States

Two bank lines at a Libor Dollar variable rate, maturing in 2011 and 2012, have been in place since 2010, each for an amount of $5 million. As at December 31, 2010, they were not used.

Kazakhstan

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 US$50 million redeemable over 7 years as from 2012 and US$110 million redeemable over 5 years as from 2011. As at 31 December 2010, they were used in full.

Switzerland

At the end of 2009, Vigier took out a fixed-rate loan of CHF 25 million, redeemable over 10 years from 2010. As at 31 December 2010, the residual amount was CHF 23 million.

10.3.1.4. Credit risk hedging by the Group

As at December 31, 2010, the Group had a total of €304 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 by specialist agencies, the nature and the due date for the operations carried out.

As at December 31, 2010, in addition to the cross default clauses provided for in the majority of credit agreements, the USPP, the syndicated loan and certain credit lines from which the subsidiaries benefit contained covenants, which may impose early repayment 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 subsidiaries in question. Given the small number of Group 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 position (see also note 17 of section 20.2.2 "appendix to the 2010 consolidated accounts" of this Registration Document).

At December 31, 2010, the Group was in compliance with the financial ratios set out in the covenants contained in its financing 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, 2010, gross indebtedness of the Group, excluding put options, was €1,284 million compared with €888 million at December 31, 2009. It is broken down by type as follows:

(In millions of euros)	December 31, 2010	December 31, 2009	Change
Loans from lending institutions	1,244	791	58.0%
Residual debt on financing leasing agreement	7	8	-17.0%
Other loans and financial debts	18	16	14.0%
Current bank facilities and bank overdrafts	15	73	-80.0%
Gross indebtedness	**1,284**	**888**	**45.0%**

Long-term indebtedness (more than one year) amounted to €1,194 million and short-term indebtedness (less than one year) to €90 million, corresponding essentially to the short-term cash flow lines of credit and bank overdrafts (respectively €661 million and €227 million as at December 31, 2009).

38% of the gross financial debt consists of the USPP, issued in US Dollars and at a fixed rate. After converting this Dollar loan into a synthetic loan in Euros, the gross financial indebtedness is denominated almost 82% in Euros.

The structure of the Group's gross indebtedness as at December 31, 2010, 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 amounted, at December 31, 2010, €830 million, i.e. 65% of the Group's total gross financial indebtedness, after conversion of the fixed rate for the first USPP 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 SA USPP was limited by setting up cap agreements for a total amount of €100 million.

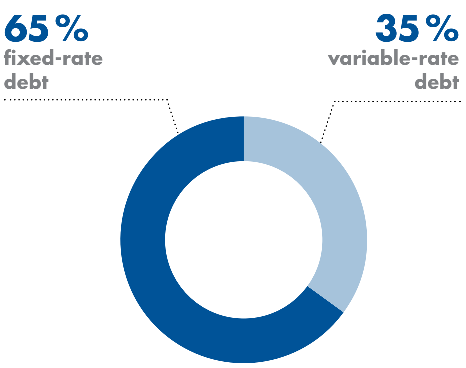
The interest rate risk related to the variable rate of Vicat SA bank lines was limited by setting up cap agreements for a total amount of €260 million over a 5-year term (140 million payable at the end of 2013 and 120 million at the beginning of 2014).

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. An additional cap agreement for $10 million was concluded in 2009 for a period of 2 years.

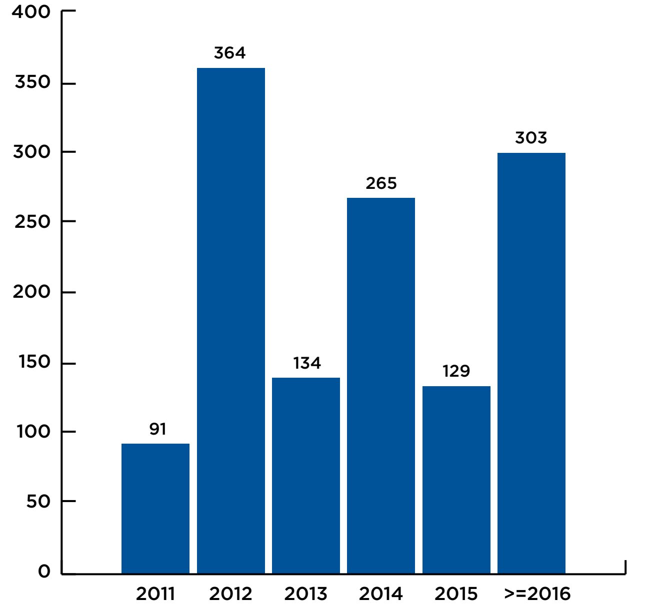
Due date

Average maturity was slightly more than 4 years (after collection of the funds coming from the second closing of the USPP signed on January 11, theaverage maturity will be extended to five years). The 2012 due date essentially corresponds to final maturity of the syndicated loan (€325 million). The 2013 maturity corresponds to the second due date for repayment of the USPP (€106 million in 2015). The 2014 maturity corresponds in part to the Vicat bilateral lines (€240 million). Those after 2014 correspond to the last due date of the first USPP (€106 million in 2015) and those of the second USPP (€60 million in 2017, €136 million in 2020 and €83 million in 2022).

Fixed Rate/Variable Rate Indebtedness as at December 31, 2010



Due date for the gross indebtedness as at December 31, 2010 (In millions of euros)



10.3.3. Cash surpluses

Cash and cash equivalents include cash at bank (€ 60 million as at December 31, 2010) and short-term investments having a due date of less than 3 months and not presenting a risk of change in the value of the principal (€236 million as at December 31, 2010).

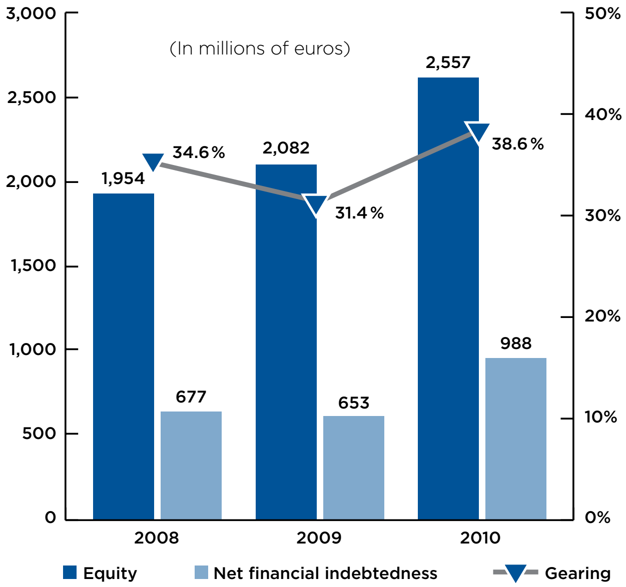
Cash is managed country by country, under the control of the Group's financial management, with cash pooling systems in France, the United States and Switzerland. Any surplus is either invested locally or re-invested if applicable into the Group. When the cash surplus is intended to be used within a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

10.3.4. Net indebtedness

The Group's net indebtedness is broken down as follows:

(In millions of euros)	December 31, 2010	December 31, 2009	Change
Gross indebtedness	1,284	888	45.0%
Cash and cash equivalents	296	235	26.0%
Net indebtedness	**988**	**653**	**51.0%**

The gearing was 38.6% at the end of 2010, compared with 31.4% at December 31, 2009.



The ratio of Net financial indebtedness/EBITDA was 1.96 at the end of 2010 compared with 1.38 at the end of 2009.

In total, the Group had a total amount of €600 million corresponding to unused lines of financing (€304 million) and available cash (€296 million) to finance its growth, in addition to its cash flows from operations.

The gearing and leverage ratios achieved at December 31, 2010 after a period of sustained industrial and financial investments remain well balanced, 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%. Its average over the last 5 years, moreover, was 30%. Although slightly above this, 2010 therefore remains within the defined strategic direction.

These ratios 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, 2010 and 2009:

(In millions of euros)	December 31, 2010	December 31, 2009
Contractual commitments for the acquisition of fixed assets	211.7	69.9
Guarantees granted	4.2	1.5
Total	**215.9**	**71.4**

As at December 31, 2010, the off-balance sheet liabilities of the Group were €215.9 million and mainly, for €211.7 million, referred to contractual obligations relating to industrial investments. These commitments mainly concern increasing investments in India in the frame of the construction of a greenfield plant. They also include investments undertaken in France, Switzerland, Kazakhstan and Senegal.

As at December 31, 2009, the Group's off-balance sheet commitments amounted to €71.4 million and almost exclusively involved contractual obligations in connection with industrial investments. These mainly concerned increasing investments in Kazakhstan, and to a lesser degree in India. They also included investments undertaken in France, Egypt and Switzerland.

11

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

The Group's research resources for product design, development and quality control are centralized at L'Isle d'Abeau, close to Lyon, in the Louis Vicat Technical Centre (CTLV). Organized around three expertise fields — hydraulic binders, concrete aggregates and building products chemistry — the CTLV has a dedicated team of approximately fifty researchers and technicians equipped with modern equipment. Partnerships have also been established with research centers or engineering schools, such as the Institut Polytechnique in Grenoble (INPG) or major industrial groups.

Research and development activities are mainly aimed at anticipating or responding to requests from the Group's customers regarding easier to use products or innovative technical solutions to overcome construction sites constraints. Example of products developed in recent years in the Group's laboratories are: Polycim, a special binder for masonry works, 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 fiber reinforced ultra-high performance concrete, which makes it possible to produce structural elements without steel reinforcements.

More recently, new research axis have appeared. They relate to the development of new clinkers and new cements which, with equivalent mechanical properties, 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 favor of the environment, mobilizes significant manpower in the fields of crystallography, thermodynamics and additives. To carry out this research, state of the art equipment is mobilized 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 and potential users for these future products.

The Group's research policy in relation to concrete is directed towards developing products improving 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-leveling concrete.

Similarly, development of the Vicat screed in partnership with EDF is a significant development axis which provides tillers and screeders with significant productivity gains while bringing a solution adapted to the new heating requirements combining convenience and energy savings. New families of screeds are under development in our laboratories and should soon be offered to our customers.

New products development also address sustainable development and improvement of the thermal efficiency of future concretes that will be offered to our customers and the construction systems for very low energy consumptionbuildings .

In the framework of its research and development activities, the Group registers patents in order to protect the development of products resulting from them.

12 INFORMATION ON TRENDS

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12.1. RECENT EVENTS

The Group announced on January 12, 2011 that it has issued US$450 million and €60 million in bond debt via a private placement in the US market.
The issue, which was largely oversubscribed, illustrates the Group's determination to maintain healthy diversification of its sources of financing and to extend the maturity of its debt. The proceeds from the transaction will be used to repay certain credit lines early and significantly extend the average maturity of the Group's debt. This now stands at five years, compared with slightly more than two years prior to the transaction.

On January 19, 2011, the Group announced the acquisition of L. Thiriet et Cie, a company based at Hériménil in the Meurthe-et-Moselle department specialising in the production of Concrete & Aggregates. L. Thiriet & Cie employs 105 staff and operates three concrete plants and four alluvial aggregates and massive rock quarries with a total annual capacity of around 100,000 m^3 in concrete and 500,000 tonnes in aggregates. In 2009, L. Thiriet & Cie posted sales of €19 million. Through this acquisition, Vicat has expanded and reinforced its operations in the south of the Lorraine region. L. Thiriet & Cie's public works segment will be managed by a Vicat partner active in this area.

12.2. TRENDS AND OBJECTIVES

The trends shown below are based on data, assumptions 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 strong volatility of the economic, financial and competitive environment as well as to possible changes in regulatory measures in each country in which the Group operates.

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 position 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 2011

For 2011, the Group considers that the lack of visibility due to developments in the global macro-economic and financial environment on the one hand, and the impossibility, on the other hand, of assessing the impact, that the various economic stimulus 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 summarizes the salient facts for its various markets that were reported when the 2010 results were published:

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

12.2.1.2. Group objectives

Against this backdrop, Vicat is determined to move forward cautiously with its growth strategy, capitalising on:

- Its solid financial structure;
- The effects of the "Performance 2010" investment plan, relating in particular to the reduction in production costs as a result of the modernisation of production facilities and the strengthening of the

Group's industrial and commercial position;
- The success of its expansion in Kazakhstan and India.

12.2.2. Trends up to 2012

The interruption in economic trends over the course of 2008 and continued in 2009 and 2010 does not allow the Group to give precise trends up to 2012. Nevertheless, on the basis of the plans "Performance 2010" and "Performance Plus", the Group is ready to take part in the economic upturn, as soon as it begins.

The Group continues to pursue its cost reduction efforts following completion of the "Performance 2010" Plan initiated in 2006 and will continue with the complementary efforts put in place in the context of the "Performance Plus" Plan.

In the context of continuing the "Performance 2010" Plan and against the background of strong volatility in energy costs, the Group will maintain its objective of increasing the share of alternative fuels in the total amount of thermal energy used.

The Group is also continuing its policy of increasing sales prices, designed to offset the rise in energy costs, within the limits of the commercial constraints imposed by the situation in some markets.

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 completed its industrial investment program under the "Performance 2010" Plan. The additional capacity resulting from the completion of the program is, therefore, around 6 million tonnes, to which must be added a 1.1 million tonnes capacity in Kazakhstan and a 5 million tonnes capacity in India.

The majority of the capacity increases were in emerging countries, bringing the capacity in these countries to over 18 million tonnes, by including India and Kazakhstan, out of a total of almost 27 million tonnes. Consequently, between 2006 and 2010, the "Performance 2010" Plan, the construction of the greenfield Jambyl Cement plant in Kazakhstan, started at the end of 2010, and the acquisition of a majority stake in Bharathi Cement in India, enabled the Group to refocus its center of gravity towards the emerging countries, which now represent 68% of the Group's global capacity, compared with 44% previously.

This trend will continue with, as indicated in section 5.2.2 "Main investments in progress and planned" of this Registration Document, the construction of a greenfield plant by Vicat Sagar in India. This 5.5 million tonnes capacity cement plant will comprise two production lines for a total investment in the area of US$650 million. The first line should be operational in mid 2012. (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 consolidation scope and exchange rate fluctuations").

After completion of the "Performance 2010" Plan, the overall amount of industrial investment should stay steady, amounting in 2011 to approximately €360 million in connection with, notably, the construction of the greenfield plant by Vicat Sagar in India.

In accordance with the financial policy implemented by the Group (see section 10.3.1 "Financial Policy", of this Registration Document), investments are financed from the Group's own resources. The construction of greenfield plants gives rise to dedicated financing provided by local subsidiaries. The financing for the Kazakhstan project was set up in 2008, and that for the project in India was finalized during the 1st half of 2010.

The objectives shown above should not be considered as estimates or forecasts but merely as targets included in the Group's business plans, in particular the investment program 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.

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PROFIT FORECASTS OR ESTIMATES

The Company does not intend to publish estimate or forecast of 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 ten directors, including six 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 renewal of the mandate of three directors will be proposed at the General Meeting of May 6, 2011.

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 of Directors 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, June 4, 2004 and April 28, 2010.

The Board of Directors, by a directors' 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 of Directors. Mr. Guy Sidos was reappointed to his post by decision of the Board of Directors of April 28, 2010

Under the Company's by-laws, the Board of Directors can, at the CEO's proposal, appoint up to 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	73	02/03/1968	04/28/2010 as director 28/04/2010 as President of the Board of Directors	- President of the Board of Directors of Béton Travaux* - President of the Board of Directors of National Cement Company* - Director of Aktas* - Director of Bastas Baskent Cimento* - Director of Konya Cimento* - Director of Bastas Hazir BETON* - Director of Tamtas* - Director of Sococim Industries* - Vice President of Sinaï 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 Bharathi Cement Corporation Private Limited* - Director of BSA Ciment SA*	Not applicable

[1] Current appointments are followed by an asterisk.

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	47	06/11/1999	05/15/2009 as director 04/28/2010 as Chief Executive Officer	- CEO of Béton Travaux* - President of Papeteries de Vizille* - President of Parficim* - Director of Vigier Holding - Director of Vigier Management - CEO of National Cement Company* - Permanent Representative of Parficim - Director of Sococim Industries* - Vice President and Director of Sinaï Cement Company* - Vice President and 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* - Permanent representative of Béton Travaux - Director of Béton Rhône-Alpes* - 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 Bharathi Cement Corporation Private Limited* - Director of BSA Ciment SA* - Sole director of Ravlied Holding AG*	Not applicable

(1) Current appointments are followed by an asterisk.

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]
DIRECTORS					
Raynald Dreyfus	74	06/05/1985	05/15/2009	Not applicable	Not applicable
Pierre Breuil	69	05/15/2009	05/15/2009	Not applicable	Director of Groupe EMERA*
Bruno Salmon	61	05/15/2009	05/15/2009	Not applicable	- Permanent representative of LEVAL 3 on the Board of COFIDIS (Groupe 3 Suisses)* - Permanent Representative of CETELEM on the Board of UCB - Chairman of the Board of Directors of BNP Paribas Personal Finance* - Director of LASER COFINOGA (Groupe Galeries Lafayette)* - Permanent representative of LEVAL 3 in MONABANQ (Groupe 3 Suisses)* - Director of CETELEM Brasil SA (Brazil)* - Director of Banco Cetelem (Spain)* - Director of Findomestic Banca SPA (Italy)* - Member of the Supervisory board of Cetelem Bak Spolka Akcyina (Poland) - Director of Banco Cetelem (Portugal)* - Director of Cetelem IFN SA (Romania)* - Member of the Supervisory board of BNP Paribas Personal Finance (Bulgaria)* - Director of UCB Suisse (Switzerland)* - President of the Association des Sociétés Financières (ASF) (France)* - Vice-President of the Association Française des Etablissements de Crédit et d'Investissement (AFECEI)* - President to the Cetelem Foundation*

(1) Current appointments are followed by an asterisk.

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]
ADMINISTRATEURS					
Louis Merceron-Vicat	41	06/11/1999	06/02/2005	- Permanent representative of Vicat SA, director of Béton Travaux* - President and CEO of BCCA* - 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 Sinaï Cement Company*	Not applicable
Sophie Sidos	42	08/29/2007	05/15/2009	Not applicable	Not applicable
P&E Management Represented by Paul Vanfrachem	67	06/02/2005	06/02/2005	Not applicable	- Manager of P&E Management* - President of Cembureau - Honorary President of SA Cimenteries CBR* - Director of Indaver NV*
Jacques Le Mercier	66	08/29/2007	08/29/2007	Not applicable	- President of the Banque Rhône-Alpes Foundation - Member of the Supervisory board of the ASPEN-France Institute
Xavier Chalandon	61	04/28/2010	04/28/2010	Not applicable	- Deputy CEO of Banque Martin Maurel - Deputy CEO of Compagnie Financière Martin Maurel - President of Financière Saint Albin - President of Immobilière Saint Albin - Director of Compagnie Financière Martin Maurel* - Permanent Representative of Banque Martin Maurel at SIPAREX Croissance*

[1] Current appointments are followed by an asterisk.

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)]
Xavier Chalandon (continued)	61	04/28/2010	04/28/2010	Not applicable	- Director of Mobilim Participations, Kalipac SA, Grignan Participations - Permanent Representative of Compagnie Financière Martin Maurel at Banque Martin Maurel - Permanent Representative of Martin Maurel Gestion atLyon Gestion Privée - Member of the Supervisory Board of Martin Maurel Gestion - President of the Board of Grignan Capital Gestion - Co-manager of Mobilim International Sarl

(1) Current appointments are followed by an asterisk.

The Board of Directors decided on February 25, 2011 to propose to the Ordinary General Meeting of shareholders which will convene on May 6, 2011 the following:

- to renew for a duration of six years the mandate of Mr. Louis Merceron-Vicat, and of three years the mandates of the company P&E Management represented by Mr. Paul Vanfrachem and of Mr. Jacques Le Mercier as Directors.

Family ties between directors and management

Mr. Jacques Merceron-Vicat, President 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	73	Mr. Merceron-Vicat is a graduate of the École Supérieure de Travaux Publics. He joined the Group in 1962.
Guy Sidos	47	Mr. Sidos is a graduate of the École navale. He served in the French Navy before joining the Group in 1999.
Raynald Dreyfus	74	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.

Name	Age	Brief biography
Louis Merceron-Vicat	41	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	42	Mrs. Sophie Sidos held various functions within the Group until 1997.
Paul Vanfrachem (représentant P&E Management)	67	Mr. Vanfrachem is a civil engineer specializing 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	66	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.
Bruno Salmon	61	Mr. Bruno Salmon is a graduate of the Ecole Supérieure de Commerce de Paris. He held the position of General Secretary, deputy CEO and Director of CETELEM. After holding the position of deputy CEO and Director of BNP Paribas Personal Finance, he was appointed Chairman since September 2008.
Pierre Breuil	69	Mr. Pierre Breuil has a law degree and is a graduate of the Institut d'Etudes Politiques de Paris. He is a former student of ENA. (Turgot entry). He was Prefect of Alpes-Maritimes from 2002 to 2006 and General Inspector of Administration from 2006 to 2007.
Xavier Chalandon	61	Mr. Xavier Chalandon is a graduate of the Institut d'Etudes Politiques de Lyon and has a Masters in law. He held management positions with various financial institutions. He was deputy CEO of Banque Martin Maurel from 1995 to 2003 and deputy CEO of Financière Martin Maurel until 2009. He is a member of the Strategy Committee and Ethics Committee of Groupe Siparex.

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;
- 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 by virtue of which any of the members of the Board of Directors, the CEO or the Deputy CEO(s) were selected as such.

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REMUNERATION AND BENEFITS

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15.1. REMUNERATION AND BENEFITS IN KIND

15.1.1 Remuneration paid to executive directors

Overview of remuneration and stock options attributed to each executive director:

Jacques Merceron-Vicat

Chairman of the Board of Directors	2009	2010
Remuneration during period	762,702	**756,053**
Assessment of options allocated during period	n/a	**n/a**
Assessment of performance-related bonus shares allocated during period	n/a	**n/a**
TOTAL	**762,702**	**756,053**

Guy Sidos

Chief Executive Officer	2009	2010
Remuneration during period	731,633	**741,976**
Assessment of options allocated during period	n/a	**n/a**
Assessment of performance-related bonus shares allocated during period	n/a	**n/a**
Total	**731,633**	**741,976**

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 2009 and 2010.

Jacques Merceron-Vicat

Chairman of the Board of Directors	2009		2010	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	-	667,799	-	646,747
Variable remuneration	n/a	n/a	n/a	n/a
Exceptional remuneration	n/a	n/a	n/a	n/a
Attendance fees	-	41,183	-	41,183
Benefits in kind	-	53,720	-	66,123
TOTAL	**-**	**762,702**	**-**	**756,053**

Guy Sidos

Chief Executive Officer	2009		2010	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	-	667,789	-	676,737
Variable remuneration	n/a	n/a	n/a	n/a
Exceptional remuneration	n/a	n/a	n/a	n/a
Attendance fees	-	22,091	-	22,091
Benefits in kind	-	41,753	-	43,248
TOTAL	**-**	**731,633**	**-**	**742,076**

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.

15.1.2. Attendance fees and other remuneration received by non-executive company officers

	Amounts paid in 2009	Amounts paid in 2010
Pierre Breuil		
Director		
Attendance fees	19,091	19,091
Other remuneration (on the basis of positions held within the Group)	-	3,500
Louis Merceron-Vicat		
Director		
Attendance fees	19,091	19,091
Other remuneration (on the basis of positions held within the Group)	211,383	213,911

	Amounts paid in 2009	Amounts paid in 2010
René Fégueux		
Director		
Attendance fees	19,091	**6,364**
Other remuneration	10,500	**7,000**
Bruno Salmon		
Director		
Attendance fees	19,091	**19,091**
Other remuneration	-	**-**
Raynald Dreyfus		
Director		
Attendance fees	19,091	**19,091**
Other remuneration	10,500	**10,500**
P&E Management (represented by Paul Vanfrachem)		
Director		
Attendance fees	19,091	**19,091**
Other remuneration	3,500	**3,500**
Sophie Sidos		
Director		
Attendance fees	19,091	**19,051**
Other remuneration	-	**32,750**
Jacques le Mercier		
Director		
Attendance fees	19,091	**19,091**
Other remuneration	7,000	**7,000**
Xavier Chalandon		
Director		
Attendance fees		**12,727**
Other remuneration		
TOTAL	**395,611**	**430,889**

The Company's directors receive attendance fees every year. The total of such attendance fees was €210,000 for each of the years 2009 and 2010, distributed equally among the directors (or €19,091) 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 €38,183). This remuneration does not include any variable part.

Besides, the additional remuneration allocated to each member of the Board of Directors committees for 2010 reached €7,000 for the members of the auditing committee, and €3,500 for the members of the remuneration committee.

The Company's officers do not benefit from any additional contractual 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 bonus 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.

In addition, the Group has implemented a pension scheme for its officers and Group other executives that is additional to the legal and supplementary schemes. The benefits of this top-up plan are granted to executives whose gross remuneration is four times greater than the social security ceiling on the basis of a decision of General Management. In addition, to receive 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 reference salary over the highest ten years. This additional amount may not result in the beneficiary receiving, under all pension benefits, an amount exceeding 60% of the reference salary.

A provision of € 5,437 thousand is recognized in the financial statements in relation to the pension scheme additional to the legal and supplementary schemes for the Group officers and other executives mentioned above.

The table below presents certain items relating to the advantages granted to the executive company officers:

Executive director	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 non-competition covenant	
	Yes	No	Yes	No	Yes	No	Yes	No
Jacques Merceron-Vicat Chairman of the Board of Directors		▼	▼			▼		▼
Guy Sidos Chief Executive Officer		▼	▼			▼		▼

Jacques Merceron-Vicat: Beginning of the current appointment, (i) as director 04/28/2010; (ii) separation of the functions of Chairman and Chief Executive Officer 03/07/2008.
End of current appointment: Shareholders General Meeting approving the financial statements for the year ending on December 31, 2015.

Guy Sidos: Beginning of the current appointment, as director 15/05/2009; (ii) as Chief Executive 03/07/2008.
End of current appointment: Shareholders General Geeting approving the financial statements for the year ending on December 31, 2014 as director, and for the year ending on December 31, 2015 as CEO.

16

OPERATION OF THE ADMINISTRATIVE 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 by shareholders at General Meetings and within the limits of the Company's corporate purpose, 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 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.

The Board of Directors met twice in 2008 and 2009, and four times in 2010. 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 100 %. 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 shareholders at 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

The Board of Directors is supported by an auditing committee and a remuneration committee. They perform their assignment under the responsibility of the Board of Directors. 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 over by a chairman designated by a majority decision of the committee members. The committees are composed of the following members:

- **auditing committee:**
- Mr. Raynald Dreyfus, Chairman of the committee;
- Mr. Pierre Breuil;
- Mr. Jacques Le Mercier.

- **remuneration committee:**
- Mr. Paul Vanfrachem, Chairman of the committee;
- Mr. Xavier Chalandon;
- Mr. Raynald Dreyfus.

The committees have the following duties:

- **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 duties of the auditing committee also consist of:

- examining the annual and half-yearly accounts, both consolidated and statutory, 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;
- examining the candidatures of the statutory auditors whose appointment is proposed to the General Shareholders Meeting;
- examining every year the auditors'fees as well as their independence.

- **remuneration committee:**

The remuneration committee has the responsibility of:

- examining the remuneration of managers and employees (fixed part, variable part, bonuses, etc.) 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 the pension scheme, health and welfare benefit plan, incapacity 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 organizes 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 has the power to act in all circumstances in the name of the Company, within the limitations 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 and Switzerland: Mr. Raoul de Parisot;
• Concrete - Aggregates and Transport in France: Mr. Bernard Titz;
• International development and Kazakhstan: Mr. Jean-Michel Allard;
• Africa, Middle East and India: Mr. Éric Holard.

Name	Age	Brief biography
Jean-Michel Allard	65	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	59	Mr Titz has a doctorate in law. He joined the Group in 1982.
Raoul de Parisot	62	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	51	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 earnings.

16.3. LIMITATION OF POWERS

No limitation has been set concerning the powers of the President of the Board of Directors 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 specifics 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 controllers 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 sustainable 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	04/28/2010	General Meeting approving the financial statements for the year ending December 31, 2015
CEO and director			
Guy Sidos	06/11/1999	05/15/2009 in his capacity as director. 04/28/2010 in his capacity as CEO	General Meeting approving the financial statements for the year ending December 31, 2014 in his capacity as director. General Meeting approving the financial statements for the year ending December 31, 2015 in his capacity as CEO
Directors			
Raynald Dreyfus	06/05/1985	05/15/2009	General Meeting approving the financial statements for the year ending December 31, 2011
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	05/15/2009	General Meeting approving the financial statements for the year ending December 31, 2014
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
Pierre Breuil	05/15/2009	05/15/2009	General Meeting approving the financial statements for the year ending December 31, 2014
Bruno Salmon	05/15/2009	05/15/2009	General Meeting approving the financial statements for the year ending December 31, 2014
Xavier Chalandon	04/28/2010	04/28/2010	General Meeting approving the financial statements for the year ending December 31, 2015

The Board of Directors decided on February 25, 2011 to propose the following to the Ordinary General Meeting of shareholders convened on May 6, 2011:

- to renew of the directors' mandates of Mr. Louis Merceron-Vicat for a period of six years, until the Ordinary General Meeting approving the financial statements for the year ending December 31, 2016, the company P&E Management represented by Mr. Paul Vanfranchem and of Mr. Jacques Le Mercier for a period of three years, until the ordinary-General Meeting approving the financial statements for the year ending December 31, 2013.

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.

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 six independent directors who represent more than half the members it is composed of: Mr. Raynald Dreyfus, P&E Management (owned by Mr. Paul Vanfrachem), Mr. Jacques Le Mercier, Mr. Pierre Breuil, Mr. Bruno Salmon and Mr. Xavier Chalandon. 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.

At the date of this Registration Document, Ms Sophie Sidos is member of the Board of Directors. This is up to the Board of Directors to look for the best balance in its composition as well as in its committees, notably as far as are concerned the representation of men and women and the skills diversity in order to gradually comply with the objectives of the law dated January 27, 2011 relating to a balanced representation of men and women within Board of Directors.

The Board of Directors of the Company constantly analyses its operating rules and their compliance 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 organize 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 adapts 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

The average workforce of the Group in 2010 increased by 4.9% from 6,712 to 7,040. This increase in employees, above all in the second half of the year, is associated mainly with the increase in numbers in the project in Kazakhstan and the integration of Bharathi Cement in India.

In France, the average workforce in 2010 fell compared with 2009 from 2,569 to 2,490, owing to the non-replacement of staff leaving the company and the minor impact on the average workforce of the inclusion of L. Thiriet & Cie in the consolidation scope, given that this acquisition occurred in December 2010.

In the United States, the average workforce and employee numbers at year-end continued to fall owing to cost reduction measures necessitated by the continuing crisis in the country's construction industry. The average workforce fell by -10.5% (1,029 in 2010 compared with 1,150 in 2009).

In the Africa/Middle East region, productivity improved with an increase of +7.2% in sales, from €411 million in 2009 to €441 million in 2010, while employee numbers remained stable (1,026 in 2009 and 1,039 in 2010, i.e. +1.3%). The average workforce in the Europe region fell slightly (-0.8%).

17.1.1. Breakdown of the Group's average workforce by business

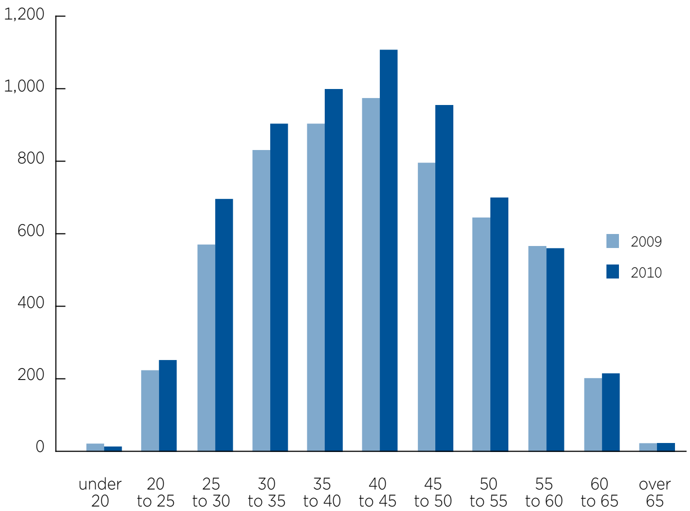
(Number of employees)	2010	2009	Change
Cement	2,902	2,444	+18.7%
Concrete & Aggregates	2,717	2,851	-4.7%
Other Products & Services	1,421	1,417	+0.3%
Total	**7,040**	**6,712**	**+4.9%**

17.1.2. Breakdown of the Group's average workforce by geographical area

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

17.1.3. Breakdown of the Group's average workforce by age

Number of employees by age group

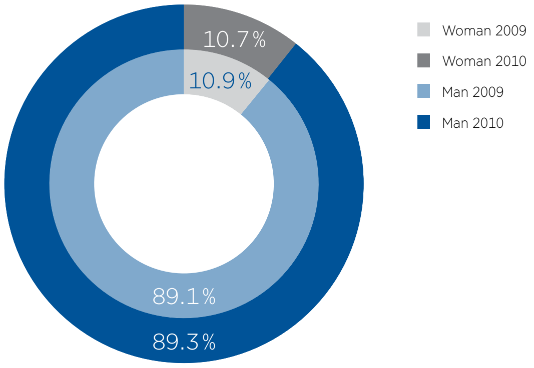


In 2010, the Group maintained a balanced age pyramid, despite a rise in the youngest age groups. This change is due essentially to the inclusion in the consolidation scope of employees in India and Kazakhstan, who have a younger age profile than the remainder of the Group.

Workforce by gender

(% of female employees)	2010	2009
Management	11.7	12.4
White-collar workers	22.7	24.9
Blue-collar workers	1.7	1.8
Group total	**10.7**	**10.9**
Of which France :		
Management	17.6	16.5
White-collar workers	26.7	27.5
Blue-collar workers	1.4	1.6
Total France	**16.5**	**16.7**

The low proportion of women in the salaried workforce is due in particular to the type of activity and jobs offered by the Group.



The proportion of women employed by the Group decreased slightly between December 31, 2009 and December 31, 2010 (from 10.9% to 10.7%) owing to the inclusion in the consolidation scope of the factories in Kazakhstan and India, where very few women are employed.

17.1.4. Year-end changes in the workforce according to movement type

The Group workforce as at December 31, 2010 increased to 7,369 compared with 6,669 as at December 31, 2009. This increase of +10.5% is explained primarily by the growth in numbers and start-up of the cement plant at Jambyl Cement in Kazakhstan and the acquisition of Bharathi Cement in India in May 2010. As a consequence the workforce in the Turkey/Kazakhstan/India region increased by 73.6% in one year.

In France, the workforce as at December 31, 2010 increased slightly by 2.2% owing to the inclusion in the consolidation scope at December 31, 2010 of the company L. Thiriet & Cie acquired during that month (+102 employees). At constant consolidation scope, the Group workforce in France as at December 31, 2010 fell by comparison with December 31, 2009.

	Workforce
Workforce as at December 31, 2009	**6,669**
Normal attrition (resignation, end of contracts, deaths)	(499)
Departures due to retirement, early retirement, dismissals, other reasons	(309)
Changes in consolidation scope	529
Recruitment	979
Workforce as at December 31, 2010	**7,369**

The level of recruitment increased significantly in 2010 owing primarily to the increase in numbers in Kazakhstan. Total new recruits to the Group increased from 625 in 2009 to 979 in 2010. In addition, the number of those joining and leaving included a significant number of seasonal jobs particularly in France and Turkey (in the case of drivers).

17.1.5. Changes in years of service with the Group

	Average age		Average years of service	
	2010	2009	2010	2009
Total for the Group	**41.7**	**42.6**	**9.4**	**9.8**
France	42.6	42.1	12.4	11.9

Average age and years of service decreased in 2010 compared to the preceding year, owing to the significant numbers of staff taken on in Kazakhstan and the inclusion in the consolidation scope of Bharathi Cement in India, which has a younger staff profile with fewer years of service.

17.1.6. Human Resources Policy

The Group's values

Adoption of the Group's values by its employees is the key factor in the success that it has achieved throughout the hundred and fifty years of its existence. There are four main values, which have forged a strong company culture:

- the ability of management to react and reach decisions quickly, which has proved particularly valuable in achieving success in external growth transactions;
- the enthusiasm for innovation, research, development and progress, inspired by the discoveries of Louis Vicat, who invented cement in the 19th century;
- the tenacity that has enabled the Group to overcome the challenges encountered since its foundation;
- the common feeling of belonging to the Group, providing the energy and strong capacity for action necessary to achieve its objectives.

Human Resources Policy

The objective of the human resources policy is to ensure that the individual skills of employees or team units are in line with the Group's development strategy on a short, medium and long-term basis, against a background of adherence to and promotion of the values on which its culture is based. It aims to maintain and develop the Group's attractiveness for its employees, as well as securing their loyalty. On this basis, internal promotion is favored where possible. It should offer everyone career development prospects that maximize their potential and their ambitions. Mobility, both operational and geographical, is one of the conditions of this progression.

Training

Development of its employees' skills is a major priority for the Group and the reason that every year it invests a significant part of its wages and salaries bill in training.

Against a background of major industrial investments and the increasing complexity of processes due to technological innovation, the priority is to train engineers and technicians in using the tools and methods required to ensure that industrial facilities operate efficiently.

In 2010, the Group's staff training program focused on the increase in numbers in Kazakhstan. This program will continue to grow in 2011 in order to enable the Jambyl cement plant to operate essentially with Kazak staff. The transition is being managed with Chinese staff and expatriate management.

Over 1,100 training courses were organized for the benefit of Group staff in 2010. These courses were attended by more than 4,000 employees.

Involvement of the Company in its social environment

The Group supports educational projects for the benefit of the communities of the countries where it operates. This is the case, in particular, in Senegal with the Maurice-Gueye media library in Rufisque, in Turkey with the fine art college in Konya and in Egypt with the University of the Sinaï in El Arish. This support takes the form of financial aid for the construction of buildings, the award of scholarships to the most disadvantaged students and the purchase of books.

In 2010, the Sococim foundation recently established in Senegal became involved in the restoration work on the Théodore Monod museum in Dakar.

The Group also provided financial help to the people affected by the floods in El Arish near the Sinaï Cement factory and in India it launched a program to improve sanitation for the inhabitants of the village of Chatrasala, by financing a water treatment plant near the cement factory under construction by Vicat Sagar Cement.

On October 15, 2010, the Kazak authorities awarded the Group the trophy for the "best social project of the year in the Jambyl region" for the work it carried out in connection with start-up of the new Jambyl Cement cement factory (creation of local jobs, renovation of the school in the village of Mynaral and improvement of the local electricity supply network, etc.).

Since 2009, the Group has been involved in France in a program to help young people in vulnerable urban areas of Nice, by joining a scheme entitled "100 opportunities for 100 jobs" ("100 chances pour 100 emplois"), run by businesses in partnership with the local authority assistance service for young people.

In Savoie, the Group has been a member since its foundation of the Savoie Enterprise Network providing support to business start-ups. It has also been involved since September 2009 in the "Alizé" program which helps SMEs develop.

This program, which brings together local communities and major businesses in the Savoie region, decided to focus in 2009/2010 particularly on businesses in the Maurienne valley. Help is provided in the form of free advice given by managers and engineers from partner companies. It can also take the form of interest-free or preferential-rate loans using the funds which the scheme has built up.

Safety

The relative improvement in the Group's accident frequency and seriousness rates (with accident frequency falling from 13.6 to 13.2 and seriousness from 0.54 to 0.49 between 2009 and 2010) is the result of the change in basis. The number of hours worked increased from 9,928,498 in 2009 to 12,262,064 in 2010 (extrapolated figure), which explains why, despite an increase in the number of accidents in 2010, the frequency rate was lower. This increase in the number of hours worked is due mainly to Kazakhstan (start-up of the Jambyl factory) and India (acquisition of Bharathi).

	Cement business		Total for the Group	
	2010	2009	2010	2009
Number of accidents with work stoppage	46	51	162	157
Number of working days lost	1,275	1,603	5,959	6,207
Frequency rate	9.0	9.5	13.2	13.6
Seriousness rate	0.25	0.30	0.49	0.54

In France, 2010 saw an overall improvement in the figures, except in cement. The Group continued with measures to obtain accreditation in the safety management field, with OHSAS 18001 being obtained in November 2010 for its French Concrete and Aggregates business. This accreditation is part of an overall campaign designed to develop a safety culture, without which no tangible progress will be made.

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 section 21.1.5 "Share subscription and purchase options" of this Registration Document).

17.3. EMPLOYEE PROFIT-SHARING

The Company and its French subsidiaries apply the statutory scheme for employee profit sharing or, in some cases, operate under an exemption. Sums received are invested in VICAT shares under the Group Savings Plan (Plan d'épargne Groupe - "PEG").

In addition, the Company has put in place a profit-sharing agreement. Money paid into this arrangement can, at the employee's discretion, be invested in the Company's shares under the Group Savings Plan or in other savings plans offered 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 TRANSACTIONS CONDUCTED BY MEMBERS OF THE BOARD OF DIRECTORS IN THE COMPANY'S SHARES

17.4.1. Holdings by the Company's officers in the Company's shares as at December 31, 2010

Shareholder	Number of shares	Percentage of capital	Number of voting rights	Percentage of voting rights
Jacques Merceron-Vicat	41,483	0.09	82,921	0.12
Soparfi (company of which Jacques Merceron-Vicat is President and CEO)	11,797,927	26.28	22,339,233	31.42
Parfininco (company of which Jacques Merceron-Vicat is President and CEO)	13,287,617	29.59	25,851,729	36.36
Guy Sidos	3,529	0.01	6,330	0.01
Louis Merceron-Vicat	6,094	0.01	10,214	0.01
Xavier Chalandon	100	-	100	-
Raynald Dreyfus	900	-	1,800	-
P&E Management (company of which Paul Vanfrachem is Managing Director)	30	-	60	-
Sophie Sidos	1,913	-	3,826	0.01
Jacques Le Mercier	10	-	10	-
Bruno Salmon	62,667	0.14	124,334	0.17
Pierre Breuil	20	-	20	-

17.4.2. Transactions by members of the Board of Directors in the Company's shares for the 2008 and 2009 financial years

	Transactions in 2010	Transactions in 2009
Soparfi (company of which Jacques Merceron-Vicat is President and CEO)	Purchase of 300 shares	Purchase of 2,360 shares
Parfininco (company of which Jacques Merceron-Vicat is President and CEO)	Purchase of 4,815 shares	Purchase of 1,667 shares

As at December 31, 2010, 4,646,767 Company shares, registered in issuer registered accounts, are subject to financial instrument account pledges.
In addition, a certain number of retention undertakings were made in the context of the "Dutreil Law" by certain Company officers.

17.4.3. Retention undertakings in relation to the Company's shares

Five retention undertakings, relating to a maximum of 22.51% of the share capital of the Company, were made as of 2005, and up until the date of registration of this Registration Document, in order to take advantage of the provisions of article 885-0 bis of the General Tax Code (Code général des impôts, CGI) allowing the signatories partial exemption from the Solidarity Tax on Wealth (Impôt de solidarité sur la fortune), as indicated in the table below.

Date of signature of the undertaking	Duration	Renewal procedures	Director signatories 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	Extension by 12-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco
12/08/2006	6 years starting on 12/13/2006	Extension by 12-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco
12/08/2006	6 years starting on 12/13/2006	Extension by 12-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco
12/20/2006	6 years starting on 12/21/2006	Extension by 12-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco
12/11/2007	6 years starting on 12/13/2007	Extension by 12-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco

Seven retention undertakings, relating to a maximum of 22.51% of the share capital of the Company, were made as of 2005, and up until the date of registration of this Registration Document, to take advantage of the provisions of 787-B of the General Tax Code (Code général des impôts, CGI) allowing the signatories partial exemption from capital transfer taxes, as indicated in the table below.

Date of signature of the undertaking	Duration	Renewal procedures	Director signatories pursuant to 787-B 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	Extension by 3-month periods	Mr. Jacques Merceron-Vicat Mrs Sophie Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco
12/08/2006	2 years starting on 12/13/2006	Extension by 3-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco
12/08/2006	2 years starting on 12/13/2006	Extension by 3-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco
12/11/2007	2 years starting on 12/13/2007	Extension by 3-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco
05/25/2010	2 years starting on 05/25/2010	Extension by 3-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mrs Sophie Sidos Mr. Jacques Merceron-Vicat Soparfi Parfininco
05/25/2010	2 years starting on 05/25/2010	Extension by 3-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mrs Sophie Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco
05/25/2010	2 years starting on 05/25/2010	Extension by 3-month periods	Mr. Jacques Merceron-Vicat Mr. Guy Sidos Mrs Sophie Sidos Mr. Louis Merceron-Vicat Soparfi Parfininco

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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, 2010 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, 2008		On December 31, 2009		On December 31, 2010	
Shareholders	Number of shares	Number of shares (as%)	Number of shares	Number of shares (as%)	Number of shares	Number of shares (as%)
Family + Soparfi + Parfininco	27,185,702	60.55	27,196,390	60.57	**27,195,035**	**60.57**
Employees and former employees	2,098,624	4.67	2,163,307	4.82	**2,125,964**	**4.73**
Public	14,247,695	31.73	14,456,860	32.20	**14,572,137**	**32.46**
Treasury shares	1,367,979	3.05	1,083,443	2.41	**1,006,864**	**2.24**
Total	**44,900,000**	**100**	**44,900,000**	**100**	**44,900,000**	**100**

To the knowledge of the Company, there is no shareholder holding more than 5% of the share capital nor of the voting rights.
The change in the distribution of the voting rights in the Company over the past three financial years, after exclusion of the voting rights attached to treasury shares, has been the following:

	On December 31, 2008		On December 31, 2009		On December 31, 2010	
Shareholders	Number of voting rights	Number of voting rights (as%)	Number of voting rights	Number of voting rights (as%)	Number of voting rights	Number of voting rights (as%)
Family + Soparfi [(1)] + Parfininco	50,730,779	73.22	50,939,794	72.96	**52,173,159**	**73.39**
Employees and public [(2)]	18,556,764	26.78	18,877,851	27.04	**18,919,480**	**26.61**
Treasury shares [(3)]	-	-	-	-	**-**	**-**
Total	**69,287,543**	**100**	**69,817,645**	**100**	**71,092,639**	**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 segragation between employees and the general public.
(3) Shares held by the Company carry no voting rights.

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.

The presence on the Board of Directors of half of the independent directors (six independent directors for a total of ten directors) in accordance with the AFEP-MEDEF recommendations relating to company governance means that control can be exercised over the Company in accordance with Commission's (EC) regulation no. 809/2004 dated April 29th 2004.

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.

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OPERATIONS WITH RELATED

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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, companies 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 2010 and 2009 is as indicated below according to type of related party:

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

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 2010 financial year, the intra-group transfers of cement rose to € 196 million, transfers of aggregates to € 67 million, transport services to € 70 million, transfers related to additional services (analyses, pumping, operation of quarries, etc.) to € 40 million and transfers related to various pooled products and services to € 72 million. For the same period, intra-group financial products rose to € 11 million.

19.3. STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

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, 2009 and December 31, 2008, which appear respectively on page 126 of the Registration Document registered with the AMF on March 15, 2010 under number D.10-0111, and page 132 of the Registration Document registered with the AMF on April 9, 2009 under number R.09-015, are incorporated by reference in this Registration Document.

Year ended December 31, 2010

To the shareholders,

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

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

Agreements and commitments entered into by the Company in 2010

We inform you that we have not been advised of any agreements or commitments entered into in 2010 and mentioned in article L.225-38 of the French Commercial Code.

Continuing agreements and commitments which were entered into in prior years

We have been informed of the following agreement and commitment, which were initially approved in previous years:

Supplementary pension plans managed by Cardiff have been confirmed by the Board of Directors on 25 February 2011 following the confirmation in their functions of president, Mr. Jacques Merceron-Vicat, and Chief Executive Officer, Mr. Guy Sidos.

Purpose: Supplemental pension plan as defined in Article 39 of the French General Tax Code (CGI).

Terms and conditions: The undertakings with Cardif concern the executive directors as well as managers whose salary exceeds 4 times the ceiling of tranche A.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors ("Compagnie nationale des commissaires aux comptes"), relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

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

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

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ON THE ASSETS AND LIABILITIES, FINANCIAL POSITION AND INCOME STATEMENTS OF THE ISSUER

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20.1. ACCOUNTING POLICIES

The accounting policies are described in note 1. "Accounting policies and valuation methods" to section 20.2.2. "notes to the 2010 consolidated financial statements" of this Registration Document.

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, the consolidated financial statements of the Group for the financial years ending on December 31, 2009 and December 31, 2008 (prepared in accordance with IFRS and including comparative data with respect to financial years 2008 and 2007) as well as the respective reports prepared by the statutory auditors, which appear on pages 128 to 170 of the Registration Document registered with the AMF on March 15, 2010 under number D. 10-0111 and on pages 139 to 175 of the Registration Document registered with the AMF on April 9, 2009 under number R. 09-015, are included by reference in this Registration Document.

20.2.1. Consolidated financial statements at December 31, 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

CONSOLIDATED INCOME STATEMENT

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

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

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

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

20.2.2. notes to the 2010 consolidated financial statements

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NOTE 1 ACCOUNTING POLICIES AND VALUATION METHODS

1.1. Statement of compliance

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

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

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

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

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

1.2. Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

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

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

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

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

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

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

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

1.3. Consolidation principles

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

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

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

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

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

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

1.4. Business combinations - *Goodwill*

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

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

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

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

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

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

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

- either at their pro-rata share in the identifiable net assets of the company acquired (partial-goodwill option);
- or at their fair value (full-goodwill option). Valuation of the minority interests at fair value has the effect of increasing the goodwill by the amount attributable to such minority interests, translated by the recognition of goodwill as "full".

• any adjustment in the acquisition price at fair value from the date of acquisition is to be reported, with any subsequent adjustment occurring after the 12-month appropriation period from the date of acquisition to be recorded in the income statement.
• the costs associated with the business combination are to be recognized in the expenses for the period in which they were incurred.
• in the case of combinations carried out in stages, on takeover of control, the previous holding in the company acquired is to be revalued at fair value on the date of acquisition and any gain or loss which results is to be recorded in the income statement.

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

1.5. Foreign currencies

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

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

The following foreign exchange rates were used:

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

1.6. Other intangible assets

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

1.7. Emission quotas

In the absence of a definitive IASB standard concerning greenhouse gas emission quotas, the following accounting treatment has been applied:
• the quotas allocated by the French government within the framework of the National Plan for the

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

1.8. Property, plant and equipment

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

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

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

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

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

1.9. Leases

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

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

1.10. Investment properties

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

1.11. Impairment

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

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

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

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

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

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

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

These impairment tests are sensitive to the assumptions held for each cash generating unit, mainly in terms of:
- discount rate as previously defined;
- inflation rate, which must reflect sales prices and expected future costs.

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

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

1.12. Inventories

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

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

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

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

1.13. Cash and cash equivalents

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

1.14. Financial instruments

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

- long-term loans and receivables, financial assets not quoted on an active market, the payment of which is determined or can be determined; these are valued at their amortized cost;
- assets available for sale which include in particular, in accordance with the standard, investments in non-consolidated affiliates; these are valued at the lower of their carrying value and their fair value less the cost of sale as at the end of the period;
- financial assets valued at their fair value by the income, since they are held for transaction purposes (acquired and held with a view to being resold in the short term);

- investments held to term, including securities quoted on an active market associated with defined payments at fixed dates; the Group does not own such assets at the year-end of the reporting periods in question.

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

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

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

Derivatives and hedging:
The Group uses hedging instruments to reduce its exposure to changes in interest and foreign currency exchange rates resulting from its business, financing and investment operations. These hedging operations use financial derivatives. The Group uses interest rate swaps and caps to manage its exposure to interest rate risks. Forward FX contracts and currency swaps are used to hedge exchange rate risks.
The Group uses derivatives solely for financial hedging purposes and no instrument is held for speculative ends. Under IAS 39, however, certain derivatives used are not, not yet or no longer, eligible for hedge accounting at the closing date.

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

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

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

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

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

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

The application of hedge accounting results as follow:

- in the event of a documented fair value hedging relationship, the change in the fair value of the hedging derivative is recognized in the income statement as an offset to the change in the fair value of the underlying financial instrument hedged. Income is affected solely by the ineffective portion of the hedging instrument;
- in the event of a documented cash flow hedging relationship, the change in the fair value of the effective portion of the hedging derivative is recorded initially in shareholders' equity, and that of the ineffective portion is recognized directly in the income statement. The accumulated changes in the fair value of the hedging instrument previously recorded in shareholders' equity are transferred to the income statement at the same rate as the hedged cash flows.

1.15. Employee benefits

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

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

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

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

1.16. Put options granted on shares in consolidated subsidiaries

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

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

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

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

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

1.17. Provisions

A provision is recognized when the Group has a current commitment, whether statutory or implicit, resulting from a significant event prior to the closing date which would lead to a use of resources without offset, which can be reliably estimated.
These include, notably, provisions for site reinstatement, which are set aside progressively as quarries are used and include the projected costs related to the Group's obligation to reinstate such sites.
In accordance with IAS 37, provisions whose maturities are longer than one year are discounted when the impact is significant. The effects of this discounting are recorded under net financial income.

1.18. Sales

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

1.19. Taxes

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

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

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

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

1.20. Income taxes

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

1.21. Segment information

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

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

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

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

1.22. Financial indicators

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

- **Added value:** the value of production less the cost of goods and services purchased;
- **Gross Operating Earnings:** added value less expenses of personnel, taxes and duties (except

income taxes and deferred taxes), plus grants and subsidies;

- **EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization):** the result of adding Gross Operating Earnings and other ordinary income (expense);
- **EBIT (Earnings Before Interest and Tax):** the result of adding EBITDA and net depreciation, amortization and operating provisions.

1.23. Seasonality

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

NOTE 2 CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

A macro-economic environment of continuing contrasts

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

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

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

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

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

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

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

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

Acquisition of L. Thiriet & Cie

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

Refinancing of the Group's borrowings

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

NOTE 3 GOODWILL

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

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

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

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

The discount rates adopted for these tests are as follows:

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

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

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

NOTE 4 OTHER INTANGIBLE ASSETS

Other intangible assets are broken down by type as follows:

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

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

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

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

NOTE 6 FINANCE AND OPERATING LEASES

Net book value by category of asset:

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

Minimum payment schedule:

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

NOTE 7 INVESTMENT PROPERTIES

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

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

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

NOTE 8 INVESTMENTS IN ASSOCIATED COMPANIES

(In thousands of euros)

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

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

NOTE 9 RECEIVABLES AND OTHER NON-CURRENT ASSETS

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

NOTE 10 INVENTORIES AND WORK-IN-PROGRESS

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

NOTE 11 RECEIVABLES

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

NOTE 12 CASH AND CASH EQUIVALENTS

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

NOTE 13 COMMON STOCK

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

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

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

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

NOTE 14 EMPLOYEE BENEFITS

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

Assets and liabilities recognized in the balance sheet

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

Analysis of net annual expense

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

Change in financial assets used to hedge the plan

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

Change in net liabilities

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

Principal actuarial assumptions

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

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

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

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

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

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

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

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

NOTE 15 OTHER PROVISIONS

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

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

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

NOTE 16 DEBTS AND PUT OPTIONS

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

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

16.1. Debts

Analysis of debts by category and maturity

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 17 FINANCIAL INSTRUMENTS

Foreign exchange risk

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

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

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

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

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

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

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

Interest rate risk

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

Liquidity risk

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

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

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

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

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

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

[1] Offset by a €7.8 million improvement in debt.
[2] Offset by a €16.1 million improvement in debt.
[3] Offset by a €1.8 million improvement in debt.

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

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

NOTE 18 OTHER LIABILITIES

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

NOTE 19 SALES

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

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

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

NOTE 20 PERSONNEL COSTS AND NUMBER OF EMPLOYEES

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

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

NOTE 21 DEPRECIATION, AMORTIZATION AND PROVISIONS

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

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

NOTE 22 OTHER INCOME (EXPENSES)

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

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

NOTE 23 FINANCIAL PERFORMANCE INDICATORS

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

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

NOTE 24 FINANCIAL INCOME (EXPENSE)

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

NOTE 25 INCOME TAX

Income tax expense

Analysis of income tax expense

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

Reconciliation between the computed and the effective tax charge

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

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

Deferred tax

Change in deferred tax assets and liabilities

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

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

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

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

Source of deferred tax assets and liabilities

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

NOTE 26 SEGMENT INFORMATION

a) Business segments

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

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

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

b) Geographical sectors

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

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

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

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

c) Information about major customers

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

NOTE 27 NET CASH FLOWS GENERATED FROM OPERATIONS

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

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

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

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

(1) Exchange rates, consolidation scope and miscellaneous.

NOTE 28 NET CASH FLOWS FROM INVESTMENT ACTIVITIES

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

Acquisitions of intangible and tangible assets

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

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

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

Acquisition / disposal of shares of consolidated companies

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

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

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

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

NOTE 29 ANALYSIS OF NET CASH BALANCES

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

NOTE 30 EXECUTIVE MANAGEMENT COMPENSATION

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

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

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

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

NOTE 31 TRANSACTIONS WITH RELATED COMPANIES

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

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

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

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

NOTE 32 FEES PAID TO THE STATUTORY AUDITORS

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

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

NOTE 33 POST BALANCE SHEET EVENTS

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

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

Fully consolidated: FRANCE

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

Fully consolidated: FRANCE (continued)

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

Fully consolidated: REST OF WORLD

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

Fully consolidated: REST OF WORLD (continued)

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

(1) Company merged in 2010.

Fully consolidated: REST OF WORLD (continued)

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

Proportionate consolidation: FRANCE

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

Proportionate consolidation: REST OF WORLD

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

Equity method: REST OF WORLD

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

20.2.3. Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2010

To the Shareholders,

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

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

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

1. Opinion on the consolidated financial statements

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

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

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

2. Justification of our assessment

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

- The new accounting standard IFRS 3 revised "Business Combination" was applied for the first time in the consolidated financial statements for the year ended 31 December 2010. As mentioned in the first part of this report, the note 1.4 specifies the new related accounting policies and method. As part of our assessment of the accounting rules and principles applied by your company, we have assessed the appropriateness of the above-mentioned accounting methods and related disclosures.
- At each reporting date, the company performs impairment testing of any goodwill acquired in a business combination and the assets with indefinite useful lives, and also assesses whether there is any indication that non-current assets may be impaired, using the methodology disclosed in the notes 1.11 and 3 of the financial statements. These estimates are based on assumptions which have by nature an uncertain characteristic; realizations can be sometimes significantly different than initial forecasts. It is in such a context that we have examined the procedures for the performance of the impairment testing, and the expected future cash flows and related assumptions. We have also verified that the related disclosures in the notes 1.4.1.11 and 3 provide appropriate information.

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

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

3. Specific verification

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

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

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

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

20.3. VICAT SA FINANCIAL STATEMENTS AT DECEMBER 31, 2010

20.3.1. Balance sheet at December 31, 2010

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

LIABILITIES AND SHAREHOLDERS' EQUITY

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

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

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

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

20.3.3. Notes to Vicat SA financial statements 2010

ACCOUNTING POLICIES

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

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

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

Research and development costs are entered as expenses.

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

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

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

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

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

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

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

Receivables and payables are recorded at nominal value.

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

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

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

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

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

SIGNIFICANT EVENTS OF THE PERIOD

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

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

SALES ANALYSIS

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

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

ANALYSIS OF THE FINANCIAL STATEMENTS

A - Non-current assets

1) Intangible and tangible assets:

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

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

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

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

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

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

Property, plant and equipment are depreciated as follows:

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

2) Financial investments:

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

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

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

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

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

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

B - Shareholders' equity

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

The share ownership breaks down as follows:

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

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

CHANGE IN SHAREHOLDERS' EQUITY

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

(1) Less dividends on treasury shares.

Regulated provisions break down as follows:

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

C - Provisions

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

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

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

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

D - Borrowings and financial liabilities

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

STATEMENT OF MATURITIES

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

Other information

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

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

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

FINANCIAL INSTRUMENTS

Foreign exchange risk

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

Interest rate risk

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

Liquidity risk

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

E - Statement of maturities for trade receivables and payables

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

F - Other balance sheet and income statement information

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

Other items are as follows:

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

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

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

Short-term financial investments

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

Net financial income

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

ANALYSIS OF CORPORATE INCOME TAX AND ADDITIONAL CONTRIBUTIONS

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

OFF-BALANCE SHEET COMMITMENTS

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

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

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

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

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

(1) Including € 152,000 thousand allocated to coverage of the program of the commercial paper issue.

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

Principal actuarial assumptions are as follows:

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

IMPACT OF THE SPECIAL TAX EVALUATIONS

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

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

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

DEFERRED TAX

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

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

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

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

Vicat SA
SUBSIDIARIES AND AFFILIATES

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

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

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

TRADE PAYABLES OUTSTANDING (3)

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

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

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

20.3.4. Statutory auditors' report on the financial statements

Year ended 31 December 2010

To the Shareholders,

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

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

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

1. Opinion on the financial statements

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

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

2. Justification of our assessments

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

- The note "Accounting rules and methods" discloses significant accounting rules and methods applied in the preparation of the financial statements, and particularly regarding the assessment made by your Company on the intangibles and financial assets at the year ended 31 December 2010. As part of our assessment of the accounting rules and principles applied by your company, we have assessed the appropriateness of the above-mentioned accounting methods and related disclosures.
- Your Company has recorded provisions for costs of restoration of quarry, repayment of income tax to subsidiaries in according to the group tax agreement and a provision for litigation as disclosed in the note C. We have made our assessment on the related approach determined by your Company, as disclosed in the financial statements, based on information available as of today, and performed appropriate testing to confirm, based on a sample, that these methods were correctly applied. As part of our assessment, we have assessed the reasonableness of the above-mentioned accounting estimates made by your Company.

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

3. Specific verifications and information

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

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

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

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

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

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

20.4. AUDITORS' FEES

The auditors' fees paid by the Company and the Group to KPMG Audit and to Cabinet Wolff & Associés for the years 2009 and 2010 are presented in note 32 of section 20.2.2. "notes to the 2010 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:

	2010 (dividend proposed to the General Meeting	2009	2008	2007
Dividend per share (in euro/share)	1.50	1.50	1.50	1.50
Consolidated earnings per share (in euros/share)	4.52	4.26	5.46	6.40
Rate of distribution	33%	35%	27%	23 %

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 previous financial periods.

Nevertheless, the factors on which the distribution and the amount of distributed dividend depend are the income, the financial position, 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 materializing 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

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.

- An accidental mixture of limestone and gypsum, which occurred at the time of handling after sorting, contributed to the occurrence of defects which appeared more than two years after use of the contaminated materials.

The appraisals by court order that have been concluded or that are in progress have found BRA liable, notwithstanding the use of materials as well as certain internal or project construction checks by some firms that frequently did not comply with standards and best technical practice, which could have triggered, accelerated or amplified the defects.

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 (French Supreme Court of Appeal) are examining all the documents alleging material or consequential damages.

This examination and a critical analysis of the period under investigation led BRA to recognize as at December 31, 2010 a net expense of €2.3 million, owing to either an increase in the costs expected to cover the damages, the changes in BRA's estimated share of responsibility, or the emergence of new claims.

Usually, these two concrete batching plants at Maurienne, like all the Group's plants, use materials extracted from quarries with properly identified deposits, that are checked regularly and rigorously so as to avoid this type of risk.

Reinforced quality control measures have been implemented in order to prevent the recurrence of such events and these have resulted in the Concrete & Aggregates business in France being awarded ISO 9001-2000 certification at the beginning of 2009 and OHSAS 18001: 2007 certification in November 2010.

20.6.2. Competition litigation in Corsica

By the ruling of March 12, 2007, the French Competition Commission fined the Company €8 million, as well as imposing fines on another French cement manufacturer and the Corsican cement dealers' network. According to the Commission, the practices in respect of which the fine was imposed were intended to restrict the supply of cement to the island to the two cement manufacturers and to block imports, in particular from Italy and Greece.

The Company regrets the fact that the Competition Commission has, from its point of view, misunderstood the general context of the supply 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 today under sanction and the beneficial effects resulting from the same for Corsican consumers.

The plan was instituted many years ago under pressure from the public authorities without either the customers or the competitors allegedly discriminated against petitioning the Competition authorities.

In 1991, the Chamber of Commerce and Industry of Upper Corsica requested Vicat and Lafarge to finance a refurbished silo facility at the port of Bastia, capable of receiving cement meeting French standards 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 Commission.

Until 1998, the State subsidized the transport of cement in bulk by € 2.3 million per year under the principle of continuity of supply to the area. When this subsidy was withdrawn, Vicat SA, Lafarge Ciments and the dealers' association on the island sought a means to rationalize the conditions of supply of cement to the island. They had to make significant efforts to maintain continuous and regular supplies of cement meeting French standards to Corsica, without a rise in the cost of transport for the dealers, thus allowing unchanged cement selling prices despite the withdrawal of a significant State subsidy.

During the period in question, foreign imports to Corsica grew by almost 50 %. Consequently, the Company considers that the Commission did not establish that this scheme prevented dealers from being supplied with cement from abroad, which does not, in any case, offer the guarantees of continuity of supply and compliance with the standards 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.

Under a judgment of May 6, 2008, the Paris Court of Appeal overturned the deferred decision of the Competition Commission, but only in respect of the amount of the fines imposed, and in particular reduced the amount of the fine imposed on the Company to € 4.5 million.

Under a judgment of July 7, 2009, the Commercial Division of the Cour de Cassation (Supreme Court of Appeal) ruled that the Court of Appeal had not justified its judgment in law "since it had not investigated if, in the absence of agreements concluded with their customers, the companies Lafarge and Vicat, would have been able to act on the market in question to a significant extent independently of their competitors, their customers and the consumers". Consequently, the Cour de Cassation quashed and partially annulled the judgment of May 6, 2008, and sent the parties back to the Paris Court of Appeal, differently constituted.

On referral, the Paris Court of Appeal concluded in a judgment of April 15, 2010 that there was no collective dominant position on the Corsican market. As the referral Court, nevertheless, decided to retain the fines imposed on the Company, after having concluded that at least one of the offences was unfounded, a new appeal has been allowed.

On the basis of the decisions 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 and retained at this level in the financial statements for the year ended December 31, 2010.

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 permits or operating licenses granted by the prefecture. The Company, in all cases, organizes its defense and files new applications for operating licenses or permits to ensure normal supply to its factories.

Other than the disputes described above, there are no government, 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 position or its income.[1]

20.7. SIGNIFICANT CHANGES TO THE FINANCIAL OR COMMERCIAL SITUATION

To the knowledge of the Company, there has been no significant change to the Company's financial or commercial position since December 31, 2010.

[1] Excluding any subsidiaries consolidated by the equity method.

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ADDITIONAL INFORMATION

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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, 2010 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 2010, after distributing 81,476 shares to employees, the Company held 1,006,864 of its own shares, or 2.24% of the authorized share capital.

Description of the 2010 share purchase programme

In accordance with the authorization given by the Combined General Meeting of April 28, 2010, the Company purchased (excluding liquidity agreements), based on the current authorized capital, 13,629.2 (i.e. 10,983 shares + 26,462 tenth parts of shares) of its own shares on the stock exchange in 2010 of nominal value € 4 at a mean price of € 55.34 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: 13,629.2 shares representing an acquisition price of € 754,180.98.

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 recognized by the AMF: after an injection of 10,000 shares on January 4, 2010, acquisition of 401,823 shares and sale of 410,554 shares during the year, representing 11,269 shares as at December 31, 2010.

Volume of shares used by objectives

Shares allocated to personnel within the framework of the participation and profit-sharing: 182,428 shares.

Promotion of a market of the securities and their liquidity through a liquidity agreement conforming to the ethical charter of the AMAFI as recognized by the AMF: 11,269 shares.

No shares purchased have been allocated to other purposes and the Company did not use derivatives to achieve its share purchase program.

Description of the planned share purchase programme for 2011

The fifth resolution, whose principles are displayed below, to be submitted to a vote by the Ordinary General Meeting on May 6, 2011 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 € 100 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, 2011, this limit corresponds, given shares already owned by the Company, to a maximum number of 3,483,136 shares, each with a nominal value of € 4, equal to a maximum amount of € 348,313,600.

The shares may be purchased at a single time or in installments, 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 recognized 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 authorized 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 that the Board of Directors deems necessary, 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 resolution which will be submitted to the vote of the General Meeting on May 6, 2011 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 authorization supersedes that granted by the Combined General Meeting of April 28, 2010.

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, 2008 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
May 16, 2008	Capital reduction by cancellation of shares held directly	1,871,200	4	7,484,800	-	179,600,000	44,900,000

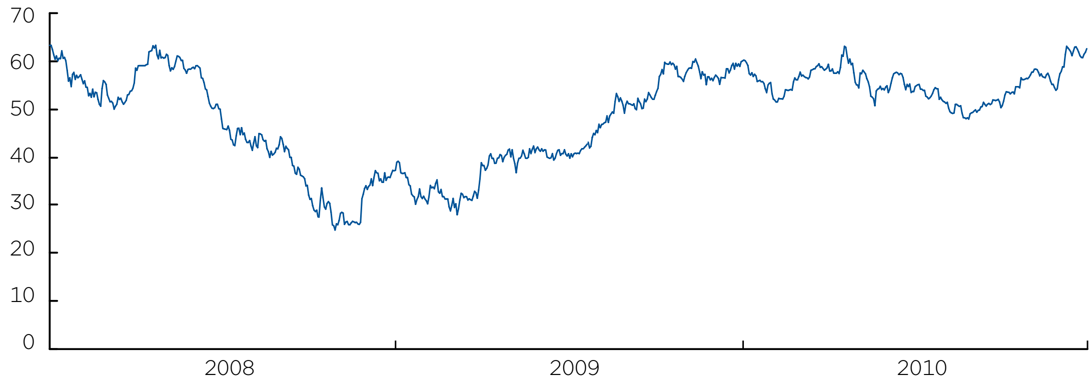
The Extraordinary General Meeting of shareholders of May 16, 2008, on a proposal from the Board of Directors, decided to reduce the Company's share capital by cancellation of 1,871,200 shares held directly by the Company and to modify accordingly article 6 of the by-laws. After the realization of the 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. As a consequence of the Expert Indices Committee of March 3, 2011, the Company will be included in the SBF 120 index as of March 21, 2011. Besides, the Company has been eligible for deferred payment (SRD : service de règlement différé) since February 200 The graph below shows the change in price at the end of the month of the Company's shares since January 1, 2008 until December 31, 2010.



The table below shows the change to the Company's share price in 2010, 2009 and 2008 (on the basis of the closing price) :

(In euros)	2010	2009	2008
Average annual price	55.21	44.55	46.52
High	63.00	60.36	64.50
Low	47.72	28.20	24.76
Price on December 31	62.50	58.80	37.40

21.2. CONSTITUTIONAL DOCUMENTS AND BY-LAWS

21.2.1. Corporate purpose

The Company's corporate purpose is:

- the operation of the quarries currently belonging to the Company and all those which it may subsequently own or to which it may subsequently hold rights;
- 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 packaging for hydraulic binders in any material and, more generally, any activity being carried on in the plastic and paper industries sector;
- the production and distribution of aggregates and sand;
- the transport of goods by public road and the leasing of all vehicles;
- in general, all industrial, commercial and financial operations associated with this industry, both in France and abroad.

The Company may also invest in any French or foreign company or firm, whose business or industry is similar to or likely to support and develop its own business or its own industry; to merge with them, to engage in all industries which would be likely to provide it with outlets and to enter into all commercial industrial, financial, movable property or fixed asset 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 set 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, at the end 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 either that of their term as director, or the time to run from their appointment as President or Vice-President until the end 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 organizes 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 fulfill their mandates.

The Board of Directors can appoint a secretary for each meeting who can be selected from outside the shareholders.

At its meeting on February 25, 2011, the Board of Directors decided to recommend to the Combined General Meeting of shareholders, on May 6, 2011, the modification of the first paragraph of article 17 of the by-laws as follows:

"The Board elects a President from its members and, if deemed necessary, a Vice-President. It decides on the period of their mandate, which cannot exceed that of their mandate as a Director, or the time left between their appointment as President or Vice-President and the end of the Ordinary General Meeting approving the financial statements for the year during which they reach the age of 85."

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 may only be fixed 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.

At its meeting on February 25, 2011, the Board of Directors decided to recommend to the Combined General meeting of shareholders, on May 6, 2011, the addition of a sixth and final paragraph to article 18 of the by-laws as follows:

"The Board of Directors can include as present for the calculation of the quorum and the majority, any directors attending the meeting of the Board of Directors by video-conference or any other appropriate telecommunication method in accordance with the statutory and regulatory provisions in force."

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 amount determined by the General Meeting is maintained until a decision to the contrary. The Board of Directors freely allocates the attendance fees among its members.

21.2.2.7. General Management (article 21 of the by-laws)

Principles of the exercise of General Management

In accordance with the provisions of article L. 225-51-1 of the French Commercial Code, the General Management of the Company is assumed, either by the President of the Board of Directors, or by another individual appointed by the Board of Directors and who takes the title of CEO.

This option of how the General Management is to be exercised is taken by the Board of Directors for the duration that it determines. The Board of Directors passes a resolution based on 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 change the way General Management is exercised.

General Management

Depending on 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 CEO, 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 resolution 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 at the end 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 appoint 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 CEO and a Deputy CEO is fixed at 75; the term of office of a Deputy CEO shall end at the end 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 share proportional to the capital that it represents in the income and the corporate assets.

If applicable, and subject to the obligatory legal prescriptions, all tax exemptions 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 ownership, 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 proportionate to the share of the capital that they represent and each share confers a right 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 calendar 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 inheritance, by liquidation of common property held by spouses or by gift inter vivos to the benefit of a spouse or a relation ranking as entitled to inherit 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 shareholderss

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 Ordinary 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 registration of registered shares or the deposit of bearer shares the locations identified in the notice convening the Meeting; this formality must be completed no later than three days before the date of the Meeting.

Participation in the Ordinary General Meetings is subject to proof of ownership of at least one share.

At its meeting on February 25, 2011, the Board of Directors decided to recommend to the Combined General Meeting of shareholders, on May 6, 2011, the modification of article 25 of the by-laws as follows:

The first paragraph is modified as follows:

"Any shareholder can attend, personally or through a representative, the Meetings by providing proof of ownership of their shares if it is proven by law and the regulations in force, for his shares to be registered in his name or that of his registered representative, in

accordance with the seventh paragraph of article L. 228-1 of the Commercial Code, by the third working day before the date of the Meeting at midnight, either in the registered securities accounts held by the Company, or in the bearer's securities accounts held by the registered representative."

The following second paragraph will be added:

"The registration of shares in securities accounts as bearer's securities held by the authorized representative is confirmed by a share certificate submitted by the latter in accordance with the laws and regulations in force."

21.2.5.4. Officers of the Meetings – Attendance register – 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 director 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 register is maintained under the conditions stipulated by law.

The agenda for the Meetings is drawn up by the author of the convening notice; however, one or more shareholders meeting the legal conditions can under the conditions stipulated by law require draft resolutions to be included in 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 the 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. Exceeding the ownership threshold

Aside from the legal and regulatory measures relating to exceeding the ownership threshold, the following measures apply (article 7 of the by-laws):

With a view to identifying bearer shares, 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 shares held by each of them and if applicable, the restrictions that may apply to the shares.

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 shares. 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.

In the case of are registered 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 under the terms of the law and regulations the identity of the owners of these shares as well as the quantity of shares held by each of them, 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 of bearer or registered shares, 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 set out 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 period or has provided information that is incomplete or incorrect 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 intentionally ignores the above provisions, the court in whose jurisdiction the Company has its registered office may, on request from the Company or from one or more shareholders holding at least 5% of the capital, decide the total or partial deprivation, 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 natural or legal 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 to 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.

Failure to comply with the preceding provisions is penalized by the deprivation of voting rights for shares exceeding the fraction which should have been declared, for any Meeting of the shareholders taking place up to the expiry of a two year period following the regularization date of the notification specified above, if the application of this penalty 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 recorded 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 Commercial Code must make the declarations specified in this article for all shares for which he is registered, without prejudice to the obligations of shareholders.

Failure to comply with this requirement shall be penalized in accordance with article L. 228-3-3 of the Commercial Code.

As at December 1, 2010, the company Franklin Resources Inc. has declared to the Company that, for itself and its affiliates, it has exceeded the 1.50% threshold for voting rights and that as at November 29, 2010 it held shares in the capital and voting rights respectively equal to 2.3953% of the Company's share capital and 1.5024% of its voting rights.

21.2.8. Conditions governing changes to the share capital

The share capital can be increased, reduced or amortized in accordance with the laws and regulations in force.

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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.

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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.

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INFORMATION ON HOLDINGS

Information concerning companies in which the Group holds a share of the capital likely to have a significant effect on the appreciation of its assets, its financial position or its results are described in section 7.2 “Information on subsidiaries and holdings” of this Registration Document and in note 34 to the consolidated financial statements of December 31, 2010 appearing in section 20 “Financial information” of this Registration Document.

APPENDIX 1

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REPORT BY THE PRESIDENT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL

Dear Shareholders,

In application of the provisions of article L. 225-37, paragraph 6, of the French Commercial Code, I report herein on:

- The composition and the conditions for preparation and organization of the work of your Board of Directors during the financial year ended on December 31, 2010;
- the internal control and risk management procedures established by the Company;
- the policy for remuneration of the Company's officers;
- the scope of powers of the President and of the CEO.

1. PREPARATION AND ORGANIZATION OF WORK OF THE BOARD OF DIRECTORS

Your Board of Directors met four times in the last financial year. The dates and the agendas of the board meetings were as follows:

Meeting of March 5, 2010:

- Presentation of the business report;
- Approval of the unconsolidated financial statements for the year ended December 31, 2009;
- Approval of the consolidated financial statements for the year ended December 31, 2009;
- Review of the reports of the Board of Directors committees (Audit Committee and Remunerations Committee);
- Approval of the President's report on corporate governance and internal control;
- Presentation of the 2010 budget;
- Share buy-back program;
- Delegation of powers as stipulated by the share buy-back program;
- Renewal of Director's mandate;
- Appointment of one Director;
- Allocation of earnings;
- Authorization for a bond issue;
- Convening of the Ordinary General Meeting and setting of the agenda;
- Sundry items.

All the members of the Board attended this meeting, as well as company's auditors and the four Works Council representatives.

The resolutions tabled during this meeting were all adopted unanimously.

Meeting of March 22, 2010:

- Amendment to article 13 of the by-laws;
- Authorization for a bond issue submitted to the General Meeting;
- Convening of the Combined General Meeting and setting of the agenda;
- Sundry items.

All the members of the Board attended this meeting, except Mr. René FEGUEUX from whom apologies for absence were received. Apologies for absence were received from the Works Council representatives and the company's auditors.

The resolutions tabled during this meeting were all adopted unanimously.

Meeting of April 28, 2010:

- Renewal of the President's mandate;
- Renewal of the CEO's mandate;
- Composition of the Audit and Remunerations Committees;
- Delegation of powers with respect to a bond issue.

All the members of the Board attended this meeting, as well as the four Works Council representatives. Apologies for absence were received from the auditors.

The resolutions tabled during this meeting were all adopted unanimously.

Meeting of August 3, 2010:

- Business report;
- Analysis of the financial statements as at June 30, 2010;
- 2010 earnings forecasts;
- Cement company benchmarking in 2009;
- Appointments and organization;
- Authorization to provide guarantees;
- Sundry items.

All the members of the Board attended this meeting, as well as company's auditors and the four Works Council representatives.

The resolutions tabled during this meeting were all adopted unanimously.
Each director had been sent with the notice convening the Board meetings, all the documents and information necessary to fulfill his function. 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, 2010, the Board of Directors consisted of 10 members listed in an appendix to this report, which also shows 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, 2010, the Board of Directors included among its members six independent directors: Mr. Raynald Dreyfus, P&E Management (company owned by Mr. Paul Vanfrachem), Mr. Jacques Le Mercier, Mr. Pierre Breuil, Mr. Bruno Salmon and Mr. Xavier Chalandon. 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

The Board of Directors has an audit committee and a remunerations committee.

The committees are made up of three members, all independent directors appointed by the Board of Directors on the President's proposal and chosen on the basis of their competencies. Committee members are nominated for the duration of their term as director. They can be re-elected. The committee members can be removed at any time by the Board of Directors, which does not have to justify its decision. A committee member may resign his/her role without having to provide reasons for his/her decision.

Each committee is chaired by a chairman appointed 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 and the provision of information to the Board of Directors.

Each committee appoints a secretary from among the three members or from outside the committee and Board of Directors.

The composition of the committees is as follows:

Audit committee:

. Mr. Raynald Dreyfus, Chairman of the committee;
. Mr. Jacques Le Mercier;
. Mr. Pierre Breuil.

Remunerations committee:

. Mr. Paul Vanfrachem, Chairman of the committee;
. Mr. Raynald Dreyfus;
. Mr. Xavier Chalandon.

• Operating details:

Meetings:

Audit committee: twice a year and more often at the request of the Board of Directors.

Remuneration committee: once a year and more often at the request of the Board of Directors.

The proposals before the committees are adopted by simple majority of the members present, each member having one vote. The members may not be represented by proxies at committee meetings.

The deliberations of the committees are recorded in minutes entered in a special register. Each committee reports to the Board of Directors on its work.

The Board of Directors may allocate remuneration or attendance fees to committee members.

• Audit committee role:

Audit committee role:

- examining the annual and half-yearly financial statements, both consolidated and unconsolidated (with particular attention to the consistency and the relevance of the accounting policies used);
- monitoring the process for preparation of the financial information;
- understanding the internal procedures for gathering and verifying the financial information that ensure the accuracy of the consolidated information;
- monitoring the effectiveness of the internal control and risk management systems;
- examining the applications of the Auditors whose nomination will be put forward to the General Meeting of shareholders;
- examining the fees for the Auditors on an annual basis, as well as their independence.

The audit committee met twice in 2010, with a 100% attendance rate. It looked at the following issues:

Meeting of February 23, 2010:

- Presentation statutory obligations on financial communications;
- 2009 financial statements;
- Presentation of internal audits in 2009;
- Risk management action;
- Current projects;
- Auditors and audit.

Meeting of July 30, 2010:

- Regulatory developments;
- Presentation of the financial statements as at the end of June 2010;
- Borrowings and financial policy;
- Financial communication as at June 30, 2010;
- Audit and auditors;
- Internal audits;
- Sundry items.

• Remuneration committee role:

The remunerations committee is responsible for:

- examining the remuneration of managers and employees (fixed part, variable part, bonuses, etc.) 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 granted to them, as well as the term of the options and the subscription price conditions and any other form of access to the company's share capital in favor of directors and employees;
- studying certain benefits in particular relating to the pension plan, health and welfare benefit plan, invalidity insurance, life insurance, education allowance, civil liability insurance for directors and senior managers of the Group, etc.

The remuneration committee met once in 2010 with a 100% attendance rate. It looked at the following issues:

- Remuneration policy for 2009;
- Remuneration of senior managers;
- Employee pension plans.

2. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

• Definition and objectives of internal control

According to the AMF reference framework, which the Company has chosen to apply, internal control is a measure used to ensure:

- Compliance with laws and regulations;
- Application of the instructions and directions set by General Management;
- Proper operation of Group internal processes, in particular those serving to protect assets;
- Reliability of financial information.

This measure consists in a set of resources, behaviors, procedures and actions adapted to the Group's characteristics that contribute to controlling its activities, to the effectiveness of its operations and to the efficient use of its resources.

It should also allow the Group to take into account significant risks, whether operational, financial or compliance risks. 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 control is the parent company and all the subsidiaries that it controls exclusively or jointly.

• Description of internal control components

The internal control process is based on an internal organization that is adapted to each of the Group's activities and is characterized by the extensive senior management responsibility for operational control.

The Group specifies procedures and operating principles for its subsidiaries, particularly in relation to the development and treatment of accounting and financial information, and taking into account the risks inherent in each of the businesses and markets in which the Group operates, in compliance with the directives and common 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 recognized as standard on the market, or specific applications developed by the Group's Information Systems department.

In this context, the Group has been engaged since 2009 on a progressive updating of its information systems, with a view to standardizing the tools used, improving the security and speed of the processing of data and transactions and facilitating the integration of new organizations. This overhaul involves the technical infrastructure on the one hand and the transaction processes and applications supporting such processes on the other.

The Company has set up a system for steering by General Management and the management units concerned, allowing for informed and quick decisions. This system comprises:

- daily reports of production from the plants;
- reviews of weekly activity by the operational unit (country or subsidiary);
- monthly operational and financial reviews (factory performance, industrial and commercial performance indicators) analyzed by the Group's financial controllers with reference to the budget and to the previous financial year;
- monthly reports presenting the consolidated results broken down by country and sector of activity, and reconciled with the budget;
- monthly consolidated cash flow and indebtedness reports broken down by country and sector of activity;
- regular visits by General Management to all subsidiaries, during which the results and the progress of commercial and industrial operations are presented, allowing them to assess the implementation of guidelines and to facilitate exchanges and decision-making.

With a view to improving the coherence and consistency of financial reporting, simplifying report production, automating consolidation and facilitating the use of consolidated information, a project to set up an overall system for uniform monthly reporting and budgeting was initiated in 2008 and implemented in the major part of the Group in the first half of 2010. 2011 and 2012 will be devoted to extending it to developing countries (Kazakhstan and India) and completing the roll-out in France in the Concrete & Aggregates and Other Products & Services segments. The project is also subject to a continuous improvement program.

• Risk analysis and management

Risk management is included in the responsibilities of the various levels of operational management. If applicable, the various reports on activities described above include items on risk.

Major risks are then analyzed and, if applicable, managed in conjunction with General Management. An overview of the main risks that the Group is exposed to is presented every year in section 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.

Internal Audit has undertaken a process of risk identification and analysis. After an identification phase involving interviews with the Group's key operational and functional managers, this made it possible to map the Group's risks at the end of a period of analysis with General Management.

The Internal Audit department is attached to the Group's General Management and can intervene in all the Group's activities and subsidiaries. At the end of 2010, it comprised a manager and two experienced members of staff. It conducts its work on the basis of an annual audit plan aimed at covering the main risks identified in the company, in particular those relating to accounting and financial information.

The audits are the subject of reports presented to management, General Management and the Audit Committee. They comprise overviews specifically targeted at Directors, and detailed reports used among other things to make the operational staff concerned aware of any findings and recommendations proposed.

The implementation of action plans is the subject of formal monitoring by the Internal Audit department in a specific performance report.

3. CORPORATE GOVERNANCE

Pursuant to the law of July 3, 2008, which implements community directive 2006/46/EC of June 14, 2006, the Company has decided to apply the AFEP-MEDEF code of corporate governance on "Corporate Governance of Listed Companies" of October 23, 2003, which is available on the website www.medef.fr.

4. REMUNERATION OF THE COMPANY'S OFFICERS

• Policy on remuneration of the Company's officers

The Company believes that the AFEP-MEDEF recommendations of October 6, 2008 relating to the remuneration executive officers of listed companies comply with principles of good governance to which the Company has always subscribed and has decided to apply these recommendations.

The Company's position with respect to these recommendations is as follows:

- measures have been taken such that Company executive officers are not bound to the Company by an employment contract;
- no severance pay is provided for Company executive officers;
- the additional pension plans applicable in the Company that Company executive officers and some non-executive officers enjoy are subject to strict rules. 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 option policy or a performance-related share award scheme;
- in accordance with the recommendations on transparency for all items in the remuneration package, the Company will adopt the standardized presentation defined by AFEP and MEDEF and will publish this information, in particular in its Registration Document.

• Policy for determining the remuneration of the non-executive directors

The President of the Board of Directors has, in accordance with the recommendations of the MEDEF on corporate governance, monitored compliance with the following principles:

A) Exhaustiveness

The remuneration of non-executive directors was determined and evaluated overall for each of them.

It comprises:

- a fixed remuneration;
- attendance fees;
- a top-up pension plan;
- benefits in kind.

For the record, no director receives a variable remuneration, or share options, or a free share allotment, or severance payments.

B) Benchmarking

The remuneration of the non-executive directors was compared with the remuneration published by French companies and groups in the same sector, and with reference to industrial companies comparable in terms of earnings or sales. This revealed that current the remunerations are lower than average remunerations.

C) Consistency

The consistency of remunerations between the various non-executive directors could be checked on the basis the following criteria:

- professional experience and training;
- years of service;
- 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 for simplicity and stability in the rules for setting remunerations.

E) Measurement

The remuneration of the non-executive directors, taking into account the amount and the fact that it is largely of a fixed nature, are compatible with the general interests of the Company and are consistent with market practices in this sector 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

The participation of shareholders in the General Meeting is not subject to specific details or procedures and is governed by the law and by 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 the registration of registered shares or the deposit of bearer shares at the locations identified in the notice convening the meeting; this formality must be completed no later than three days before the date of the Meeting.

Participation in the Ordinary General Meetings is subject to proof of at least one share.

In order to bring these provisions of the by-laws up to date with the latest statutory and regulatory changes, a proposal will be submitted to the next Combined Meeting of shareholders to amend article 25 of the by-laws as follow:

Any shareholder may participate in the Meetings in person or by proxy on proof of ownership of his/her shares, if he/she is entitled, under the statutory and regulatory terms, to registration of his/her shares in his/her own name or that of the intermediary registered on his/her behalf pursuant to article L. 228-1 of the Commercial Code at 0.00 hours (Paris time) on the third working day preceding the date of the Meeting, either in the registered shares accounts kept by the Company or in the bearer shares accounts kept by the registered intermediary.

The registration for accounting purposes of the shares in the bearer shares accounts kept by the authorized intermediary is confirmed by a certificate of holding issued by the latter pursuant to the applicable statutory and regulatory terms.

Participation in the Ordinary General Meetings is subject to proof of at least one share.

6. POWERS OF THE PRESIDENT 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 President of the Board of Directors and Chief Executive Officer.

Mr. Jacques Merceron-Vicat has been reappointed as President of the Board of Directors for the duration of his term of office as director, i.e. until the General Meeting of 2016, which will be called upon to approve the financial statements for the year ending on December 31, 2015.

Mr. Guy Sidos has been reappointed as CEO for the duration of the term of office of the President of the Board of Directors, i.e. until the General Meeting of 2016, which will be called upon to approve the financial statements for the year ending on December 31, 2015.

No limitation was placed on the powers of the President of the Board of Directors or those of the CEO.

Executed in Paris
On February 18, 2011

The President of the Board of Directors

LIST OF OFFICES AND FUNCTIONS EXERCISED WITHIN THE GROUP AS AT DECEMBER 31, 2010

Article L.225-102-1 of the French Commercial Code (Code de commerce)

Mr. Jacques MERCERON-VICAT		
Vicat	France	President of the Board of Directors
Béton Travaux	France	President of the Board of Directors
National Cement Company	USA	President of the Board of Directors
Aktas Insaat Malzemeleri Sanayi Ve Ticaret A.S	Turkey	Director
Bastas Baskent Cimento Sanayi Ve Ticaret A.S	Turkey	Director
Konya Cimento Sanayi A.S	Turkey	Director
Bastas Hazir Béton Sanayi Ve Ticaret A.S.	Turkey	Director
Tamtas Yapi Malzemeleri Sanayi Ve Ticaret A.S.	Turkey	Director
Sococim Industries	Senegal	Director
Sinaï Cement Company	Egypt	Directorrctor
Vicat Egypt for Cement Industry	Egypt	President of the Board of Directors
Mynaral Tas Company LLP	Kazakhstan	Member of the Supervisory Board
Jambyl Cement Production Company LLP	Kazakhstan	Member of the Supervisory Board
Vicat Sagar Cement Private Limited	India	Director
Bharathi Cement Corporation Private Limited	India	Director
BSA Ciment SA	Mauritania	Director
Mr. Guy SIDOS		
Vicat	France	Chief Executive Officer
Béton Travaux	France	Chief Executive Officer
Parficim	France	President
Béton Rhône-Alpes	France	Permanent representative of Béton Travaux - Director
Papeteries de Vizille	France	President
Béton Contrôle Côte d'Azur	France	Permanent representative of Vicat - Director
National Cement Company		Chief Executive Officer
Sococim Industries		Permanent representative of Parficim - Director
Bastas Hazir Béton Sanayi Ve Ticaret A.S.	Turkey	Director
Aktas Insaat Malzemeleri Sanayi Ve Ticaret A.S	Turkey	Director
Konya Cimento Sanayi A.S	Turkey	Director
Bastas Baskent Cimento Sanayi Ve Ticaret A.S.	Turkey	Director
TamtasYapi Malzemeleri Sanayi Ve Ticaret A.S.	Turkey	Director
Sinaï Cement Company	Egypt	Vice-President, Director
Vicat Egypt for Cement Industry	Egypt	Vice-President, Director
Vigier Holding A.G.	Switzerland	Director

Mr. Guy SIDOS (continued)		
Vigier Management	Switzerland	Director
Ravlied Holding AG	Switzerland	Sole director
Cementi Centro Sud	Italy	Director
Mynaral Tas Company LLP	Kazakhstan	Member of the Supervisory Board
Jambyl Cement Production Company LLP	Kazakhstan	Member of the Supervisory Board
Vicat Sagar Cement Private Limited	India	Director
Bharathi Cement Corporation Private Limited	India	Director
BSA Ciment SA	Mauritania	Director
Mr. Louis MERCERON-VICAT		
Vicat	France	Director
Béton Travaux	France	Permanent representative of Vicat - Director
Béton Contrôle Côte d'Azur	France	President and Chief Executive Officer
Aktas Insaat Malzemeleri Sanayi Ve Ticaret A.S	Turkey	Director
Bastas Baskent Cimento Sanayi Ve Ticaret A.S.	Turkey	Director
Konya Cimento Sanayi A.S.	Turkey	Director
Bastas Hazir Béton Sanayi Ve Ticaret A.S.	Turkey	Director
TamtasYapi Malzemeleri Sanayi Ve Ticaret A.S.	Turkey	Director
Sococim Industries	Senegal	Director
Sinaï Cement Company	Egypt	Director
Mr. Xavier CHALANDON		
Vicat	France	Director
Mr. Raynald DREYFUS		
Vicat	France	Director
Mr. Jacques LE MERCIER		
Vicat	France	Director
Mrs Sophie SIDOS		
Vicat	France	Director
Mr. Paul VANFRACHEM (P & E Management)		
Vicat	France	Director
Mr. Bruno SALMON		
Vicat	France	Director
Mr. Pierre BREUIL		
Vicat	France	Director

APPENDIX 2

STATUTORY AUDITORS' REPORT

PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF VICAT SA

STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF VICAT SA

Year ended 31 December 2010

To the Shareholders,

As statutory auditors of Vicat SA, and in accordance with article L. 225 235 of the French Commercial Code, we hereby present our report on the report of the Chairman of your Company prepared in accordance with the terms of article L. 225-37 of the French Commercial Code, for the year ended 31 December 2010.

It is the responsibility of the Chairman to prepare a report, for approval by the Board of Directors, on the internal control and risk management procedures in place at the Company, and which also includes the disclosures required under article L. 225-37 of the French Commercial Code which relate in particular to the Company's system of corporate governance.

It is our responsibility:

- to inform you of our observations concerning the information contained in the Chairman's report with respect to the internal control procedures for the preparation and processing of financial and accounting information, and
- to certify that the Chairman's report includes the disclosures required under article

L. 225-37 of the French Commercial Code, without our having any responsibility for the verification of the fair presentation of such disclosures.

We have performed our work in accordance with professional guidelines applicable in France.

Disclosures in respect of internal control procedures for the preparation and processing of financial and accounting information

Professional guidelines require us to perform procedures to assess the fairness of information contained in the Chairman's report with respect to internal control procedures for the preparation and processing of financial and accounting information. These procedures included:

- obtaining an understanding of the internal control procedures for the preparation and processing of financial and accounting information underlying the information presented in the Chairman's report, and the available documentation;
- reviewing the preparation and documentation of the information contained in the report;
- considering whether any significant deficiencies in internal control procedures for the preparation and processing of financial and accounting information which we may have identified during our audit have been satisfactorily disclosed in the Chairman's report.

On the basis of the work carried out, we have no matters to report as to the information with respect to the internal control and risk management procedures of the Company for the preparation and processing of financial and accounting information, as presented in the report of the Chairman of the Board of Directors, prepared in accordance with article L. 225 37 of the French Commercial Code.

Other disclosures

We certify that the report of the Chairman of the Board of Directors includes the other disclosures required under article L. 225-37 of the French Commercial Code.

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

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

APPENDIX 3

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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 LISTING OF THE SHARES ON EURONEXT PARIS

1. References

Date	Title
03/15/2010	2009 Registration Document—filed with the AMF March 15, 2010—No. D.10-111

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
03/02/2011	2010 results
02/02/2011	Sales as at December 31, 2010
01/24/2011	Invitation to telephone conference call on 2010 annual sales
01/19/2011	Acquisition of L. Thiriet & Cie
01/12/2011	Operation to refinance the Group's debt is successful
01/07/2011	Timetable for financial communications for 2011
01/06/2011	Liquidity agreement half-yearly balance sheet
12/02/2010	Start-up of the Jambyl Cement cement plant in Kazakhstan
11/03/2010	Sales as at September 30, 2010
10/22/2010	Invitation to telephone conference call on sales in the first 9 months of 2010
08/04/2010	Results for the 1st half of 2010
07/21/2010	Invitation to telephone conference call on sales in the first half of 2010
07/07/2009	Liquidity agreement half-yearly balance sheet
06/24/2010	Financing of the Vicat Sagar greenfield cement plant in India
05/05/2010	Sales as at March 31, 2010
04/28/2010	Report of the Combined General Meeting of April 28, 2010
04/26/2010	Invitation to telephone conference call on sales in the first quarter of 2010
04/19/2010	Acquisition in India
03/23/2010	Amendment to shareholder calendar
03/16/2010	2009 Registration Document available
03/09/2009	2009 results
01/28/2010	Sales as at December 31, 2009
01/18/2010	Invitation to telephone conference call on 2009 annual sales
01/11/2010	Timetable for financial communications for 2010
01/04/2010	Suspension and implementation of the Vicat liquidity agreement

3. *Communiqués* available on the website of the AMF (www.amf-france.org) and/or the website of the Company (www.vicat.fr)

Not applicable.

4. Press Releases

Date		Title
03/05/2011	Investir	2010 results
03/04/2011	Le Figaro	2010 results
03/03/2011	Les Échos	2010 results
08/07/2010	Investir	2010 1st half results
08/06/2010	Le Figaro	2010 1st half results
08/05/2010	Les Échos	2010 1st half results
04/30/2010	Investir	Report of the Combined General Meeting, April 28, 2010
04/29/2010	Les Échos	Report of the Combined General Meeting, April 28, 2010
04/19/2010	Les Échos	Acquisition in India
03/27/2010	Investir	Notice of the Combined General Meeting, April 28, 2010
03/25/2010	Le Figaro	Notice of the Combined General Meeting, April 28, 2010

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 10, 2011; December 6, 8, 10 and 22, 2010; September 28, 2010; January 22, 2010.

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, 2011; December 6, 2010; November 5, 2010; October 6, 2010; September 8, 2010; August 4, 2010; July 6, 2010; June 9, 2010; May 7, 2010; April 9, 2010; March 3, 2010; February 5, 2010; January 6, 2010.

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
05/28/2010	Approval of the accounts for 2009
05/14/2010	Voting rights at the Combined General Meeting of April 28, 2010
03/24/2009	Notice of the Combined General Meeting on April 28, 2010

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
05/20/2010	Submission of the 2009 unconsolidated and consolidated accounts
05/19/2010	Minutes of the Combined General Meeting: appointment of one director and amendment to the by-laws

APPENDIX

4

ELEMENTS CONSTITUTING THE FINANCIAL ANNUAL REPORT AND MANAGEMENT REPORT 2010

To facilitate its consultation, the following table identifies the main information that must appear in the financial 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 position and results	sections 9.2 and 10
• Description of the main risks and uncertainties	section 4
• Information on questions related to the environment	section 8.2
• Information relating to research and development activities	section 11
• Information on employment-related questions	section 17
• Information on the share purchase programs	section 21.1.3
• Company Shareholding	section 18.1
• Information on exceeding of thresholds and distribution of share capital	section 18
• Trends and objectives	section 12
• Employee holdings in the company's shares	section 20.3.3
• Remuneration benefits of all types paid to each of the attorneys-in-fact	section 20.2.3
• Dividends distributed in the last three years	section 20.5
• Mandates and functions performed by each of the company's attorneys-in-fact	appendix 1
• Summary of transactions conducted by the directors in the company's shares	section 17.4
• Expenses written back pursuant to article 39.4 (surplus depreciation)	section 20.3
• Suppliers payment period	section 20.3
Statutory auditors' fees	section 20.4
Report from the President of the Board on the preparation and organization 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 3

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 = 3.6×106 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.
Greenfield	A greenfield factory construction project is a project where the Group undertakes the construction of a cement works on a site where there was no previous cement business. After ensuring the existence and accessibility of sufficient reserves of the natural resources necessary for cement manufacture, the project generally involves designing and establishing the various components of the industrial and commercial process. A so-called brownfield project, on the other hand, is one where there is already a cement business on the site.

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 (CaCO3). 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/mm2 (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.
Precast concrete products	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: 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 (SiO2) 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.

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