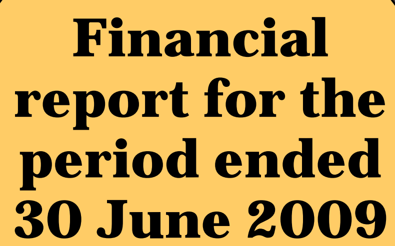

Financial report for the period ended 30 June 2009

International Metal Service

FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2009

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1. REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

2.1 Preparation and publication dates

IMS issued a press release before the stockmarket opened on 10 July 2009 commenting on its turnover in the period ended 30 June 2009.
The Group's condensed consolidated financial statements for the period ended 30 June 2009 were approved by the Executive Committee on 20 August 2009. The Group issued a press release after the stockmarket closed on 31 August 2009 commenting on its results and financial position at 30 June 2009.

2.2 Highlights

Business volumes fell by 45.9% year-on-year in the second quarter of 2009, identical to the decline seen in the first quarter. In the first half of 2009, the sharpest falls were in engineering (-49.2%) and wear resistant (-53.8%) steels rather than on stainless steels (-24.9%). Italy, where the Group mainly sells engineering and wear resistant steels, was the country worst hit, with volumes distributed down 59% in the first half of 2009.

Ongoing inventory reductions, combined with a collapse in industrial production in many European countries, prompted IMS to step up efforts to reduce debt and operating costs.

The cost-cutting plan yielded savings of €6 million in the first half of 2009, against a full-year target of €20 million for 2009. Despite these savings, the Group made an operating loss of €60.7 million in the first half of 2009. This includes a €22.6 million windfall loss, mainly because of falling stainless steel prices, €12.2 million of asset write-downs and €3.5 million of restructuring provisions, mainly in Italy.

With cash flow generated by running down inventories coming in at €90.5 million, the €90 million first-half target was beaten, enabling the Group to reduce net debt to €220 million at 30 June 2009, down from €225 million at 31 March 2009.

On 15 June 2009, the pool of banks providing the Group's syndicated debt unanimously accepted the Group's request for a waiver. The leverage (debt/EBITDA) covenant for 2009 has been replaced by a debt ceiling of €245 million at 30 June 2009 and €180 million at 31 December 2009. The leverage covenant will apply again from 2010. The gearing (debt-to-equity) covenant remains unchanged.

In the 16 June 2009 general meeting, shareholders approved the expansion of the Supervisory Board to comprise nine members, and granted Concert Jacquet a representation. Concert Jacquet's representation on the Supervisory Board and its three committees (strategy, audit/risks and appointments/remuneration) is proportional to its 33.2% stake in IMS.

In the first half of 2009, IMS completed the structural streamlining of its businesses in Belgium and France, in order to achieve operational synergies from acquired companies. This involved the following transactions:

- IMS France absorbed TRDInox with retroactive effect from 1 January 2009.
- IMS France absorbed EMS with retroactive effect from 1 January 2009.
- IMS France absorbed and dissolved Datcoupe with retroactive effect from 1 January 2009.
- Intramet sold its business to Cotubel with effect from 1 June 2009.

2.3 Activity

In the second quarter of 2009, IMS distributed 101,999 tonnes of special steels, down 0.8% sequentially and down 45.9% relative to the year-earlier period. Turnover was €177.1 million, 55.4% lower than in the second quarter of 2008.

In the first half of 2009, turnover amounted to €389.0 million, down 50.8% year-on-year, and distribution volume totalled 204,828 tonnes. The breakdown of sales by product line was as follows:

(in thousands of euros)	**First half 2008**	**First half 2009**	**Change**
Stainless	349,950	179,874	-48.6%
Wear resistant	117,143	53,384	-54.4%
Engineering	283,940	135,559	-52.3%
Other and direct mill business*	39,915	20,204	-49.4%
Total	**790,948**	**389,020**	**-50.8%**

(tonnes)	**First half 2008**	**First half 2009**	**Change**
Stainless	71,469	53,648	-24.9%
Wear resistant	63,481	29,309	-53.8%
Engineering	212,988	108,165	-49.2%
Other and direct mill business*	28,888	13,706	-52.6%
Total	**376,826**	**204,828**	**-45.6%**

Volume, price and scope effects in each product line were as follows:

First half 2009 / First half 2008	Volume effect	Price effect	Constant scope	Scope effect	Actual change
Stainless	-25.5%	-23.4%	-48.9%	+0.3%	-48.6%
Wear resistant	-49.4%	+1.6%	-47.8%	-6.6%	-54.4%
Engineering	-49.9%	-2.2%	-52.2%	-0.1%	-52.3%
Other and direct mill business*	nm	nm	-56.2%	+6.8%	-49.4%
Total	**-39.2%**	**-11.1%**	**-50.3%**	**-0.5%**	**-50.8%**

* "Direct mill business" sales for all product lines are recognised in the "Other" category, in addition to non-ferrous metal sales.

- **Stainless steel (storage & distribution sales)**

- The volume effect went from -28.2% in the first quarter to -22.8% in the second. The decline in volumes was less severe than in other product lines, since destocking in the industry had been ongoing almost non-stop since the third quarter of 2007.

- In the second quarter, the price effect was -29.2%, versus -17.7% in the first. It takes around two months for changes in alloying element prices to affect the price of stainless steels distributed by IMS. Because of this time lag, selling prices in the second quarter were based on very low first-quarter prices for nickel and other alloying elements (chromium and molybdenum), causing a fall in average selling prices.

  The average selling price fell from €4,361 per tonne in the fourth quarter of 2008 to €3,679 in the first quarter of 2009 and then €3,042 in the second, a decline of 30% in six months. The average selling price was €4,892 per tonne in the second quarter of 2008.

- **Wear resistant steel (storage & distribution sales)**

  - The volume effect was -48.1% in the second quarter of 2009, as opposed to -50.1% in the first quarter.

  - The price effect turned negative for the first time (-3.2% in the second quarter of 2009 versus +6.3% in the first quarter), due to a downturn in engineering and wear resistant steel prices. The average selling price in the second quarter of 2009 was €1,672 per tonne as opposed to €1,971 in the first quarter of 2009 and €1,881 in the second quarter of 2008.

- **Engineering steel (storage & distribution sales, including tool steel)**

  - The volume effect was -52.2% in the second quarter, as opposed to -47.8% in the first. This deterioration was mainly due to a collapse in sales in Italy, where the volume effect went from -56% in the first quarter to -64% in the second. In France and Spain, the volume effect did not change significantly between the first and second quarters.

  - Average selling prices continued to fall, coming in at €1,168 per tonne in the second quarter versus €1,333 in the first and €1,341 in the second quarter of 2008.

2.4 Profitability

The Group's Italian subsidiary accounted for much of its first-half operating loss. IMS SpA made an operating loss of €22 million in the first half of 2009, including a €4.6 million write-down on inventory, a €1.0 million write-down on accounts receivable, a €3.2 million restructuring provision (relating to staff and rent) and a €1.3 million loss on the stainless coil cutting business, which has since been discontinued.

Adjusted for windfall losses and other non-recurring items (the €2.8 million profit on the sale of a warehouse in France, a €1.5 million goodwill write-down, the €1.3 million cost of discontinuing a sub-product line in Italy and a €3.5 million restructuring provision, mainly in Italy), the main indicators for the first half of 2009 are as follows:

First half, in millions of euros	**2009 actual**	**2008 actual**
Turnover	389.0	790.9
Gross margin	44.8	167.7
Operating profit	**(60.7)**	**46.7**
Operating margin	*(15.6%)*	*5.9%*
<Windfall profit / loss>	(22.6)	(4.5)
<Other non-recurring items>	(3.5)	-
Operating profit before non-recurring items	**(34.6)**	**51.2**
Operating margin before non-recurring items (% of normalised turnover)	*(8.4%)*	*6.4%*

First-half results include exceptionally high levels of additions to provisions, arising from the highly unusual economic conditions. There were €2.0 million of provisions for accounts receivable and €8.7 million of inventory provisions.

2.4.1 Pro forma results

In July 2008, IMS announced that it was suspending its acquisition policy because of inflated asking prices, despite the prospect of weaker economic conditions. In June 2008, IMS finished refocusing its operations on Europe by selling its North American subsidiary, Astralloy Steel Products Inc. Therefore there were no changes in the scope of consolidation (no acquisitions or disposals) in the six months to 30 June 2009.

In the first half of 2009, the impact of changes in the scope of consolidation was limited to growth due to companies acquired in 2008 (after 1 January). The lack of changes in scope in 2009 means that IMS is not obliged to report pro forma consolidated financial statements. However, to make figures easier to compare, and to take into account the impact of 2008 acquisitions, comments in this report will discuss pro forma information where necessary.

With respect to the income statement, the pro forma scope of consolidation is arrived at as follows:
- for companies acquired during the prior year, by grossing up the reported Group figures at 30 June in the prior year to include the company's results between 1 January and 30 June in the prior year (or between 1 January and the date when the company joined the Group if before 30 June in the prior year).
- For companies acquired in the current year, by grossing up the reported Group figures at 30 June in the prior year to include the company's results for the period from the anniversary of its entry into the Group to 30 June in the prior year.
- For companies disposed of either in the current or the prior year, by eliminating results relating to the business disposed of.

With respect to the balance sheet, the pro forma scope of consolidation is arrived at as follows:
- For companies acquired after 30 June in the prior year, by grossing up the reported Group figures at 30 June in the prior year to include the company's figures at 30 June in the prior year.
- For companies acquired in the current year, by grossing up the reported Group figures at 30 June in the prior year to include the company's figures at 30 June in the prior year.
- For companies disposed of either in the current or the prior year, by eliminating figures relating to the business disposed of.

The pro forma figures below include the following adjustments:
- For non-euro subsidiaries, the income statement for the six months ended 30 June 2009 has been translated at 2008 exchange rates.
- The pro forma income statement for the six months ended 30 June 2008 is presented minus Astralloy's reported first-half results plus:
  - 1 month's results for Venturi and 1.5 months' results for Comacciai,
  - 3.5 months' results for the Antera companies,
  - 5 months' results for ATR,
  - 6 months' results for Euralliage and EMS.
- The same adjustments have been applied to sales volumes.

First half *(in millions of euros)*	2009 pro forma	2009 actual	2008 pro forma	2008 actual
Turnover	394.8	389.0	794.1	790.9
Gross margin	45.3	44.8	168.0	167.7
Operating profit	(61.4)	(60.7)	46.5	46.7
Net profit	(52.9)	(52.2)	30.2	30.4

2.4.2 Gross margin

Gross margin came to €44.8 million in the first half of 2009, down from €167.7 million in the year-earlier period. It was affected by:

- sharply lower volumes in all three product lines;
- an estimated windfall loss of €18.7 million in stainless steel versus €6.1 million in the year-earlier period, a difference of -€12.6 million;
- an estimated windfall loss of €3.9 million in engineering and wear resistant steel as opposed to a windfall profit of €1.6 million in the year-earlier period, a difference of -€5.5 million;
- a net inventory impairment charge of €8.7 million, including €6.4 million of provisions for losses on inventory run-offs.

In addition, the Group's focus on generating cash and reducing inventory, along with sharply lower purchasing levels in the second quarter of 2009, inevitably resulted in lower inventory renewal. As a result, the Group's inventories did not benefit from price falls in the second quarter, putting serious pressure on gross margin.

Gross margin by product line (excluding additions to and releases from provisions):

(€ per tonne)	**Wear resistant**	**Stainless**	**Engineering***
Q2 08	574	833	331
Q4 08	570	587	362
Q1 09	595	271	280
Q2 09	346	156	156

* excluding tool steel

2.4.3 Operating expenses

In the following analysis, direct mill business volumes (across all companies) are ignored since the business does not generate material operating costs (mainly administrative costs relating to the sourcing of steel for end-customers).

Total pro forma operating expenses per tonne rose by 58.7%:

(in thousands of euros)	First half 2008	First half 2009	Change
Total net pro forma expenses	**121,471**	**106,629**	**-12.2%**
Pro forma tonnes sold ex direct mill business	**350,514**	**193,925**	**-44.7%**
Pro forma net expenses (€ per tonne)	**346.6**	**549.8**	**+58.7%**
personnel expenses*	60,050	50,447	-16.0%
leasing/fixed assets depreciation	16,836	17,441	3.6%
transport	18,662	12,621	-32.4%
maintenance/consumables	11,456	9,261	-19.2%
commissions on sales	1,772	970	-45.2%
adjustable fixed costs	7,806	6,740	-13.7%
cost of accounts receivable risk	733	3,241	342.2%
other expenses	4,333	3,767	-13.1%
gain from sale of property	(181)	(2,869)	nm
goodwill write-downs		1,500	nm
provisions for restructuring	4	3,510	nm

* Personnel expenses also include temporary employment costs and other related expenses, releases from restructuring provisions and additions to and releases from pension provisions.

There is a distinction between:

a. variable costs, which automatically adjust to falling business levels to some extent:
   - transport costs fell by €6 million or 32.4%;
   - purchases of consumables fell by €1.7 million or 22.1%;
   - commissions on sales fell by €0.8 million or 45.2%;
   - the use of temporary staff fell to almost zero, and the associated personnel expense fell by €1.8 million or 72.5%.

b. adjustable fixed costs that can be reduced through specific action:
   - cost-cutting efforts resulted in savings of €1.8 million on advertising/marketing and travel costs relative to 2008;
   - this item also includes professional fees, which rose because of €1.2 million of non-recurring fees during the first half of 2009.

c. fixed costs that cannot be adjusted in the near term (rent and depreciation/amortisation).

The other main changes were as follows:

- the cost of accounts receivable risk (credit insurance + net losses on bad debts + change in provisions) rose by €2.5 million, including €1 million of net additions to bad debt provisions in Italy;
- there was a non-recurring €2.8 million capital gain on the sale of the Beauchamp site in France in the first quarter;
- the Group wrote down the goodwill of Antera in Lithuania by €1.5 million in the second quarter, and booked €3.5 million of restructuring provisions, including €3.2 million relating to Italy.

Overall, and in addition to the fall in variable expenses in line with sales volumes, the Group's efforts to lower its breakeven point – which started in early 2009 with a full-year savings target of €20 million – reduced expenses by around €6 million in the first half.

2.4.4 Net profit

Net financial expenses increased from -€4.8 million in the first half of 2008 to -€8.3 million in the first half of 2009. This was mainly due to the very sharp fall in short-term interest rates leading to a €2.5 million write-down on interest-rate swaps, adverse changes in exchange rates against the euro (-€1.7 million impact) and the widening of the spread on the syndicated debt (-€1.0 million fair-value adjustment).

However, lower interest rates reduced interest expenses by €1.5 million, despite the 12.9% increase in average debt levels from €232.4 million in the first half of 2008 to €262.3 million in the first half of 2009 including factoring.

After tax income of €16.8 million, the Group made a net loss of €52.2 million in the first half of 2009 as opposed to a €30.4 million net profit in the year-earlier period.

2.5 Consolidated financial position

2.5.1 ROCE

At 30 June 2009, ROCE was -6.4% including factoring, because of negative EBIT on a rolling twelve-month basis. ROCE was 2.5% at 31 March 2009 and 7.5% at 31 December 2008, below the Group's stated objective of 13% after tax.

2.5.2 Net debt and WCR

The Group's banking covenants have been renegotiated for 2009 and 2010. The gearing limit of 90% remains unchanged and the Group complied with this covenant at 30 June 2009. The leverage covenant (debt limited to 3x EBITDA) has been replaced, for 2009 only, by a net debt ceiling of €245 million at 30 June 2009, with which the Group complied, and €180 million at 31 December 2009. At 30 June 2010, reference EBITDA will equal 2x EBITDA for the first half of 2010, not EBITDA in the previous twelve months.

The financial net debt figure including factoring fell in the second quarter of 2009, from €225.6 million at 31 March to €220.1 million at 30 June. The increase in debt relative to end-2008 is mainly because of negative cash flow in the first half of 2009, which was not fully offset by the sharp fall in the WCR.

Cash flows during the first half of 2008 and 2009 were as follows:

First half *(in millions of euros) (*)*	2008	2009
Consolidated net debt (opening)	168.2	182.2
Factoring (opening)	50.2	23.2
Opening net debt + factoring	**218.3**	**205.4**
Net cash flow	(39.3)	59.2
Change in WCR including tax and factoring	(7.7)	(48.6)
Gross capital expenditure (including finance leases)	9.3	5.2
Acquisitions (including debt of companies acquired)	21.9	5.3
Operating divestment	-	(4.6)
Dividends	19.3	-
Other movements	(5.7)	(1.8)
Consolidated net debt (closing)	196.7	206.9
Factoring (closing)	19.4	13.2
Closing net debt + factoring	**216.1**	**220.1**

(*) Net debt was adjusted for accrued interest (assets and liabilities)

At 30 June 2009, net operating working capital requirement (including factoring) was €353.6 million, down 13% relative to 31 December 2008 (€408.0 million).

- Cash flow generated by inventory reductions totalled €90.5 million, of which €71.4 million arose from the fall in inventory volumes and €19.1 million from lower prices.
- Accounts receivable (including factoring) fell by €72.1 million in line with the decline in activity.
- Trade payables fell by €119.2 million relative to end-2008, reflecting the sharp drop in purchases in the second quarter of 2009.
- Provisions (impairment of inventory and accounts receivable) totalled €11 million.

The pro forma operating WCR (including factoring) represented 126.5 days of turnover on a rolling 12-month basis at 30 June 2009, as opposed to 120.8 days at 31 March 2009 and 104.1 days at end-2008.

- On a rolling 12-month basis, inventory volume represented 146 days of sales at 30 June, as opposed to 148 days at 31 March and 135 days at end-2008, due to the decline in sales volumes.
- Accounts receivable (including factoring) equalled 79.7 days of turnover at 30 June 2009 as opposed to 78.1 days at 31 March 2009 and 75.1 days at end-2008.
- Trade payables equalled 76.1 days of purchases at 30 June 2009 versus 75.8 days at 31 March 2009 and 88.5 days at end-2008.

Most operational and financial expenditures were carried out in 2008. Operational investments and divestments included:

- a €1.4 million payment relating to the 2008 purchase of land in the Czech Republic;

- the receipt of €4.6 million from the sale of a property in France.

Financial investments, which also reflect the increase in long-term assets, mainly consist of €4.8 million of deferred payments under vendor loans relating to acquisitions of Italian companies in 2008.

2.5.3 Shareholders' equity

Shareholders' equity totalled €281.4 million at 30 June 2009, down €52.1 million relative to 31 December 2008.

Aside from purchases and sales under the liquidity agreement, IMS did not buy any of its own shares in the second quarter. 83,865 own shares with a value of €1.2 million were allotted as part of profit-sharing plan A, which forms part of the bonus share plan set up on 18 September 2006. The allotments are subject to lock-up provisions and the condition that allottees still work for the Group on 27 February 2009.

2.6 Risk factors

See section 2.4 of the 2008 reference document (filed with the AMF on 19 February 2009 under number D.09-0074).

2.7 Outlook

Business volumes have now stopped falling, and have bottomed out in our view. We expect activity to pick up slightly in the second half of 2009, and our sales target is 215,000 tonnes as opposed to 205,000 in the first half of 2009. Gross margin is likely to be much higher in the second half, due to the disappearance of the first-half windfall loss in stainless steel and the fact that wear resistant and engineering steels inventory will be added to at lower prices than the current weighted average. Finally, the plan to reduce fixed costs should yield €14 million of savings in the second half, as opposed to €6 million in the first half.

IMS is maintaining its cost-cutting efforts and is resizing its business structures.

Debt reduction remains a priority, and will be achieved primarily by running down inventory. The aim is to reduce inventory from 182,000 tonnes at 30 June 2009 to 150,000 at 31 December 2009. Other debt-reduction measures include limiting operating investment to €6 million in 2009 (vs. €16.3 million in 2008) and putting a freeze on acquisitions.

2. CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive consolidated income

(in thousands of euros)	First Half 2008	First Half 2009	change	Q2 2008	Q2 2009	change
Turnover	790,948	389,020	-50.8%	397,031	177,099	-55.4%
Income from ordinary activities	790,948	389,020	-50.8%	397,031	177,099	-55.4%
Purchases	(618,570)	(245,327)	60.3%	(314,867)	(98,505)	68.7%
Net change in inventories	(4,691)	(98,876)		3,618	(69,545)	-2022.2%
Gross profit	167,687	44,817	-73.3%	85,782	9,049	-89.5%
Other operating income and releases from provisions	**3,208**	**7,157**	**123.1%**	**1,836**	**2,658**	**44.8%**
Personnel costs	(54,119)	(49,286)	8.9%	(26,718)	(24,058)	10.0%
Additions to depreciation and amortisation	(7,548)	(7,728)	-2.4%	(4,022)	(3,894)	3.2%
Additions to provisions	(2,154)	(8,610)	-299.7%	(1,138)	(7,013)	-516.3%
Other expenses	(60,404)	(47,053)	22.1%	(31,366)	(22,562)	28.1%
Total expenses	**(124,225)**	**(112,677)**	**9.3%**	**(63,244)**	**(57,527)**	**9.0%**
Operating profit	46,670	(60,703)	-230.1%	24,374	(45,820)	-288.0%
Financial income	3,196	431	-86.5%	3,038	6	-99.8%
Financial expenses	(8,035)	(8,729)	-8.6%	(3,779)	(4,949)	-31.0%
Net financial expenses	**(4,839)**	**(8,298)**	**-71.5%**	**(741)**	**(4,943)**	**-567.1%**
Share in the net profit of equity-accounted companies						
Profit before tax	41,831	(69,001)	-265.0%	23,633	(50,763)	-314.8%
Taxes	(11,424)	16,790	247.0%	(6,288)	12,706	302.1%
Net profit from continuing ordinary operations	30,407	(52,211)	-271.7%	17,345	(38,057)	-319.4%
Profit from discontinued operations						
Consolidated net profit	30,407	(52,211)	-271.7%	17,345	(38,057)	-319.4%
attributable to the Group	30,407	(52,211)	-271.7%			
attributable to minority interests						
Other components of comprehensive net income						
Impact from foreign exchange translation differences	3,389	80	-97.6%			
Comprehensive net consolidated income	33,796	(52,131)	-254.3%			
attributable to the Group	33,796	(52,131)	-254.3%			
attributable to minority interests						

Earnings per share attributable to the Group	1.68	-2.89	-272.1%
Earnings per share attributable to the Group, excluding treasury shares	1.76	-3.01	-271.2%

Statement of consolidated financial position

	30/06/2009 Gross	Dep./prov.	Net	31/12/08 Net
ASSETS				
Goodwill	95,756	1,900	93,856	94,674
Intangible fixed assets	16,230	12,211	4,019	4,533
Tangible fixed assets	189,209	103,739	85,470	91,433
Equity investments	16		16	15
Assets available for sale				48
Other long-term assets	4,847	176	4,671	3,962
Deferred tax assets	23,508		23,508	8,284
Total non-current assets	**329,566**	**118,026**	**211,540**	**202,949**
Inventories	296,275	21,119	275,156	374,601
Trade receivables	170,691	11,002	159,689	223,900
Other receivables	15,485		15,485	8,807
Corporate income tax receivables	2,822		2,822	3,312
Derivative instruments	4		4	1
Embedded interest-rate derivatives				
Cash and cash equivalents	21,524		21,524	18,462
Total current assets	**506,801**	**32,121**	**474,680**	**629,083**
Assets held for sale				
Total assets	**836,367**	**150,147**	**686,220**	**832,032**
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY				
Share capital			27,528	27,528
Consolidated reserves			306,783	275,300
Foreign exchange translation differences			(667)	(747)
Net profit			(52,211)	31,442
Minority interests				
Total shareholders' equity			**281,433**	**333,523**
Interest-bearing non-current liabilities			130,326	93,139
Deferred tax liabilities			5,106	5,754
Provisions for contingencies			1,113	1,149
Pension provisions			25,718	25,898
Other non-current liabilities			570	204
Total non-current liabilities			**162,833**	**126,144**
Trade creditors			94,503	213,703
Other creditors			35,044	37,766
Corporate income tax owed			4,976	7,876
Interest-bearing current liabilities			98,594	107,226
Derivative instruments			2,836	1,888
Embedded interest-rate derivatives			361	514
Current provisions for contingencies			5,640	3,392
Total current liabilities			**241,954**	**372,365**
LIABILITIES HELD FOR SALE				
Total liabilities			**686,220**	**832,032**

Statement of consolidated cash flow

(in thousands of euros)	First Half 2008	First Half 2009
Opening net cash		
Cash and cash equivalents	**23,377**	**18,462**
Accrued interest		
Cash and cash equivalents adjusted for accrued interest	**23,377**	**18,462**
Operating activities		
Net profit	30,407	(52,211)
Depreciation and amortisation expenses	7,548	7,728
Change in provisions	864	(12,011)
Other items	1,231	195
(Gains) or losses on asset disposals	(717)	(2,865)
Cash flow after tax and cost of financial debt	**39,333**	**(59,164)**
Cost of financial debt	7,756	5,956
Taxes	9,924	(296)
Cash flow before tax and cost of financial debt	**57,013**	**(53,504)**
Total change in working capital requirements	(21,408)	40,505
Cash flow from operating activities before tax and financial expense	**35,605**	**(12,999)**
Income tax paid	(11,634)	(1,576)
Cash flow from operating activities after tax and before financial expense	**23,971**	**(14,575)**
Investing activities		
Investments in intangible and tangible assets (excluding financing leases)	(8,922)	(4,411)
Divestments of intangible and tangible assets	27	4,654
Financial investments	(21,793)	(5,313)
Net cash of companies acquired or reclassified under IFRS 5	1,499	
Net gain on divestment of shares in consolidated companies, net of cash	10,982	
Other financial divestments	1,046	344
Cash flow from investing activities	**(17,161)**	**(4,726)**
Financing activities		
Capital increase		
Treasury shares	(4,319)	78
Dividends paid	(19,263)	
New medium- and long-term borrowings (excluding financing leases)	6,245	36,000
Repayment of medium- and long-term borrowings (excluding financing leases)	(8,359)	(14,017)
Repayment of financing leases	(993)	(1,428)
Change in other financial debt	(6)	366
Change in short-term debt	18,227	7,097
Assets available for sale		
Net interest expense paid	(7,333)	(5,237)
Other		(490)
Cash flow from financing activities	**(15,801)**	**22,369**
Change in cash	(8,991)	3,068
Foreign exchange translation differences	27	(6)
Closing net cash	14,413	21,524
Cash and cash equivalents	14,413	21,524
Accrued interest		
Cash and cash equivalents adjusted for accrued interest	**14,413**	**21,524**

Statement of changes in debt

(in thousands of euros)	First Half 2008	First Half 2009
Opening net debt		
Cash and cash equivalents	(23,377)	(18,462)
Assets available for sale	(50)	(48)
Embedded interest-rate derivatives	766	514
Interest-bearing current liabilities	110,021	107,226
Interest-bearing non-current liabilities	81,287	93,139
Adjusted for accrued interest (assets and liabilities)	(484)	(184)
Total	**168,163**	**182,185**
Operating activities		
Net profit	30,407	(52,211)
Depreciation and amortisation expenses	7,548	7,728
Change in provisions	864	(12,011)
Other items	1,231	195
(Gains) or losses on asset disposals	(717)	(2,865)
Cash flow after tax and cost of financial debt	**39,333**	**(59,164)**
Cost of financial debt	7,756	5,956
Taxes	9,924	(296)
Cash flow before tax and cost of financial debt	**57,013**	**(53,504)**
Change in operating working capital requirements	(19,015)	44,070
Change in other non operating working capital requirements	(2,393)	(3,565)
Total change in working capital requirements	**(21,408)**	**40,505**
Cash flow from operating activities before tax and financial expenses	**35,605**	**(12,999)**
Income tax paid	(11,634)	(1,576)
Cash flow from operating activities after tax and before financial expenses	**23,971**	**(14,575)**
Investing activities		
Investments in intangible and tangible assets (excluding financing leases)	(8,922)	(4,411)
Divestments of intangible and tangible assets	27	4,654
Financial investment	(21,793)	(5,313)
Net debt of companies acquired or reclassified under IFRS 5	(127)	
Net gain on divestment of shares in consolidated companies, net of cash	10,982	
Other financial divestments	1,046	344
Cash flow from investing activities	**(18,787)**	**(4,726)**
Financing activities		
Capital increase		
Treasury shares	(4,319)	78
Dividends paid	(19,263)	
New financing leases	(396)	(817)
Net interest expense paid	(7,333)	(5,237)
Other	(6)	311
Cash flow from financing activities	**(31,317)**	**(5,665)**
Change in debt	**26,133**	**24,966**
Foreign exchange translation differences	2,391	(297)
Closing net debt	**196,687**	**206,854**
Cash and cash equivalents	(14,413)	(21,524)
Assets available for sale	(50)	
Embedded interest-rate derivatives	1,960	361
Interest-bearing current liabilities	132,597	98,594
Interest-bearing non-current liabilities	77,500	130,326
Adjusted for accrued interest (assets and liabilities)	(907)	(903)
Total	**196,687**	**206,854**

Statement of changes in consolidated shareholders' equity

(in thousands of euros)	Shareholders' equity	Share capital	Issue premium	Treasury shares	Attributable foreign exchange translation differences	Attributable cumulative results	Attributable total	Minority interests
At 1 January 2008	**332,870**	**27,528**	**28,287**	**(7,111)**	**833**	**283,333**	**332,870**	
Correction of error								
Adjusted shareholders' equity at 1 January 2008	332,870	27,528	28,287	(7,111)	833	283,333	332,870	
Change in shareholders' equity								
Dividends paid	(19,263)					(19,263)	(19,263)	
Treasury shares	(4,319)			(4,319)			(4,319)	
Bonus share plan	1,231					1,231	1,231	
Comprehensive net income over the period	33,796				3,389	30,407	33,796	
At 30 June 2008	**344,315**	**27,528**	**28,287**	**(11,430)**	**4,222**	**295,708**	**344,315**	
At 1 January 2009	**333,523**	**27,528**	**28,287**	**(15,327)**	**(747)**	**293,782**	**333,523**	
Correction of error	(232)					(232)	(232)	
Adjusted shareholders' equity at 1 January 2009	333,291	27,528	28,287	(15,327)	(747)	293,550	333,291	
Change in shareholders' equity								
Dividends paid								
Treasury shares	78			78			78	
Bonus share plan	195					195	195	
Comprehensive net income over the period	(52,131)				80	(52,211)	(52,131)	
At 30 June 2009	**281,433**	**27,528**	**28,287**	**(15,327)**	**(667)**	**241,534**	**281,433**	

1. ACCOUNTING POLICIES

In accordance with European regulation 1606/2002 of 19 July 2002 on international financial reporting standards, the IMS Group condensed consolidated financial statements for the period ended 30 June 2009 have been prepared under IAS/IFRS as approved by the European Union. These standards are available on the European Commission website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

Except for the changes mentioned below, the accounting principles and methods applied at the balance sheet date of 30 June 2009 are the same as those applied when preparing the 2008 full-year IFRS financial statements.

The condensed half-yearly consolidated financial statements have been prepared in accordance with IAS 34.

New laws or amendments adopted by the European Union, application of which is compulsory from 1st January 2009, have been applied, including in particular: IAS 1 as revised "Presentation of financial statements" and IFRS 8 "Operating segments". The other compulsory standards (IAS 23 as revised "Borrowing costs", IFRS 2 as amended "Share-based payment, vesting conditions and cancellations", IAS 32 as amended "Financial instruments: presentation of puttable instruments", IFRS 1 as amended, IFRIC 13 "Customer loyalty programmes") do not have a material impact on the consolidated financial statements for the period ended 30 June 2009. The first-time application of IFRS 8 led to a change in presentation, with information stated by product line whereas previously information was presented by geographical zone (primary segments).

The Group has not applied early any standards or interpretations, application of which is not compulsory at 1 January 2009, such as IFRS 3 "Business combinations" as revised.

The Group's consolidated financial statements have been prepared on the basis of historic cost, with the exception of derivative financial instruments and assets available for sale, which are measured at fair value. The book value of assets and liabilities covered by fair-value hedges is adjusted to reflect movements in fair value attributable to the risks hedged.

Preparation of the financial statements requires that Group or subsidiary management makes estimates and uses assumptions which affect the values presented for assets or liabilities on the consolidated balance sheet, as well as information relating to any assets and liabilities at the date of preparation of this financial information, and the values presented for income and expense for the period.

Management reviews these estimates and assumptions constantly based on past experience and various other factors deemed reasonable, which form the basis of its assessments of the book value of the assets and liabilities. Actual results may differ significantly from these estimates under different assumptions or conditions.

The main estimates made by management when preparing the financial statements include:

- Goodwill impairment tests. The method used to determine the value in use of assets is based on projections of future cash flows. Cash flow data is taken from internal four-year plans. The discount rates used reflect the AMF's recommendations of 29 October 2008 regarding the 2008 accounts closing, particularly as regards the average cost of capital, the marginal cost of debt and other market interest rates, adjusted as appropriate.

  These estimates take into account the current recession and financial crisis, and factor in financial parameters available on the closing date.

  The results of goodwill impairment tests may be affected by movements in activity in future years. Forecasting is difficult, since uncertainty about activity levels is particularly high at the moment as a result of low visibility on markets and the economic environment. However, goodwill relates to industrial assets that generate profits over the long term, and

sensitivity tests are carried out on the terminal values used in discounted cash flow valuations.

- Inventory impairment assessments. The method used to determine the net realisable value of inventory is based on the best estimate, on the date the financial statements are prepared, of selling prices in the normal course of business less, if applicable, estimated selling costs.
- Invoices not received. Invoices not received mainly relate to orders received for a known up-front amount, but for which the invoice has not been received.
- Employee benefit liabilities.

2. SPECIFIC INFORMATION ABOUT PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

The consolidated financial statements for the first six months of 2009 have been prepared on the basis of standards used at the end of the 2008 financial year, to which should be added the following detail regarding income tax: for the interim financial statements, tax expense (current and deferred) is calculated by applying to interim taxable income the estimated average annual tax rate for the financial year in progress for each entity or tax group.

3. SCOPE OF CONSOLIDATION

There has been no change to the scope of consolidation since 31 December 2008.

A simplified income statement is presented below, with the following adjustments:

- For non-euro subsidiaries, the income statement for the first half of 2009 has been translated at first-half 2008 exchange rates;
- The pro forma income statement for the first half of 2008 is presented minus Astralloy's reported first-half results but plus:
  - 1 month's results for Venturi,
  - 1.5 months' results for Comacciai,
  - 3.5 months' results for the Antera companies,
  - 5 months' results for ATR,
  - 6 months' results for Euralliage,
  - 6 months' results for EMS.

First half *(in millions of euros)*	2009 pro forma	2009 actual	2008 pro forma	2008 actual
Turnover	394.8	389.0	794.1	790.9
Gross margin	45.3	44.8	168.0	167.7
Operating profit	(61.4)	(60.7)	46.5	46.7
Net profit from continuing ordinary operations	(52.9)	(52.2)	30.2	30.4

A simplified balance sheet has also been prepared using the same process as for the income statement:

- For non-euro subsidiaries, the balance sheet at 30 June 2009 has been translated at the 30 June 2008 exchange rates.
- The pro forma balance sheet at 30 June 2008 has been prepared by adding Euralliage and EMS (the acquisition cost of these companies has been allocated to the "short-term debt" account).

30 June *(in millions of euros)*	2009 pro forma	2009 actual	2008 pro forma	2008 actual
Goodwill	94.4	93.9	97.2	93.6
Fixed assets	92.3	89.5	92.5	89.7
Other assets	28.6	28.1	11.6	11.3
Non-current assets	**215.3**	**211.5**	**201.3**	**194.6**
Net inventory	278.1	275.2	392.4	387.1
Net accounts receivable	162.1	159.7	325.2	320.4
Other receivables	18.5	18.3	15.7	14.5
Derivative instruments			1.9	1.9
Cash	22.4	21.5	15.9	14.4
Current assets	**481.1**	**474.7**	**751.1**	**738.3**
TOTAL ASSETS	**696.4**	**686.2**	**952.4**	**932.9**
Shareholders' equity	**286.4**	**281.4**	**344.2**	**344.3**
Long-term debt	130.4	130.3	79.7	77.5
Other liabilities	32.5	32.5	37.9	37.5
Non-current liabilities	**162.9**	**162.8**	**117.6**	**115.0**
Accounts payable	95.7	94.5	266.5	262.9
Other payables	43.0	40.1	76.1	74.4
Short-term debt	99.6	98.6	144.3	132.6
Derivative instruments	3.2	3.2	2.0	2.0
Short-term provisions	5.6	5.6	1.7	1.7
Current liabilities	**247.1**	**242.0**	**490.6**	**473.6**
TOTAL LIABILITIES AND EQUITY	**696.4**	**686.2**	**952.4**	**932.9**

4. GOODWILL

Changes in goodwill since 31 December 2008 are attributable to foreign exchange translation difference on goodwill denominated in foreign currencies, adjustments to goodwill (undertaken within the 1-year goodwill allocation period on Antera, EMS and Euralliage) and a goodwill write-down on Antera:

(in millions of euros)	
Net value at 1 January 2009	94.7
Goodwill adjustments	0.6
Foreign exchange translation difference	0.1
Antera goodwill write-down	(1.5)
Net value at 30 June 2009	**93.9**

At 30 June 2009, goodwill broke down as follows between the operational hubs:

(in millions of euros)	Goodwill	% total	Discount rate
Bilbao hub (Spain)	20.5	22%	8.2%
Milan hub (Italy)	12.0	13%	8.2%
Paris hub (France)	40.7	43%	8.3%
Düsseldorf hub (Germany)	20.6	22%	8.5%
GROUP TOTAL	**93.9**	**100%**	

Given the current poor economic conditions, goodwill impairment tests were carried out at 30 June 2009 using the method and assumptions set out below.

Discounted cash flow method

The discounted cash flow method is used to assess the recoverable value of goodwill, or more specifically the going concern value that management expects to obtain from the assets under consideration. The method is contingent by its very nature. The values obtained are sensitive to changes in the assumptions and parameters used, such as:

- changes in industrial investment, depending on the economic situation in Europe;
- changes in selling prices in the Group's three product lines;
- expectations regarding supply costs, which depend on the price of steel and of the alloying elements used to produce special steels;
- the choice of the discount rate and perpetual growth rate at the end of the projection period.

The assumptions used by management to draw up business plans and the discount rate parameters used create uncertainty that may affect the value of goodwill. This uncertainty is even more significant given the current low visibility on markets and the economic environment.

Assumptions used

The future cash flows taken into account relate to periods between 1 July 2009 and 30 June 2014, and the terminal value is calculated by discounting cash flows beyond 30 June 2014 assuming a perpetual growth rate. These estimated future cash flows are based on the most recent budgets (second half 2009) and the four-year business plan (2010-2013) approved by management, and on data extrapolated for the first half of 2014. They exclude cash inflows and outflows that may be generated by future restructuring or by improved performance of assets.

In accordance with the Autorité des Marchés Financiers' recommendation of 15 October 2008, the assumptions used were "correctly adjusted in view of the risks that any market player would take into account (in particular counterparty risks, non-performance risks, liquidity risks or model risks) [...]. These adjustments shall be carried out in a reasonable and appropriate manner after the information available is examined." The beta used for all Group companies is 1.4.

The discount rate was assessed individually for each independent cash-generating unit (CGU). CGUs have been defined as hubs, not individual companies, given the synergies that exist between companies within a hub. For each hub, the discount rate was determined on the basis of a Group weighted average cost of capital, to which a country risk premium was applied for countries outside the eurozone (prorated to their weight within the hub) and a company size premium for smaller subsidiaries (prorated to their weight within the hub).

The assumed rate for the replacement of fixed assets was 0.55% of turnover, in line with historical data.

Management regards the perpetual growth rate of 1.5% as reasonable, given the diversity of products and sectors in which IMS Group companies operate and the prospects for market concentration.

Sensitivity tests

Sensitivity tests were performed by varying:

- the perpetual growth rate by between -0.5% and 2.0% and the discount rate by steps of 0.5%;
- the perpetual growth rate by between -0.5% and 2.0% and the gross margin/turnover ratio used in calculating terminal cash flow by between -1 and +1 point;
- the volume figures used in calculating terminal cash flow by between -10% and +10% and the gross margin/turnover ratio used in calculating terminal cash flow by between -1 and +1 point.

Analysis of these sensitivity tests does not alter the goodwill valuations adopted at 30 June 2009.

Conclusions of the impairment tests

Given historical results and the growth prospects used in valuing the hubs and in determining the goodwill allocated to each hub, the tests showed no need to write down goodwill with the exception of a €1.5 million write-down on the goodwill of Lithuanian company Antera UAB, given that local development conditions are weaker than initially assumed when the company was acquired.

5. Inventory

(in millions of euros)	**June 2009**	**December 2008**
Gross value	296.3	386.8
Provisions on inventory	(21.1)	(12.2)
Net value	275.2	374.6

The main changes in inventory provisions are as follows:

(in millions of euros)	**2009**	**2008**
At 1 January	12.2	15.1
Additions to provisions	12.2	0.5
Releases of provisions	(3.5)	(6.2)
Companies entering the scope of consolidation	0.0	0.4
Other	0.2	(0.1)
At 30 June	**21.1**	**9.7**

Inventory is stated on the balance sheet at its weighted average cost. Impairment is booked to bring the value of inventory in line with its net realisable value, which is defined as the estimated selling price in the normal course of business less estimated selling costs. Provisions are calculated for each individual product.

6. Deferred tax

The origin of deferred taxes is as follows:

(in millions of euros)	**June 2009**	**December 2008**
Temporary differences	3.1	2.7
Consolidation entries	0.4	(3.7)
Capitalisation of tax losses carried forward	14.9	3.6
Deferred tax balance	**18.4**	**2.6**
Of which deferred tax liabilities	(5.1)	(5.7)
Of which deferred tax assets	23.5	8.3

Deferred tax has been capitalised on tax losses carried forward to the extent that future expected taxable profits, based on the four-year business plan, are sufficient to absorb these losses.

7. PROVISIONS FOR CONTINGENCIES

Changes in all provisions (current and non-current) in the first half of 2009 break down as follows:

(in millions of euros)	**Initial balance**	**Addition**	**Release**	**Final balance**
Provision for disputes	0.6		(0.2)	0.4
Provision for restructuring and individual departures	2.9	3.5	(1.1)	5.3
Other provisions	1.0	0.1		1.1
Total	**4.5**	**3.6**	**(1.3)**	**6.8**
Of which non-current portion	1.1	0.1	(0.1)	1.1
Of which current portion	3.4	3.5	(1.2)	5.7

The main addition during the period relates to the cost arising from the reorganisation of some warehouses in Italy (€3.2 million).

8. NON-CURRENT INTEREST-BEARING LIABILITIES

At 30 June 2009, this item included a revolving credit facility on which IMS SA had drawn €42 million, because the facility was expected to be used for more than one year.

9. OFF-BALANCE SHEET COMMITMENTS

Factoring programmes

Factoring programmes exist. At 30 June 2009, €13.2 million of accounts receivable had been sold in Germany and France, and have therefore been taken off the balance sheet (deconsolidating programmes under IFRS).

IMS SA's banking covenants

IMS' banks unanimously accepted the Group's request to waive the leverage ratio covenant for 2009 with respect to a loan facility in an initial amount of €100 million.

For 2009, the following adjustments have been made to the loan agreement:

- No leverage ratio will be calculated at 30 June or 31 December 2009.
- The Group's consolidated net debt (including factoring) must be less than €245 million at 30 June 2009 and less than €180 million at 31 December 2009.

The Group complied with the €245 million limit at 30 June 2009.

The Group did not comply with the leverage ratio at 30 June 2009 as regards the €30 million loan. However, this breach had no consequences, since the ratio is assessed over two consecutive test periods.

10. EARNINGS PER SHARE

Earnings per share are calculated in two ways:

- based on total shares in issue: using the total number of shares making up IMS International Metal Service's capital, i.e. 18,057,010, as the denominator;
- based on total shares in issue excluding treasury stock: using the total number of shares (18,057,010) minus the number of shares held as treasury stock (732,015), as the denominator.

11. SEGMENT REPORTING

IFRS 8, which is compulsory for accounting periods starting on or after 1 January 2009, has been applied.

Business segments (i.e. product lines) are the only segments now used in reporting, and are the main focus for management's analysis of the financial statements. The indicators monitored are turnover (revenue from ordinary activities), gross margin and the value of inventory.

The figures presented are measured in accordance with IFRS, with the only reconciliation required deriving from entries relating to revaluation of inventory at companies acquired and elimination of internal margins included in inventory which are not allocated to product lines.

Segment revenue (there is no inter-segment revenue), segment profit (gross margin) and segment assets (gross inventory) by product line are as follows:

First half 2009 *(in thousands of euros)*	Turnover	Gross margin	Inventory (gross value)
Wear resistant	53,384	13,218	43,879
Stainless	179,873	9,129	114,263
Engineering	135,559	21,142	133,452
Other and direct mill business	20,204	1,942	4,681
Revaluation of inventory at companies acquired		(614)	
Total	**389,020**	**44,817**	**296,275**

First half 2008 *(in thousands of euros)*	Turnover	Gross margin	Inventory (gross value)
Wear resistant	117,143	34,656	49,923
Stainless	349,950	58,675	192,292
Engineering	283,940	71,678	151,540
Other and direct mill business	39,915	3,762	1,992
Revaluation of inventory at companies acquired		(1,084)	1,075
Total	**790,948**	**167,687**	**396,822**

12. INFORMATION ON RELATED PARTIES

Related parties are defined as the key management personnel of the parent company (the Group's holding company). Other managers who are members of the Group Management Committee are not considered as related parties since their responsibility is limited to a portion of the Group's revenues or assets (subsidiaries and/or product lines).

As a result, the only related parties are members of the Supervisory Board and Executive Committee.

As in 2008, relations between the Group and these parties were limited to remuneration paid to Jean-Yves Bouffault, Pierre-Yves Le Daëron and Philippe Brun and ongoing regulated agreements with these persons governing the terms applicable in the event of their dismissal.

13. CASH FLOW STATEMENT

The cash flow statement can be summarised as follows (in millions of euros):

Cash at the beginning of the period	**18.5**
Cash from operating activities	(14.6)
Cash from investing activities	(4.7)
Cash from financing activities	22.3
Change in cash position	**3.0**
Cash at the end of the period	**21.5**

The change in the working capital requirement, included in cash from operating activities, broke down as follows in the first half of 2009 (in millions of euros):

Inventory	98.9
Accounts receivable	64.3
Other receivables	(7.2)
Accounts payable	(119.1)
Other payables	3.6
Total change (excluding income tax)	**40.5**

Financial investments relate to vendor loans (deferred payments) on acquisitions made in 2008 plus movements in the "other long-term assets" account.

14. POST BALANCE SHEET EVENTS

No material event took place after the balance sheet date.

3. STATUTORY AUDITORS' REPORT

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings and in accordance with article L.451-1-2 III of the French monetary and financial code (code monétaire et financier), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of IMS International Metal Service, for the period from 1 January, 2009 to 30 June, 2009, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. They have been prepared in a context of the economic crisis, which is also characterized by a true difficulty to assess what future prospects will be (as it was already the case at the end of the year ended 31 December 2008. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

Without modifying the conclusion expressed above, we draw your attention to note 1of the notes that indicates:

- The changes of accounting methods incurred by the application from 1 January 2009 of the new standards IFRS 8 « Operating segments » and IAS 1 « Presentation of Financial Statements » revised in 2007 ;
- The main estimates made by the management for the preparation of the financial statements and the estimates related to the impairment tests on the goodwills and the evaluation of the depreciation of inventories.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the half-yearly financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-yearly financial statements.

Paris and Paris-La Défense, 31 August 2009

The Statutory Auditors

French original signed by

BELLOT MULLENBACH & ASSOCIES	ERNST & YOUNG Audit
Jean-Louis Mullenbach	François Carrega

4. STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I hereby certify that, to my knowledge, the condensed consolidated financial statements for the first half of 2009 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and earnings of the company and all companies included in the scope of consolidation, and that the activity report for the first half of 2009 states in a true and fair manner the important events that took place in the first six months of the year, their impact on the financial statements, the main transactions between related parties and a description of the main risks and the uncertainties for the remaining six months of the year.

Nanterre, 31 August 2009

Jean-Yves Bouffault

Chairman of IMS's Executive Committee

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Société anonyme (public limited company)
governed by an Executive Committee
and a Supervisory Board
with capital of €27,527,740.73
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