FINANCIAL REPORT
Half-year 2012

Contents

1. Consolidated financial statements at june 30, 2012

1.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of euros)	*Notes*	June 30, 2012	Dec. 31, 2011
ASSETS			
NON-CURRENT ASSETS			
Goodwill	*3*	1,003,598	1,100,195
Other intangible assets	*4*	100 ,475	100,789
Property, plant and equipment	*5*	2,291,042	2,218,465
Investment properties		19,577	19,089
Investments in associated companies		38,580	37,900
Deferred tax assets		3,722	2,104
Receivables and other non-current financial assets		136,399	116,928
Total non-current assets		**3,593,393**	**3,495,470**
CURRENT ASSETS			
Inventories and work-in-progress		373,251	360,104
Trade and other accounts receivable		437,888	349,994
Current tax assets		17,684	16,685
Other receivables		171,259	144,930
Cash and cash equivalents	*6*	266,166	359,404
Total current assets		**1,266,248**	**1,231,117**
Total assets		**4,859,641**	**4,726,587**

(In thousands of euros)	*Notes*	June 30, 2012	Dec. 31, 2011
LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	*7*	179,600	179,600
Additional paid-in capital		11,207	11,207
Consolidated reserves		1,931,767	1,920,957
Shareholders' equity		**2,122,574**	**2,111,764**
Minority interests		**341,670**	**349,054**
Shareholders' equity and minority interests		**2,464,244**	**2,460,818**
NON-CURRENT LIABILITIES			
Provisions for pensions and other post-employment benefits	*8*	54,348	52,631
Other provisions	*8*	81,312	78,370
Financial debts and put options	*9*	1,460,846	1,384,444
Deferred tax liabilities		166,005	171,429
Other non-current liabilities		21,573	21,762
Total non-current liabilities		**1,784,084**	**1,708,636**
CURRENT LIABILITIES			
Provisions	*8*	11,553	10,911
Financial debts and put options at less than one year	*9*	125,406	106,165
Trade and other accounts payable		247,429	241,862
Current taxes payable		20,753	16,088
Other liabilities		206,172	182,107
Total current liabilities		**611,313**	**557,133**
Total liabilities		**2,395,397**	**2,265,769**
Total liabilities and shareholders' equity		**4,859,641**	**4,726,587**

1.2. CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	June 30, 2012	June 30, 2011
NET SALES	11	1,128,773	1,146,179
Goods and services purchased		(727,168)	(702,381)
ADDED VALUE	1.21	**401,605**	**443,798**
Personnel costs		(183,492)	(175,568)
Taxes		(25,025)	(23,821)
GROSS OPERATING EARNINGS	1.21 & 14	**193,088**	**244,409**
Depreciation, amortization and provisions	12	(95,888)	(88,671)
Other income (expense)	13	6,616	5,474
OPERATING INCOME	14	**103,816**	**161,212**
Cost of net borrowings and financial liabilities	15	(18,036)	(21,655)
Other revenues	15	4,520	7,153
Other costs	15	(5,490)	(4,240)
NET FINANCIAL INCOME (EXPENSE)	15	**(19,006)**	**(18,742)**
Earnings from associated companies		1,600	327
EARNINGS BEFORE INCOME TAX		**86,410**	**142,797**
Income taxes	16	(26,034)	(34,352)
NET INCOME		**60,376**	**108,445**
Portion attributable to minority interests		9,263	17,557
PORTION ATTRIBUTABLE TO GROUP SHARE		**51,113**	**90,888**
EBITDA	1.21 & 14	**200,608**	**253,346**
EBIT	1.21 & 14	**104,471**	**164,781**
CASH FLOW FROM OPERATIONS		**149,605**	**194,112**

Earnings per share (in euros)			
Basic and diluted earnings per share	7	**1,14**	2,02

1.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	June 30, 2012	June 30, 2011
NET CONSOLIDATED INCOME	**60,376**	**108,445**
Net income from change in translation differences	26,434	(144,289)
Cash flow hedge instruments	(3,944)	(112)
Income tax on other comprehensive income	2,322	(2,776)
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)	**24,812**	**(147,177)**
TOTAL COMPREHENSIVE INCOME	**85,188**	**(38,732)**
Portion attributable to minority interests	10,668	(18,563)
PORTION ATTRIBUTABLE TO GROUP SHARE	**74,520**	**(20,169)**

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

	June 30, 2012			June 30, 2011		
(In thousands of euros)	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Net income from change in translation differences	26,434	-	26,434	(144,289)	-	(144,289)
Cash flow hedge instruments	(3,944)	2,322	(1,622)	(112)	(2,776)	(2,888)
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)	**22,490**	**2,322**	**24,812**	**(144,401)**	**(2,776)**	**(147,177)**

1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	*Notes*	June 30, 2012	June 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**60,376**	**108,445**
Earnings from associated companies		(1,600)	(327)
Dividends received from associated companies		1,578	2,426
Elimination of non-cash and non-operating items:			
- depreciation, amortization and provisions		97,728	91,952
- deferred taxes		(7,314)	(6,452)
- net (gain) loss from disposal of assets		(172)	(1,187)
- unrealized fair value gains and losses		(975)	(582)
- other		(15)	(163)
Cash flows from operating activities		**149,606**	**194,112**
Change in working capital from operating activities - Net - net		(84,816)	(67,557)
Net cash flows from operating activities (1)	*18*	**64,790**	**126,555**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of fixed assets:			
- property, plant and equipment and intangible assets		(146,615)	(122,052)
- financial investments		(3,138)	(16,209)
Inflows linked to disposals of fixed assets:			
- property, plant and equipment and intangible assets		1,988	1,537
- financial investments		2,838	3,224
Impact of changes in consolidation scope		(900)	(22,667)
Net cash flows from investing activities	*19*	**(145,827)**	**(156,167)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(87,475)	(108,358)
Increases in capital		-	3,250
Increases in borrowings		109,487	199,159
Redemptions of borrowings		(43,898)	(41,439)
Acquisitions of treasury shares		(6,066)	(11,654)
Disposals - allocations of treasury shares		9,461	12,860
Net cash flows from financing activities		**(18,491)**	**53,818**
Impact of changes in foreign exchange rates		3,340	(23,298)
Change in cash position		**(96,188)**	**908**
Net cash and cash equivalents – opening balance	*20*	344,013	286,705
Net cash and cash equivalents – closing balance	*20*	247,825	287,613

(1) Including cash flows from income taxes € (24,465) thousand in 2012 and € (36,747) thousand in 2011.
Including cash flows from interests paid and received € (15,092) thousand euros in 2012 and € (11,639) thousand in 2011.

1.5. STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands of euros)	Capital	Additional paid-in capital	Treasury shares	Conso-lidated reserves	Translation reserves	Share-holders' equity	Minority interests	Total share-holders' equity and minority interets
At January 1, 2011	**179,600**	**11,207**	**(85,297)**	**2,019,257**	**16,212**	**2,140,979**	**416,123**	**2,557,102**
Consolidated net income				90,888		90,888	17,557	**108,445**
Other comprehensive income				954	(112,011)	(111,057)	(36,120)	**(147,177)**
Total comprehensive income				*91,842*	*(112,011)*	*(20,169)*	*(18,563)*	**(38,732)**
Dividends paid				(67,350)		(67,350)	(43,002)	**(110,352)**
Net change in treasury shares			1,805	1,011		2,816		**2,816**
Changes in consolidation scope and complementary stake				(22,443)		(22,443)	(8,780)	**(31,223)**
Increases in share capital				(5,332)		(5,332)	11,580	**6,248**
Other changes				81		81	(141)	**(60)**
At June 30, 2011	**179,600**	**11,207**	**(83,492)**	**2,017,066**	**(95,799)**	**2,028,582**	**357,217**	**2,385,799**
At January 1, 2012	**179,600**	**11,207**	**(83,890)**	**2,080,899**	**(76,052)**	**2,111,764**	**349,054**	**2,460,818**
Consolidated net income				51,113		51,113	9,263	**60,376**
Other comprehensive income				(2,005)	25,412	23,407	1,405	**24,812**
Total comprehensive income				*49,108*	*25,412*	*74,520*	*10,668*	**85,188**
Dividends paid				(66,039)		(66,039)	(21,987)	**(88,026)**
Net change in treasury shares			4,833	(943)		3,890		**3,890**
Changes in consolidation scope and complementary stake				(746)		(746)	(154)	**(900)**
Increases in share capital				(942)		(942)	4,230	**3,288**
Other changes				127		127	(141)	**(14)**
At June 30, 2012	**179,600**	**11,207**	**(79,057)**	**2,061,464**	**(50,640)**	**2,122,574**	**341,670**	**2,464,244**

Group translation differences at June 30th, 2012 are broken down by currency as follows (in thousands of euros):

U.S. dollar:	9,693
Swiss franc:	137,229
Turkish new lira:	(69,075)
Egyptian pound:	(27,335)
Kazakh tengue:	(26,900)
Mauritanian ouguiya:	(3,425)
Indian rupee:	(70,827)
	(50,640)

1.6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 ▼ Accounting principles and methods of evaluation

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 has adopted those standards that are in force on June 30, 2012 for its benchmark accounting principles.

The standards, interpretations and amendments published by the IASB but not yet in effect as of June 30, 2012 were not applied ahead of schedule in the Group's consolidated financial statements at the closing date. This relates to IAS 1 amendment concerning the display form of the other comprehensive incomes and IAS 19 amendments concerning post employment benefits.

The financial statements at June 30, 2012 were prepared in accordance with IAS 34 "Interim Financial Reporting". As condensed financial statements, they have to be read in relation with those prepared for the annual year ended December 31, 2011 in accordance with International Financial Reporting Standards (IFRS). Moreover, they present comparative data for the previous year prepared under these same International Financial Reporting Standards. The accounting policies applied for the financial statements at June 30, 2012 are consistent with the ones applied by the Group at December 31th, 2011, except for the standards which are effective for the period beginning on or after January 1st, 2012.

These new standards, which prospective application, have no impact on the interim consolidated financial statements.

These financial statements have been definitively prepared and approved by the Board of directors on August 2nd, 2012.

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 principles 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 8), in particular those for pensions and other post-employment benefits (notes 1.15. and 8);
- value the put options granted to third parties on shares in consolidated subsidiaries (notes 1.16 and 9.2);
- value financial instruments at their fair value (notes 1.14. and 10);
- 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 group financial statements at June 30, 2012 are consolidated, and any necessary adjusting entries are made to restate them in accordance with the Group accounting principles. 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 June 30, 2012 is provided in Note 23.

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 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	
	June 30, 2012	Dec. 31, 2011	June 30, 2012	June 30, 2011
USD	1.259	1.2939	1.2968	1.4031
CHF	1.203	1.2156	1.2048	1.2704
EGP	7.67	7.819	7.8527	8.2467
TRL	2.2834	2.4432	2.336	2.2064
KZT	189.32	192.490	192.387	204.962
MRO	372.223	374.644	384.328	395.292
INR	70.12	68.713	67.6102	63.1315

1.6. Other intangible assets

Intangible assets (mainly patents, rights and software) are recorded in the consolidated statement of financial position at historical cost less accumulated amortization and any impairment losses. This cost includes acquisition or production costs and all other directly attributable costs incurred for the acquisition or production of the asset and for its commissioning.

Assets with finite lives are amortized on a straight-line basis over their useful life (generally not exceeding 15 years).

Research costs are recognized as expenses in the period in which they are incurred. Development costs meeting the criteria defined by IAS 38 are capitalized.

1.7. Emission quotas

In the absence of a definitive IASB standard concerning greenhouse gas emission quotas, the following accounting treatment has been applied:

- the quotas allocated by the French government in 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 Emission Reduction Certificates (ERCs) are recognized in the income statement for the period.

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

These impairment tests are sensitive to the assumptions held for each cash generating unit, mainly in terms of:

- discount rate as previously defined;
- inflation rate, which must reflect sales prices and expected future costs.

Tests are conducted at each year-end on the sensitivity to an increase or decrease of one point in the discount rate applied, in order to assess the effect on the value of goodwill and other intangible and tangible assets included in the Group's consolidated financial statements. Moreover, the discount rate includes a country risk premium and an industry sector risk premium reflecting the cyclical nature of certain factors inherent in the business sector, enabling an understanding of the volatility of certain elements of production costs, which are sensitive in particular to energy costs.

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

1.12. Inventories

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, and net market value (sales price less completion and sales costs).

The gross value of merchandise acquired for resale and of supplies includes both the purchase price and all related costs.

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

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

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

1.13. Cash and cash equivalents

Cash and cash equivalents include both cash and short-term investments of less than 3 months that do not present any risk of a change in 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 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. 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.

1.20. Segment information

In accordance with IFRS 8 "Operating segments" the segment information provided in Note 17 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 1.21), total non-current assets, capital employed (cf. note 17), 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.

1.21. Financial indicators

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

Added value: the value of production less the cost of goods and services purchased;
Gross Operating Earnings: added value less expenses of personnel, taxes and duties (except income taxes and deferred taxes), plus grants and subsidies;
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): the result of adding Gross Operating Earnings and other ordinary income (expense);
EBIT: (Earnings Before Interest and Tax): the result of adding EBITDA and net depreciation, amortization and operating provisions.

1.22. Seasonality

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

Note 2 ▼ Changes in consolidation scope and other significant events

Contrasting economic conditions characterized by poor weather conditions
Vicat's performance in the first half of 2012 was affected by contrasting economic conditions and much more unfavorable weather conditions than those seen in the first half of 2011. The decline in sales during the first half of the year in Europe and Africa & the Middle East was only partly offset by the upturn in sales in the United States and the continuing ramp-up of activities in India and Kazakhstan. However, although weather conditions had a particularly significant impact on the Group's performance during the first quarter, the return to milder temperatures during the second quarter allowed for a return to more solid growth, particularly in Switzerland and Turkey. Lastly, political events in Egypt and West Africa continued to disrupt the market and the Group's operating conditions in these regions, expecting the situation to return to normal very gradually.

Increase in capital of Mynaral Tas
During the first semester, the Group subscribed a Mynaral Tas Company LLP capital increase up to KZT 6,682.5 million KZT on a total of 7,425 million KZT.

Issuing this operation, the group is owning 86.24 % stake of this company.

Note 3 ▼ Goodwill

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

(In thousands of euros)	Cement	Concrete and aggregates	Other products and services	Total
At December 31, 2010	**778,444**	**230,940**	**21,805**	**1,031,189**
Acquisitions / Additions		1,810		1,810
Disposals / Decreases				
Change in foreign exchange rates and other	(37,497)	4,213	480	(32,804)
At December 31, 2011	**740,947**	**236,963**	**22,285**	**1,000,195**
Acquisitions / Additions		3,000		3,000
Disposals / Decreases				
Change in foreign exchange rates and other	(2,299)	2,894	(192)	403
At June 30, 2012	**738,648**	**242,857**	**22,093**	**1,003,598**

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.
Considering the very difficult macro-economic environment, the Group carried out a review of any evidence of impairment in respect to goodwill at June 30, 2012 which did not result in any recognition of impairment.

At June 30, 2012, goodwill are broken down by Cash Generating Unit (CGU) as follows:

(In thousands of euros)	Goodwill	
CGU	**June 30, 2012**	**Dec. 31, 2011**
CGU India	265,153	270,370
CGU West Africa Cement	151,120	150,776
CGU France-Italy	151,719	148,344
CGU Switzerland	134,133	133,482
Other cumulated CGU	301,473	297,223
Total	**1,003,598**	**1,000,195**

Note 4 ▼ Other intangible assets

Other intangible assets are broken down by type as follows:

(In thousands of euros)	June 30, 2012	Dec. 31, 2011
Concessions, patents and similar rights	67,852	66,220
Software	4,686	4,558
Other intangible assets	26,823	28,922
Intangible assets in progress	1,114	1,089
Other intangible assets	**100,475**	**100,789**

Net other intangible assets amounted to € 100,475 thousand as at June 30, 2012 compared with € 100,789 thousand at the end of 2011. The change during the 1st semester 2012 was due primarily to € (4,329) thousand in amortization expense, € 4,263 thousand on acquisitions, with the balance resulting from changes in foreign exchange rates, reclassifications and disposals.

As at December 31, 2011, net other intangible assets amounted to € 100,789 thousand compared with € 101,496 thousand as at December 31, 2010. The change during 2011 was due primarily to € (9,438) thousand in amortization expense, € (9,294) thousand on acquisitions, changes in consolidation scope of € 58 thousand, with the balance resulting from changes in foreign exchange rates, reclassifications and disposals.

No development cost was capitalized during the 1st semester 2012 and the year 2011.

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 € 8,572 thousand (€6,680 thousand as at December 31, 2011), corresponding to 1,049 thousand tones (749 thousand tones at the year end 2011). Recording of surpluses, quota sales and quota swaps (EUA) against Emission Reduction Certificates (ERCs) were recognized in the income statement for the semester at € 3,500 thousand (€ 4,496 thousand at June 30, 2011).

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, 2010	**957,213**	**2,505,139**	**172,356**	**206,148**	**3,840,856**
Acquisitions	36,283	50,999	19,720	157,934	264,936
Disposals	(7,117)	(20,066)	(7,838)	(478)	(35,499)
Changes in consolidation scope		7,259		(29)	7,230
Changes in foreign exchange rates	(11,445)	(41,546)	1,101	(19,180)	(71,070)
Other movements	8,589	106,336	7,691	(124,024)	(1,408)
At December 31, 2011	**983,523**	**2,608,121**	**193,030**	**220,371**	**4,005,045**
Acquisitions	10,733	23,454	3,796	104,936	142,919
Disposals	(1,291)	(7,378)	(3,382)	(85)	(12,136)
Changes in consolidation scope					-
Changes in foreign exchange rates	11,439	37,708	1,570	(4,488)	46,229
Other movements	7,536	30,767	2,447	(39,470)	1,280
At June 30, 2012	**1,011,940**	**2,692,672**	**197,461**	**281,264**	**4,183,337**

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, 2010	**(334,736)**	**(1,214,637)**	**(111,646)**	**0**	**(1,661,019)**
Increase	(29,337)	(128,855)	(12,458)		(170,649)
Decrease	5,555	18,288	5,855		29,698
Changes in consolidation scope	22	(993)			(971)
Change in foreign exchange rates	163	15,318	(290)		15,191
Other movements	1,077	1,074	(981)		1,170
At December 31, 2011	**(357,255)**	**(1,309,805)**	**(119,520)**	**0**	**(1,786,580)**
Increase	(14,980)	(68,157)	(6,091)		(89,228)
Decrease	1,217	7,669	1,997		10,883
Changes in consolidation scope					-
Change in foreign exchange rates	(4,112)	(22,039)	(856)		(27,007)
Other movements	(891)	(2,051)	2,579		(363)
At June 30, 2012	**(376,021)**	**(1,394,383)**	**(121,891)**	**0**	**(1,892,295)**
Net book value at December 31, 2011	626,268	1,298,316	73,510	220,371	2,218,465
Net book value at June 30, 2012	**635,919**	**1,298,289**	**75,570**	**281,264**	**2,291,042**

Fixed assets work-in-progress amounted to € 251 million as at June 30, 2012 (€ 181 million as at December 31, 2011) and advances /down payments on plant, property and equipment represented € 30 million as at June 30, 2012 (€ 40 million as at December 31, 2011).

Contractual commitments to acquire tangible and intangible assets amounted to € 81 million as at June 30, 2012 (€ 126 million as at December 31, 2011).

The total amount of interest capitalized at June 30, 2012 was € 7,882 thousand (€ 1,673 thousand at June 30, 2011), determined on the basis of local interest rates ranging from 3.14 % to 8.23%, depending on the country in question.

Note 6 ▼ Cash and cash equivalents

(In thousands of euros)	**June 30, 2012**	**Dec. 31, 2011**
Cash	89,564	106,184
Marketable securities	176,602	253,220
Cash and cash equivalents	**266,166**	**359,404**

Note 7 ▼ Common stock

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares of € 4, including 944,050 treasury shares as at June 30, 2012 (1,009,426 as at December 31, 2011) 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 2012 in respect of 2011 amounted to € 1.50 per share, amounted to a total of € 67,350 thousand, equal to € 1.50 per share paid in 2011 in respect of 2010 and amounted to a total of € 67,350 thousand.

In the absence of any dilutive instrument, diluted earnings per share are identical to basic earnings per share, and are obtained by dividing the Group's net income by the weighted average number of Vicat ordinary shares outstanding during the year.

Since January 4, 2010, for a period of 12 months renewable by tacit agreement, Vicat has engaged Natixis Securities to implement a liquidity agreement in accordance with the AMAFI (French financial markets professional association) Code of Ethics of September 20, 2008. The following amounts were allocated to the liquidity agreement for its implementation : 20,000 Vicat shares and € 3 million.

As at June 30, 2012, the liquidity account is composed with 65,012 Vicat shares and cash amounted to € 575 thousand.

Note 8 ▼ Provisions

(In thousands of euros)	June 30, 2012	Dec. 31, 2011
Provisions for pensions and other post-employment benefits	**54,348**	**52,631**
Restoration of sites	39,359	38,897
Demolitions	1,105	1,089
Other risks (1)	35,738	34,104
Other charges	16,663	15,192
Other provisions	**92,865**	**89,281**
o.w. less than one year	*11,553*	*10,911*
o.w. more than one year	*81,312*	*78,370*

1) At June 30, 2012, other risks included:
- an amount of €10.0 million (€10.2 million at December 31, 2011) 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 June 30, 2012 (€ 4 million as at December 31, 2011);
- an amount of € 10.3 million (€ 9.6 million as at December 31, 2011) 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 € 15.4 million as at June 30, 2012 (€ 14.3 million as at December 31, 2011) corresponds to the sum of other provisions that, taken individually, are not material.

Note 9 ▼ Debts and put options

The financial liabilities as at June 30, 2012:

(In thousands of euros)	June 30, 2012	Dec. 31, 2011
Debts at more than 1 year	1,439,801	1,364,079
Put options at more than 1 year	21,045	20,365
Debts and put options at more than 1 year	**1,460,846**	**1,384,444**
Asset derivative instruments more than 1 year (1)	(56,127)	(34,029)
Total financial liabilities net of asset derivative Instruments more than 1 year	**1,404,719**	**1,350,415**
Debts at less than 1 year	125,406	106,165
Put options at less than 1 year	-	-
Debts and put options at less than 1 year	**125,406**	**106,165**
Asset derivative instruments less than 1 year (1)	(240)	(73)
Total financial liabilities net of asset derivative Instruments less than 1 year	**125,166**	**106,092**
Total Debts net of asset derivative instruments (1)	1,508,840	1,436,142
Total Put options	21,045	20,365
Total financial liabilities net of asset derivatives instruments	**1,529,885**	**1,456,507**

(1) At June 30, 2012, asset derivative instruments are displayed in the other non-current financial assets for the portion more than 1 year (€ 56.1 million) and in other receivables for the portion less than 1 year (€ 0.2 million).
At December 31, 2011 asset derivative instruments were written off from the financial debts (€ 34.1 million) but for comparison purpose they have been reclassified in the balance sheet assets for € 34.0 million more than 1 year (non-current financial assets) and € 0.1 million less than one year (current assets/other receivables)

9.1. Financial Debts

Analysis of debts by category and maturity

June 30, 2012 (In thousands of euros)	Total	June 2013	June 2014	June 2015	June 2016	June 2017	More than 5 years
Bank borrowings and financial liabilities	1,445,820	78,699	162,593	73,787	153,947	493,931	482,863
Incl. Derivative Financial Instruments - Assets	*(56,367)*	*(240)*					*(56,127)*
Incl. Derivative Financial Instruments - Liabilities	*18,585*	*80*	*10,346*		*4,778*	*3,381*	
Other borrowings and debts	24,256	13,756	4,987	561	247	134	4,571
Debts on fixed assets under finance leases	9,144	3,091	2,549	1,619	1,089	776	20
Current bank lines and overdrafts	29,620	29,620					
Debts	**1,508,840**	**125,166**	**170,129**	**75,967**	**155,283**	**494,841**	**487,454**
of which commercial paper	*290,000*					*290,000*	

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 part of repayment of the Jambyl Cement and Vigier holding loan.

December 31, 2011 (In thousands of euros)	**Total**	**Dec. 2012**	**Dec. 2013**	**Dec. 2014**	**Dec. 2015**	**Dec. 2016**	**More than 5 years**
Bank borrowings and financial liabilities	1,373,065	58,450	142,237	62,675	148,774	484,513	476,416
Incl. Derivative Financial Instruments - Assets	*(34,104)*	*(73)*				*(123)*	*(33,906)*
Incl. Derivative Financial Instruments - Liabilities	*19,280*	*171*	*11,628*	*455*	*7,026*		
Other borrowings and debts	21,181	10,969	4,785	697	433	95	4,202
Debts on fixed assets under finance leases	8,141	2,919	2,430	1,641	744	318	89
Current bank lines and overdrafts	33,755	33,755					
Debts	**1,436,142**	**106,093**	**149,452**	**65,013**	**149,951**	**484,926**	**480,707**
of which commercial paper	*208,000*					*208,000*	

Analysis of loans and debts by currency and type of interest rate

By currency (net of currency swaps)

	June 30, 2012	**Dec. 31, 2011**
Euros	928,237	978,199
U.S. dollars	232,542	221,970
Turkish new liras	1,445	2,097
CFA francs	73,221	41,493
Swiss francs	65,843	44,571
Mauritanian Ouguiya	1,679	3,275
Indian rupee	205,873	144,537
Total	**1,508,840**	**1,436,142**

By interest rate

	June 30, 2012	**Dec. 31, 2011**
Fixed rate	987,408	906,434
Floating rate	521,432	529,708
Total	**1,508,840**	**1,436,142**

The average interest rate for gross debt at June 30, 2012 is 4.41%. It was 4.29 % at December 31, 2011.

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

Agreements were concluded between Vigier Holding, Home Broker JSC (formerly KazKommerts Invest) and Société Financière Internationale, in order to arrange their relationship within Mynaral Tas, under which the Group granted put options to their partners on their stake in this company. These options are respectively exercisable at earliest on December 2013 and on December 2015.

Reporting these options resulted in recognition of a liability of € 21.0 million at June 30, 2012 (€ 20.4 million at December 31, 2011), corresponding to the discounted value of the option exercise price.

Note 10 ▼ 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.

Moreover, the principal and interest due on loans originally issued by the Group in US dollars (US $ 240 and 450 million for Vicat and US $ 70 million for Vicat Sagar Cement Private Limited) and in Euros (€138.8 million for Vicat Sagar Cement Private Limited) were converted into euros (for Vicat) and into Indian Rupees (for Vicat Sagar Cement Private Limited) through a series of cross currency swaps, included in the portfolio presented below (cf. a).

Interest rate risk

All floating rate debt is hedged through the use of caps on original maturities of 2, 3, 5, 10 and 12 years and of swaps on original maturities of 3 and 5 years.

The Group is exposed to interest rate risk on its financial assets and liabilities and its short-term investments. This exposure corresponds to the price risk for fixed-rate assets and liabilities, and cash flow risk related to floating-rate assets and liabilities.

Liquidity risk

As at June 30, 2012, the Group had € 296 million in unused confirmed lines of credit that have not been allocated to the hedging of liquidity risk on commercial paper (€ 381 million as at December 31, 2011).

The Group also has a € 300 million commercial paper issue program. As at June 30, 2012, € 290 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 June 30, 2012, these lines matched the short term notes they covered, at € 290 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 level of gearing (50.4%) and leverage (2.84x) 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 June 30, 2012, the Group is compliant with all ratios required by covenants in financing contracts.

Analysis of the portfolio of derivatives as at June 30, 2012

(in thousands of currency units)	Nominal value (currency)	Nominal value (euro)	Market value (euro)	Current maturity < 1 year (euro)	1 - 5 yrs (euro)	> 5 yrs (euro)
Composite derivative instruments						
Fair value hedges (a)						
- Cross Currency Swap Fixed $/Floating €	120,000 ($)	95,314	(2,983) (1)		(2,983)	
Cash flow hedges (a)						
- Cross Currency Swap Fixed $/Fixed €	120,000 ($)	95,314	(10,297) (1)		(10,297)	
- Cross Currency Swap Fixed $/Fixed €	450,000 ($)	357,426	34,154 (1)			34,154
- Cross Currency Swap Floating $ /Fixed Inr	70,000 ($)	55,600	9,994 (1)			9,994
- Cross Currency Swap Floating € /Fixed Inr	138,765 (€)	138,765	11,979 (1)			11,979
Other derivatives						
Interest rate instruments						
- Euro Caps	360,000 (€)	360,000	(1,626)		(1,626)	
- Interest rate swap Floating €/Fixed €	150,000 (€)	150,000	(3,380) (1)		(3,380)	
- Dollar Caps	35,000 ($)	27,800	(120)		(120)	
- Swaps Dollar floating $/Fixed $	15,000 ($)	11,914	(131)		(131)	
Exchange instruments						
- Hedging for foreign exchange risk on intra-Group loans						
- Forward sales $	164,000 ($)	130,262	888 (1)	888		
- Forward purchases €	20,340 (€)	20,340	(221) (1)	(221)		
Total			**38,257**			

(1) Offset by a € 27.9 million deterioration in cumulated debt.

In accordance with 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 June 30, 2012:

(In millions of euros)	June 30, 2012	
Level 1: instruments quoted on an active market	176.6	Note 6
Level 2: valuation based on observable market information	38.3	see above
Level 3: valuation based on non-observable market information	23.9	

Note 11 ▼ Sales

(In thousands of euros)	June 30, 2012	June 30, 2011
Sales of goods	972,413	990,972
Sales of services	156,360	155,207
Sales	**1,128,773**	**1,146,179**

Change in sales on a like-for-like basis

(in thousands of euros)	June 30, 2012	Changes in consolidation scope	Changes in foreign exchange rates	June 30, 2012 on a like-for-like basis	June 30, 2011
Sales	1,128,773	-	10,114	1,118,659	1,146,179

Note 12 ▼ Depreciation, amortization and provisions

(In thousands of euros)	June 30, 2012	June 30, 2011
Net charges to amortization of fixed assets	(93,782)	(87,638)
Net provisions	(1,269)	(820)
Net charges to other asset depreciation	(1,086)	(107)
Net charges to operating depreciation, amortization and provisions	**(96,137)**	**(88,565)**
Other net charges to non operating depreciation, amortization and provisions	249	(106)
Net charges to depreciation, amortization and provisions	**(95,888)**	**(88,671)**

Note 13 ▼ Other income (expenses)

(In thousands of euros)	June 30, 2012	June 30, 2011
Net income from disposal of assets	458	1,177
Income from investment properties	1,527	1,491
Other	5,535	6,269
Other operating income (expense)	**7,520**	**8,937**
Other non operating income (expense) (1)	**(904)**	**(3 463)**
Total other income (expenses)	**6,616**	**5,474**

(1) Including as at June 30, 2012 an expense of € 0.3million (€ 1.6 million as at June 30, 2011) recorded by the Group, corresponding to the files recognized as expenses in the first semester 2012 in connection with the incident in 2006 as described in Note 8.

Note 14 ▼ Financial performance indicators

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

(In thousands of euros)	June 30, 2012	June 30, 2011
Gross Operating Earnings	**193,088**	**244,409**
Other operating income (expense)	7,520,	8,937
EBITDA	**200,608**	**253,346**
Net operating charges to depreciation, amortization and provisions	(96,137)	(88,565)
EBIT	**104,471**	**164,781**
Other non-operating income (expense)	(904)	(3,463)
Net charges to non-operating depreciation, amortization and provisions	249	(106)
Operating Income	**103,816**	**161,212**

Note 15 ▼ Financial income (expense)

(In thousands of euros)	June 30, 2012	June 30, 2011
Interest income from financing and cash management activities	9,626	9,368
Interest expense from financing and cash management activities	(27,662)	(31,023)
Cost of net borrowings and financial liabilities	**(18,036)**	**(21,655)**
Dividends	1273	2,138
Foreign exchange gains	1,928	4,418
Fair value adjustments to financial assets and liabilities	975	582
Net income from disposal of financial assets	-	9
Write-back of impairment of financial assets	300	6
Other income	44	-
Other financial income	**4,520**	**7,153**
Foreign exchange losses	(3,148)	(1,907)
Fair value adjustments to financial assets and liabilities	-	-
Impairment on financial assets	(29)	(184)
Net income from disposal of financial assets	(286)	-
Discounting expenses	(2,027)	(2,132)
Other expenses	-	(17)
Other financial expenses	**(5,490)**	**(4,240)**
Net financial income	**(19,006)**	**(18,742)**

Note 16 ▼ Income tax

Analysis of income tax expense

(In thousands of euros)	June 30, 2012	June 30, 2011
Current taxes	(33,348)	(40,805)
Deferred tax (income)	7,314	6,453
Total (1)	**(26,034)**	**(34,352)**

(1) IIncluding as at June 30, 2011 a present value expense of € 5.3 million and an expense of € 1.0 million in deferred tax recorded under the “Tax Amnesty” for the years 2006 to 2009 subscribed by the Group’s Turkish entities.

Tax deficits non recognized

Tax deficits non recognized as at June 30, 2012, considering there is no reasonable probability of recovering amounted € 27.0 million (€ 19.2 million as at December 31, 2011). These relate essentially to a company benefiting from a tax exemption scheme for a period of 10 years with effect from January 1, 2011.

Note 17 ▼ Segment information

a) Business segments

June 30, 2012 (In thousand euros except number of employees)	**Cement**	**Concrete and Aggregate**	**Other products and services**	**Total**
Income statement				
Net operating sales (after intra-sector eliminations)	685,478	405,773	197,427	1,288,678
Inter-sector eliminations	(104,562)	(15,488)	(39,855)	(159,905)
Consolidated net sales	580,917	390,284	157,572	1,128,773
EBIT (cf. 1.21 and 14)	155,142	29,017	16,449	200,608
EBIT (cf. 1.21 & 14)	89,500	5,173	9,798	104,471
Balance sheet				
Total non-current assets	2,826,204	602,678	164,512	3,593,394
Net capital employed (1)	2,934,254	607,917	195,991	3,738,162
Other information				
Acquisitions of intangible and tangible assets	119,644	24,779	5,759	150,182
Net depreciation and amortization charges	64,397	22,749	6,636	93,782
Average number of employees	3,119	2,898	1,403	7,420

June 30, 2011 (In thousand euros except number of employees)	**Cement**	**Concrete and Aggregate**	**Other products and services**	**Total**
Income statement				
Net operating sales (after intra-sector eliminations)	698,488	421,007	196,031	1,315,526
Inter-sector eliminations	(111,014)	(16,569)	(41,764)	(169,347)
Consolidated net sales	587,474	404,438	154,267	1,146,179
EBIT (cf. 1.21 & 14)	202,605	34,943	15,798	253,346
EBIT (cf. 1.21 & 14)	143,974	11,799	9,008	164,781
Balance sheet				
Total non-current assets	2,623,138	578,019	166,295	3,367,452
Net capital employed (1)	2,813,472	575,230	167,572	3,556,274
Other information				
Acquisitions of intangible and tangible assets	92,669	24,352	4,628	121,649
Net depreciation and amortization charges	58,252	22,370	7,016	87,638
Average number of employees	3,195	2,874	1,271	7,340

(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.

June 30, 2012 (In thousand euros except number of employees)	France	Europe (excluding France	U.S.A.	Turkey, Kazakhstan and India	West Africa and the Middle East	Total
Income statement						
Net operating sales	454,042	191,727	95,729	203,894	199,256	1,144,648
Inter-sector eliminations	(13,122)	(156)			(2,597)	(15,875)
Consolidated net sales	440,920	191,571	95,729	203,894	196,659	1,128,773
EBIT (cf. 1.21 and 14)	75,012	46,993	(7,646)	36,795	49,454	200,608
EBIT (cf. 1.21 & 14)	47,033	32,286	(23,228)	18,086	30,294	104,471
Balance sheet						
Total non-current assets	656,456	559,000	384,901	1,261,457	731,580	3,593,394
Net capital employed (1)	758,362	554,786	398,272	1,235,073	791,669	3,738,162
Other information						
Acquisitions of intangible and tangible assets	37,569	8,443	2,592	91,621	9,957	150,182
Net depreciation and amortization charges	28,748	14,425	14,928	18,152	17,529	93,782
Average number of employees	2,567	1,100	992	1,640	1,121	7,420

June 30, 2011 (In thousand euros except number of employees)	France	Europe (excluding France	U.S.A.	Turkey, Kazakhstan and India	West Africa and the Middle East	Total
Income statement						
Net operating sales	501,721	189,352	76,682	162,187	233,507	1,163,449
Inter-sector eliminations	(12,790)	(146)			(4,334)	(17,270)
Consolidated net sales	488,931	189,206	76,682	162,187	229,173	1,146,179
EBIT (cf. 1.21 and 14)	105,532	46,881	(5,840)	28,722	78,051	253,346
EBIT (cf. 1.21 & 14)	77,303	33,767	(20,626)	14,130	60,207	164,781
Balance sheet						
Total non-current assets	607,856	562,854	358,479	1,122,698	715,565	3,367,452
Net capital employed (1)	743,791	549,848	359,853	1,116,669	786,113	3,556,274
Other information						
Acquisitions of intangible and tangible assets	28,310	6,980	861	75,728	9,770	121,649
Net depreciation and amortization charges	27,753	14,074	14,177	14,809	16,825	87,638
Average number of employees	2,567	1,070	1,023	1,628	1,052	7,340

(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 in any major customers, none of which accounts for more than 10% of sales.

Note 18 ▼ Net cash flows generated from operations

Net cash flows from operating transactions conducted by the Group in the first semester 2012 amounted to € 64.8 million, compared with € 126.5 million at June 30, 2011.

This decrease in cash flows generated by operating activities between the first semesters 2011 and 2012 results from a € (44.5) million decrease in cash flow from operations and by a € (17,3) 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, 2010	Change in WCR in 2011	Other changes (1)	WCR at December 31, 2011	Change in WCR in 2012	Other changes (1)	WCR at June 30, 2012
Inventories	356,521	8,763	(5,180)	360,104	9,589	3,558	373,251
Other WCR components	81,937	2,423	16,081	100,441	75,227	(460)	175,208
WCR	**438,458**	**11,186**	**10,901**	**460,545**	**84,816**	**3,098**	**548,459**

(1) Exchange rates, consolidation scope and miscellaneous.

Note 19 ▼ Net cash flows from investment activities

Net cash flows linked to Group investment transactions in the first semester 2012 amounted to € (145.8) million, compared with € (156.2) million at June 30, 2011.

Acquisitions of intangible and tangible assets

These include outflows corresponding to industrial investments, which amounted to € (146.6) million, compared with € (122.1) million euros in the first semester 2011.

The main intangible and tangible investments at June 30, 2012 were mainly achieved in India in relation to the construction of the Vicat Sagar Cement factory and to a lesser extent, in France, Senegal, Switzerland, Turkey and Kazakhstan.

The main intangible and tangible investments at June 30, 2011 were realized in India, France and Kazakhstan.

Acquisition / disposal of shares of consolidated companies

Consolidated company share acquisitions during the first semester of 2012 resulted in a total outflow of € (0.9) million. No disposal of shares of consolidated companies occurred during this period.

The outflow from the Group during this 1st semester 2012 is relative to a complementary stake in a full consolidated French company.

During the 1st semester of 2011, operations linked to changes in the consolidation scope had resulted in an overall outflow of € (22.7) millions. No disposal of shares of consolidated companies occurred during this period.

The main outflow from the Group during this 1st semester 2011 was made with the complementary 21 % stake of Mynaral Tas Company LLP.

Note 20 ▼ Analysis of net cash balances

(In thousands of euros)	At June 30, 2012 Net	At December 31, 2011 Net
Cash and cash equivalents (see note 6)	266,166	359,404
Bank overdrafts	(18,341)	(15,391)
Net cash balances	**247,825**	**344,013**

Note 21 ▼ Transactions with related companies

In addition to information required for related parties regarding the senior executives, 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 the 1st semester 2012 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 at June 30, 2012 and 2011 is as follows, broken down by type and by related party :

	June 30, 2012				June 30, 2011			
(In thousands of euros)	Sales	Purchases	Receivables	Debts	Sales	Purchases	Receivables	Debts
Affiliated companies companies	83	893	6,642	254	212	566	6,775	134
Joint ventures	490	273	92	137	581	390	159	561
Other related parties	18	1,133				1,049		
Total	**591**	**2,299**	**6,734**	**391**	**793**	**2,005**	**6,934**	**695**

Note 22 ▼ Post balance sheet events

No post balance sheet event has had a material impact on the consolidated financial statements as at June 30.

Note 23 ▼ List of significant consolidated companies as at june 30, 2012

Fully consolidated: FRANCE

COMPANY	ADDRESS	SIREN NO.	% control June 2012	% control Dec. 2011
VICAT	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DEFENSE	057 505 539	----	----
ALPES INFORMATIQUE	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	073 502 510	99.84	99.84
ANNECY BETON CARRIERES	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	100.0	100.0
BETON CONTROLE COTE D'AZUR	217 Route de Grenoble 06200 NICE	071 503 569	97.12	96.10
BETON DE L'OISANS	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	438 348 047	60.00	60.00
BETONS GRANULATS DU CENTRE	Les Genevriers 63430 LES MARTRES D'ARTIERE	327 336 343	(1)	100.00
BETON VICAT	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	309 918 464	99.92	99.92
BETON TRAVAUX	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DEFENSE	070 503 198	99.98	99.98
B.G.I.E. BETON GRANULATS IDF/EST	52-56 rue Jacquard Z.I. 77400 LAGNY SUR MARNE	344 933 338	100.00	100.00
CONDENSIL	1327 Av. de la Houille Blanche 73000 CHAMBERY	342 646 957	60.00	60.00
DELTA POMPAGE	1327 Av. de la Houille Blanche 73000 CHAMBERY	316 854 363	100.00	100.00
FOURNIER	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	586 550 147	100.00	100.00
GRANULATS VICAT	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	768 200 255	99.86	99.82
GRAVIERES DE BASSET	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	586 550 022	100.00	100.00
MARIOTTO BETON	Route de Paris 31150 FENOUILLET	720 803 121	(1)	100.00
MATERIAUX SA	7 bis Boulevard Serot 57000 METZ	378 298 392	99.99	99.99
MONACO BETON	24 Avenue de Fontvielle 98000 MONACO	326 MC 161	99.58	99.58
PARFICIM	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DEFENSE	304 828 379	100.00	100.00
SATMA	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	304 154 651	100.00	100.00
SATM	1327 Av. de la Houille Blanche 73000 CHAMBERY	745 820 126	100.00	100.00
SIGMA BETON	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	343 019 428	100.00	100.00
LOUIS THIRIET ET CIE	Lieudit Chaufontaine 54300 LUNEVILLE	762 800 977	99.98	99.98
PAPETERIES DE VIZILLE	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DEFENSE	319 212 726	100.00	100.00
VICAT INTERNATIONAL TRADING	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DEFENSE	347 581 266	100.00	100.00
VICAT PRODUITS INDUSTRIELS	4 rue Aristide Bergès 38080 L'ISLE D'ABEAU	655 780 559	100.00	100.00

(1) Company merged in 2012 with a fully consolidated entity

Fully consolidated: REST OF WORLD

COMPANY	COUNTRY	STATE/CITY	% control June 2012	% control Dec. 2011
SINAI CEMENT COMPANY	EGYPT	CAIRO	52.62	52.62
MYNARAL	KAZAKHSTAN	ALMATY	86.24	84.07
JAMBYL	KAZAKHSTAN	ALMATY	86.24	84.07
BUILDERS CONCRETE	U.S.A.	CALIFORNIA	100.00	100.00
KIRKPATRICK	U.S.A.	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	U.S.A.	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	U.S.A.	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA	U.S.A.	DELAWARE	100.00	100.00
NATIONAL READY MIXED	U.S.A.	CALIFORNIA	100.00	100.00
UNITED READY MIXED	U.S.A.	CALIFORNIA	100.00	100.00
VIKING READY MIXED	U.S.A.	CALIFORNIA	100.00	100.00
SONNEVILLE INTERNATIONAL CORP	U.S.A.	ALEXANDRIA	100.00	100.00
CEMENTI CENTRO SUD Spa	ITALY	GENOVA	100.00	100.00
CIMENTS & MATERIAUX DU MALI	MALI	BAMAKO	95.00	95.00
GECAMINES	SENEGAL	THIES	70.00	70.00
POSTOUDIOKOUL	SENEGAL	RUFISQUE (DAKAR)	100.00	100.00
SOCOCIM INDUSTRIES	SENEGAL	RUFISQUE (DAKAR)	99.91	99.91
SODEVIT	SENEGAL	BANDIA	100.00	100.00
ALTOLA AG	SWITZERLAND	OLTEN (SOLOTHURN)	100.00	100.00
KIESWERK AEBISHOLZ AG (formerly ASTRADA KIES AG)	SWITZERLAND	AEBISHOLZ (SOLEURE)	99.64	99.64
BETON AG BASEL	SWITZERLAND	BALE (BALE)	100.00	100.00
BETON AG INTERLAKEN	SWITZERLAND	MATTEN BEI INTERLAKEN (BERN)	75.42	75.42
BETON GRAND TRAVAUX SA	SWITZERLAND	ASUEL (JURA)	75.00	75.00
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	93.33	93.33
CEWAG	SWITZERLAND	DUTINGEN (FRIBOURG)	100.00	100.00
COVIT SA	SWITZERLAND	SAINT-BLAISE (NEUCHATEL)	100.00	100.00
CREABETON MATERIAUX SA	SWITZERLAND	LYSS (BERN)	100.00	100.00
EMME KIES + BETON AG	SWITZERLAND	LÜTZELFLÜH (BERN)	66.66	66.66
FRISCHBETON AG ZUCHWIL	SWITZERLAND	ZUCHWIL (SOLOTHURN)	88.94	88.94
FRISCHBETON LANGENTHAL AG	SWITZERLAND	LANGENTHAL (BERN)	78.67	77.83
FRISCHBETON THUN	SWITZERLAND	THOUNE (BERN)	53.87	53.87
GRANDY AG	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
MATERIALBEWIRTTSCHFTUNG MITHOLZ AG	SWITZERLAND	KANDERGRUND (BERN)	98.55	98.55

Fully consolidated: REST OF WORLD (continued)

COMPANY	COUNTRY	STATE/CITY	% control June 2012	% control Dec. 2011
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	99.64	99.64
SABLES + GRAVIERS TUFFIERE SA	SWITZERLAND	HAUTERIVE (FRIBOURG)	50.00	50.00
SHB STEINBRUCH + HARTSCHOTTER BLAUSEE MITHOLZ AG	SWITZERLAND	FRUTIGEN (BERN)	98.55	98.55
STEINBRUCH VORBERG AG	SWITZERLAND	BIEL (BERN)	60.00	60.00
VIGIER BETON JURA SA (formerly BETON FRAIS MOUTIER SA)	SWITZERLAND	BELPRAHON (BERN)	90.00	90.00
VIGIER BETON KIES SEELAND AG (formerly VIBETON KIES AG)	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG (formerly WYSS KIESWERK AG)	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA (formerly VIBETON FRIBOURG SA)	SWITZERLAND	ST . URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG (formerly VIBETON SAFNERN AG)	SWITZERLAND	SAFNERN (BERN)	90.47	90.47
VIGIER CEMENT AG	SWITZERLAND	PERY (BERN)	100.00	100.00
VIGIER HOLDING AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER MANAGEMENT AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIRO AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00
AKTAS	TURKEY	ANKARA	100.00	100.00
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.58	91.58
BASTAS HAZIR BETON	TURKEY	ANKARA	91.58	91.58
KONYA CIMENTO	TURKEY	KONYA	83.08	83.08
TAMTAS	TURKEY	ANKARA	100.00	100.00
BSA Ciment SA	MAURITANIA	NOUAKCHOTT	64.91	64.91
BHARATHI CEMENT	INDIA	HYDERABAD	51.00	51.00
VICAT SAGAR	INDIA	HYDERABAD	53.00	53.00

Proportionate consolidation: FRANCE

COMPANY	ADDRESS	SIREN NO.	% control June 2012	% control Dec. 2011
CARRIERES BRESSE BOURGOGNE	Port Fluvial Sud de Chalon 71380 EPERVANS	655 850 055	49.95	49.95
DRAGAGES ET CARRIERES	Port Fluvial Sud de Chalon 71380 EPERVANS	341 711 125	50.00	50.00
SABLIERES 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 June 2012	% control Dec. 2011
FRISHBETON TAFERS AG	SWITZERLAND	Tafers (Fribourg)	49.50	49.50

Equity method: REST OF WORLD

COMPANY	COUNTRY	STATE/CITY	% control June 2012	% control Dec. 2011
HYDROELECTRA	SWITZERLAND	AU (ST. GALLEN)	50.00	50.00
SILO TRANSPORT AG	SWITZERLAND	BERN (BERN)	50.00	50.00
SINAI WHITE CEMENT	EGYPT	CAIRO	25.40	25.40

2. Half year report

2.1. Change in consolidated sales

Consolidated sales for the first half of 2012 were € 1,129 million, down 1.5% compared with the same period last year, resulting from:

- a fall of sales by 2.4% at constant scope and exchange rates, nonetheless reflecting some contrasted changes with:
  - geographic areas affected by social and political events such as Egypt and Mali, and other dynamic areas such as India, Kazakhstan, Turkey and the United States
  - particularly unfavourable weather conditions compared to the first half of 2011, particularly in France and Switzerland.
- a positive exchange effect of 0.9% (+€ 10.1 million), essentially attributable to the positive evolution of the Swiss franc, the US dollar and the Egyptian pound, fully offsetting the depreciation of the Turkish pound and the Indian rupee.

The change in consolidated sales as at 30 June 2012 by division compared with 30 June 2011 was as follows:

(€ million except %)	30 June 2012	30 June 2011	Variation	Variation (%)	Comprising Exchange rate effect	Change in scope	Internal growth
Cement	581	587	(7)	(1.1%)	1	0	(8)
Concrete and Aggregates	390	404	(14)	(3.5%)	6	0	(20)
Other Products and Services	158	154	3	2.1%	3	0	0
Total	**1,129**	**1,146**	**(17)**	**(1.5%)**	**10**	**0**	**(28)**

During the first half of 2012, Cement division sales fell by -1.3% at constant scope and exchange rates. The considerable falls recorded in France, Egypt and West Africa were to a large extent offset by the increased strength of Group activity in India and Kazakhstan, the gradual recovery of activity in the United States and finally by the Group's momentum in Turkey, despite particularly unfavourable weather in the first quarter. Concrete and Aggregates division sales were down by -3.5% and -5.0% at constant scope and exchange rates. Other Products & Services rose by +2.1% and are stable at constant scope and exchange rates.

The breakdown of first-half sales by division shows a stable contribution from the Cement division, which represents 51.5% of consolidated sales against 51.3% as at 30 June 2011, a slight erosion of the contribution from the Concrete & Aggregates division to Group sales which reached 34.6% of consolidated sales against 35.3% as at 30 June 2011. Finally, the contribution from Other Products & Services was up slightly at 14.0% of consolidated sales against 13.5% as at 30 June 2011.

.

The change in volumes in our main businesses was as follows:

	30 June 2012	30 June 2011	Change
Cement (kt)	8,874	9,052	(2.0%)
Concrete (km^3)	3,669	3,968	(7.5%)
Aggregates (kt)	10,730	11,093	(3.3%)

Over the period, the change in sales was adversely affected by:

- particularly difficult weather conditions in the first quarter in France, Switzerland, Italy and Turkey compared to an exceptionally mild winter in 2011,
- production and sales levels affected in Egypt by the many interruptions to the supply of gas to kilns and the shortage of fuel, as well as an even more difficult security situation,
- a fall in ready-mixed concrete volumes in France, Switzerland and Turkey essentially resulting from very unfavourable weather conditions compared to those in the same period in 2011. However, this fall in volumes in these regions was partially offset by the strong rebound of this activity in the United States.
- a fall in aggregate volumes in France, only partially offset by a solid level of activity in Turkey, Senegal and India.

In contrast, these elements were almost completely offset by:

- continuing development of the activity of Bharathi Cement in India,
- the sharp increase in the commercial strength of Jambyl Cement in Kazakhstan,
- a strong rebound of activity in the United States supported by a slightly improving macroeconomic environment and more favourable weather conditions over the half,
- and finally, by a solid increase of sales in Turkey, particularly in the second quarter, which very broadly offset the fall in activity recorded during the first three months of the year as a result of poor weather.
- As for sale prices, overall these remained well oriented in all regions, except Senegal, Egypt and the United States, although an improving trend could be observed on a quarterly basis in the latter two areas, insufficient however to offset the falls recorded in 2011.

Group operating sales by division (before elimination of inter-division sales) are as follows:

(percentage)	30 June 2012	30 June 2011
Cement	53.2	53.1
Concrete and Aggregates	31.5	32.0
Other Products and Services	15.3	14.9
Total	**100.0**	**100.0**

The proportion of the Group's main businesses made up by Cement, Concrete and Aggregates remains stable overall at 85% of the consolidated sales before elimination.

Breakdown of consolidated sales by geographic sales region:

(€ million)	30 June 2012	%	30 June 2011	%
France	429	38%	471	41%
Americas	96	9%	77	7%
Turkey, India and Kazakhstan	202	18%	160	14%
West Africa and Middle East	200	18%	235	20%
Europe (excluding France)	202	18%	203	18%
Total	**1,129**	**100%**	**1,146**	**100%**

By geographic sales region, the proportion of consolidated sales deriving from France and Switzerland is down owing to very considerably less favourable weather conditions than those in 2011, and a more difficult macroeconomic situation in France. Furthermore, the level of Group activity in Egypt was still affected over the half by the situation described above. In contrast however, activity was sustained in Turkey, India and Kazakhstan with a continuing increase in investments made by the Group in those two regions over the last four years.

Breakdown of operational sales as at 30 June 2012 by country and by division:

Geographic area (€ million)	Cement	Concrete - Aggregates	APS	Elimination of inter-division sales	Consolidated sale
France	199.9	207.2	124.3	(90.4)	440.9
United States	44.1	66.7	-	(15.1)	95.7
Turkey, Kazakhstan and India	174.7	44.8	13.6	(29.2)	203.9
West Africa and Middle East	183.9	13.6	-	(0.8)	196.7
Europe (excluding France)	82.9	73.5	59.5	(24.4)	191.6
Operational sales by division (before elimination of inter-division sales)	**685.5**	**405.8**	**197.4**	**(159.9)**	**1,128.8**
Elimination of inter-division sales	(104.6)	(15.5)	(39.9)	159.9	-
Consolidated sales	**580.9**	**390.3**	**157.6**	**-**	**1,128.8**

2.2. Change in operating income

(€ million)	30 June 2012	30 June 2011	Change
Consolidated sales	1,128.8	1,146.2	(1.5%)
EBITDA	200.6	253.3	(20.8%)
EBIT	104.5	164.8	(36.6%)
Operating income	103.8	161.2	(35.6%)
Consolidated net income	60.4	108.4	(44.3%)
Net income, Group share	51.1	90.9	(43.8%)

The Group's consolidated EBITDA was down by -20.8% compared to the first half of 2011, at € 201 million and down by -20.9% at constant scope and exchange rates. Essentially this results from a very negative volume effect in both the Cement and the Concrete & Aggregates divisions due to the fall in activity recorded in France, Switzerland, Egypt and West Africa for the reasons outlined above, but also from particularly difficult production conditions in Egypt resulting from the shortage of fuel, profitability hit in the United States considering still very low prices and by increased energy costs in India, Egypt and Senegal and freight costs in India.

Operating income suffered from the fall in operational profitability and an impairment of more than € 5 million for the commissioning of new installations, particularly in Kazakhstan, which represents almost two thirds of that increase

2.2.1. Change in operating income by business

The following sections give a breakdown of the operating income by business, and an analysis of the change between 2012 and 2011.

2.2.1.1. Change in operating income from the cement business

In the first half of 2012, operating sales in the Cement business fell by -1.9% on a reported basis and -2.2% at constant scope and exchange rates.

This fall results from a -2.0% fall in cement volumes sold. Globally, average sale prices are improving slightly, the increase in France, Switzerland and Turkey offsetting the fall in West Africa, Egypt and the United States. It is nonetheless important to note that prices stabilised on a quarterly basis and even posted a slight improvement in the latter two areas.

(€ million)	30 June 2012	30 June 2011	Change
Operational sales	685.5	698.5	(1.9%)
Elimination of inter-division sales	(104.6)	(111.0)	5.9%
Contribution to consolidated sales	580.9	587.5	(1.1%)
EBITDA	155.1	202.6	(23.4%)
EBITDA / Operational sales (%)	*22.6%*	*29.0%*	
Operating income	89.1	143.3	(37.8%)

EBITDA was € 155 million, down € 48 million or -23.4% and -23.1% at constant scope and exchange rates. This contraction essentially results from the fall of EBITDA generated in France and Egypt as a consequence of an extremely negative volume effect in those two countries. Personnel costs rose by € 5.9 million. Finally, duties and taxes were down on the previous year at nearly € 16.1 million.

Group performance in this business improved considerably over the second quarter, generating a clear increase in the EBITDA margin on operational sales compared with the first quarter 2012, although it should be noted that this is still lower than that observed in the second quarter 2011.

By country, the following comments can be made in relation to change in the Cement business:

- Business in **France** is down -12.2%. This results from a fall of volumes sold over the half year of almost -13%, considering much less favourable weather conditions than in the first half of 2011, and a deteriorating sector environment. The average sale price showed a slight rise compared to the first half of 2011. Against that background, the Group posted a marked fall in its EBITDA over the half year essentially resulting from a fall in volumes.
- In the **United States**, the Cement business recorded a clear rebound of sales by +19.0% at constant scope and exchange rates, sustained by a sound recovery of volumes sold both in California and in the South-East region, particularly in the second quarter, globally posting a rise of almost +21%. Nevertheless, considering the gradual erosion of sale prices over the year 2011, although prices are globally stable on a quarterly basis at a constant product mix and geographically, they still remain below those for the first half of 2011. Considering these factors, Group EBITDA in this business remained negative over the half year.
- In **Switzerland**, consolidated sales rose by +2.5% on a reported basis but were down -2.8% at constant scope and exchange rates. This fall is explained by a marked -7% fall of volumes sold. It occurred exclusively in the first quarter with the end of major works which sustained the business in 2011 but above all tough weather conditions at the start of the year. In contrast, the second quarter saw sustained growth. Average sale prices rose strongly, in part sustained by a favourable product mix. Against that background, the EBITDA generated by the business in Switzerland was down over the period. Nevertheless, it is important to note that the EBITDA margin in this business improved considerably over the second quarter 2012 compared to the first quarter 2012, but also compared to the second quarter 2011.
- In **Italy**, consolidated sales were up +10.8%, sustained by a sharp rise of average sale prices which very broadly offset a -4% fall in volumes resulting from unfavourable weather conditions and a still particularly difficult market. This price increase results from a targeted sales policy and the development of export sales. As a result, the Group posted an increasing EBITDA.
- In **Turkey**, consolidated sales rose by +12.2% at constant scope and exchange rates. After sharp falls in the first quarter as a result of particularly difficult weather conditions causing a sharp fall in volumes sold (-29%), the second quarter was marked by a strong market recovery. As a consequence, over the half year as a whole, volumes sold were down slightly by -4%. Average sale prices again rose sharply over the entire half year. Considering these elements, EBITDA rose considerably compared to the first half of 2011.
- In **West Africa**, sales fell by -7.5% at constant scope and exchange rates. This is explained by a slightly greater erosion of volumes sold, by -2%, essentially as a result of political events in Mali. They remained stable in Senegal. Average sale prices were down in view of the sharp

rise of export sales in line with the Group's geographic diversification strategy, and also slight pressure felt in Senegal. Considering these elements, Group EBITDA was down in this region.

- In **Egypt**, consolidated sales fell over the half year by -31.9% at constant exchange rates. This is explained by a -28% contraction of volumes sold and a slight fall of sale prices despite the increase posted at the start of the year. Over the half year, Group operational performances in this region were particularly hit by the lack of fuel on the market (gas deliveries interrupted on several occasions following attacks on the pipeline supplying the plant, combined with a severe shortage of fuel over the entire Egyptian market). So the Group was unable to operate its two kilns fully over the period, resulting in a fall of volumes produced and sold and an increase of operating costs. Group EBITDA fell sharply compared to the first half of 2011 when there was only a slight impact from the political events at the start of the previous year. It is still important to note that, following the re-establishment of gas supplies at the very end of the half year, operational performance has risen very considerably against a security background which remains particularly tense.
- In **India**, the Group reported first-half 2012 sales of € 75 million, up +31.7% at constant scope and exchange rates. The Group's excellent performance in India was confirmed with the ongoing ramping up of Bharathi Cement's modern production facilities. Indeed, over the half year the volume of sales was close to 1.2 million tonnes of cement. This success confirms the solid foundations of Group strategy based on marketing high quality cement, relying on a well-known brand name and a solid distribution network covering the entire south of India. As for sale prices, these remained well oriented over the period. As a result, Group EBITDA rose by + 20% and almost +24% at constant scope and exchange rates, the slight fall in EBITDA margin being explained by increased transport and energy costs.
- In **Kazakhstan**, the Jambyl Cement plant continued to increase production, with sales over the entire half year of € 28.1 million against € 6.7 million over the same period in 2011. This performance results from a very sharp increase of volumes sold, at almost 450,000 tonnes, and a well oriented sale price. EBITDA rose with the increased production by the installations and was more than € 1 million, considering the very seasonal nature of margins in this region linked to significant stock variations between the winter, when considerable stocks are constituted, and the return of spring, when there is a great deal of destocking. EBITDA should rise sharply in the second half year.

2.2.1.2. Change in operating income from the Ready-mixed Concrete and Aggregates business

(€ million)	30 June 2012	30 June 2011	Change
Operational sales	405.8	421.0	(3.6%)
Elimination of inter-division sales	(15.5)	(16.6)	6.5%
Contribution to Consolidated sales	390.3	404.4	(3.5%)
EBITDA	29.0	34.9	(17.0%)
EBITDA / Operational sales (%)	*7.2%*	*8.3%*	
Operating income	4.9	8.9	(45.1%)

Operational sales in the Concrete & Aggregates business fell by -3.6%, and -5.1% at constant scope and exchange rates compared to the first half of 2011. Essentially this results from a slowdown observed in France and Switzerland as a consequence of very poor weather conditions compared to the same period last year. The fall observed in these two regions was only partially offset by sustained activity in other areas. Taking these factors into account, EBITDA fell by almost € 6 million, or -17.0%, and -18.3% at constant scope and exchange rates, principally as a consequence of the fall in volumes being partially offset by the increase in prices.

The main trends were as follows:

- Consolidated sales in **France** were down -11.6%. This business was impacted by the very poor weather conditions and the lower number of working days, but also the end of major infrastructure works which had sustained the business in the first half of 2011. Indeed volumes sold contracted by approximately -13% in concrete and -14% in aggregates. It should be noted that the pace of the fall slowed considerably in the second quarter. Sale prices rose slightly. As a result, the EBITDA generated by this business in France fell considerably.

- In the **United States**, consolidated sales rose by +23.2% and +13.9% at constant scope and exchange rates. This performance results from a robust increase of volumes in California and a slight increase in Alabama. For the first time in several half years, sale prices posted an increase on an annual basis. As a result, the Group reduced its loss of EBITDA by 50% compared to the first half of 2011.
- In **Turkey**, consolidated sales in Concrete & Aggregates were practically stable on a reported basis (-0.7%) and up +5.1% at constant scope and exchange rates. Volumes sold were down -10% in concrete but up more than +14% in aggregates. The Group continues to favour a more selective marketing approach and a re-establishment of its sale prices, which rose sharply over the half year. Against that background, and considering cost reduction efforts, EBITDA improved over the first half of 2011, rising sale prices more than offsetting the fall of volumes.
- In **Switzerland**, consolidated sales fell by -3.1%, and -8.1% at constant scope and exchange rates. As on the French market, this business was severely affected by considerably less favourable weather conditions than in the first quarter of the previous year. The clear improvement in the second quarter, particularly in aggregates, was not enough to offset the fall at the start of the year. Nevertheless, although concrete volumes fell by -13%, they were almost +3% up for aggregates, sustained by new public works projects which should continue for the rest of the year. Average sale prices posted a slight increase in concrete business and remained practically stable in aggregates. As a result, the EBITDA generated by this business contracted over the period as a whole. It is important to note that the EBITDA margin improved considerably in the second quarter 2012 compared to the first quarter 2012, but also compared to the second quarter 2011.
- In **Senegal**, consolidated sales by the Aggregates business rose by +13.4%. Volumes grew by almost 3%, benefiting from the continuation of public infrastructure works, against a background of favourably evolving average sale prices. As a result, EBITDA rose over the half year.

2.2.1.3. Change in operating income from the Other Products and Services business

Operational sales rose by +0.7% on a reported basis, and fell slightly by -0.4% at constant scope and exchange rates. EBITDA was € 16.5 million, up +4.1% on the first half of 2011, and +1.9% at constant scope and exchange rates.

(€ million)	30 June 2012	30 June 2011	Change
Operational sales	197.4	196.0	1.0%
Elimination of inter-division sales	(39.8)	(41.7)	4.6%
Contribution to Consolidated sales	157.6	154.3	2.1%
EBITDA	16.5	15.8	4.1%
EBITDA / Operational sales (%)	*8.3%*	*8.1%*	
Operating income	9.8	9.0	8.5%

In **France**, consolidated sales were down by -1.4%. The fall of Transport business, impacted by poor weather conditions in the first half, and Paper activity, only partially offset the increase in Building Chemistry business.

In **Switzerland**, Precast business was up in the first half year by +3.7% on a reported basis but down slightly by -1.6% at constant scope and exchange rates, considering poor weather conditions.

The performance of this business improved very considerably over the second quarter, with an EBITDA margin well up on the first quarter 2012, but also on the second quarter 2011.

2.2.2. Change of operating income by geographic area

2.2.2.1. Income statement France

(€ million)	30 June 2012	30 June 2011	Change (%) Reported	At constant scope
Consolidated sales	440.9	488.9	(9.8%)	(9.8%)
EBITDA	75.0	105.5	(28.9%)	(28.9%)
EBIT	47.0	77.3	(39.2%)	(39.2%)

Consolidated sales in France posted a fall of -9.8% over the half year. EBITDA was € 75 million, down -28.9%. The decline in Group activity and profitability in this area essentially results from the fall in volumes sold as a consequence of extremely unfavourable weather conditions compared to the first half of 2011 which benefited from exceptionally good weather conditions, and also a slowdown of the construction market in view of the funding crisis more generally affecting Europe. Furthermore, in France this half year was impacted by a lower number of days worked in the first half of 2011. Nevertheless, it is important to note that Group business in France and its level of profitability improved considerably in the second quarter 2012 compared to the first quarter 2012.

2.2.2.2. Income statement Europe (excluding France)

(€ million)	30 June 2012	30 June 2011	Change (%) Reported	At constant scope and exchange rates
Consolidated sales	191.6	189.2	1.2%	(3.6%)
EBITDA	47.0	46.9	0.2%	(4.8%)
EBIT	32.3	33.8	(4.4%)	(9.2%)

Consolidated sales in Europe, excluding France, rose slightly by +1.2% on a reported basis, and fell -3.6% at constant scope and exchange rates. That fall is the consequence of a pronounced contraction of volumes by virtue of considerably less favourable weather conditions than those in the first half of 2011. Nevertheless, a sharp rebound of activity is to be noted, particularly in Switzerland in the second quarter, reflecting the momentum of that market. As for the Italian market, it is still affected by a difficult macroeconomic situation, reflected by a fall in volumes which was offset however by rising average sale prices, as the Group continued with its targeted marketing policy and the development of export sales.

Against that background, the EBITDA generated by the Group in this geographic area contracted by -4.8% at constant scope and exchange rates compared to the first half of 2011.

2.2.2.3. Income statement United States

(€ million)	30 June 2012	30 June 2011	Change (%) Reported	At constant scope and exchange rates
Consolidated sales	95.7	76.7	24.8%	15.4%
EBITDA	(7.6)	(5.8)	(30.9%)	(21.0%)
EBIT	(23.2)	(20.6)	(12.6%)	(4.1%)

In the **United States**, consolidated sales posted a solid increase by +24.8%, and +15.4% at constant scope and exchange rates. This performance reflects the strong rebound of volumes sold, which itself translates into considerably improving utilisation rates for its facilities. Furthermore, an improvement in sale prices is observed for concrete, and this is an encouraging omen, particularly for the evolution of cement prices.

Against that background, the Group posted a slight lessening of its performances with an EBITDA loss of € -7.6 million over the first half year.

2.2.2.4. Income statement Turkey, Kazakhstan, India

(€ million)	30 June 2012	30 June 2011	Change (%) Reported	At constant scope and exchange rates
Consolidated sales	203.9	162.2	25.7%	31.6%
EBITDA	36.8	28.7	28.1%	36.0%
EBIT	18.1	14.1	28.0%	40.8%

In **Turkey**, consolidated sales were € 97 million, up +9.3% at constant scope and exchange rates. After a first quarter marked by extremely unfavourable weather conditions, activity recovered strongly in the second quarter driven by the momentum of the Group's cement business and an advantageous pricing environment. As a result, EBITDA rose by almost +24%.

In **Kazakhstan**, with almost 450,000 tonnes of cement sold, the Group recorded sales up € 28 million against € 6.7 million in the same period the previous year. This performance results from a sharp rise in volumes sold and sale prices remaining well oriented. As a result, EBITDA rose to slightly above € 1 million.

In **India**, Group consolidated rose by +37.1% at constant scope and exchange rates. Generated EBITDA was also well up (+30.1%).

2.2.2.5. Income statement Africa and the Middle East

(€ million)	30 June 2012	30 June 2011	Change (%) Reported	At constant scope and exchange rates
Consolidated sales	196.7	229.2	(14.2%)	(15.6%)
EBITDA	49.5	78.1	(36.6%)	(37.4%)
EBIT	30.2	60.2	(49.7%)	(50.2%)

In **Africa** and **the Middle East**, consolidated sales fell -15.6% at constant scope and exchange rates. Political events in Egypt and Mali considerably upset the markets concerned. Furthermore, repeated disruptions to gas supplies to the Sinai Cement plant in Egypt, combined with the shortage of fuel and persisting security problems, severely affected Group activity and profitability levels in those countries, which were only affected very little in the first half of 2011, and more globally over the entire area.

Considering these factors, EBITDA was € 50 million for the first half year 2012 against € 78 million over the same period in 2011.

2.3. Change in financial income

(€ million)	30 June 2012	30 June 2011	Change
Cost of net debt	(18.0)	(21.7)	16.7%
Other financial products and charges	(1.0)	2.9	n.s
Financial income	**(19.0)**	**(18.7)**	**1.4%**

Financial income appearing in the income statement is quite similar to that for the first half of 2011, the reduction of exchange profits offsetting the fall, after capitalisation of interest on investment projects, of the cost of net debt.

2.4. Change in taxes

(€ million)	30 June 2012	30 June 2011	Change
Taxes payable	(33.3)	(40.8)	(18.3%)
Deferred taxes	7.3	6.5	13.3%
Total taxes	**(26.0)**	**(34.4)**	**(24.2%)**

The tax charge fell by € 8.4 million (-24%) for a pre-tax income of € 84.8 million over the first half of 2012, down € 57.7 million, or -40%. The apparent tax rate is up at 30.7% from 24.10% in the same period the previous year.

This rise results principally from the end of a period of exemption in Egypt as from 1 January 2012, and the non-booking of deferred tax assets as deficits observed in Kazakhstan as a result of the tax exemption granted to Jambyl Cement, the increase of intra-Group dividends giving rise to taxation by virtue of the derestriction of the proportion of costs and charges, and finally an unfavourable change of the country mix with an increase of the contribution from countries with higher tax rates, particularly India.

2.5. Change in net income

Total consolidated net income was € 60.4 million, down -43.5% at constant scope and exchange rates, including a Group share of € 51.1 million, down -43.2% at constant scope and exchange rates. The net margin therefore amounted to 5.3% of sales in the first half of 2012 against 9.5% in the first half of 2011.

2.6. Change in financial position

As at 30 June 2012, the Group has a sound financial position although it is temporarily encumbered by continuing investments in India in the greenfield plant of Vicat Sagar Cement, the increased working capital requirement in view of the seasonal nature of sales and also the full payment of dividends in the first half of 2012. As a result, Group gearing as at 30 June 2012 was 50.4% and the leverage ratio 2.84 times EBITDA.

(€ millions)	30 June 2012	31 December 2011	Change
Gross debt	1,508.8	1,436.1	+72.8
Cash	(266.2)	(359.4)	+93.2
Net debt	**1,242.7**	**1,076.7**	**+166.0**
Consolidated shareholders' equity	**2,464.2**	**2,460.8**	**+3.4**
Gearing	*50.4%*	*43.8%*	
EBITDA (last 12 months)	438.2	490.9	-52.7
Leverage	*x 2.84*	*x 2.19*	

Considering the above elements, these ratios will improve considerably as at 31 December.

Medium and long-term financing agreements contain specific clauses (covenants) in particular requiring adherence to financial ratios. In view of the smaller number of companies concerned, basically Vicat SA, the Group parent company, the level of net debt and the liquidity of the Group's balance sheet, the existence of these covenants does not represent a risk to the Group's financial position. As at 30 June 2012, the Group adhered to all the ratios referred to in the covenants contained in the financing agreements.

The Group had confirmed credit lines which are not used and not assigned to hedge the liquidity risk on commercial papers, amounting to € 296 million as at 30 June 2012 (€ 381 million as at 31 December 2011).

The Group also has a programme for the issue of commercial papers amounting to € 300 million. As at 30 June 2012, issued papers amounted to € 290 million. The commercial papers which constitute these short-term credit instruments are backed by confirmed credit lines for the amount issued and as such are classed as medium-term debts in the consolidated balance sheet.

2.7. Outlook for 2012

The Group would like to point out that in 2012 its operating margin (EBITDA margin) will be affected by:

- the poor performance recorded in the first half year, and more particularly the first quarter,
- the impact of political and social events in Egypt and the consequent difficult operating conditions,
- a slight rise in energy costs mainly associated with the increase in the price of electricity in certain countries.

In contrast, the 2012 operating margin should benefit from:

- the gradual recovery of business in mature countries in the second half year after a particularly difficult first half,
- the ongoing momentum of the emerging countries, and the gradual improvement of operating conditions in Egypt over the second half year,
- the ongoing efforts to boost productivity, and particularly the increase of utilisation rates for alternative fuels,
- and lastly the cost control and reduction policy.

Considering all of these factors, although the Group expects an improvement of its performances in the second half of 2012 compared to the first half, the level of EBITDA generated over the full year 2012 is likely to be down compared to that generated in 2011.

Over the full year 2012, the Group wishes to provide the following points for consideration on its various markets:

- In **France**, in 2012, principally in view of the very poor weather conditions in the first quarter, the Group anticipates a fall in volumes sold in a favourable pricing environment.
- In **Switzerland**, the environment should remain broadly positive despite very poor weather conditions at the start of the year, with volumes stable or very slightly down, and price levels expected to improve.
- In **Italy**, the Group anticipates a slight improvement of the pricing environment with volumes remaining difficult to achieve on the domestic market.
- In the **United States**, the Group anticipates a gradual improvement on its markets, with a more rapid rise of volumes than initially expected, but a limited price increase.
- In **Turkey**, the improvement in the sector environment recorded in 2011 should continue in 2012 despite unfavourable weather in the first quarter and a tenser macroeconomic environment. Against that background, the Group should be able to take full advantage of the efficiency of its production facilities.
- In **Egypt**, despite a situation which is likely to remain fragile, the market is still favourable in terms of volumes and should evolve in a more advantageous pricing environment. With a gradual return of continuous gas supplies, the operating context should gradually improve, but it will still be affected by security problems. The Group is confident as to the positive evolution of the Egyptian market in the medium and long term.
- In **West Africa**, despite political events particularly in Mali, the Group remains confident as to the market environment which should remain favourable overall, and will continue its expansion efforts over the entire West Africa region, relying on its efficient production facilities.
- In **India**, Bharathi Cement should continue to grow in line with Group expectations. Moreover, the gradual start-up of Vicat-Sagar Cement plants in the second half will result in the emergence of two major operators in the south of India on complementary markets drawing on substantial business synergies, with a nominal total capacity of more than 7 million tonnes.
- In **Kazakhstan**, on the foundation of a good geographic position and modern facilities, the Group should gradually take full advantage of a market which is likely to benefit from solid growth of the construction and infrastructure sector, in a pricing environment which should remain well oriented.

3. Declaration by the natural persons responsible for the half year financial report

« I hereby declare that, to the best of my knowledge, the consolidated accounts compiled for the last half year have been drawn up in accordance with the applicable accounting standards and are a true reflection of the assets and liabilities, financial position and income of the company and all the firms within the consolidation scope and that the half year report on operations, attached on pages 35 ff., presents a true picture of the major events which occurred during the first six months of the year, their impact on the accounts and the main transactions between related parties and describes the main risks and the main uncertainties for the remaining six months of the year. »

Guy Sidos
Chief Executive Officer

4. Statutory Auditors' Review Report on the half-yearly consolidated financial statements

For the six-month period ended 30 June 2012

To the Shareholders,

Following our appointment as statutory auditors by the shareholders in general meeting 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:

- the review of the accompanying condensed half-yearly consolidated financial statements of Vicat S.A. for the six-month period ended 30 June 2012,

- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with 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 professional standards applicable in France and consequently does not enable us to obtain assurance that we would 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 the accompanying half-yearly consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 June 2012 and of the results of its operations for the period then ended, in accordance with IFRS as adopted by the European Union.

II. Specific verification

We have also verified information given in the half-yearly management report on the condensed half-yearly consolidated financial statements that were subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, 2 August 2012
KPMG Audit - A division of KPMG S.A.
Bertrand Desbarrières - *Partner*

Chamalières, 2 August 2012
Wolff & Associés S.A.S.
Grégory Wolff - *Partner*

VICAT S.A. - Siège social : Tour Manhattan – 6, place de l'Iris - 92095 Paris-La Défense Cedex
Société anonyme au capital de 179 600 000 euros - RCS Nanterre 057 505 539
SIREN 057.505.539 - Tél. : 01 58 86 86 86 - Fax : 01 58 86 87 87
www.vicat.fr