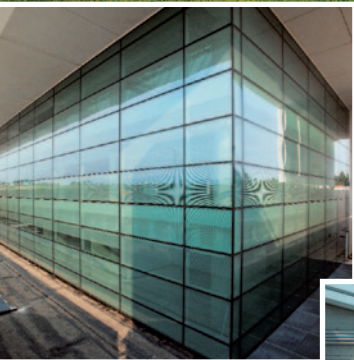




Ciments Français
Italcementi Group



Half-year
financial report
as of June 30, 2011

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Half-year financial report as of June 30, 2011

This report is a free translation into English
of Ciments Français "Rapport financier semestriel au 30 juin 2011"
and is provided solely for the convenience of international readers.



> **Interim management report**

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1. Significant events for the first half of 2011

Due to political unrest in Egypt, the Group decided to interrupt production for one week at the end of January.

At the end of March, Ciments Français entered into an agreement to sell Set Group Holding and its subsidiaries to the Turkish group Limak Holding. The agreement did not include the Turkish listed company Afyon Cimento in which Ciments Français reduced its stake from 76.51% to 51.0% during the six-month period. At the end of June, Ciments Français hired Mediobanca as financial adviser to assess and sell its remaining share of interest in Afyon Cimento.

2. Accounting principles

The Group's consolidated financial statements as of June 30, 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union on that date (see note 1.1 of the notes to the condensed interim consolidated financial statements).

The condensed interim consolidated financial statements as of June 30, 2011 have been prepared in compliance with IAS 34 relating to interim financial reporting.

3. Results

During the first half of 2011, Group revenues showed a moderate drop. The decrease in operating results was significant and primarily related to lower performance in Western Europe and Emerging Europe, North Africa & Middle East. It was absorbed by the substantial increase in Asian results. Results in the first quarter benefited from particularly favorable weather conditions for Group activity whereas the trend was less buoyant in the second quarter.

3.1 Key consolidated data

<i>(in millions of euros)</i>	H1 2011	H1 2010*	Year 2010 (published)	% change H1 2011/H1 2010
Revenues	2,042.2	2,078.9	4,171.3	-1.8
Recurring EBITDA	386.4	443.0	874.5	-12.8
EBITDA	385.5	442.1	865.4	-12.8
EBIT	205.0	263.5	481.3	-22.2
Net consolidated Group profit	232.2	166.9	317.9	
Net profit from continuing operations	123.1	179.0		-31.2
Attributable to:				
- Equity holders of Group parent	83.9	115.2	202.3	-27.2
- Non-controlling interests	39.2	63.8	115.6	-38.6
Cash flow from investing activities	(170.9)	(216.8)	(429.2)	
Cash flow from operating activities	173.3	413.2	780.6	

* IFRS 5 restated following sale of Turkish assets (excluding Afyon).

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<i>(in millions of euros)</i>	30 June 2011	30 June 2010	31 December 2010
Equity	4,129.9	4,327.6	4,268.0
Attributable to:			
- Equity holders of Group parent	3,379.9	3,448.9	3,419.8
- Non-controlling interests	750.0	878.7	848.2
Net financial debt	1,193.4	1,589.4	1,411.6
Headcount	15,961	17,041	16,880

3.2 Quarterly information

<i>(in millions of euros)</i>	2011		2010*	
	Q2	Q1	Q2	Q1
Revenues	1,069.6	972.6	1,170.1	908.8
Recurring EBITDA	239.7	146.6	299.2	143.8
EBITDA	239.4	146.1	298.2	143.9
EBIT	148.2	56.8	202.3	61.2
Net consolidated Group profit	90.1	142.1	138.8	28.1
Net consolidated profit from continuing operations	90.2	32.9	144.2	34.8
Attributable to:				
- Equity holders of Group parent	77.5	6.4	109.5	5.6
- Non-controlling interests	12.7	26.5	34.6	29.2
Net financial debt - end of quarter	1,193.4	1,138.4	1,589.4	1,503.0

* IFRS 5 restated following sale of Turkish assets (excluding Afyon).

Business activity is traditionally more sustained in the second quarter due to the seasonal nature of the Group's operations. This trend - although not as strong as in previous years - was confirmed for the first six months of 2011.

Compared with 2010, revenues and operating results were pushed down in the second quarter due to increasing production costs and despite a globally positive price trend.

3.3 Sales volumes

By geographical segment and by business segment (at comparable consolidation scope)

Data relates to volumes sold by fully consolidated companies as well as by companies consolidated using the proportionate consolidation method, up to Group share.

	Cement & clinker <i>in millions of tonnes</i>				Aggregates <i>in millions of tonnes</i>				Ready mix concrete <i>in millions of cubic meters</i>			
	H1				H1				H1			
	2011	2010	% (1)	% (2)	2011	2010	% (1)	% (2)	2011	2010	% (1)	% (2)
Western Europe ⁽³⁾	5.3	5.0	+6.2	+6.2	16.7	17.4	-3.9	-3.9	3.2	2.9	+9.4	+9.4
North America	1.8	1.8	+1.6	+1.6	0.6	0.5	+30.1	+30.1	0.3	0.3	-10.6	-10.6
Emerging Europe, North Africa & Middle East ⁽⁴⁾	8.4	9.2	-8.9	-8.9	0.9	1.2	-22.8	-22.3	1.2	1.2	-2.7	-2.7
Asia ⁽⁵⁾	5.8	5.4	+7.1	+7.1	0.1	0.1	+0.8	+0.8	0.4	0.3	+2.2	+2.2
Cement/clinker trading	1.3	2.1	-38.0	-38.0	-	-	-	-	ns	-	-	-
Eliminations	(0.8)	(1.5)	-	-	-	-	-	-	-	-	-	-
Total	21.9	22.0	-0.7	-0.7	18.4	19.2	-4.2	-4.2	5.0	4.8	+4.4	+4.4

(1) Changes at comparable consolidation scope.

(2) Changes on a historical basis.

(3) France, Belgium, Spain, Greece.

(4) Egypt, Morocco, Bulgaria, Turkey (Afyon), Kuwait.

(5) Thailand, India, China, Kazakhstan.

Information provided in the above table does not include data related to the Turkish assets (Set Group) sold during the half year.

Overall, sales volumes in the first six months of 2011 slightly decreased, on a comparable basis, as a result of a relative stability in cement & clinker, a decline in aggregates and a progression in ready mix concrete.

In cement & clinker, the trend was positive in mature countries, thanks to France/Belgium and North America, and in Asia, with the contribution of all the countries with the sole exception of Kazakhstan. In Emerging Europe, North Africa & Middle East, volumes increased in Morocco but dropped in Egypt and Bulgaria. The decrease in Trading was primarily due to reduced intra-Group trade.

Aggregates sales volumes declined in mature countries where Group operations are concentrated. The drop in volumes in Greece and Spain was counterbalanced in part by the rise in France/Belgium and North America.

In ready mix concrete, the overall growth in sales volumes was supported by progression in France/Belgium and more moderately by improvements in Morocco, Kuwait and Thailand. This dynamic more than compensated for the decreases in the other countries of Western Europe, North America and Egypt.

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3.4 Contributions to consolidated revenues

By business segment

<i>(in millions of euros)</i>	H1 2011		H1 2010 ⁽¹⁾		% change	
	Amount	%	Amount	%	⁽²⁾	
Cement & clinker	1,383.7	67.8	1,460.6	70.3	-5.3	-1.8
Construction materials	550.5	27.0	529.9	25.5	+3.9	+4.9
Others	108.0	5.3	88.5	4.3	+22.0	+17.4
Total	2,042.2	100.0	2,078.9	100.0	-1.8	+0.8

(1) IFRS 5 restated following sale of Turkish assets (excluding Afyon).

(2) At comparable consolidation scope and exchange rates.

By geographical segment

<i>(in millions of euros)</i>	H1 2011		H1 2010 ⁽¹⁾		% change	
	Amount	%	Amount	%	⁽²⁾	
Western Europe	926.0	45.3	878.7	42.3	+5.4	+5.4
North America	171.7	8.4	185.5	8.9	-7.4	-2.1
Emerging Europe, North Africa & Middle East	549.8	26.9	681.2	32.8	-19.3	-12.8
Asia	262.0	12.8	211.2	10.2	+24.0	+26.1
Cement trading	78.2	3.8	86.5	4.2	-9.6	-9.5
Others ⁽³⁾	54.4	2.7	35.9	1.7	+51.7	+35.8
Total	2,042.2	100.0	2,078.9	100.0	-1.8	+0.8

(1) IFRS 5 restated following sale of Turkish assets (excluding Afyon).

(2) At comparable consolidation scope and exchange rates.

(3) Fuel trading, headquarters and holding companies.

Revenues for the first half of 2011 amounted to 2,042.2 million euros, down 1.8% on the year-earlier period, reflecting improved business activity (+0.8%) and a negative exchange-rate effect (-2.5%).

This trend reflected the moderate decline in sales volumes over the six-month period and more particularly the second quarter.

Overall, revenues improved on mature markets and Asia, but deteriorated in the other segments.

The sustained activity in France/Belgium, India and Morocco sufficed to offset the decreases in Spain, Greece, Bulgaria and Egypt, nevertheless failing to fully counterbalance the strongly negative exchange-rate effect.

The unfavorable exchange-rate effect resulted mainly from the depreciation of the Egyptian pound and the American dollar vs. euro.

During the period, the Group continued to sell surplus CO₂ emission rights in some countries for a total amount of 17.5 million euros as against 20.2 million euros in the first six months of 2010.

3.5 Operating results

In the first half of 2011, Group operating results were affected by a rise in energy costs.

Recurring EBITDA at 386.4 million euros and EBITDA at 385.5 million euros were down 12.8% essentially because of the slackening of Group activity in Egypt and lower results in mature countries.

The decrease in operating results had various explanations according to countries: the impact of the decline in volumes prevailed in Egypt while the increase in fixed costs was different from country to country.

Operating results were significantly up in Morocco, India and Thailand.

After recognition of 4.7 million euros in impairment losses in Bulgaria, EBIT amounted to 205.0 million euros, down 22.2%.

3.6 Finance costs

Finance costs net of finance income amounted to 13.8 million euros as against 32.4 million euros in the first half of 2010. The decrease mainly resulted from capital gains on the sale of shares in the Turkish companies Goltas and Bursa, from the drop in interest expense on net debt, and from the expense incurred in 2010 for the early repayment of the US private placements.

Interest expense on net debt was down 3.9 million euros at 25.3 million euros (as against 29.2 million euros in H1 2010) further to the decrease in average net financial debt despite a negative rate impact.

3.7 Net profit - Continuing and discontinued operations

Profit before tax totaled 198.1 million euros in the first half of 2011 as against 239.3 million euros in the year-earlier period.

Tax expense amounted to 75.1 million euros (60.3 million euros H1 2010) primarily because of changes in tax rates. Net profit from continuing operations totaled 123.1 million euros (179.0 million euros in H1 2010).

After recognition of a profit of 109.1 million euros from operations sold in Turkey in 2011 (as against a loss of 12.1 million euros in H1 2010), net profit for the first half of 2011 amounted to 232.2 million euros (166.9 million euros in H1 2010).

3.8 Statement of consolidated comprehensive income

The changes in equity for the period other than those arising from transactions with Group equity holders acting in their capacity as such included (before tax effect):

- Fair value adjustments on available-for-sale investments for -28.6 million euros (+31.6 million euros in H1 2010);
- Fair value gains on derivatives for +5.4 million euros (+0.6 million euros in H1 2010);
- Translation differences for -207.2 million euros (+386.3 million euros in H1 2010).

After recognition of a net profit and considering the changes in equity described above, consolidated comprehensive income amounted to -4.6 million euros (of which +21.5 million euros attributable to equity holders of Group parent) as against +598.4 million euros in the first half of 2010 (of which +439.3 million euros attributable to equity holders of Group parent).

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4. Investments and financing

4.1 Investments

(in millions of euros)	Financial assets		Property, plant & equipment		Intangible assets		Total	
	H1		H1		H1		H1	
	2011	2010 ⁽¹⁾	2011	2010 ⁽¹⁾	2011	2010 ⁽¹⁾	2011	2010 ⁽¹⁾
Western Europe	-	0.2	38.6	34.6	0.1	0.1	38.7	34.9
North America	-	0.5	8.3	19.9	0.1	0.3	8.4	20.7
Emerging Europe, North Africa & Middle East	-	-	44.0	65.6	-	-	44.0	65.6
Asia	0.1	-	21.1	29.9	-	-	21.2	29.9
Trading & others ⁽²⁾	(0.1)	4.7	1.2	2.1	-	-	1.1	6.8
Total investments	0.0	5.4	113.2	152.1	0.2	0.5	113.4	158.0
Change in fixed assets payables	0.1	8.7	57.4	50.1	-	-	57.5	58.8
Total investments	0.1	14.1	170.6	202.2	0.2	0.5	170.9	216.8
Cash and cash equivalent from acquired companies	-	-	-	-	-	-	-	-
Total cash flows from investing activities	0.1	14.1	170.6	202.2	0.2	0.5	170.9	216.8

(1) IFRS 5 restated following sale of Turkish assets (excluding Afyon).

(2) Including headquarters and holding companies.

Investments in property, plant & equipment were essentially made in France/Belgium (34.6 million euros), Morocco (19.7 million euros), Egypt (19.3 million euros) and India (16.2 million euros).

4.2 Financing and net financial debt

Cash flows from operating activities amounted to 173.3 million euros. Net financial debt was down 218.1 million euros from the end of December 2010 after investments and payment of dividends. This decrease essentially resulted from the sale of Set Group Holding as well as a very careful monitoring of investments. Net cash flows from discontinued operations totaled +281.4 million euros.

Debt to equity ratio and debt coverage ratio

Debt to equity ratio or gearing ratio (net financial debt/total equity), traditionally higher as of June 30 due to the seasonal nature of the activity, was 28.9% as against 33.1% as of December 31, 2010. It primarily resulted from a decrease of 149.7 million euros in non-current loans and borrowings.

Net debt coverage ratio or leverage ratio (net financial debt/recurring EBITDA over the 12-month period) was 1.5 as of June 30, 2011 as against 1.6 as of December 31, 2010.

4.3 Equity

As of June 30, 2011 the share capital of Ciments Français SA amounted to 145,129,040 euros consisting in 36,282,260 shares of 4 euros each.

As of June 30, 2011 Ciments Français held 129,008 treasury shares totaling 8.5 million euros.

Over the period, the closing rate of several currencies dropped against the euro resulting in a decrease in the translation reserve for 212.8 million euros (of which 146.9 million euros attributable to equity holders of Group parent).

In the first half of 2011, the impact of the changes in consolidation scope on equity was 52.8 million euros. The fair value adjustment on available-for-sale investments had a net negative impact of 28.6 million euros primarily due to the deduction (transfer to income statement) of the fair value adjustment previously recognized on the Goltas shares, which were sold in part during the half year.

Net consolidated Group profit amounted to 232.2 million euros (including -193.0 million euros attributable to equity holders of Group parent).

After distribution by Ciments Français SA of 108.7 million euros in dividends, total equity amounted to 4,129.9 million euros (4,268.0 million euros as of December 31, 2010) of which 3,379 million euros attributable to equity holders of Group parent (3,419.8 million euros as of December 31, 2010).

5. Performance by country

Western Europe

(in millions of euros)

	Revenues ⁽¹⁾		Recurring EBITDA		EBITDA		EBIT		Capital expenditure	
	H1		H1		H1		H1		H1	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
France/Belgium ⁽²⁾	844.3	771.2	156.9	167.5	156.4	167.1	107.5	116.5	34.6	28.7
Spain	83.6	93.1	11.0	18.1	11.0	18.3	1.4	8.5	1.9	2.8
Other country ⁽³⁾	23.8	37.0	0.4	9.0	0.6	9.1	(1.7)	6.9	2.2	3.2
Eliminations ⁽⁴⁾	(12.0)	(10.6)	-	-	-	-	-	-	-	-
Total	939.7	890.7	168.3	194.6	168.0	194.5	107.1	131.9	38.6	34.6

(1) Before intra-zone eliminations and after intra-segment and inter-country eliminations (France/Belgium).

(2) Excluding headquarters.

(3) Greece.

(4) Intra-zone eliminations.

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France / Belgium

Cement

Cement consumption increased in the first half of 2011, thanks to healthy performance in residential building and extremely favorable meteorological conditions in the early months of the year.

Group cement sales volumes rose by 9.8% in France (+9.9% including export volumes) and by 14.1% in Belgium (+15.9% including exports).

Average sales prices dropped, in part as a result of stronger competitive pressure.

Construction materials

The positive trend in the construction sector also underpinned sales volumes in ready mix concrete (+16.1% in France and +25.8% in Belgium) and aggregates (+5.9% in France and +12.9% in Belgium).

Sales prices fell in ready mix concrete and rose in aggregates.

Overall, despite the growth in volumes, operating results were down due to the increase in operating expenses, especially energy and maintenance, and the decrease in sales of CO₂ emission rights.

Spain

In Spain, the fall in cement consumption continued in the first half, stemming largely from the decrease in public works and residential segments. On Group markets and more particularly in the Basque Country, demand dropped more strongly.

In this situation, Group domestic cement sales volumes were down 10.3% from the first half of 2010 (-2.3% overall, including cement and clinker exports).

The crisis in the construction sector also affected ready mix concrete and aggregates sales volumes, which fell by 26.1% and 23.4% respectively.

Operating results decreased as a result of the revenues reduction caused by lower sales volumes and prices in the three lines of business and the rise in some operating expenses (mainly energy costs), offset only in part by savings on fixed costs.

Other country

In **Greece**, the crisis generated by the country's public debt situation continued without any indications of an imminent return to growth.

In these difficult conditions, cement sales fell by 26.1% from the first half of 2010. A sharper reduction was reported in ready mix concrete and aggregates, which were down by 42.0% and 48.7% respectively. Although the downturn in operating results was mitigated by the action taken to reduce fixed costs, it was significant.

North America

(in millions of euros)

	Revenues*		Recurring EBITDA		EBITDA		EBIT		Capital expenditure	
	H1		H1		H1		H1		H1	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total	171.9	185.8	(9.4)	(5.4)	(9.7)	(6.5)	(42.1)	(41.3)	8.3	19.9

* Before intra-Group eliminations

In the USA, GDP showed limited growth of 1.9% in the first quarter of 2011; the construction sector was also affected by a high unemployment rate (9.2% at the end of June), which slowed private investment, and by budgetary restraint, which constrained public works.

According to preliminary estimates, cement demand on the Group markets was substantially stable in the first half as the adverse weather conditions in the second quarter did not allow confirmation of the first quarter's trend.

Against this background, Group cement sales volumes managed to make a degree of progress (+1.6%); average sales prices were pressured by fierce competition and were down on the first half of 2010.

Ready mix concrete sales volumes fell by 10.6%, while sales of aggregates made strong progress (+30.1%), buoyed in part by major road works in Canada.

Overall, operating results were down on the first half of 2010, due to the reduction in sales prices and higher operating expenses, largely for energy.

Emerging Europe, North Africa & Middle East

(in millions of euros)

	Revenues ⁽¹⁾⁽²⁾		Recurring EBITDA ⁽¹⁾		EBITDA ⁽¹⁾		EBIT ⁽¹⁾		Capital expenditure ⁽¹⁾	
	H1		H1		H1		H1		H1	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Egypt	313.9	445.4	86.8	134.4	86.4	134.4	54.3	96.9	19.3	19.1
Morocco	180.5	174.4	78.2	66.6	78.2	66.9	61.3	57.2	19.7	40.3
Other countries ⁽³⁾	60.1	64.3	20.2	15.5	20.4	15.6	9.3	8.3	5.0	6.2
Eliminations ⁽⁴⁾	(0.2)	-	-	-	-	-	-	-	-	-
Total	554.3	684.2	185.2	216.5	184.9	216.9	124.9	162.3	44.0	65.6

(1) IFRS 5 restated following sale of Turkish assets (excluding Afyon).

(2) Before intra-Group eliminations.

(3) Bulgaria, Turkey (Afyon), Kuwait.

(4) Intra-zone eliminations.

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Egypt

The events of January and February, with the overthrow of the Egyptian political regime, characterized the first half of 2011. In an uncertain climate, which led to a complete halt in all business activities for about a week, conditions on the construction market became increasingly difficult, especially in infrastructure investment, with negative consequences for cement consumption. Despite an upturn in March, the situation remains uncertain. The production start-up of new plants and the presence of new competitors compounded the reduction in Group domestic sales volumes, which fell by 14.6%, with a decrease in average sales prices arising largely from the greater competitive pressure in a period of high uncertainty on the market.

In ready mix concrete, sales volumes fell by 18.3%, while sales prices rose compared with the year-earlier first half.

Overall, operating results were significantly lower, adversely affected by the sharp fall in revenues (volume and price effect), but operating expenses too reflected the repercussions of the current political crisis, including soaring inflation, higher payroll expenses and overheads. Another major negative effect (11.3 million euro at recurring EBITDA level) was the depreciation of the local currency in the euro-denominated presentation of results.

Efficient management of raw materials and semi finished goods procurements, use of production capacity and the positive effects of the reduction of excise duty on raw materials were factors that mitigated the decrease in operating results.

Morocco

Cement consumption in the first half of 2011 was supported largely by private investments in housing and by state-financed public works, and increased by an estimated 7.2% compared with the year-earlier period.

At the end of March, the Agadir plant was permanently shut down, replaced by the new cement plant in Ait Baha.

Group domestic cement sales volumes grew at a limited rate of 4.3%, in part owing to the market entry of new operators in the second quarter of 2010; total cement and clinker sales volumes rose by 6.0%.

Ready mix concrete sales volumes increased by 6.2% sustained largely by activities in the Casablanca area, while sales of aggregates dropped by 22.9% on an extremely competitive market.

Operating results improved as a result of the revenues increase (volume and price effect) and the sharp fall in clinker purchases, thanks to the additional capacity provided by the Ait Baha plant, whose overall efficiency more than made up for the increase in fuel costs.

Other countries

In **Bulgaria**, the Group's domestic cement sales fell by 21.7% compared with the first half of 2010, due in part to strong import flows and an unfavorable regional mix, with the main investments concentrated in the Sofia area. Despite the significant revenues reduction, operating results improved, thanks to the containment of fixed costs and to income from the sale of CO₂ emission rights.

In **Kuwait**, in an upbeat economic scenario, cement consumption increased by an estimated 2.0%. Group cement sales volumes improved by 11.4% and were also buoyed by ready mix concrete sales volumes (+23.8%). The increase in sales volumes boosted revenues and operating results, despite the impact of an unfavorable variable cost dynamic on operating results.

Asia

(in millions of euros)

	Revenues ⁽¹⁾		Recurring EBITDA		EBITDA		EBIT		Capital expenditure	
	H1		H1		H1		H1		H1	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Thailand	104.0	86.0	16.7	7.3	16.7	7.2	6.1	(3.3)	1.8	1.6
India	116.7	82.3	33.8	19.4	33.8	19.4	24.4	10.6	16.2	26.4
Other countries ⁽²⁾	41.3	44.5	2.7	7.5	2.7	7.4	(1.9)	2.5	3.1	1.8
Total	262.0	212.8	53.1	34.1	53.2	34.0	28.7	9.9	21.1	29.9

(1) Before intra-Group eliminations.

(2) China & Kazakhstan.

Thailand

The growth reported in the construction sector in 2010 continued in the first half of 2011, buoyed by government investment in infrastructure and by a rebound in private investment. Cement consumption in the first half of 2011 rose by 1.8% from the year-earlier period, according to our estimates.

In these conditions, Group domestic cement sales volumes rose by 4.4%, helped by a constantly positive trend in sales prices. Overall cement and clinker sales, including exports, improved by 6.6%.

Ready mix concrete sales rose by 5.7% compared with the first half of 2010.

Operating results showed a strong improvement from the year-earlier period as a result of the rise in revenues, stemming above all from prices, offset in part by the increase in fuel costs.

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India

In the first half of 2011, despite the unfavorable trend in cement demand on the Group's markets in southern India, Group domestic cement sales rose by 12.4% (+16.3% for overall cement and clinker sales), driven by higher production levels as a result of the operating start-up of the new clinker production line (March 2010) and the cement grinding line (July 2010).

The recovery in average sales prices that began in the last four months of 2010 continued, with a significant increase compared with the year-earlier period.

Operating results in the first half of the year reflected a strong improvement, due above all to the rise in average sales prices, offset only in part by the rise in energy costs.

Other countries

In **China**, the economy reported a further sharp acceleration in the first half of 2011. Cement consumption on the Group market (Shaanxi province) rose by an estimated 15% and was sustained chiefly by government infrastructure investments.

Nevertheless, Group overall cement and clinker sales volumes decreased by 1.4%, with a fall in sales prices caused by fiercer competitive pressures following the start-up of new production capacity.

Operating results were down on the first half of 2010, mainly because of the fall in sales prices and the rise in the cost of coal.

In **Kazakhstan**, after a negative first quarter, cement consumption was boosted by the April elections and showed a significant increase, rising by 11.1% for the first half. Even so, as a result of new local production capacity, Group cement sales fell by 7.6% from the first half of 2010. The negative volume effect combined with the rise in some variable costs (energy and transport) led to a downturn in operating results, despite the healthy trend in sales prices.

Cement/clinker trading

<i>(in millions of euros)</i>	Revenues *		Recurring EBITDA		EBITDA		EBIT		Capital expenditure	
	H1		H1		H1		H1		H1	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total	91.3	128.6	6.1	11.2	6.1	11.2	4.5	9.9	1.0	1.0

* Before intra-Group eliminations.

During the first half, intra-Group and third-party cement and clinker sales volumes fell by 38.0% from the year-earlier period.

The sharp reduction in volumes arose largely in intra-Group sales, particularly with regard to Egypt, which reported large imports in 2010, and to the lack of availability in Thailand due to high domestic demand.

Operating results were down on the year-earlier period, due to the negative trend in sales volumes.

6. Disputes and pending proceedings

At the end of May 2011, Sibirskiy Cement (Sibcem) obtained from a Turkish court the annulment in Turkey of the arbitration award made on December 7, 2010. CimENTS Français appealed against this judgment on July 1, 2011.

On July 13, 2011, CimENTS Français obtained recognition in Russia by the Kemerovo court of the arbitration award.

The action initiated by Sibconcord (Sibcem majority shareholder), currently under appeal, was suspended on July 19, 2011 until the written and reasoned decision of the above-mentioned court judgment of July 13, 2011 is produced.

7. Significant events after the reporting period

The company is not aware of any significant event after the reporting period that could have a significant impact on the Group's business, financial and equity position as of June 30, 2011.

On July 27, 2011 the Board of Directors decided the distribution of an interim dividend for the current year. It will be of 1.50 euro per share with payment on August 17, 2011.

8. Outlook

The improvement in Group business activity in emerging countries (essentially Morocco, India and Thailand) together with the stabilization of both prices and volumes in most of the mature countries should continue during the second half of the year, albeit in a difficult market environment.

However, because of the deterioration of the Egyptian market performance so far included in our forecasts, operating results for the second half of the year should be in line with the performance of the first half. The still substantial uncertainty characterizing the political and market framework in Egypt remains a risk factor hard to measure.



> **Condensed interim consolidated financial statements**

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1. Consolidated statement of financial position

Assets

<i>(in millions of euros)</i>	30 June 2011	31 December 2010
Property, plant & equipment	3,499.8	3,867.7
Investment property	19.0	19.4
Goodwill	1,464.0	1,565.6
Intangible assets	61.6	65.8
Investments in associates	197.0	207.9
Other equity investments	83.7	124.4
Deferred tax assets	17.3	19.6
Other non-current assets	66.4	59.3
Total non-current assets	5,408.8	5,929.6
Inventories	563.6	599.5
Trade receivables	568.4	484.7
Other current assets	228.2	212.2
Tax assets	21.9	29.9
Equity investments and financial receivables	12.7	5.1
Cash and cash equivalents	547.9	489.1
Total current assets	1,942.7	1,820.5
Total assets	7,351.5	7,750.2

Equity and liabilities

<i>(in millions of euros)</i>	30 June 2011	31 December 2010
Share capital	145.1	145.5
Premiums	946.2	946.2
Reserves	13.6	184.3
Treasury shares	(8.2)	(8.4)
Retained earnings	2,283.2	2,152.2
Equity attributable to owners of Group parent	3,379.9	3,419.8
Non-controlling interests	750.0	848.2
Total equity	4,129.9	4,268.0
Interest-bearing loans and long-term borrowings	1,436.4	1,582.5
Employee benefits	119.1	129.7
Non-current provisions	152.5	171.8
Deferred tax liabilities	237.3	230.1
Other non-current liabilities	4.0	6.9
Total non-current liabilities	1,949.2	2,121.1
Bank overdrafts and short-term borrowings	42.7	86.1
Interest-bearing loans and short-term borrowings	301.5	241.1
Trade payables	484.0	473.4
Current provisions	1.5	3.5
Tax liabilities	29.5	54.6
Other liabilities	413.3	502.3
Total current liabilities	1,272.4	1,361.1
Total equity and liabilities	7,351.5	7,750.2

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2. Consolidated income statement

<i>(in millions of euros)</i>	H1 2011		H1 2010		Change
	Amounts	%	Amounts	%	2011/2010
Revenues	2,042.2	100.0%	2,078.9	100.0%	-1.8%
Other revenues	6.0		7.3		
Change in inventories	(27.3)		(24.4)		
Internal work capitalized	3.1		8.4		
Raw materials and utilities	(821.2)		(814.0)		
Services	(474.8)		(457.2)		
Personnel expense	(315.8)		(310.1)		
Other operating income (expense)	(25.8)		(46.0)		
Recurring EBITDA	386.4	18.9%	443.0	21.3%	-12.8%
Net capital gains (losses) on disposals	(0.1)		-		
Other non-recurring income (expense)	(0.8)		(0.9)		
EBITDA	385.5	18.9%	442.1	21.3%	-12.8%
Amortization and depreciation	(175.8)		(178.0)		
Impairment losses	(4.7)		(0.6)		
EBIT	205.0	10.0%	263.5	12.7%	-22.2%
Finance income	40.7		19.8		
Finance costs	(46.0)		(62.1)		
Exchange-rate difference and fair value net gains (losses) on derivatives	(8.4)		9.8		
Impairment on financial assets	-		-		
Finance income (costs), net	(13.8)		(32.4)		
Share of profit of associates	6.9		8.2		
Profit before tax	198.1	9.7%	239.3	11.5%	-17.2%
Tax expense	(75.1)		(60.3)		
Net profit from continuing operations	123.1	6.0%	179.0	8.6%	-31.2%
- Attributable to owners of Group parent	83.9		115.1		
- Attributable to non-controlling interests	39.2		63.8		
Net profit from discontinued operations	109.1		(12.1)		
- Attributable to owners of Group parent	109.1		(12.1)		
- Attributable to non-controlling interests	-		-		
Net profit	232.2		166.9		
Basic earnings per share <i>(in euros)</i>					
Continuing and discontinued operations					
- Basic earnings	5.33		2.85		
- Diluted earnings	5.33		2.84		
Continuing operations					
- Basic earnings	2.32		3.18		
- Diluted earnings	2.31		3.18		

See notes to the condensed interim consolidated financial statements

3. Consolidated statement of comprehensive income

(in millions of euros)

	H1 2011 Amounts	H1 2010 Amounts
Net profit	232.2	166.9
Fair value gains (losses) on:		
- Available-for-sale financial assets	(28.6)	31.6
- Derivative financial instruments	5.4	0.6
Currency translation differences	(207.2)	386.3
Income tax relating to components of other comprehensive income	(1.3)	(0.2)
Share of components of other comprehensive income of associates	(5.0)	13.2
Components of other comprehensive income	(236.8)	431.5
Total comprehensive income	(4.6)	598.4
Attributable to:		
- Owners of Group parent	21.5	439.3
- Non-controlling interests	(26.1)	159.1

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4. Consolidated statement of changes in equity

(in millions of euros)

	RESERVES										
	Share capital	Share premium reserve	Available for sale reserve	Hedging reserve	Other reserves	Translation reserve	Treasury shares	Retained earnings	Equity attributable to owners of Group parent	Non-controlling interests	Total equity
Balance at 1 January 2010	145.4	945.0	18.1	(7.5)	101.1	(133.7)	(8.5)	2,056.1	3,115.9	780.6	3,896.5
Net profit for the period								103.1	103.1	63.8	166.9
Components of other comprehensive income			31.6	0.4		304.2			336.2	95.3	431.5
H1 2010 comprehensive income			31.6	0.4		304.2		103.1	439.3	159.1	598.4
Share-based payment					0.6				0.6		0.6
Dividends								(108.7)	(108.7)	(62.8)	(171.5)
Capital increase		0.1							0.1		0.1
Treasury share buyback									-		-
Treasury share sale							0.1		0.1		0.1
Cancellation of treasury shares									-		-
Changes in consolidation scope								1.5	1.5	1.8	3.3
Others									-		-
Balance at 30 June 2010	145.4	945.1	49.7	(7.1)	101.7	170.5	(8.5)	2,052.0	3,448.9	878.7	4,327.6
Net profit for the period								99.2	99.2	51.8	151.0
Components of other comprehensive income			6.8	2.9		(142.2)			(132.5)	(62.0)	(194.5)
H2 2010 comprehensive income			6.8	2.9		(142.2)		99.2	(33.3)	(10.2)	(43.5)
Share-based payment					2.0				2.0		2.0
Dividends									-	(14.1)	(14.0)
Capital increase	0.1	1.1							1.2		1.2
Treasury share buyback									-		-
Treasury share sale							0.1		0.1		0.1
Changes in consolidation scope								1.0	1.0	(6.2)	(5.3)
Others									-		-
Balance at 31 December 2010	145.5	946.2	56.4	(4.1)	103.7	28.3	(8.4)	2,152.2	3,419.8	848.2	4,268.0
Net profit for the period								193.0	193.0	39.2	232.2
Components of other comprehensive income			(28.6)	4.1		(146.9)			(171.5)	(65.3)	(236.8)
H1 2011 comprehensive income			(28.6)	4.1		(146.9)		193.0	21.5	(26.1)	(4.6)
Share-based payment					0.7				0.7		0.7
Dividends								(108.7)	(108.7)	(79.1)	(187.8)
Capital increase									-		-
Treasury share buyback							(6.3)		(6.3)		(6.3)
Treasury share sale	(0.4)						6.5	(6.1)	-		-
Changes in consolidation scope								52.8	52.8	6.9	59.7
Others									-		-
Balance at 30 June 2011	145.1	946.2	27.8	0.0	104.4	(118.6)	(8.2)	2,283.2	3,379.9	750.0	4,129.9

See notes to the condensed interim consolidated financial statements.

5. Consolidated cash flow statement

<i>(in millions of euros)</i>	H1 2011	H1 2010
Cash flow from operating activities		
Profit before tax	198.1	239.3
Adjustments for:		
Amortization, depreciation and impairment losses	180.5	179.1
Reversal undistributed profit (loss) of associates	4.7	6.7
Capital (gains) losses on assets disposals	(25.0)	(5.6)
Change in employee benefits and other provisions	(5.7)	(2.0)
Stock options	0.7	0.6
Finance costs, net	32.2	45.4
Cash flow before tax, finance income (costs) and change in working capital requirement (WCR)	385.6	463.5
Change in working capital requirement	(96.9)	23.1
Cash flow from operating activities	288.7	486.6
Net finance costs paid	(31.6)	(47.6)
Dividends received	(6.1)	(7.0)
Tax paid	(77.6)	(18.8)
Total net cash provided by operating activities	173.3	413.2
Cash flow from investing activities		
Intangible assets	(0.2)	(0.5)
Property, plant and equipment	(170.6)	(202.2)
Financial investments, net of cash from acquired subsidiaries	(0.1)	(14.1)
Proceeds from disposals of non-current assets, net of cash from disposals	41.2	9.5
Change in long-term financial assets and liabilities	(1.2)	4.0
Total net cash used in investing activities	(131.0)	(203.4)
Cash flow from financing activities		
New financial liabilities	62.7	643.3
Repayment of long-term financing	(114.2)	(616.7)
(Decrease) increase in short-term financing	(28.3)	(106.4)
Change in current financial assets	0.9	(3.4)
Capital increase	-	0.1
Purchase of treasury shares	(6.3)	0.1
Dividends paid	(186.9)	(169.6)
Other sources and applications	61.9	(6.1)
Total net cash provided by (used in) financing activities	(210.2)	(258.6)
Effect of exchange-rate changes on cash and cash equivalents and others	(32.4)	51.2
Net cash flow related to discontinued operations	259.1	0.1
(Decrease) increase in cash and cash equivalents	58.8	2.4
Cash and cash equivalents at the beginning of the period	489.1	497.2
Cash and cash equivalents at the end of the period	547.9	499.6
(Decrease) increase in cash and cash equivalents	58.8	2.4

Voir l'annexe qui fait partie intégrante des Condensed interim consolidated financial statements.

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6. Notes to the consolidated interim financial statements

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Note 1 - Basis for preparation of the financial statements

Ciments Français SA condensed interim consolidated financial statements as of June 30, 2011 were approved by the Board of Directors on July 27, 2011 for publication on July 29, 2011.

Ciments Français SA is a French limited liability company listed on Euronext Paris.

1.1 Statement of compliance

Ciments Français SA condensed interim consolidated financial statements as of June 30, 2011 reflect the accounting position of Ciments Français and its subsidiaries (hereafter referred to as "the Group"), as well as the interest in associates and jointly owned companies. They have been prepared in accordance with IAS 34 related to interim financial reporting. Because of their condensed nature, they do not contain all the information published in the annual accounts and should be read in conjunction with the consolidated financial statements of Ciments Français for the financial year ended December 31, 2010.

The accounting standards used to prepare these financial statements comply with IFRS as adopted by the European Union at June 30, 2011 and available on http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

Revised standards and new IFRS standards and interpretations with mandatory application as from January 1, 2011 are presented below:

- **IAS 24 revised** - Related Party Disclosures;
- **Amendment to IAS 32** - Classification of Rights Issues;
- **Amendment to IFRIC 14** - Prepayments of a Minimum Funding Requirement;
- **IFRIC 19** - Extinguishing Financial Liabilities with Equity Instruments;
- Various amendments as part of the annual improvement program of IFRS (IFRS 1, 3, 7, IAS 1, 27, 34 and IFRIC 13).

These new provisions did not have any significant impact on the Group's accounts.

The texts published by IASB with mandatory application after June 30, 2011 subject to their adoption by the European Union are as follows:

- **Amendment to IAS 1** - Presentation of Items of Other Comprehensive Income (applicable to annual periods beginning on or after July 1, 2012);
- **Amendment to IAS 12** - Deferred Tax: Recovery of Underlying Assets (applicable to annual periods beginning on or after January 1, 2012);
- **Amendment to IAS 19** - Employee Benefits (applicable to annual periods beginning on or after January 1, 2013);
- **Amendment to IFRS 7** - Disclosures - Transfers of Financial Assets (applicable to annual periods beginning on or after July 1, 2011);
- **IFRS 9** - Financial Instruments: Classification and Measurement (applicable to annual periods beginning on or after January 1, 2013);
- **IFRS 10** - Consolidated Financial Statements (applicable to annual periods beginning on or after January 1, 2013);
- **IFRS 11** - Joint Arrangements (applicable to annual periods beginning on or after January 1, 2013);
- **IFRS 12** - Disclosure of Interests in Other Entities (applicable to annual periods beginning on or after January 1, 2013);
- **IFRS 13** - Fair Value Measurement (applicable to annual periods beginning on or after January 1, 2013);

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- **IAS 28 revised** - Investments in Associates and Joint Ventures (applicable to annual periods beginning on or after January 1, 2013).

The Group has not applied by anticipation any of these new standards. The potential impacts resulting from their first application are currently under review, more specifically those related to IFRS 11 which cancels the proportionate consolidation of joint ventures.

For the preparation of interim financial statements, the Group uses estimates, judgments and assumptions affecting the application of accounting policies and the amounts reported in the financial statements. Actual results might differ from those estimates and assumptions, which take into account the current crisis environment

The estimates used with respect to the interim financial statements are as follows:

- Pension expense and other long-term employee benefits at half-year closing are based on the extrapolation of actuarial assumptions made at the previous year-end closing. These assumptions are modified in the event of significant changes in market conditions or in case of curtailment and settlement or any other major non-recurring event.
- Income tax expense is computed for each Group's tax entity by applying the effective income tax rate applicable for the current year to the profit before tax for the interim period.

Finally, the monitoring of signs of impairment losses has led the Group to recalculate the recoverable amounts of some of the cash-generating units (CGU). Based on this analysis, no impairment losses were recognized as of June 30, 2011.

1.2 Exchange rates of the main currencies (exchange rates for 1 euro)

Currencies	Average rate			Closing rate		
	H1 2011	Full year 2010	H1 2010	30 June 2011	31 December 2010	30 June 2010
US dollar	1.40410	1.32588	1.32714	1.44530	1.33620	1.22710
Canadian dollar	1.37079	1.36508	1.37170	1.39510	1.33220	1.28900
Moroccan dirham	11.27818	11.15625	11.15493	11.32420	11.17980	11.03370
Turkish lira	2.19572	1.98756	2.01416	2.34920	2.04910	1.92170
Swiss franc	1.26968	1.38063	1.43563	1.20710	1.25040	1.32830
Thai baht	42.68928	42.02675	43.31648	44.38000	40.17000	39.76700
Indian rupee	63.16779	60.58486	60.72543	64.56200	59.75800	56.99300
Mauritanian Ouguiya	390.67819	365.68685	354.35751	396.77100	377.75700	348.75400
Albanian lek	140.62522	137.74003	137.95962	141.25000	138.86000	136.67800
Sri Lanka rupee	154.81798	149.85278	151.36775	158.24900	148.24700	139.36900
Egyptian pound	8.30555	7.47113	7.34767	8.62746	7.75751	6.98744
Kazakh tenge	205.01043	195.38110	195.44604	211.03700	196.96400	180.91700
Chinese yuan	9.18010	8.97294	9.05887	9.34160	8.82200	8.32150
Kuwaiti dinar	0.38938	0.38019	0.38336	0.39724	0.37594	0.35687

Note 2 - Significant events

Disposal of assets in Turkey

- On March 25, 2011 the Group sold to the Turkish conglomerate Limak Holding the company Set Group Holding, owner of three cement plants, one grinding center and 13 batching units in Turkey. Pursuant to IFRS 5, gains and losses on the disposal of these assets are presented in one single line in income statement: "Profit (loss) from discontinued operations". In cash flow statement, cash flows from disposals are also presented separately. Both income and cash flow statements for H1 2010 have been restated likewise.
- During the six-month period, the Group's percentage of interest in Afyon Cimento decreased from 76.5% to 51.0%. The transfer price received, i.e. 62.8 million euros, was recognized as "Other sources and applications" in the cash flow statement and the difference with the carrying value of the interests sold was recognized as increase in equity attributable to owners of Group parent company for 54.1 million euros. Transfer of control of this company is under study.
- The stake in Goltas Cimento was also reduced (cf. note 6.3).

Impacts of political tensions in North Africa and Middle East

Some countries in North Africa and the Middle East (Egypt, Morocco, Syria, and Libya) where the Group is present via subsidiaries or equity investments underwent political turmoil creating economic tensions but with no impact on assets value.

In Egypt, tensions resulted in the interruption of production for one week at the end of January 2011 and the increase in some production costs. Additionally, following the change of government, Egyptian authorities are currently reexamining the method of calculation of a tax on production relating to prior periods.

Investment in Bulgaria

In Bulgaria, the worsening of market prospects led the Group to reduce the production capacity of the cement plant in Varna currently covered by an investment program. Fees specific to the discontinued initial project have been recognized as expenses during the reporting period (cf. note 5).

Contingent liabilities

- There were no significant developments in the pending investigations by European and national competition authorities during the reporting period.
- At the end of May 2011, Sibirskiy Cement (Sibcem) obtained from a Turkish court the annulment in Turkey of the arbitration award made on December 7, 2010. Ciments Français has appealed against this judgment. On July 13, 2011, Ciments Français succeeded in having the arbitration award recognized in Russia by a Russian court. The action initiated by Sibconcord, currently under appeal in Russia, is on hold for the time being.

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Note 3 - Seasonal nature of business

Demand for cement and construction materials varies according to weather conditions affecting the level of activity in the construction sector. The Group usually experiences a decrease in sales during the first and fourth quarters reflecting the effects of winter in the European and North American markets, and an increase in sales in the second and third quarters due to better weather conditions.

Note 4 - Segment information

H1 2011 revenues and results by country were as follows:

<i>(in millions of euros)</i>	Revenues	Intra-Group sales	Revenues after elimination	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Share of profit (loss) of associates	Profit before tax	Income tax	Net profit
France/Belgium	844.3	(4.8)	839.5	156.9	156.4	107.5	-	(0.1)	-	-	-
Spain	83.6	(17.5)	66.1	11.0	11.0	1.4	-	-	-	-	-
Other country ⁽¹⁾	23.8	(3.3)	20.4	0.4	0.6	(1.7)	-	(0.1)	-	-	-
Intra-zone eliminations	(12.0)	12.0	-	-	-	-	-	-	-	-	-
Western Europe	939.7	(13.6)	926.0	168.3	168.0	107.1	-	(0.2)	-	-	-
North America	171.9	(0.2)	171.7	(9.4)	(9.7)	(42.1)	-	3.2	-	-	-
Egypt	313.9	(3.4)	310.5	86.8	86.4	54.3	-	0.4	-	-	-
Morocco	180.5	(1.3)	179.2	78.2	78.2	61.3	-	3.9	-	-	-
Other countries ⁽²⁾	60.2	-	60.2	20.3	20.4	9.3	-	-	-	-	-
Intra-zone eliminations	(0.2)	0.2	-	-	-	-	-	-	-	-	-
Emerging Europe, North Africa & Middle East	554.3	(4.5)	549.8	185.2	184.9	124.9	-	4.3	-	-	-
Thailand	104.0	-	104.0	16.7	16.7	6.1	-	-	-	-	-
India	116.7	-	116.7	33.8	33.8	24.4	-	-	-	-	-
Other countries ⁽³⁾	41.3	-	41.3	2.7	2.7	(1.9)	-	-	-	-	-
Asia	262.0	-	262.0	53.1	53.2	28.7	-	-	-	-	-
Cement/clinker trading	91.3	(13.1)	78.2	6.1	6.1	4.5	-	(0.4)	-	-	-
Unallocated ⁽⁴⁾	170.9	(116.5)	54.4	(17.0)	(17.0)	(18.0)	-	-	-	-	-
Inter-zone eliminations	(147.9)	147.9	-	-	-	-	-	-	-	-	-
Postings unallocated to countries	-	-	-	-	-	-	(13.8)	-	-	-	-
Group total	2,042.2	-	2,042.2	386.4	385.5	205.0	(13.8)	6.9	198.1	(75.1)	123.1

(1) Greece.

(2) Bulgaria, Turkey (Afyon), Kuwait.

(3) China and Kazakhstan.

(4) Fuel trading, headquarters and holding companies.

H1 2010 revenues and results by country were as follows:

<i>(in millions of euros)</i>	Revenues	Intra-Group sales	Revenues after elimination	Recurring EBITDA	EBITDA	EBIT	Finance income (costs)	Share of profit (loss) of associates	Profit before tax	Income tax	Net profit
France/Belgium	771.2	(6.5)	764.7	167.5	167.1	116.5	-	-	-	-	-
Spain	93.1	(12.9)	80.2	18.1	18.3	8.5	-	-	-	-	-
Other country ⁽¹⁾	37.0	(3.2)	33.8	9.0	9.1	6.9	-	(1.1)	-	-	-
Intra-zone eliminations	(10.6)	10.6	-	-	-	-	-	-	-	-	-
Western Europe	890.7	(12.0)	878.7	194.6	194.5	131.9	-	(1.1)	-	-	-
North America	185.8	(0.3)	185.5	(5.4)	(6.5)	(41.3)	-	3.3	-	-	-
Egypt	445.4	(2.9)	442.5	134.4	134.4	96.9	-	0.7	-	-	-
Morocco	174.4	-	174.4	66.6	66.9	57.2	-	4.8	-	-	-
Other countries ⁽²⁾	64.3	-	64.3	15.5	15.6	8.3	-	(0.1)	-	-	-
Emerging Europe, North Africa & Middle East	684.2	(3.0)	681.2	216.5	216.9	162.3	-	5.3	-	-	-
Thailand	86.0	(1.6)	84.4	7.3	7.2	(3.3)	-	-	-	-	-
India	82.3	-	82.3	19.4	19.4	10.6	-	-	-	-	-
Other countries ⁽³⁾	44.5	-	44.5	7.5	7.4	2.5	-	-	-	-	-
Asia	212.8	(1.6)	211.2	34.1	34.0	9.9	-	-	-	-	-
Cement/clinker trading	128.6	(42.1)	86.5	11.2	11.2	9.9	-	0.6	-	-	-
Unallocated ⁽⁴⁾	136.0	(100.1)	35.9	(8.1)	(8.1)	(9.2)	-	-	-	-	-
Inter-zone eliminations	(159.3)	159.3	-	-	-	-	-	-	-	-	-
Postings unallocated to countries	-	-	-	-	-	-	(32.4)	-	239.3	(60.3)	179.0
Group total	2,078.9	-	2,078.9	443.0	442.1	263.5	(32.4)	8.2	239.3	(60.3)	179.0

(1) Greece.

(2) Bulgaria, Turkey (Afyon), Kuwait.

(3) China and Kazakhstan.

(4) Fuel trading, headquarters and holding companies.

Note 5 - Property, plant and equipment, net

During the first half of 2011, property, plant & equipment mortgaged as collateral against bank loans represented a net carrying value of 198.4 million euros as of June 30, 2011 (200 million euros as of December 31, 2010).

Commitments to buy property, plant and equipment (PPE)

<i>(in millions of euros)</i>	30 June 2011	Schedule of orders		
		Less than one year	From one to five years	More than five years
Commitments to buy PPE	68.4	59.1	9.1	0.3

As a result of the revised investment plan of the the Varna cement plant in Bulgaria, 4.0 million euros in impairment of assets under construction were recognized in income statement under "Impairment losses".

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Note 6 - Goodwill, investments in associates and other investments

6.1 Goodwill impairment testing

The Group has reassessed the recoverable values of its assets in Greece in order to take into account the impacts of the economic and financial degradation of this country.

Further to these reassessments no additional impairment was recognized compared with December 31, 2010.

6.2 Investments in associates

This category consists of the Group's shares in the equity (including goodwill) of the following companies:

<i>(in millions of euros)</i>	Value of investments		Share of results	
	30 June 2011	31 December 2010	H1 2011	H1 2010
Ciment Québec (Canada)	81.4	86.3	2.0	3.2
Vassiliko Cement Works (Cyprus)	61.5	61.6	(0.1)	(1.1)
Asment Temara (Morocco)	36.0	40.7	3.9	4.8
Tecno Gravel (Egypt)	5.1	5.9	0.4	0.7
Acquittaine de Transformation (France)	4.1	4.1	-	-
Sider Navi (Italy)	3.1	3.5	(0.4)	0.6
Others	5.8	5.8	1.1	-
Total	197.0	207.9	6.9	8.2

6.3 Other investments

The primary item included under this heading relates to a stake of 48.2 million euros in Goltas Cimento in Turkey (85.8 million euros at the end of 2010). During the six-month period, the Group percentage of interest in this company dropped from 35.0% to 24.0% following sales of shares for 33.2 million euros.

Note 7 - Trade receivables

As part of the 5-year program to transfer receivables launched at the end of December 2006 by Ciments Calcia and Unibéton, receivables transferred as of June 30, 2011 amounted to 145.4 million euros (118.8 million euros as of December 31, 2010). This program qualifies for derecognition of receivables as defined in IAS 39 considering that risks have been transferred for up to 90%. Amounts kept in the balance sheet were as follows:

- Additional subordinate deposits (25.6 million euros) recognized as other current liabilities (21.0 million euros as of December 31, 2010);
- The Group's commitment in the form of arranged guarantees for 12.1 million euros recognized under trade receivables with balancing entries of 10.0 million euros in loans and borrowings and reduction in other payables (for 2.1 million euros).

Note 8 - Capital and reserves

8.1 Currency translation reserve (Group share)

<i>(in millions of euros)</i>	30 June 2011	31 December 2010	Change
North America (US and Canadian dollars)	(15.6)	16.0	(31.6)
Egypt (pound)	(107.3)	(41.2)	(66.1)
Morocco (dirham)	(7.3)	(1.7)	(5.5)
Turkey (lira)	(5.3)	(8.5)	3.3
Thailand (baht)	27.0	50.3	(23.3)
India (rupee)	(19.9)	1.7	(21.5)
Others	9.9	11.8	(2.2)
Total	(118.6)	28.3	(146.9)

8.2 Dividends paid

Dividends paid by Ciments Français SA in the first six-month periods of 2011 and 2010 were as follows:

<i>(in millions of euros)</i>	30 June 2011	30 June 2010
3.00 euros per share in 2011 and 2010	108.7	108.7

Note 9 - Provisions

Provisions mostly related to retirement benefit obligations, required revamping of sites and essentially tax-related disputes and litigations.

The drop of 19.3 million euros in "Non-current provisions" primarily resulted from translation adjustments for 8.8 million euros and reversal of provisions turned unjustified for 5.8 million euros.

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Note 10 - Loans and borrowings

10.1 Net financial debt

Assets and liabilities included in net financial debt were as follows:

(in millions of euros)

Financial asset and liability category	Balance sheet line item	30 June 2011	31 December 2010
Cash and cash equivalents	Cash and cash equivalents	(547.9)	(489.1)
Fair value of derivative instruments	Other current assets	(4.3)	(4.0)
Other current financial assets	Equity investments & financial receivables	(12.7)	(5.1)
Cash and cash equivalents and current financial assets		564.9	(498.2)
Bank overdrafts & short-term borrowings	Bank overdrafts & short-term borrowings	42.7	86.1
Current interest-bearing loans and borrowings	Interest-bearing loans and short-term borrowings	301.5	241.1
Fair value of derivative instruments	Other current liabilities	3.5	15.6
Current interest-bearing loans, borrowings and financial liabilities		347.7	342.8
Fair value of derivative instruments	Other non-current assets	(21.4)	(15.7)
Non-current financial assets	Other non-current assets	(5.5)	(4.4)
Non-current financial assets		(26.9)	(20.1)
Non-current interest-bearing loans and borrowings	Interest-bearing loans and long-term borrowings	1,436.4	1,582.5
Fair value of derivative instruments	Payables and other non-current liabilities	1.1	4.6
Non-current interest-bearing loans and other financial liabilities		1,437.5	1,587.1
Net financial debt		1,193.4	1,411.6

10.2 Breakdown of loans and borrowings

(in millions of euros)

	30 June 2011	31 December 2010
Bank loans and credit lines	157.1	200.2
Debenture loans	537.0	540.5
Other loans with related parties	637.0	636.8
Other interest-bearing loans	98.6	199.5
Finance lease payables	6.8	5.6
Non-current interest-bearing loans and borrowings	1,436.4	1,582.5
Fair value of derivative instruments	1.1	4.5
Non-current financial debt	1,437.5	1,587.1
Bank loans and credit lines (current portion)	255.7	199.7
Bank overdrafts	42.7	86.1
Short-term borrowings	37.2	23.6
Finance lease payables	3.0	3.7
Accrued interest	5.6	14.1
Current interest-bearing loans	344.2	327.2
Fair value of derivative instruments	3.5	15.6
Current loans and borrowings	347.7	342.8
Total loans and borrowings	1,785.2	1,929.9

Additionally, the commercial paper program was used for an amount of 77.5 million euros at the end of June 2011 (373 million euros at the end of June 2010 and 177 million euros at the end of December 2010).

Loans with related parties were contracted in March 2010 with Italcementi Finance for an amount of 537 million euros carrying a 10-year maturity and with Italcementi S.p.A. for 100 million euros with a 5-year maturity.

10.3 Secured loans

As of June 30, 2011 secured loans amounted to 122.8 million euros, including 108.8 million euros for bank loans in India.

10.4 Covenants

In addition to the standard clauses, some of the financial agreements held by companies within the Group include special clauses (covenants) requiring compliance with specified financial ratios, mainly determined at closing. Acceleration clauses are included if contractual limits (covenants) are breached, or cancellation clauses in case of undrawn bilateral or syndicated credit lines. However, agreements include extension of the deadline before triggering acceleration clauses. Lastly, loan contracts do not include any covenant that could trigger accelerated repayment or an increase in applicable interest rates in the event of down-grading (rating triggers).

As of June 30, 2011, loans subject to covenants represented 381.9 million euros, i.e. 21.6% of all drawings totaling 1,768.2 million euros (face value).

At that date, Ciments Français complied with all of its covenants, and financial ratios were well below the contractual limits. The Group expects to comply with the covenants over the next twelve months and would communicate appropriately in case of deterioration vs. reference financial ratios.

10.5 Undrawn committed credit lines

As of June 30, 2011, beyond the use of credit lines recognized in balance sheet liabilities, 1,119 million euros in undrawn committed lines of credit were available (1,266 million as of December 31, 2010).

10.6 Non-current loans and borrowings by currency

<i>(in millions of euros)</i>	30 June 2011	31 December 2010
Euro	1,254.5	1,355.8
US & Canadian dollars	20.6	14.6
Egyptian pound	1.6	2.6
Moroccan dirham	48.6	108.2
Indian rupee	104.3	92.4
Others	6.8	8.9
Total	1,436.4	1,582.5

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10.7 Non-current loans and borrowings by maturity

Non-current interest-bearing loans and borrowings

<i>(in millions of euros)</i>	30 June 2011	31 December 2010
2012	76.1	20.1
2013	55.9	129.4
2014	147.1	14.8
2015	95.5	302.1
Beyond	1,061.8	1,116.1
Total	1,436.4	1,582.5

10.8 Derivative financial instruments

Fair value of derivative financial instruments

<i>(in millions of euros)</i>	30 June 2011		31 December 2010	
	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives				
Future cash flow hedges	0.8	1.1	-	4.6
Fair value hedges	12.3	-	15.0	-
Foreign currency derivatives				
Fair value hedges	8.3	-	0.8	-
Non-designated derivatives	-	-	-	-
Non-current	21.4	1.1	15.8	4.6
Interest-rate derivatives				
Future cash flow hedges	-	1.4	-	2.4
Fair value hedges	-	-	-	-
Non-designated derivatives	0.1	0.2	0.2	0.4
Foreign currency derivatives				
Future cash flow hedges	0.1	0.6	0.7	0.3
Fair value hedges	4.1	1.2	3.1	12.4
Non-designated derivatives	-	0.1	-	0.1
Current	4.2	3.5	4.0	15.6
Total	25.6	4.6	19.8	20.2

Note 11 - Raw materials and utilities

<i>(in millions of euros)</i>	H1 2011	H1 2010
Purchase of raw materials and semi-finished goods	(190.4)	(169.9)
Fuel purchase	(222.8)	(191.4)
Purchase of packaging, materials and spare parts	(128.0)	(114.2)
Purchase of finished goods	(119.0)	(159.5)
Electricity, water, gas	(172.0)	(161.6)
Changes in inventories and other expense	11.2	(17.4)
Total	(821.2)	(814.0)

Note 12 - Services

<i>(in millions of euros)</i>	H1 2011	H1 2010
Subcontracting	(148.2)	(145.8)
Transportation on sales	(194.4)	(185.8)
Legal and consulting fees	(12.9)	(15.7)
Leases	(29.6)	(30.0)
Insurances	(18.1)	(18.5)
Others	(71.7)	(61.4)
Total	(474.8)	(457.2)

Note 13 - Personnel expense

<i>(in millions of euros)</i>	H1 2011	H1 2010
Salaries and profit-sharing	(217.4)	(212.8)
Social contributions and defined benefit plans expense	(67.8)	(67.3)
Stock option plans expense	(0.7)	(0.6)
Others	(29.9)	(29.3)
Total	(315.8)	(310.1)

Group headcount as of June 30, 2011 was 15,961 as against 16,880 as of December 31, 2010. The decrease resulted primarily from the disposal of Set Group Holding in Turkey (627 employees as of December 31, 2010).

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Note 14 - Other operating income (expense)

<i>(in millions of euros)</i>	H1 2011	H1 2010
Other taxes	(38.6)	(57.2)
Write-down of receivables, net	(4.4)	(3.7)
Site restoration provision, net	(3.3)	(2.3)
Other operating expense	(16.5)	(15.1)
Other operating income*	37.1	32.2
Total	(25.8)	(46.0)

* Of which sale of CO₂ emission rights for 17.5 million euros (20.2 million euros as of June 30, 2010).

Note 15 - Non-recurring income (expense)

<i>(in millions of euros)</i>	H1 2011	H1 2010
Capital gains (losses) on assets disposal	(0.1)	-
Re-organizations	(0.8)	(0.9)
Total	(0.9)	(1.0)

Note 16 - Finance income (costs)

<i>(in millions of euros)</i>	H1 2011		H1 2010	
	Costs	Income	Costs	Income
Interest income	-	10.8	-	12.5
Interest expense	(36.0)	-	(57.8)	-
Net interest expense on interest-bearing net financial debt	(25.2)	-	(45.2)	-
Dividends, net	-	1.6	-	2.1
Other finance income *	-	28.3	-	5.2
Other finance costs	(10.1)	-	(4.4)	-
Sub-totals (a)	(46.0)	40.7	(62.1)	19.8
Impairment on financial assets (b)	-	-	-	-
Fair value of interest rate derivative instruments	-	0.2	(0.7)	-
Foreign exchange gains (losses)	(28.2)	-	-	20.2
Fair value of foreign exchange rate derivative instruments	-	19.5	(9.7)	-
Sub-total, net (c)	(8.4)	-	-	9.8
Total finance income (costs), net (a) + (b) + (c)	(13.8)	-	(32.4)	-

* Of which gains of 24.0 million euros on the sale of Goltas Cimento shares in 2011.

Note 17 - Tax expense

Breakdown of tax expense

<i>(in millions of euros)</i>	H1 2011	H1 2010
Current tax	(58.1)	(86.6)
Deferred tax	(17.0)	26.3
Total	(75.1)	(60.3)

The effective tax rate was 39.3%, higher than in the first half of 2010 (26.1%). It mainly resulted from the non-activation of deferred tax in North America and a rise in tax rate in Egypt.

Note 18 - Discontinued operations

On March 25, 2011 Ciments Français divested control of its subsidiary Set Group Holding (note 2). The net selling price amounted to 269.7 million euros in cash and gains on disposal were 109.1 million euros. The income statement and cash flow statement related to this discontinued operation were as follows:

Income statement

<i>(in millions of euros)</i>	H1 2011	H1 2010
Revenues	-	53.9
Other revenues	-	0.2
Change in inventories	-	(0.5)
Internal work capitalized	-	(34.8)
Services	-	(13.6)
Personnel expense	-	(9.8)
Other operating income (expense)	-	(0.9)
Recurring EBITDA	-	(5.5)
Net capital gains (losses) on disposals	110.8	0.5
EBITDA	-	(5.1)
Amortization and depreciation	-	(5.6)
Impairment losses	-	0.1
EBIT	-	(10.6)
Finance income	-	0.5
Finance costs	-	(0.7)
Profit before tax	110.8	(10.7)
Tax expense	(1.7)	(1.4)
Net profit from discontinued operations	109.1	(12.1)
- Attributable to owners of Group parent	109.1	(12.1)
- Attributable to non-controlling interests	-	-

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Cash flow statement

<i>(in millions of euros)</i>	H1 2011	H1 2010
Cash flow from operating activities	-	(3.2)
Cash flow from investing activities	259.1	(1.6)
Cash flow from financing activities	-	4.2
Effect of exchange rate changes	-	0.6
Net cash flows from discontinued operations	259.1	0.1

As of December 31, 2010, the contribution of companies that were disposed of in the consolidated balance sheet was as follows:

<i>(in millions of euros)</i>	
Non-current assets	140.4
Current assets	67.5
Equity	149.5
Non-current liabilities	9.1
Current liabilities	49.3

Note 19 - Components of other comprehensive income

<i>(in millions of euros)</i>	Amounts before tax	Tax	Amounts after tax
Components of other comprehensive income at 31 December 2010	71.1	2.2	73.4
Fair value adjustments on available-for-sale financial assets ⁽¹⁾	(28.6)	-	(28.6)
Fair value adjustments on derivative financial instruments	5.4	(1.3)	4.1
Currency translation differences ⁽²⁾	(207.2)	-	(207.2)
Share of components of other comprehensive income of associates	(5.0)	-	(5.0)
Components of other comprehensive income at 30 June 2011	(164.3)	0.9	(163.3)

(1) Unrealized gains for 23.2 million euros on sold shares, primarily Goltas Cimento, were transferred to income statement (cf. note 6.3).

(2) The unrealized loss on currency translation from the stake in Set Group for an amount of 6.0 million euros was transferred to income statement (cf. note 18).

Note 20 - Earnings per share

<i>(number of shares in thousands)</i>	H1 2011	H1 2010
Number of shares at 1 January	36,382	36,359
Treasury shares held at 1 January	(140)	(143)
Weighted average number of treasury shares acquired over the period	(25)	0
Cancellation/attribution of treasury shares over the period	0	0
Weighted average number of shares issued over the period	0	1
AVERAGE NUMBER OF SHARES AT 30 JUNE	36,217	36,217
Dilutive effect of subscription and purchase options	21	26
AVERAGE NUMBER OF SHARES (DILUTED) AT 30 JUNE	36,237	36,243
Profit - Group share <i>(in millions of euros)</i>	193.0	103.1
Basic earnings per share <i>(in euros)</i>	5.33	2.85
Diluted earnings per share <i>(in euros)</i>	5.33	2.84
Profit from continuing operations - Group share <i>(in millions of euros)</i>	83.9	115.1
Basic earnings from continuing operations per share <i>(in euros)</i>	2.32	3.18
Diluted earnings from continuing operations per share <i>(in euros)</i>	2.31	3.18

Note 21 - Related party transactions

Terms and guarantees of related party transactions

These transactions are realized at arms'-length conditions. No guarantee has been given or received for related party transactions. In H1 2011 and 2010 the Group did not recognize any provision for bad debt in conjunction with receivables from related parties.

Effects of the transactions with related parties on Ciments Français income statement were as follows:

<i>(in millions of euros)</i>	H1 2011	H1 2010
Italcementi S.p.A.		
Services invoiced by the Group	4.7	2.2
Services invoiced by Italcementi S.p.A.	(24.1)	(13.0)
Sale of goods by Italcementi S.p.A.	(4.3)	(4.4)
Sale of goods by Ciments Français to Italcementi S.p.A.	48.4	42.3
Interest on Italcementi S.p.A. loan	(0.8)	-
Associates		
Sale of goods	11.5	13.1
Services	-	-
Purchase of goods	-	-
Subsidiaries of Italcementi S.p.A.		
Services invoiced by the Group	0.5	0.6
Sale of goods invoiced by the Group	0.9	2.2
Purchase of goods	(2.7)	(2.2)
Services and R&D transfers invoiced by Ciments Français and its subsidiaries	(15.4)	(19.9)
Interest on Italcementi Finance SA loan	(9.6)	-

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Besides, the purchase of fixed assets totaled 3.1 million euros during the first six-month period of 2011.

Trade receivables from and trade payables to related parties were as follows:

<i>(in millions of euros)</i>	30 juin 2011	31 décembre 2010
Italcementi S.p.A. and subsidiaries		
Trade receivables	19.3	5.2
Trade payables	46.1	40.2
Interest-bearing loans and borrowings (non-current portion)	636.9	636.8
Associates		
Trade receivables	-	-
Trade payables	-	-

Note 22 - Significant events after the reporting period

The company is not aware of any event after the reporting period that could have a significant impact on the Group's economic, financial and equity position as of June 30, 2011.

On July 27, 2011 the Board of Directors decided the distribution of an interim dividend for the current year. It will be of 1.50 euro per share with payment on August 17, 2011.



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This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

Statutory Auditor's Review Report on the First Half-yearly Financial Information for 2011

Period from January 1 to June, 30, 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of 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 Ciments Français S.A., for the period from January 1, 2011 to June 30, 2011, and
- the verification of the information contained in the interim management report.

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

1. Conclusion on the financial statements

We conducted our review in accordance with 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 condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-year management report on the condensed half-yearly financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly financial statements.

Paris-La Défense, July 28, 2011

The statutory auditors
French original signed by

KPMG Audit
Département de KPMG SA

ERNST & YOUNG Audit

Patrick-Hubert Petit
Partner

Philippe Grandclerc
Partner

Pierre-Henri Pagnon
Partner

PARTIES RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

1. Parties responsible for the interim financial report

Mr. Yves René Nanot, Chairman of the Board, appointed by the Board of Directors of July 12, 1993, Mr. Giovanni Ferrario, Chief Executive Officer and Mr. Jean-Paul Méric, Chief Operating Officer, both appointed by the Board of Directors of November 4, 2009.

2. Attestation

“We hereby attest, that, to the best of our knowledge, the condensed financial statements presented in the interim financial report are prepared in conformity with applicable accounting standards and give a true and fair view of the assets, financial position and results of Ciments Français and of all the businesses in the scope of consolidation; that the interim management report gives a true and fair view of the significant events having occurred during the first six months of the year with their impact on the condensed consolidated interim financial statements, of the most significant related-party transactions and of the major risks and uncertainties for the remaining six months of the year”.

Paris-La Défense, 29 July 2011

French original signed by

Chairman of the Board
Yves René NANOT

Chief Executive Officer
Giovanni FERRARIO

Chief Operating Officer
Jean-Paul MÉRIC



Ciments Français
Italcementi Group

Ciments Français Communication Department

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