PRESS RELEASE

Paris, February 12, 2009

2008 Results

- **Sharp decrease in 4th quarter sales volumes**
- **Swift adjustment by the Group to the downturn in its environment**
- **Decrease in net current income per share: - 15%**
- **Proposed dividend reduced to €1.00**

The Board of Directors of Imerys, meeting under the chairmanship of Aimery Langlois-Meurinne, examined the definitive financial statements for 2008, as presented by Chief Executive Officer Gérard Buffière. The financial statements will be submitted for approval at the Annual General Meeting on April 29, 2009.

(€ millions)	**2008**	**2007**	**% current change**
CONSOLIDATED RESULTS			
Sales	3,449.2	3,401.9	+ 1.4%
Current operating income(1)	403.4	478.3	- 15.7%
Net current income, Group's share(2)	267.1	316.7	- 15.7%
Net income, Group's share	161.3	284.2	- 43.2%
FINANCING			
Current operating cash flow(3)	458.4	522.6	- 12.3%
Booked capital expenditure	238.1	367.0	- 35.1%
Shareholders' equity	1,546.3	1,663.6	- 7.0%
Net financial debt	1,566.1	1,343.0	+ 16.6%
DATA PER SHARE (weighted average number)	62,801,382	63,330,652	- 0.8%
Net income from current operations, Group's share(2)	€4.25	€5.00	- 15.0%
Proposed dividend	€1.00	€1.90	- 47.4%

(1) Operating income before other operating revenue and expenses.
(2) Group's share of net income, before other operating revenue and expenses, net.
(3) EBITDA minus tax on current operating income.

IMERYS
TRANSFORM TO PERFORM

Macroeconomic environment

In 2008, Imerys' environment was marked by a gradual downturn in American and European economic conditions. This slump sharply worsened in the fall, resulting in an unprecedented drop in sales volumes in the last few months of the year. New housing-related markets (building materials, ceramics, performance minerals) were particularly affected in both the United States and Europe. In the paper sector, demand decreased and the industrial base underwent further restructuring in developed countries, while trends remained positive in Asia. Global markets related to industrial equipment (refractories, abrasives, graphite, etc.) benefited from firm growth during the first nine months of the year but were severely hit in the 4th quarter by production stoppages, particularly in the steel and automotive industries.
As regards variable costs (energy, raw materials, freight, etc.), while some energy prices eased off towards the end of the year, other cost factors remained high, after the historical peaks reached in mid-year. As a result, inflation in those factors for 2008 as a whole was unprecedented. Finally, the dollar rate against the euro was lower than in 2007, despite an increase at the end of the year.

Highlights

In 2008, in this difficult economic context, the Group's action plans were focused along the following lines:

- Completing the extensive industrial performance improvement programs begun in 2007 in kaolins for paper and Minerals for Filtration;
- Integrating the companies acquired since 2007, which are in the rationalization process and enable Imerys to strengthen its positions in developing economies, particularly Asia-Pacific.

Since the summer, priority has been given to:

- Free cash flow generation through strict management of capital expenditure and working capital requirements;
- Adjusting production assets to demand across all the Group's activities.

Performance

The Group's sales grew in 2008 (+ 1.4% vs. 2007), benefiting from the consolidation of the acquisitions made since 2007. Current operating income, however, showed a - 15.7% decrease, mainly reflecting the impact of the volume decreases recorded towards the end of the year in most markets. Net current income was also down - 15.7%.

Taking difficult economic conditions into account, at the Annual General Meeting of April 29, 2009, the Board of Directors will propose payment of a dividend reduced to €1.00 per share, compared with €1.90 for financial 2007, i.e. a total of approximately €62.8 million, which represents 23.5% of the Group's share of net current income. This dividend will be paid out from July 7, 2009.

Gérard Buffière commented, "*2008 will go down as an extremely disruptive year: the first three quarters were marked by record inflation in external costs; then, from the end of October, a dramatic fall in sales volumes affected the great majority of industrial sectors worldwide; finally, exchange rates were extremely volatile in 2008.*

Despite that upheaval, Imerys proves that its business model is profitable, its activities generate cash flow and the Group is able to adapt swiftly to changing conditions.

In that crisis context, our priorities are:

- *Generating free cash flow thanks to cutting working capital requirements and capital expenditures;*
- *Reducing our fixed costs and overheads base everywhere in order to adjust the Group's structures to lower demand.*

The growth in current free operating cash flow, at €253 million in 2008 (vs. €174 million in 2007), reflects the first effects of the measures taken, which will continue to be implemented in 2009.
Mobilization of all teams around these goals will enable Imerys to keep its room to maneuver and consolidate its world leadership in industrial minerals."

DETAILED COMMENTARY ON THE GROUP'S RESULTS

The consolidated income statement, statement of changes in financial position and balance sheet are presented in appendix to this press release.

Sales up + 1.4%, i.e. + 0.7% at comparable Group structure and exchange rates

Sales totaled €3,449.2 million in 2008, up + 1.4% from 2007 (+ 4.2% over 9 months; - 7.1% in 4th quarter).
For 2008, the increase in sales takes into account:

- A + €131.3 million net effect of changes in Group structure[1], i.e. + 3.9% (+ 4.5% over 9 months; + 2.0% in the 4th quarter);
- Negative exchange rate impact, despite a firmer US dollar against the euro towards the end of the period (- €108.3 million, i.e. - 3.2%, of which - 4.8% over 9 months; + 1.4% in the 4th quarter).

At comparable Group structure and exchange rates, sales increased + 0.7% (+ 4.5% over 9 months; - 10.5% in the 4th quarter). This trend reflects:

- An improvement in the price/mix component for €151.4 million, reflecting record inflation in variable costs across all business groups (+ 4.5%, of which + 3.7% over 9 months; + 6.6% in the 4th quarter);
- A sharp decrease in sales volumes for - €127.2 million, which occurred in full in the 4th quarter (- 3.7% of which + 0.7% over 9 months; - 17.1% in the 4th quarter).

In terms of the geographic distribution of sales, Western Europe represents 53% of turnover, of which 19% for France. North America accounts for 19%, Japan and Australia 5%. Emerging countries now represent 23% of the Group's sales, a + 16% increase from 2007.

Current operating income down - 15.7%, i.e. - 13.5% at comparable Group structure and exchange rates

Current operating income, at €403.4 million, decreased - 15.7% compared with 2007 (- 9.3% over 9 months; - 35.5% in the 4th quarter). It includes:

- Negative exchange rates impact for - €18.3 million (- €21.8 million over 9 months; + €3.5 million in the 4th quarter), primarily due to a currency translation effect;
- Net effect of changes in Group structure for + €8.1 million.

Allowing for the effects of exchange rates and changes in Group structure, current operating income decreased by - €64.6 million (i.e. - 13.5% of which: - 6.0% over 9 months; - 36.8% in the 4th quarter):

- The sales efforts made throughout 2008 led to a substantial improvement in the price/mix component (+ €160.0 million). This was needed to offset fully the record inflation in variable costs during the period (- €159.3 million);
- Fixed costs improved as expected (+ €14.5 million) as a result of the restructuring plans carried out in 2007 and 2008 and the cost reduction actions taken in all the Group's activities;
- The decrease in current operating income is therefore entirely due to the sharp drop in sales volumes towards the end of the year (- €79.3 million, of which - €57.4 million in the 4th quarter). This affected all the Group's activities, most heavily those that make the largest contributions to income.

The Group's operating margin worked out at 11.7% compared with 14.1% in 2007.

Net income from current operations down - 15.7%

The Group's share of net income from current operations totaled €267.1 million in 2008 (€316.7 million in 2007), i.e. a - 15.7% decrease (- 4.8% over 9 months; - 45.4% in the 4th quarter).
In addition to the drop in current operating income, this decrease factors in:

- - €46.2 million in financial expense (- €55.7 million in 2007). The improvement is due to lower interest rates and gains on the settlement of exchange rate and interest rate transactions;
- A current tax charge of - €98.1 million (- €110.1 million in 2007), reflecting as expected a slight increase in the effective tax rate to 27.5% (26.0% in 2007). This rise particularly results from the very high depreciation of the Brazilian real against the US dollar.

At €4.25 compared with €5.00 in 2007, net current income per share was down - 15.0% from 2007, with a slight decrease in the weighted average number of outstanding shares, at 62,801,382 compared with 63,330,652 in 2007.

(1) Of which, 2008 acquisitions: Astron China (China, February 2008), Svenska Silika Verken AB (Sweden, April 2008), Kings Mountain Minerals Inc (USA, October 2008) and Suzorite Mining Inc (Canada, October 2008).

Decrease in net income

The Group's share of net income totaled €161.3 million in 2008, compared with €284.2 million in 2007. It includes - €105.8 million in other operating revenue and expenses, net of tax (- €32.5 million in 2007).

- - €35.9 million in cash expenses (restructuring, litigation) mainly related to the cost reduction programs implemented throughout the year, especially the measures taken in the 4th quarter to respond swiftly to the heavy downturn in demand. These programs particularly concerned kaolins and carbonates for paper activities, as well as Performance Minerals in the United States and the adjustment of refractory chamotte production in Ukraine;
- - €69.9 million in non-cash expenses relating to industrial asset depreciations resulting from the restructuring programs carried out in 2008 and an impairment recorded on goodwill in Performance Minerals in the United States.

Substantial cash flow generation, sound financial structure

Current operating cash flow[(1)] remained high at €458.4 million (€522.6 million in 2007). It takes into account:

- EBITDA[(2)] of €569.1 million (€646.7 million in 2007), i.e. a - 12.0% decrease;
- A notional tax charge on current operating income of - €110.8 million (- €124.6 million in 2007).

After the highest-ever level of capital expenditure in 2007 (€367.0 million booked, i.e. 186.1% of depreciation expense), the 2008 program still invested a significant amount in the Group's development (€238.1 million booked, i.e. 123.3% of depreciation expense), focusing on:

- Sustaining existing industrial assets (€122.1 million);
- Completing the extensive industrial performance improvement plans begun in 2007 (kaolins for paper and Minerals for Filtration). The targeted extension of some capacities (€116.0 million) mainly concerned andalusite production in China, minerals for refractories manufacturing in Europe, North America and South Africa, the development of carbonates for paper units in Asia and the supply of rectified structure bricks in Western France.

Efforts by the Group's teams helped to improve the working capital/sales ratio from 24.8% in 2007 to 24.1% in 2008. Consequently, changes in operating working capital formed a resource of + €32.3 million (vs. a use of - €4.9 million in 2007).

In total, **current free operating cash flow**[(3)] increased significantly to €253.4 million (€174.1 million in 2007).

After allowing for - €33.6 million financial expense, net of tax, (- €41.2 million in 2007) and other working capital and non-cash items, for a total of - €40.0 million (- €15.5 million in 2007), mainly relating to the settlement of tax downpayments that proved far greater than the likely amount of tax owed in 2009, **current free cash flow**[(4)] totaled €179.8 million (€117.4 million in 2007).

After completing the acquisition of the Chinese activities of Astron (Imerys Astron China), a specialist in zircon products, the Group's acquisition policy has been highly selective, particularly since the beginning of the global economic crisis in early autumn 2008. The total cash impact of **external growth** operations was - €155.8 million (- €33.8 million excluding Imerys Astron China) for the period (- €232.8 million in 2007).

Finally, Imerys paid out €119.7 million in **dividends** in 2008 (€116.0 million in 2007).

Consolidated **net financial debt** at the end of the period increased to €1,566.1 million, compared with €1,343.0 million as on December 31, 2007. It represents 101.3% of shareholders' equity (80.7% in 2007) and 2.8 times EBITDA (2.1 times in 2007).

The Group's financial structure is sound with €2,353.6 million in total financial resources with an average maturity of 5.5 years as on December 31, 2008. No significant refund is scheduled until the end of 2012, with repayment dates spaced out after that. Funded by bonds (in euros, US dollars and Japanese yen) and multi-currency bank debt (bilateral lines, syndicated credit), Imerys' currency debt structure is consistent with its activities' cash flow generation.

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(1) EBITDA minus tax on current operating income.
(2) Current operating income plus depreciation expense and provisions.
(3) Current operating cash flow minus paid capital expenditure and change in operating working capital.
(4) Current operating free cash flow minus financial expense net of tax, and change in other working capital items and non-cash items (deferred taxes and financial provisions).

COMMENTARY BY BUSINESS GROUP

Minerals for Ceramics, Refractories, Abrasives & Foundry

(33% of consolidated sales)

(€ millions)	2008	2007	Current change	Comparable change(2)
Sales	1,159.8	1,051.2	+ 10.3%	+ 4.8%
Current operating income(1)	125.9	145.4	- 13.5%	- 9.0%
Booked capital expenditure	70.4	78.7	- 10.5%	

(1) Operating income before other operating revenue and expenses; (2) At comparable Group structure and exchange rates.

- **Increase in sales at comparable Group structure and exchange rates; some dynamic markets during first 9 months; sharp drop in volumes in the 4th quarter**
- **Improvement in price/mix component, offsetting very high inflation in variable costs**
- **Gradual integration of Imerys Astron China**

Markets

The business group's markets showed contrasting trends in 2008. The Minerals for Refractories, Fused Minerals (particularly refractories and abrasives) and Graphite (mobile energy) markets were all healthy in the first nine months when they benefited from a dynamic global market for industrial equipment (particularly steel, aluminum and glass), before slowing down very sharply towards the end of the year.
Ceramics markets remained affected throughout the year by the construction sector crisis in North America. In Europe, they went into a downturn at the end of the 1st quarter, because of the slump in the new construction sector.

Highlights

In Minerals for Refractories, to support demand growth on some markets, particularly due to substitution to other minerals, a refractory clay calciner was built in the Andersonville (Georgia, United States) plant and the andalusite production capacity extension in Yilong (China), a company acquired in 2007, is in progress. Integration of the Ukrainian company Vatutinsky Kombinat Vognetryviv (Vatutinsky) resulted in major adjustments to production assets.

Various optimization actions were taken to reduce costs in Minerals for Abrasives (Zschornewitz, Germany and Domodossola, Italy); optimization of Imerys Astron China's industrial and commercial assets continues but is however behind the initial schedule.

In Minerals for Ceramics, the consolidation of feldspar production units – one of which was acquired in 2007 in the United States – is well under way.

Capital expenditure totaled €70.4 million, i.e. 114.0% of depreciation expense, compared with €78.7 million in 2007.

Performance

Sales in 2008 totaled €1,159.8 million in 2008. This figure takes into account the net effect of changes in Group structure for + €96.4 million, i.e. + 9.2%[1], and - €37.9 million in exchange rates impact (- 3.6%).

At comparable Group structure and exchange rates, sales rose + 4.8% during the period (of which + 9.4% over 9 months and - 8.2% in the 4th quarter).

[1] Baotou (China, February 2007), UCM Group PLC (United Kingdom, April 2007), Yilong (China, May 2007), ZAF (China, June 2007), Jumbo Mining (India, June 2007), Vatutinsky (Ukraine, July 2007), The Feldspar Corporation (USA, September 2007), Astron China (China, February 2008).

Current operating income for 2008 was €125.9 million (€145.4 million in 2007). Allowing for exchange rates (- €6.2 million) and Group structure (- €0.3 million) effects, the business group's current operating income decreased by - €13.0 million. The significant improvement in the price/mix component offsets the rise in variable costs (mainly energy and raw materials). The change in current operating income reflects the significant drop in sales volumes towards the end of the year with many production stoppages by customers.

Operating margin was 10.9% (13.8% in 2007), which also reflects the integration of newly-acquired companies with profitability that remains lower than for the business group's other activities.

Performance & Filtration Minerals

(15% of consolidated sales)

(€ millions)	**2008**	**2007**	**Current change**	**Comparable change(2)**
Sales	526.5	564.5	- 6.7%	- 2.6%
Current operating income(1)	45.0	48.4	- 7.1%	- 10.6%
Booked capital expenditure	47.7	60.2	- 20.8%	

(1) Operating income before other operating revenue and expenses; (2) At comparable Group structure and exchange rates.

- **Decrease in sales at comparable Group structure and exchange rates, driven by a further downturn on construction markets**
- **Inflation in variable costs offset by price increases**
- **Satisfactory cost reduction actions**
- **Acquisition of mica mineral reserves and production units in North America**

Markets

During the year, Performance Minerals markets (paint, plastic, ink, pharmaceuticals, etc.) went through a slump that worsened in the 2nd half with a downturn in construction markets in the main European countries. In North America, activity remained poor throughout the year with a further decrease in new housing compared with 2007. Filtration Minerals markets were stable overall, with demand softening at the very end of the year.

Highlights

A highlight of 2008 was the optimization of the industrial base in all activities.

In Performance Minerals, the reorganization of the European kaolin production platform was completed in the 2nd half of 2008 with the closure of the Devon (UK) site. In the United States, capacity adjustments continued with, in particular, the transfer of calcined kaolin operations from the Dry Branch facility to Sandersville and the adaptation of the Sylacauga plant (ground calcium carbonates).

In Minerals for Filtration (World Minerals), the industrial optimization plan for the activity in North America was completed with the modernization of the Lompoc (California, USA) plant.

In Argentina, the acquisition of Perfiltra S.A. in 2007, enabled the Group to develop its perlite production base in the region. Production assets were optimized to improve performance.

Finally, in October 2008, the acquisition of Kings Mountain Minerals Inc and Suzorite Mining Inc, two companies that specialize in mining and processing mica, extended the mineral product range. With very high quality reserves and two production units (North Carolina, USA and Quebec, Canada), these activities achieve yearly sales of approximately US$ 20 million. They are a useful addition to the Performance Minerals offering (especially plastic and paint applications).

Capital expenditure totaled €47.7 million, i.e. 155.7% of depreciation expense, compared with €60.2 million in 2007.

Performance

Sales, at €526.5 million in 2008, decreased - 6.7% from 2007. This decrease takes into account a negative exchange rates effect of - €29.8 million (- 5.3%) and a positive Group structure impact of + €6.7 million (+ 1.2%)[1]. At comparable Group structure and exchange rates, sales decreased - 2.6% (of which + 0.4% over 9 months and - 12.8% in the 4th quarter), with the improvement in the price/mix component not totally offsetting the impact of lower volumes, mainly recorded in Performance Minerals.

Current operating income totaled €45.0 million (€48.4 million in 2007). Excluding Group structure (+ €0.9 million) and exchange rates (+ €0.8 million) effects, the business group's operating performance was down - €5.1 million. The improvement in the price/mix component offset the rise in variable costs. Reorganizations carried out since 2007 led to a significant reduction in the fixed costs and overheads base in Performance Minerals, but also in Minerals for Filtration, where the Lompoc unit optimization plan was completed in the 2nd half of the year. This reduction limited the impact of the slump in volumes.

Operating margin was stable at 8.5% (8.6% in 2007).

Pigments for Paper

(22% of consolidated sales)

(€ millions)	2008	2007	Current change	Comparable change(2)
Sales	764.4	798.9	- 4.3%	- 0.5%
Current operating income(1)	55.2	83.9	- 34.2%	- 25.5%
Booked capital expenditure	63.5	174.7	- 63.7%	

(1) Operating income before other operating revenue and expenses; (2) At comparable Group structure and exchange rates.

- **Virtually stable sales at comparable Group structure and exchange rates**
- **Price campaign not enough to make up for very high rise in variable costs**
- **Improved cost base**
- **Further development in carbonates in Asia; production capacity reductions in USA**

Markets

In Pigments for Paper, global production of printing and writing papers decreased slightly over the period (- 1.8%) with a significant reduction in productions levels in the 4th quarter. Production continued to rise in Asia-Pacific (+ 2.6%). However, it decreased in Europe and North America, where the main papermakers continue to restructure.

Highlights

Cost base reduction efforts in kaolin for paper continued throughout the year. After the transfer of coating kaolin for paper production from the United Kingdom to Brazil, which was effective early in the year, the optimization of the new industrial and logistical platform was completed. In parallel, to adapt to lower demand, kaolin production capacities at the Sandersville (Georgia, United States) unit were reduced in the 3rd quarter. In addition, it was decided in the United Kingdom to restructure support functions and shut down the Salisbury GCC plant; this measure should be effective in the first few months of 2009.

At the same time, the business group continued its progress in calcium carbonates, which now account for more than half its sales volumes. In Asia-Pacific, where markets remain firm, the capital expenditure projects carried out in 2007 in Niigata (Japan) and Kerinci (Indonesia) are operating at full capacity.

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[1] Xinlong (China, May 2007), Perfiltra (Argentina, May 2007), Kings Mountain Minerals Inc (USA, October 2008) and Suzorite Mining Inc (Canada, October 2008)

Capital expenditure totaled €63.5 million, i.e. 106.0% of depreciation expense, compared with €174.7 million in 2007.

Performance

Sales, at €764.4 million in 2008, were down - 4.3% from 2007. This change takes into account the negative effect of exchange rates at - €27.0 million (- 3.4%). At comparable Group structure and exchange rates, sales were stable over the year (- 0.5%, of which + 2.6% over 9 months and - 10.1% in the 4th quarter), with the improvement in the price/mix component offsetting the lower volumes recorded in Europe and the United States.

Current operating income amounted to €55.2 million (€83.9 million in 2007). This result includes the negative impact of exchange rates (- €7.1 million). At comparable Group structure and exchange rates, the business group's operating performance was down - €21.4 million. In addition to the negative exchange rates effect, the business group was affected by very high inflation in its variable costs for most of the year, which was not fully offset by the price rises implemented. On the other hand, the restructuring of the Group's coating kaolin production base had the expected results.

Operating margin decreased to 7.2% (10.5% in 2007).

Materials & Monolithics

(30% of consolidated sales)

(€ millions)	2008	2007	Current change	Comparable change(2)
Sales	1,041.4	1,025.7	+ 1.5%	- 0.1%
Current operating income(1)	225.4	235.4	- 4.2%	- 6.3%
Booked capital expenditure	52.0	53.2	- 2.3%	

(1) Operating income before other operating revenue and expenses; (2) At comparable Group structure and exchange rates.

- **Stable sales on a comparable basis thanks to a dynamic monolithic refractories markets for the first 9 months; Weak construction market in France with a stable renovation sector**
- **Price / mix offsetting the rise in variable costs**
- **Lower sales volumes in 2nd half**
- **Positive contribution of acquisitions made in 2007 and 2008**

Markets

In Building Materials, business slumped significantly in the 2nd half after several years of steady growth. Over the year, housing starts were down almost - 15%. However, thanks to a more stable roofing market and to further penetration by clay bricks, sales volumes in France were down only - 6.8% for clay roof tiles and - 2% for clay bricks.

The Monolithic Refractories market benefited from buoyant business until the last few weeks of the year when demand fell as a result of some customers' production stoppages, particularly in the iron & steel sector.

Highlights

In that context, productivity improvement efforts continued in Building Materials. The new equipment installed on production lines in the Saint-Germer-de-Fly (Oise) clay roof tiles plant is working at full capacity. Moreover, capital expenditure projects to improve industrial efficiency were completed in the Sainte-Foy l'Argentière (Rhône) and Phalempin (Nord) units and a production line was stopped in Quincieux (Rhône).

In bricks in France, rectified brick production capacities were optimized at the Gironde-sur-Dropt (Gironde) plant in 2008 and are in the optimization process at the La Boissière du Doré (Loire-Atlantique) plant. Finally, given the slowdown on the construction market in France, the Bessens (Tarn & Garonne) plant is being shut down and its production relocated to other sites.

In November 2008, Imerys Terre Cuite signed a partnership agreement with EDF ENR (*Energies Renouvelables Réparties*, distributed renewable energies) to create a joint venture with the aim of developing and manufacturing efficient and innovative integrated photovoltaic roof tiles. The new entity intends to make electricity generation widespread on conventional roofs, particularly during roofing renovation.

In Monolithic Refractories, the year was marked by the successful integration of ACE, the Indian leader in the sector. External growth continued with the acquisition on April 30, 2008, of Svenska Silika Verken AB, a Swedish producer of monolithic refractory products (€13.0 million sales in 2007).

Capital expenditure totaled €52.0 million, i.e. 135.5% of depreciation expense, compared with €53.2 million in 2007.

Performance

At €1 041.4 million, the business group's **sales** rose + 1.5% with a €31.6 million (+ 3.1%) effect of changes in Group structure(1) and a - €14.9 million (- 1.4%) exchange rates impact. At comparable Group structure and exchange rates, sales were stable for the year (- 0.1%, of which + 3.9% over 9 months and - 11.7% in the 4th quarter).

Current operating income is €225.4 million, compared with €235.4 million in 2007. Allowing for the effects of changes in Group structure (+ €6.2 million) and exchange rates (- €1.4 million), the business group's operating performance was down - €14.8 million. Over the period, this trend was entirely due to lower volumes, with the improvement in the price/mix component offsetting inflation in variable costs.

Operating margin remained high at 21.6%, (22.9% in 2007).

HUMAN RESOURCES

The Group's workforce numbered 17,016 as at year-end 2008 (17,552 employees as on December 31st, 2007), with the following changes during the period: the headcount totaled approximately 18,200 employees in February after the acquisition of Astron's activities in China (Imerys Astron China), then was stable overall until decreasing in mid-year, primarily because of industrial reorganization in Cornwall (UK), the reorganization of the Ukrainian company Vatutinsky acquired in 2007, and restructuring programs in the activities affected by the global economic crisis.

These changes shaped the Human Resources teams' activity in 2008 to a large extent. Particularly for the integration of recently-acquired companies, the changes were supported by an extensive recruitment program and a significant number of in-house promotions. In practical terms, more than 25 managers (i.e. 2/3 of senior management vacancies) were promoted to significant responsibilities during the 1st half. The difficult international context facing most of the Group's activities since late autumn makes efficient internal mobility even more crucial.
As regards the restructuring programs in progress, in accordance with its policy, Imerys strives to mobilize all internal and external placement solutions through personalized training and support measures.

SUSTAINABLE DEVELOPMENT

The Group's international scope gives it particular responsibilities with respect to its employees, its shareholders, the communities where it is based and the environment.

Sustainable Development strategy is defined by a Steering Committee, three members of which are also on the Executive Committee. The Board of Directors pays growing attention to Sustainable Development risks and issues. Plan and results in this area were examined in January 2009 by the Audit Committee. The findings of that review will be presented to the Board of Directors at its next meeting. They concern all aspects of Sustainable Development: safety, environment, community relations, human rights, human resources, corporate governance and the products of the future.

Safety is a top priority for Imerys. Thanks to the mobilization of the Group's people, the lost-time accident rate has been cut by more than 60% since 2005. To make further progress, Imerys is stepping up its preventive efforts in the six areas that cause the most serious accidents and systematically analyzes accidents to draw lessons for the Group.

(1) Divestment if clay bricks and roof tiles activities in Spain & Portugal (August 2007), acquisitions of B&B (South Africa, August 2007), ACE (India, September 2007) and Svenska Silika Verken AB (Sweden, April 2008).

As regards the environment, beyond compliance with local regulations, Imerys has developed eight common environmental standards for all its activities. To step up improvement, in 2008 the Group began rolling out an Environment Action Plan based on the Safety Plan methodology.

Finally, the Group fosters the integration of its activities into their environment through active involvement with local communities. Since late 2007, a protocol for community relations has set down commitment principles.

CORPORATE GOVERNANCE

As regards Governance, a highlight of 2008 was a change in the composition of the Board of Directors with the cooptation in July 2008 of Mr. Amaury de Sèze in succession to Mr. Paul Desmarais, Jr., and the resignation of Mr. Grégoire Olivier in November. On February 13, 2008, on the proposal of the Chief Executive Officer, the Board also appointed Mr. Jérôme Pecresse as Delegate Chief Executive Officer of the Company.

The Board conducted the annual self-appraisal of its functioning and work, which it judged satisfactory. At the same time, it was decided to extend the duties of the Audit Committee by having it review the Group's Sustainable Development policy and monitor its results, which were the focus of Imerys' third specific report on the issue, published in July 2008.

Finally, in its last meeting of the year, the Board carefully examined the recommendations arising from the AFEP-MEDEF Corporate Governance Code on the compensation of corporate officers. It considered that they were perfectly in line with the Corporate Governance implemented by the Company for several years and was satisfied to note that most of them were already implemented. Consequently, the Board confirmed that Imerys would now use the AFEP-MEDEF Corporate Governance Code, as amended by those new recommendations, as a reference, and would give its reasons in the event that any provisions were not applied.

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The world leader in adding value to minerals, Imerys is active in 47 countries through approximately 260 industrial and commercial sites. The Group achieved almost €3.5 billion in sales in 2008. Imerys mines and processes minerals from reserves with rare qualities in order to develop solutions that improve its customers' product performance and manufacturing efficiency. The Group's products have a great many applications in everyday life, including construction, personal care, paper, paint, plastic, ceramics, telecommunications and beverage filtration.

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Appendix – 2008 Results

1. Sales breakdown

Change in consolidated sales	% current change	% structure effect	% change effect	% comparable change(1)
GROUP TOTAL	**+ 1.4%**	+ 3.9%	- 3.2%	**+ 0.7%**

Quarterly comparable change				
2008 vs 2007	**Q 1**	**Q 2**	**Q 3**	**Q 4**
	+ 3.2%	+ 5.1%	+ 5.0%	- 10.5%
2007 vs 2006 (reminder)	**Q 1**	**Q 2**	**Q 3**	**Q 4**
	+ 4.3%	+ 4.5%	+ 3.8%	+ 4.1%

Quarterly comparable change	Q4 '07	Q4 '08	% current change	% comparable change(1)	2007	2008	% current change	% comparable change(1)
Minerals for Ceramics, Refractories, Abrasives & Foundry	274.2	269.1	- 1.9%	- 8.2%	1 051.2	1 159.8	+ 10.3%	+ 4.8%
Performance & Filtration Minerals	128.1	119.6	- 6.5%	- 12.8%	564.5	526.5	- 6.7%	- 2.6%
Pigments for Paper	194.0	181.4	- 6.1%	- 10.1%	798.9	764.4	- 4.3%	- 0.5%
Materials & Monolithics	262.7	228.4	- 13.1%	- 11.7%	1 025.7	1 041.4	+ 1.5%	- 0.1%
TOTAL	**849.4**	**788.9**	**- 7.1%**	**- 10.5%**	**3 401.9**	**3 449.2**	**+ 1.4%**	**+ 0.7%**

Quarterly change	Q1 '08	Q2 '08	H1 '08	Q3 '08	Q4 '08	H2 '08	2008
Imerys Group – current change	**+ 3.9%**	**+ 4.3%**	**+ 4.1%**	**+ 4.5%**	**- 7.1%**	**- 1.3%**	**+ 1.4%**
Imerys Group – comparable change, of which:	**+ 3.2%**	**+ 5.1%**	**+ 4.2%**	**+ 5.0%**	**- 10.5%**	**- 2.7%**	**+ 0.7%**
Minerals for Ceramics, Refractories, Abrasives & Foundry	+ 6.3%	+ 11.1%	**+ 8.8%**	+ 10.6%	- 8.2%	+ 0.8%	+ 4.8%
Performance & Filtration Minerals	- 1.9%	+ 0.0%	**- 0.9%**	+ 3.0%	- 12.8%	- 4.3%	- 2.6%
Pigments for Paper	+ 3.9%	+ 3.9%	**+ 3.9%**	+ 0.0%	- 10.1%	- 4.9%	- 0.5%
Materials & Monolithics	+ 3.0%	+ 3.6%	**+ 3.3%**	+ 5.1%	- 11.7%	- 3.5%	- 0.1%

Sales by geographic destination	2008	2007
Western Europe	53%	55%
- of which France	*19%*	*20%*
North America(2)	19%	20%
Japan / Australia	5%	5%
Emerging countries	23%	20%
TOTAL	**100%**	**100%**

(1) Change at comparable Group structure and exchange rates.
(2) United-States & Canada.

(1) Change at comparable Group structure and exchange rates.

Sales by business group	**2008**	**2007**
Minerals for Ceramics, Refractories, Abrasives & Foundry	33%	30%
Performance & Filtration Minerals	15%	16%
Pigments for Paper	22%	24%
Materials & Monolithics	30%	30%
TOTAL	**100**%	**100**%

2. Simplified income statement

(€ millions)	**Q4 '08**	**Q4 '07**	**Change**	**H2 '08**	**H2 '07**	**Change**
SALES	**788.9**	**849.4**	**+ 7.1%**	**1,675.1**	**1,697.1**	**- 1.3%**
CURRENT OPERATING INCOME	**75.2**	**116.6**	**- 35.5%**	**167.2**	**235.4**	**- 29.0%**
Financial income (expense)	(16.4)	(13.8)		(17.2)	(26.8)	
Current tax	(16.0)	(21.1)		(37.9)	(49.8)	
Minority interests / equity method	3.6	3.1		5.5	3.1	
NET INCOME FROM CURRENT OPERATIONS (1)	**46.3**	**84.8**	**- 45.4%**	**117.6**	**161.9**	**- 27.4%**
Other revenue and expenses, net	(80.7)	(17.4)		(97.9)	(29.2)	
NET INCOME (1)	**(34.4)**	**67.4**	**n.a.**	**19.7**	**132.7**	**n.a.**

(1) Group's share.

CONSOLIDATED INCOME STATEMENT

(€ millions)	2008	2007
Revenue	**3,449.2**	**3,401.9**
Raw materials and consumables used	(1,268.5)	(1,159.9)
External expenses	(890.7)	(867.7)
Staff expenses	(652.3)	(685.4)
Taxes and duties	(53.0)	(47.9)
Amortization, depreciation and impairment losses	(193.2)	(197.4)
Other operational revenue and expenses	11.9	34.7
Current operating income	**403.4**	**478.3**
Income on asset disposals	0.1	(1.3)
Impairment losses, restructuring and litigation	(115.0)	(44.7)
Other operating revenue and expenses	**(114.9)**	**(46.0)**
Operating income	**288.5**	**432.3**
Income from securities	4.1	5.7
Gross financial debt expense	(61.1)	(63.7)
Net financial debt expense	**(57.0)**	**(58.0)**
Other financial revenue	231.9	50.5
Other financial expenses	(221.2)	(48.2)
Financial income (loss)	**(46.3)**	**(55.7)**
Income taxes	(88.9)	(96.6)
Share in net income of associates	10.4	6.9
Net income	**163.7**	**286.9**
of which:		
Net income, Group share	161.3	284.2
Net income, minority interests	2.4	2.7
Net income, Group share	**161.3**	**284.2**
of which:		
Net income from current operations, Group share	267.1	316.7
Other net operating revenue and expenses, Group share	(105.8)	(32.5)
(in €)		
Net basic earnings per share from current operations	4.25	5.00
Net basic earnings per share	2.57	4.49
Diluted net earnings per share	2.56	4.49
Average exchange rate euro/USD	*1.4708*	*1.3702*

CONSOLIDATED BALANCE SHEET

(€ millions)	**2008**	**2007**
CONSOLIDATED ASSETS		
Goodwill	899.4	860.7
Intangible assets	45.0	49.3
Mining assets	395.6	399.6
Property, plant and equipment	1,314.0	1,280.9
Investments in associates	51.6	42.9
Available-for-sale financial assets	5.5	9.0
Other financial assets	13.8	11.3
Other receivables	40.4	46.8
Derivative financial assets	18.7	5.6
Deferred tax assets	55.9	59.4
Total non-current assets	**2,839.9**	**2,765.5**
Inventories	611.0	502.0
Trade receivables	523.3	623.4
Other receivables	154.2	133.3
Derivative financial assets	1.1	(0.6)
Marketable securities and other financial assets	4.4	5.3
Cash and cash equivalents	214.0	173.4
Total current assets	**1,508.0**	**1,436.8**
TOTAL CONSOLIDATED ASSETS	**4,347.9**	**4,202.3**
CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY		
Capital	125.6	126.3
Premiums	115.8	131.7
Reserves	1,123.7	1,097.5
Net income, Group share	161.3	284.2
Shareholders' equity, Group share	**1,526.4**	**1,639.7**
Minority interests	**19.9**	**23.9**
Shareholders' equity	**1,546.3**	**1,663.6**
Provisions for employee benefits	133.2	177.7
Other provisions	153.7	150.5
Loans and financial debts	1,054.7	1,021.1
Other debts	13.6	23.0
Derivative financial liabilities	19.2	12.5
Deferred tax liabilities	75.4	53.9
Total non-current liabilities	**1,449.8**	**1,438.7**
Other provisions	20.8	14.8
Trade payables	337.9	321.5
Income taxes payable	13.4	30.0
Other debts	199.7	240.3
Derivative financial liabilities	49.8	2.8
Loans and financial debts	727.3	388.0
Bank overdrafts	2.9	102.6
Total current liabilities	**1,351.8**	**1,100.0**
TOTAL CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY	**4,347.9**	**4,202.3**
Net financial debt	**1,566.1**	**1,343.0**
Closing exchange rate euro/USD	*1.3917*	*1.4721*

CONSOLIDATED CASH FLOW STATEMENT

(€ millions)	**2008**	**2007**
Cash flow from operating activities		
Cash flow generated by current operations	576.3	612.9
Interests paid	(46.6)	(58.4)
Income taxes on current operating income and financial income (loss)	(127.1)	(118.0)
Dividends received	4.4	2.6
Cash flow generated by other operating revenue and expenses	(41.8)	(41.2)
Cash flow from operating activities	**365.2**	**397.9**
Cash flow from investing activities		
Acquisitions of property, plant and equipment and intangible assets	(247.9)	(351.9)
Acquisitions of investments in consolidated entities after deduction of cash acquired	(142.6)	(191.4)
Acquisitions of available-for-sale financial assets	-	-
Disposals of property, plant and equipment and intangible assets	20.9	27.5
Disposals of investments in consolidated entities after deduction of cash disposed of	0.9	18.4
Disposals of available-for-sale financial assets	0.3	-
Net change in financial assets	(0.6)	(0.4)
Paid-in interests	2.9	2.8
Cash flow from investing activities	**(366.1)**	**(495.0)**
Cash flow from financing activities		
Capital increases	0.9	15.9
Capital decreases	(17.4)	(42.1)
Disposals (acquisitions) of treasury shares	11.5	(13.6)
Dividends paid to shareholders	(119.0)	(114.2)
Dividends paid to minority interests	(0.7)	(1.8)
Loan issues	490.8	503.4
Loan repayments	(15.2)	(402.8)
Net change in other debts	(205.1)	93.9
Cash flow from financing activities	**145.8**	**38.7**
Change in cash and cash equivalents	**144.9**	**(58.4)**
Cash and cash equivalents at the beginning of the period	**70.8**	**136.5**
Change in cash and cash equivalents	144.9	(58.4)
Impact of changes due to exchange rate fluctuations	(4.4)	(7.3)
Impact of changes in accounting policies	(0.1)	-
Cash and cash equivalents at the end of the period	**211.2**	**70.8**
Cash and cash equivalents	214.0	173.4
Bank overdrafts	(2.8)	(102.6)
Cash and cash equivalents at the end of the period	**211.2**	**70.8**