

First-Half Financial Report 2011



Table of contents

1/ PERSON RESPONSIBLE FOR THE FIRST-HALF FINANCIAL REPORT	5
2/ FIRST-HALF ACTIVITY REPORT	7
3/ CONDENSED FINANCIAL STATEMENTS	17
Consolidated income statement	17
Consolidated statement of comprehensive income	18
Consolidated statement of financial position	19
Consolidated statement of changes in equity	20
Consolidated statement of cash flows	21
Reconciliation of the net financial debt	23
Information by operating segments	25
Notes to the financial statements	30
1/ Accounting principles and policies	30
2/ Notes to the consolidated income statement	33
3/ Notes to the consolidated statement of financial position	43
4/ Other information	62
4/ STATUTORY AUDITORS' REPORT	65

1 | Person responsible for the First-Half Financial Report

1 - Person responsible for the First-Half Financial Report

Gilles Michel, Chairman and Chief Executive Officer

2 - Certificate of the person responsible for the First-Half Financial Report

I certify that to the best of my knowledge the condensed financial statements for the past six months have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the reporting entity and the companies included in the scope of consolidation, and that the enclosed half-year activity report includes a fair review of the material events that occurred in the first six months of the financial year, their impact on the financial statements, an account of the main related-party transactions as well as a description of the principal risks and the principal uncertainties for the remaining six months of the year.

Paris, July 28, 2011



Gilles Michel

Chairman and Chief Executive Officer

2 | First-Half Activity Report

In the 1st half of 2011, Imerys' end markets recorded strong growth compared with the 1st half of 2010, which benefited from an inventory rebuilding movement.

The improvement of manufacturing indexes and steel production, compared with the same period in 2010, reflects the upturn in industrial capital expenditure (machine tools, aircraft manufacturing, etc.) as well as a healthy level of activity in consumer durables (automotive, household appliances, etc.).

Global growth continues to support demand for fast-moving consumer goods (food, health, electronics, etc.) and packaging, whereas production for printing and writing paper, which is stable overall, benefits from dynamic emerging markets.

The French single-family housing sector improved with an increase in housings starts since the end of 2010. The trend is contrasted in Europe, whereas in the United States, activity shows no significant signs of recovery and remains slack.

The period was also marked by great volatility in foreign exchange rates. Pressure on raw materials and energy led to higher external costs.

In this context, Group's sales increased + 11.4% compared to the 1st half of 2010 and Imerys raised its operating margin to 14%.

In order to meet growing demand for high-purity quartz for the semiconductor and photovoltaic market segments, Imerys (Minerals for Ceramics) has entered into a partnership with the Norwegian family company, Norsk Mineral, through the 50/50-held joint venture "The Quartz Corp SAS", incorporated at the end of March 2011. The combination of their geological, industrial and technological skills will enable them to broaden the product range for this fast-growing, technically demanding market.

(€ millions)	06.30.2011	06.30.2010 ⁽⁵⁾	% current change
CONSOLIDATED RESULTS			
Sales	1,807.3	1,623.0	+ 11.4%
Current operating income ⁽¹⁾	252.9	209.3	+ 20.8%
<i>Operating margin</i>	<i>14.0 %</i>	<i>12.9 %</i>	
Net income from current operations, Group share ⁽²⁾	157.0	123.4	+ 27.2%
Net income, Group share	154.9	120.5	+ 28.5%
FINANCING			
Paid capital expenditure	99.2	56.5	+ 75.8%
Current free operating cash flow ⁽³⁾	112.6	126.9	- 11.3%
Net financial debt	873.8	990.1	- 11.7%
DATA PER SHARE			
Net income from current operations, Group share, per share ⁽²⁾⁽⁴⁾	2.08 €	1.64 €	+ 27.3%

(1) Operating income before other operating revenue and expenses, but including the share of joint operations.

(2) Group's share of net income before other operating revenue and expenses, net

(3) Current free operating cash flow: EBITDA after deduction of notional tax, changes in working capital requirement and paid capital expenditure.

(4) The average weighted number of outstanding shares decreased to 75,375,300, compared with 75,449,904 in the 1st half of 2010.

(5) 1st half 2010 results have been restated following the change in accounting method related to the recognition of employee benefits, applied on January 1, 2011 and detailed in the appendix of the present press release.

DETAILED COMMENTARY ON THE GROUP'S RESULTS

SALES

	Sales as of 06.30.2011 (€ millions)	Sales as of 06.30.2010 (€ millions)	Change in sales (% previous year)	Comparable change ⁽¹⁾ (% previous year)	of which Volume	of which Price/Mix
1 st quarter ⁽²⁾	882.7	751.6	+ 17.4%	+ 13.7%	+ 10.2%	+ 3.5%
2 nd quarter ⁽²⁾	924.7	871.4	+ 6.1%	+ 10.8%	+ 5.2%	+ 5.7%
1st half	1,807.3	1,623.0	+ 11.4%	+ 12.2%	+ 7.5%	+ 4.7%

Sales for the 1st half of 2011 totaled €1,807.3 million (+ 11.4% compared to 1st half 2010). This rise takes into account:

- an adverse foreign exchange effect of - €27.5 million. Foreign exchange effect became negative in the 2nd quarter (i.e. - €46.0 million), due to the euro's appreciation against other currencies, in particular;
- a Group structure effect of + €14.5 million, representing the net amount of, on the one hand, the consolidation of Pará Pigmentos S.A. (PPSA) in Brazil (Pigments for Paper & Packaging business group), and, on the other hand, the deconsolidation of North American high-purity quartz activities (Minerals for Ceramics), which were contributed to the joint venture The Quartz Corp. SAS as on January 1, 2011.

At comparable Group structure and exchange rates, sales rose + 12.2% compared with the 1st half of 2010. As a reminder, the 1st quarter of 2011 benefited from a favorable basis of comparison (harsh weather conditions in early 2010). In the 2nd quarter, growth continued despite a less favorable basis of comparison, related to inventory rebuilding at customers' level in 2010. For the 1st half of 2011 as a whole, market growth led to higher volumes and a positive price/mix effect.

Sales by geographic zone of destination

(€ millions)	Sales as of 06.30.2011	% change as of 06.30.2011 vs. 06.30.2010	% of consolidated sales as of 06.30.2011	% of consolidated sales as of 06.30.2010
Western Europe	869.2	+ 11.1%	48%	48%
United States / Canada	345.3	+ 1.6%	19%	21%
Emerging countries	498.0	+ 17.9%	28%	26%
Others (Japan / Australia)	94.8	+ 21.6%	5%	5%
Total	1,807.3	+ 11,4%	100%	100%

In the 1st half of 2011, the Group benefited from the dynamism of emerging countries and the developments made in those areas (acquisition of PPSA, new capacity openings, commercial presence), with turnover increasing significantly in Brazil, China, Russia and India. In Europe, sales growth particularly reflects the upturn in Building Materials activity. In North America, the recovery is slow and the negative exchange rates impact limits the increase in sales.

(1) At comparable Group structure and exchange rates.

(2) Non-audited quarterly data.

CURRENT OPERATING INCOME ⁽³⁾⁽⁴⁾

(€ millions)	06.30.2011	06.30.2010	% Change	% Comparable change ⁽⁵⁾
1 st quarter	116.4	84.8	+ 37.3%	+ 35.5%
<i>Operating margin</i>	<i>13.2%</i>	<i>11.3%</i>		
2 nd quarter	136.4	124.5	+ 9.6%	+ 13.1%
<i>Operating margin</i>	<i>14.8%</i>	<i>14.3%</i>		
1st half	252.9	209.3	+ 20.8%	+ 22.2%
<i>Operating margin</i>	<i>14.0%</i>	<i>12.9%</i>		

Current operating income rose + €43.6 million compared with the 1st half of 2010 and factors:

- A - €13.2 million negative impact of foreign exchange (of which - €10.9 million in the 2nd quarter), mainly due to the depreciation of the US dollar;
- A + €10.3 million Group structure effect (see Sales).

At comparable Group structure and exchange rates, current operating income rose + €46.5 million compared with the 1st half of 2010. The product price/mix component improved (+ €71.2 million). The overall rise in variable costs (- €33.7 million) is mainly due to inflation in raw materials, intermediary products and energy. The rise in fixed production costs (personnel, maintenance) and overheads is linked to the strong volumes increase, which has generated a contribution of + €55.4 million.

The Group's operating margin gained 1.1 point compared with the 1st half of 2010 to total 14.0%.

NET INCOME FROM CURRENT OPERATIONS ⁽⁶⁾

Up + 27.2% to €157.0 million, **net income from current operations** reflects:

- The increase in current operating income;
- Financial expense of -€30.3 million (vs. -€32.2 million in the 1st half of 2010), including a foreign exchange effect of -€2.3 million;
- A tax charge of -€63.9 million (-€51.5 million in 1st half 2010), reflecting an effective tax rate of 28.7% (29.1% in 1st half 2010).

NET INCOME

The €34.4 million increase in **net income, Group share** to €154.9 million takes into account **other revenue and expenses, net of tax** (-€2.1 million).

(3) Operating income before other revenue and expenses;

(4) Non-audited quarterly data;

(5) At comparable Group structure and exchange rates.

(6) Group share of net income before other operating revenue and expenses, net.

CASH FLOW

(€ millions)	06.30.2011	06.30.2010
EBITDA	352.0	319.2
Current operating cash flow	279.4	258.3
Changes in operating working capital requirement	(69.9)	(77.1)
Paid capital expenditure	(99.2)	(56.5)
Current free operating cash flow *	112.6	126.9
Financial cash flow financier (net of tax)	(20.8)	(18.8)
Other working capital requirement items	(5.2)	(1.1)
Current free cash flow	86.6	107.0
* including subsidies, value of divested assets and misc.	2.3	2.2

Operating working capital requirement takes into account the increase in activity and represent 20.5% of annualized sales of the last quarter (this ratio takes factoring into account ⁽⁷⁾ for €84 million as on June 30, 2011).

Booked capital expenditures (€84.9 million) increased as expected and represent 83% of depreciation expense (compared with 47% in the 1st half of 2010). This includes industrial asset maintenance, overburden operations and the building of new capacities to supply the growth in demand and the development into new markets.

SOUND FINANCIAL STRUCTURE

(€ millions)	06.30.2011	12.31.2010	06.30.2010
Paid dividends	(91.1)	(76.3)	(76.0)
Net financial debt	873.8	872.8	990.1
Shareholders' equity	2,118.6	2,131.8	2,023.9
EBITDA	352.0	621.0	319.2
Net debt/ Shareholders' equity	41.2 %	40.9 %	48.9 %
Net debt/ EBITDA ⁽⁸⁾	1.3x	1.4x	1.9x

Consolidated **net financial debt** and ratios are stable compared with December 31, 2010. Current free cash flow generation funded the payout of €90.6 million in dividends on May 11, 2011, in addition to the €0.5 million in dividends paid to minority shareholders of subsidiaries. As on June 30, 2011, Imerys' financial resources total approximately €2.2 billion, with no significant repayment due before the end of 2012.

The rating agency Moody's raised its long-term credit rating ⁽⁹⁾ for Imerys from "Baa3" to "Baa2" with a stable outlook. In correlation, the short-term rating has been improved from "P-3" to "P-2", also with a stable outlook.

(7) Factoring contract signed on July 23, 2009, under which the transferred receivables were deconsolidated in this way, with the related risks and benefits transferred to the factoring bank. €71 million in receivables was factored as on December 31, 2010. on-audited quarterly data.

(8) EBITDA on 12 rolling months.

(9) "Senior unsecured debt".

GOUVERNANCE

Appointed Director and Deputy Chief Executive Officer by the Board of Directors on November 3, 2010, Gilles Michel was appointed as Chairman & Chief Executive Officer of Imerys by the Board of Directors at its meeting of April 28, following the General Meeting's approval of his term of office as Director. Following the renewal of his term of office as Director, Aimery Langlois-Meurinne was also appointed Vice-Chairman of the Board of Directors and Lead Director.

EVENTS AFTER THE END OF THE PERIOD

Luzenac Group acquired by Imerys

Subsequent to satisfying the primary conditions precedent, the closing of the acquisition of 100% of the Luzenac Group by Imerys from Rio Tinto, announced on February 23, is anticipated on August 1, 2011. With annual production of one million tons, Luzenac Group is the world leader in talc processing with total market share of approximately 15%. This mineral is used in many technical applications and in a wide range of industrial markets:

Luzenac Group, which has achieved sales of approximately USD395 million in 2010, has around 1,000 employees and operates 24 mines and industrial plants. It has mineral reserves and resources in Europe, North America and Asia, providing more than 20 years' production. It also benefits from geological, industrial, marketing and research know-how, similar to Imerys activities.

With this operation, Imerys strengthens its leadership by broadening its functional offering. The Group therefore continues to implement its development strategy in a specialty business with strong technological components and real growth potential:

- Imerys strengthens its positions in the Plastics & Polymers, Technical Ceramics, Beauty and Health Products markets;
- Through this transaction, Luzenac Group will gain access to many development opportunities in emerging countries by leveraging Imerys' worldwide network, notably;
- The combination of Research & Development know-how will allow the Group to enhance its innovation potential in order to broaden its specialty products offering.

This acquisition, for an enterprise value of USD340 million (€232 million), should be paid in cash.

OUTLOOK

In the 2nd half of 2011, the business outlook remains healthy for the Group. In that context, Imerys is confident that the growth in its net income from current operations will exceed + 20% for the full year 2011.

COMMENTARY BY BUSINESS GROUP

Minerals for Ceramics, Refractories, Abrasives & Foundry

(32% of consolidated sales)

(€ millions)	06.30.2011	06.30.2010	% Current change	% Comparable change ⁽¹⁰⁾
Sales	601.1	536.6	+ 12.0%	+ 18.1%
Current operating income ⁽¹¹⁾	86.2	67.8	+ 27.1%	+ 33.5%
<i>Operating margin</i>	<i>14.3%</i>	<i>12.6%</i>		
Booked capital expenditure	32.9	20.4	+ 61.3%	
<i>as of % depreciation</i>	<i>110%</i>	<i>63%</i>		

- **Very firm conditions on most of the business group's markets**
- **Significant growth in current operating income**

Demand from industries served by Minerals for Refractories, Fused Minerals and Graphite & Carbon (steelmaking, foundry, aluminum, cement, glass, mobile energy, etc.) was boosted by the upturn in capital expenditure, major equipment and some consumer durables (machine tools, aerospace, automotive, electronics, etc.), which has been observed since 2010. It also benefited from the dynamism in Asia. Minerals for Ceramics markets improved slowly.

The **sales** of the business group, now under Gilles Michel's supervision, totaled €601.1 million for the 1st half of 2011, up + 12.0% from the 1st half of 2010. Analysis of this evolution shows:

- A foreign exchange impact of - €17.4 million (- €23.1 million negative effect of foreign exchange in the 2nd quarter of 2011) ;
- A Group structure effect of - €15.5 million: North American activities (reserves and industrial facilities) for feldspar, mica and high-purity quartz (Minerals for Ceramics) were deconsolidated with retroactive effect as from January 1, 2011 following their contribution to The Quartz Corp. SAS joint venture. This joint venture, henceforth accounted for under the equity method, would have achieved sales of USD50 million in 2010.

At comparable Group structure and exchange rates, sales increased + 18.1%. The significant rise in volumes, driven by market growth, came with a positive price/mix effect against a backdrop of tension on prices for zircon-based products. Minerals for Ceramics benefited from a broader offering as well as geographic development in emerging countries.

Benefiting from the increase in sales, **current operating income** is up + €18.4 million including a - €5.3 million foreign exchange impact and a + €1.0 million Group structure effect.

At comparable Group structure and exchange rates, the improvement in product prices and mix reflects in particular the rise in variable costs, mainly raw materials (zircon, etc.). Increase in fixed costs and overheads is related to the rise in demand.

(10) At comparable structure and exchange rates.

(11) Operating income before other operating revenue and expenses.

Performance & Filtration Minerals

(17% of consolidated sales)

(€ millions)	06.30.2011	06.30.2010	% Current change	% Comparable change ⁽¹²⁾
Sales	302.8	300.4	+ 0.8%	+ 4.9%
Current operating income ⁽¹³⁾	39.1	34.9	+ 12.0%	+ 20.7%
<i>Operating margin</i>	<i>12.9%</i>	<i>11.6%</i>		
Booked capital expenditure	14.9	7.2	+ 106.9%	
<i>as of % depreciation</i>	<i>75%</i>	<i>34%</i>		

- **Positive price/mix effect**
- **Improvement in operating performance despite a negative foreign exchange impact**

The business group's end markets, particularly fast-moving consumer goods (food, health, etc.) and intermediate industries (plastics, rubber, filtration, catalysis, etc.), were firm. Construction market is still contrasted in Europe and remains at historically low levels in the United States.

Sales totaled €302.8 million in the 1st half of 2011 (+ 0.8%). This increase takes into account an unfavorable foreign exchange impact of - €9.4 million (of which - €12.0 million in the 2nd quarter). Changes in Group structure ⁽¹⁴⁾ is limited (- €2.8 million).

At comparable Group structure and exchange rates, sales growth (+ 4.9%) reflects the improvement in the product price/mix, which came with higher volumes and takes into account a negative base effect (strong inventory rebuilding in the 1st half of 2010).

Current operating income at €39.1 million increased + €4.2 million. This factors in an unfavorable foreign exchange impact of - €2.8 million. At comparable Group structure and exchange rates, the increase was + 20.7%.

(12) At comparable structure and exchange rates.

(13) Operating income before other operating revenue and expenses.

(14) Divestment in late 2010 of the Gouverneur (Pennsylvania, USA) site, specialized in gardening products, and Performance Minerals in Argentina.

Pigments for Paper & Packaging

(22% of consolidated sales)

(€ millions)	06.30.2011	06.30.2010	% Current change	% Comparable change ⁽¹⁵⁾
Sales	405.6	356.3	+ 13.9%	+ 5.7%
Current operating income ⁽¹⁶⁾	41.0	37.1	+ 10.5%	- 0.8%
<i>Operating margin</i>	<i>10.1%</i>	<i>10.4%</i>		
Booked capital expenditure	29.3	18.9	+ 55.0%	
<i>as of % depreciation</i>	<i>84%</i>	<i>55%</i>		

- **Stability of global paper production**
- **Successful integration of PPSA**

In the 1st half of 2011, global production of printing and writing paper was comparable with the 1st half of 2010, a period that was however marked by an inventory rebuilding trend. Emerging countries are dynamic (+ 5%).

In that context, **sales**, at €405.6 million for the 1st half of 2011, rose + 13.9% compared with the 1st half of 2010. That change takes into account:

- a Group structure effect of + €31.9 million, corresponding to the acquisition of PPSA, which was consolidated as from August 1, 2010 and has been successfully integrated;
- a foreign exchange impact of - €3.0 million (- €9.2 million in the 2nd quarter).

On a slowly growing market (global production of printing and writing paper up + 1.2%), the business group posted a + 5.7% increase in sales at comparable Group structure and exchange rates. Its geographic development allows it to benefit from the dynamism of emerging countries. The price/mix effect is positive, particularly thanks to the development of the product offering.

Current operating income totaled €41.0 million in the 1st half of 2011 (+ €3.9 million), taking into account a foreign exchange effect of - €5.1 million. At comparable structure and exchange rates, the business group's operating income was stable.

⁽¹⁵⁾ At comparable structure and exchange rates.

⁽¹⁶⁾ Operating income before other operating revenue and expenses.

Materials & Monolithics

(29 % of consolidated sales)

(€ millions)	06.30.2011	06.30.2010	% Current change	% Comparable change ⁽¹⁷⁾
Sales	525.2	451.4	+ 16.4%	+ 15.9%
Current operating income ⁽¹⁸⁾	112.6	92.4	+ 21.9%	+ 21.5%
<i>Operating margin</i>	<i>21.4%</i>	<i>20.5%</i>		
Booked capital expenditure	7.0	3.3	+ 112.1%	
<i>as of % depreciation</i>	<i>42%</i>	<i>18%</i>		

- **Dynamic markets of the business group**
- **Improvement in operating performance**

The single-family housing construction sector grew in France, driven by the improvement in building permits. Housing starts in the 1st half reflected that upturn with a + 11.5% ⁽¹⁹⁾ rise compared with the previous year. The demand was also healthy in renovation (+ 8%). As a matter of fact, after adverse weather conditions that affected the end of 2010, the trade benefited from a catch-up effect towards the start of the period. In that favorable environment, clay roofing products ⁽²⁰⁾ showed a + 17% increase and clay bricks rose + 34% compared with the 1st half of 2010.

The demand from the steel industry was firm, boosting the Monolithic Refractories activity; in other segments (cement, incineration, petrochemicals, etc.), the trend was also positive. These markets also benefited from a catch-up effect in facility maintenance after a crisis period and from the launch of new plant construction projects.

At €525.2 million, the business group's **sales** (+ 16.4% from 1st half 2010) take into account a positive exchange rate effect of +€1.2 million and Group structure effect is limited (+€0.8 million). At comparable Group structure and exchange rates, the rise in turnover (+ 15.9%) reflects vibrant markets and an improved price/mix component. It should be remembered that the 1st quarter of 2010 was slack (adverse weather).

Current operating income of the Building Materials and Monolithic Refractories business group is €112.6 million, (+€20.2 million compared with the 1st half of 2010). Group structure and foreign exchange effects are negligible (+€0.3 million). At comparable Group structure and exchange rates, the price/mix effect covers the rise in variable costs (mainly inflation in refractory raw materials), while the rise in fixed production costs was in line with the upturn in volumes.

The present [Chapter 2](#) - First-Half Activity Report 2011 draws on detailed information from the following chapters of the present First-Half Financial Report 2011:

- Related parties Chapter 3 - Financial Statements - [Note 26](#)
- Risks Chapter 3 - Financial Statements - [Note 21.4](#)

Management considers that assessment of main risks and uncertainties for the last six months of the year 2011 is unchanged with respect to the description provided in chapter 4, section 1 of the 2010 Registration Document.

⁽¹⁷⁾ At comparable structure and exchange rates.

⁽¹⁸⁾ Operating income before other operating revenue and expenses.

⁽¹⁹⁾ Source: French Ministry of Ecology, Sustainable Development, Transports and Housing, New single-family housing starts.

⁽²⁰⁾ Source: French roof tiles & bricks federation – provisional data.

3 | Condensed financial statements

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	06.30.2011	06.30.2010	2010
Revenue	4	1,807.3	1,623.0	3,346.7
Current revenue and expenses		(1,554.4)	(1,413.7)	(2,925.2)
Raw materials and consumables used	5	(642.2)	(571.5)	(1,178.6)
External expenses	6	(451.5)	(396.3)	(849.5)
Staff expenses ⁽¹⁾	7	(334.1)	(310.7)	(633.1)
Taxes and duties		(23.1)	(21.7)	(41.6)
Amortization, depreciation and impairment losses		(102.1)	(107.3)	(213.0)
Other current revenue and expenses		(5.1)	(7.3)	(15.1)
Share in net income of associates		3.7	1.1	5.7
Current operating income		252.9	209.3	421.5
Other operating revenue and expenses	8	(2.1)	(12.7)	(10.8)
Gain or loss from obtaining or losing control		5.8	(1.1)	40.8
Other non-recurring items ⁽¹⁾		(7.9)	(11.6)	(51.6)
Operating income		250.8	196.6	410.7
Net financial debt expense		(28.9)	(29.2)	(57.3)
Income from securities		1.2	1.2	2.7
Gross financial debt expense		(30.1)	(30.4)	(60.0)
Other financial revenue and expenses		(1.4)	7.2	(7.2)
Other financial revenue		98.5	82.2	212.1
Other financial expenses		(99.9)	(75.0)	(219.3)
Financial income (loss)	10	(30.3)	(22.0)	(64.5)
Income taxes ⁽¹⁾	11	(63.9)	(51.9)	(98.1)
Net income		156.6	122.7	248.1
Net income, Group share ^{(2) & (3)}	12	154.9	120.5	243.7
Net income, share of non-controlling interests		1.7	2.2	4.4

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

(2) Net income per share

Basic net income per share (in €)	13	2.05	1.60	3.23
Diluted net income per share (in €)	13	2.03	1.59	3.23

(3) Net income from current operations, Group share

Basic net income from current operations per share (in €)	13	2.08	1.64	3.21
Diluted net income from current operations per share (in €)	13	2.06	1.63	3.20
Other net operating revenue and expenses, Group share	8	(2.1)	(2.9)	1.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	06.30.2011	06.30.2010	2010
Net income		156.6	122.7	248.1
Items never reclassified subsequently to profit or loss				
Actuarial differences and limitations of post-employment employee benefits ⁽¹⁾	20.1	29.4	(74.5)	(15.2)
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges		3.0	(1.3)	12.5
Recognition in equity	21.3	10.2	0.3	18.4
Reclassification in profit or loss	21.3	(7.2)	(1.6)	(5.9)
Translation reserve		(94.6)	220.2	161.6
Recognition in equity		(94.5)	230.4	171.8
Reclassification in profit or loss		(0.1)	(10.2)	(10.2)
Income taxes	11	(11.5)	26.5	(3.7)
Other comprehensive income		(73.7)	170.9	155.2
Total comprehensive income		82.9	293.6	403.3
Total comprehensive income, Group share		83.4	288.2	395.9
Total comprehensive income, share of non-controlling interests		(0.5)	5.4	7.4

(1) Voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	06.30.2011	06.30.2010	2010	01.01.2010
Non-current assets		2,815.6	2,973.0	2,947.5	2,752.9
Goodwill	14	916.6	977.6	950.4	897.5
Intangible assets	15	33.6	43.3	34.6	43.8
Mining assets	16	435.3	414.5	453.5	377.2
Property, plant and equipment	16	1,204.0	1,287.0	1,287.6	1,224.1
Investments in associates		75.0	53.6	54.4	50.0
Available-for-sale financial assets	19	4.7	7.0	7.4	7.5
Other financial assets ⁽¹⁾	19	19.1	16.3	21.1	16.1
Other receivables	19	49.6	49.5	45.0	43.7
Derivative financial assets	21.3	19.8	29.0	24.8	17.6
Deferred tax assets ⁽¹⁾	22	57.9	95.2	68.7	75.4
Current assets		1,732.2	1,446.7	1,489.9	1,190.8
Inventories	18	556.2	516.1	545.1	440.5
Trade receivables	19	503.7	500.0	446.5	364.4
Other receivables	19	156.2	139.6	128.0	110.7
Derivative financial assets	21.3	12.0	5.0	12.2	5.0
Marketable securities and other financial assets	19	7.1	6.9	6.0	5.6
Cash and cash equivalents	19	497.0	279.1	352.1	264.6
Consolidated assets		4,547.8	4,419.7	4,437.4	3,943.7
Equity, Group share		2,092.8	1,998.4	2,105.0	1,784.0
Capital		151.3	151.1	151.0	150.8
Premiums		343.0	342.4	338.4	339.4
Reserves ⁽¹⁾		1,443.6	1,384.4	1,371.9	1,252.5
Net income, Group share ⁽¹⁾		154.9	120.5	243.7	41.3
Equity, share of non-controlling interests ⁽¹⁾		25.8	25.5	26.8	18.8
Equity		2,118.6	2,023.9	2,131.8	1,802.8
Non-current liabilities		1,411.3	1,559.2	1,483.6	1,454.3
Provisions for employee benefits ⁽¹⁾	20.1	127.5	252.8	169.9	169.3
Other provisions	20.2	187.1	183.2	189.6	157.7
Loans and financial debts	21.1	998.3	1,033.3	1,016.8	1,037.7
Other debts	21.1	8.3	10.2	10.2	9.5
Derivative financial liabilities	21.3	10.0	20.0	15.3	16.5
Deferred tax liabilities	22	80.1	59.7	81.8	63.6
Current liabilities		1,017.9	836.6	822.0	686.6
Other provisions	20.2	15.3	17.1	14.4	18.6
Trade payables	21.1	351.9	328.1	317.1	260.7
Income taxes payable		44.7	18.7	25.1	20.6
Other debts	21.1	216.6	219.0	239.8	185.7
Derivative financial liabilities	21.3	1.9	2.3	1.4	2.9
Loans and financial debts	21.1	381.0	246.1	219.5	186.0
Bank overdrafts	21.1	6.5	5.3	4.7	12.1
Consolidated equity and liabilities		4,547.8	4,419.7	4,437.4	3,943.7

⁽¹⁾ After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions)	Equity, Group share										Equity, share of non-controlling interests	Total
	Reserves							Net income, Group		Subtotal		
	Capital	Premiums	Cash		Translation reserve	Other reserves	Subtotal	share	Subtotal			
			Treasury shares	flow hedges								
Equity as of January 1, 2010	150.8	339.4	0.0	(13.1)	(221.3)	1,539.8	1,305.4	41.3	1,836.9	18.9	1,855.8	
Change in accounting method ⁽¹⁾	-	-	-	-	-	(52.9)	(52.9)	-	(52.9)	(0.1)	(53.0)	
Equity as of January 1, 2010												
after change in accounting method	150.8	339.4	0.0	(13.1)	(221.3)	1,486.9	1,252.5	41.3	1,784.0	18.8	1,802.8	
Total comprehensive income	-	-	-	3.2	218.8	(54.3)	167.7	120.5	288.2	5.4	293.6	
Transactions with shareholders	0.3	3.0	(5.1)	0.0	0.0	(30.7)	(35.8)	(41.3)	(73.8)	1.3	(72.5)	
Allocation of 2009 net income	-	-	-	-	-	41.3	41.3	(41.3)	0.0	-	0.0	
Dividend (€1.00 per share)	-	-	-	-	-	(75.5)	(75.5)	-	(75.5)	(0.5)	(76.0)	
Capital increases	0.3	3.0	-	-	-	-	0.0	-	3.3	1.5	4.8	
Transactions on treasury shares	-	-	(5.1)	-	-	-	(5.1)	-	(5.1)	-	(5.1)	
Share-based payments	-	-	-	-	-	3.8	3.8	-	3.8	-	3.8	
Transactions with non-controlling interests	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)	0.3	0.0	
Equity as of June 30, 2010	151.1	342.4	(5.1)	(9.9)	(2.5)	1,401.9	1,384.4	120.5	1,998.4	25.5	2,023.9	
Total comprehensive income	-	-	-	9.5	(68.0)	43.0	(15.5)	123.2	107.7	2.0	109.7	
Transactions with shareholders	(0.1)	(4.0)	(0.8)	-	-	3.8	3.0	-	(1.1)	(0.7)	(1.8)	
Dividend	-	-	-	-	-	-	0.0	-	0.0	(0.3)	(0.3)	
Capital increases	0.2	2.7	-	-	-	(0.1)	(0.1)	-	2.8	0.9	3.7	
Capital decreases	(0.3)	(6.7)	-	-	-	-	0.0	-	(7.0)	-	(7.0)	
Transactions on treasury shares	-	-	(0.8)	-	-	-	(0.8)	-	(0.8)	-	(0.8)	
Share-based payments	-	-	-	-	-	3.8	3.8	-	3.8	-	3.8	
Transactions with non-controlling interests	-	-	-	-	-	0.1	0.1	-	0.1	(1.3)	(1.2)	
Equity as of December 31, 2010	151.0	338.4	(5.9)	(0.4)	(70.5)	1,448.7	1,371.9	243.7	2,105.0	26.8	2,131.8	
Total comprehensive income	-	-	-	1.9	(94.5)	21.1	(71.5)	154.9	83.4	(0.5)	82.9	
Transactions with shareholders	0.3	4.6	(14.0)	0.0	0.0	157.2	143.2	(243.7)	(95.6)	(0.5)	(96.1)	
Allocation of 2010 net income	-	-	-	-	-	243.7	243.7	(243.7)	0.0	-	0.0	
Dividend (€1.20 per share)	-	-	-	-	-	(90.6)	(90.6)	-	(90.6)	(0.5)	(91.1)	
Capital increases	0.3	4.6	-	-	-	-	0.0	-	4.9	-	4.9	
Transactions on treasury shares	-	-	(14.0)	-	-	-	(14.0)	-	(14.0)	-	(14.0)	
Share-based payments	-	-	-	-	-	4.1	4.1	-	4.1	-	4.1	
Equity as of June 30, 2011	151.3	343.0	(19.9)	1.5	(165.0)	1,627.0	1,443.6	154.9	2,092.8	25.8	2,118.6	

(1) Voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	06.30.2011	06.30.2010	2010
Cash flow from operating activities		158.7	139.6	406.4
Cash flow generated by current operations	Appendix 1	268.4	228.4	567.4
Interests paid		(42.8)	(48.5)	(62.7)
Income taxes on current operating income and financial income (loss)		(58.2)	(34.9)	(82.6)
Dividends received from available-for-sale financial assets		0.1	0.1	0.1
Cash flow generated by other operating revenue and expenses	Appendix 2	(8.8)	(5.5)	(15.8)
Cash flow from investing activities		(91.2)	(50.5)	(210.2)
Acquisitions of intangible assets and property, plant and equipment		(99.2)	(56.4)	(154.9)
Acquisitions of investments in consolidated entities after deduction of cash acquired		(22.2)	0.3	(69.2)
Acquisitions of available-for-sale financial assets		(1.2)	-	0.4
Disposals of intangible assets and property, plant and equipment		4.1	3.1	8.6
Disposals of investments in consolidated entities after deduction of cash disposed of		25.5	0.8	1.8
Disposals of available-for-sale financial assets		0.9	-	-
Net change in financial assets		0.1	0.7	1.0
Paid-in interests		0.8	1.0	2.1
Cash flow from financing activities		85.0	(88.5)	(118.0)
Capital increases		4.9	4.8	8.5
Capital decreases		-	-	(7.1)
Disposals (acquisitions) of treasury shares		(14.0)	(5.1)	(5.9)
Dividends paid to shareholders		(90.6)	(75.5)	(75.5)
Dividends paid to non-controlling interests		(0.5)	(0.5)	(0.8)
Loan issues		96.9	77.2	67.0
Loan repayments		(14.1)	(18.2)	(32.0)
Net change in other debts		102.4	(71.2)	(72.2)
Change in cash and cash equivalents		152.5	0.6	78.2

(€ millions)	06.30.2011	06.30.2010	2010
Opening cash and cash equivalents	347.4	252.6	252.6
Change in cash and cash equivalents	152.5	0.6	78.2
Impact of changes due to changes in perimeter	0.1	(0.1)	(0.1)
Impact of changes due to exchange rate fluctuations	(9.5)	21.4	17.5
Impact of changes in accounting policies	-	(0.7)	(0.8)
Closing cash and cash equivalents	490.5	273.8	347.4
Cash and cash equivalents	497.0	279.1	352.1
Bank overdrafts	(6.5)	(5.3)	(4.7)

Appendix 1: cash flow generated by current operations

(€ millions)	Notes	06.30.2011	06.30.2010	2010
Net income ⁽¹⁾		156.6	122.7	248.1
Adjustments ⁽¹⁾		193.8	203.6	370.5
Income taxes ⁽¹⁾	11	63.9	51.9	98.1
Share in net income of associates		(3.7)	(1.1)	(5.7)
Dividends received from associates		2.0	2.0	2.0
Impairment losses on goodwill	8 & 14	1.2	-	1.0
Profits resulting from bargain purchases		-	-	(42.8)
Share in net income of associates out of the recurring business		-	-	8.8
Other operating revenue and expenses excluding impairment losses on goodwill ⁽¹⁾		0.9	12.7	43.8
Net operating amortization and depreciation		101.8	106.9	212.0
Net operating impairment losses on assets		(0.3)	6.0	8.6
Net operating provisions ⁽¹⁾		0.4	0.3	(10.7)
Dividends receivable from available-for-sale financial assets		(0.1)	(0.1)	(0.1)
Net interests of revenue and expenses		28.6	28.7	56.7
Non-recurring foreign exchange gain related to a financial restructuring ⁽²⁾		-	(10.2)	(10.2)
Revaluation gains and losses		0.9	7.5	13.9
Income from current disposals of intangible assets and property, plant and equipment		(1.8)	(1.0)	(4.9)
Change in the working capital requirement		(82.0)	(97.9)	(51.2)
Inventories		(34.2)	(35.6)	(56.6)
Trade accounts receivable, advances and down payments received		(78.2)	(86.4)	(24.3)
Trade accounts payable, advances and down payments paid		42.5	44.9	35.2
Other receivables and debts		(12.1)	(20.8)	(5.5)
Cash flow generated by current operations		268.4	228.4	567.4

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

(2) See Note 12.

Appendix 2: cash flow generated by other operating revenue and expenses

(€ millions)	Notes	06.30.2011	06.30.2010	2010
Other operating revenue and expenses ⁽¹⁾	8	(2.1)	(12.7)	(10.8)
Adjustments ⁽¹⁾		(6.7)	7.2	(5.0)
Impairment losses on goodwill	8 & 14	1.2	-	1.0
Profits resulting from bargain purchases	8	-	-	(42.8)
Other net operating amortization and depreciation	8	-	0.1	9.1
Other net operating provisions ⁽¹⁾	8	(1.2)	(2.3)	(2.4)
Income from non-recurring disposals of intangible assets and property, plant and equipment	8	-	0.1	3.8
Income from disposals of consolidated investments and available-for-sale financial assets	8	(8.7)	(0.5)	(1.4)
Changes in fair value related to obtaining or losing control	8	2.0	-	-
Non-recurring foreign exchange gain related to a financial restructuring ⁽²⁾		-	10.2	10.2
Share in net income of associates out of the recurring business		-	-	8.8
Income taxes paid on other operating revenue and expenses		-	(0.4)	8.7
Cash flow generated by other operating revenue and expenses		(8.8)	(5.5)	(15.8)

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

(2) See Note 12.

RECONCILIATION OF THE NET FINANCIAL DEBT

The net financial debt is the net position of Imerys towards financial institutions, i.e. the total of financing liabilities decreased by cash, cash equivalents and marketable securities. The net financial debt is used in the management of the financial resources of the Group. This indicator is used in particular in the calculation of financial ratios that Imerys has to comply with under financing agreements entered into with financial markets (*Note 21.4 - Borrower's liquidity risk*). The link between this indicator and the statement of financial position is presented in *Note 21.2*.

The following notes present the change in the net financial debt in two steps:

- from current operating income to current free operating cash flow;
- from current free operating cash flow to the change in net financial debt.

Current free operating cash flow

The current free operating cash flow is the residual cash flow resulting from current operating business and remaining after payment of current operating income taxes and operating capital expenditure, receipt of the disposal proceeds of operating assets and adjustment from cash changes in operational working capital requirement.

(€ millions)	06.30.2011	06.30.2010	2010
Current operating income ⁽¹⁾	252.9	209.3	421.5
Operating amortization, depreciation and impairment losses	102.1	107.3	213.0
Net change in operating provisions ⁽¹⁾	(1.3)	1.7	(9.8)
Share in net income of associates	(3.7)	(1.1)	(5.7)
Dividends received from associates	2.0	2.0	2.0
Operating cash flow before taxes (current EBITDA) ⁽¹⁾	352.0	319.2	621.0
Notional taxes on current operating income ^{(1) & (2)}	(72.6)	(60.9)	(122.0)
Current net operating cash flow ⁽¹⁾	279.4	258.3	499.0
Paid capital expenditures ⁽³⁾	(99.2)	(56.5)	(154.9)
Intangible assets	(4.0)	(1.3)	(6.4)
Property, plant and equipment	(55.2)	(32.0)	(118.3)
Overburden mining assets ⁽⁴⁾	(25.6)	(17.4)	(44.4)
Debts on acquisitions	(14.4)	(5.8)	14.2
Carrying amount of current asset disposals	2.3	2.2	3.7
Change in the operational working capital requirement	(69.9)	(77.1)	(45.7)
Inventories	(34.2)	(35.6)	(56.6)
Trade accounts receivable, advances and down payments received	(78.2)	(86.4)	(24.3)
Trade accounts payable, advances and down payments paid	42.5	44.9	35.2
Current free operating cash flow ⁽¹⁾	112.6	126.9	302.1

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

(2) Effective tax rate on current operating income 28.7% 29.1% 29.0%

(3) Recognized capital expenditures / asset depreciation ratio 83.1% 47.3% 79.4%

The recognized capital expenditures / asset depreciation ratio equals the paid capital expenditures (except for debts on acquisitions) divided by the increases in amortization and depreciation

Increases in asset amortization and depreciation 102.0 107.1 212.9

(4) Overburden mining assets (25.6) (17.4) (44.4)

Overburden mining assets - non-current (15.8) (10.6) (20.1)

Overburden mining assets - current (9.6) (6.8) (24.7)

Neutralization of activated restoration provisions (0.2) - 0.4

Change in net financial debt

(€ millions)	06.30.2011	06.30.2010	2010
Current free operating cash flow ⁽¹⁾	112.6	126.9	302.1
Financial income (loss)	(30.3)	(22.0)	(64.5)
Financial impairment losses and unwinding of the discount	0.8	4.0	6.6
Non-recurring foreign exchange gain related to a financial restructuring ⁽²⁾	-	(10.2)	(10.2)
Income taxes on financial income (loss)	8.7	9.4	21.5
Change in income tax debt	3.2	6.5	0.8
Change in deferred taxes on current operating income ⁽¹⁾	2.4	10.0	17.1
Change in other items of working capital	(12.1)	(20.8)	(5.5)
Change in fair value	1.3	3.2	6.3
Current free cash flow	86.6	107.0	274.2
External growth	(23.3)	0.3	(68.5)
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(22.2)	0.3	(68.9)
Acquisitions of available-for-sale financial assets	(1.1)	-	0.4
Disposals	26.4	0.8	1.8
Disposals of investments in consolidated entities after deduction of the net debt disposed of	25.5	0.8	1.8
Disposals of available-for-sale financial assets	0.9	-	-
Cash flow from other operating revenue and expenses	(8.8)	(5.5)	(15.8)
Dividends paid to shareholders and non-controlling interests	(91.1)	(76.0)	(76.3)
Financing requirement	(10.2)	26.6	115.4
Transactions on equity	(9.1)	(0.3)	(4.5)
Net change in financial assets	0.2	-	0.2
Change in net financial debt	(19.1)	26.3	111.1

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

(2) See Note 12.

(€ millions)	06.30.2011	06.30.2010	2010
Opening net financial debt	(872.8)	(964.3)	(964.3)
Change in net financial debt	(19.1)	26.3	111.1
Impact of changes due to exchange rate fluctuations	14.0	(50.0)	(23.8)
Impact of changes in fair value of interest rate hedges	4.0	(2.1)	4.1
Impact of changes in accounting policies and other	0.1	0.0	0.1
Closing net financial debt	(873.8)	(990.1)	(872.8)

INFORMATION BY SEGMENTS

Judgment

The reported segments correspond to the four business groups of Imerys: Minerals for Ceramics, Refractories, Abrasives & Foundry (CRAF); Performance & Filtration Minerals (PFM); Pigments for Paper & Packaging (PPP) and Materials & Monolithics (M&M). Each of these segments is engaged in the production and rendering of related goods and services presenting geological, industrial and commercial synergies and results from the aggregation of the Cash-Generating Units followed each month by the Executive Management in its business reporting.

The aggregation of Cash-Generating Units into segments qualifies as a judgment of the Executive Management performed as follows:

Segments	Cash Generating Units
Minerals for Ceramics, Refractories, Abrasives & Foundry (CRAF)	Minerals for Ceramics
	Minerals for Refractories
	Fused Minerals
	Graphite
Performance & Filtration Minerals (PFM)	Performance Minerals North America
	Minerals for Filtration North America
	Performance & Filtration Minerals Europe
	Performance & Filtration Minerals South America
	Performance & Filtration Minerals Asia Pacific
	Vermiculite
Pigments for Paper & Packaging (PPP)	Pigments for Paper & Packaging
Materials & Monolithics (M&M)	Clay Roof Tiles & Bricks
	Monolithic Refractories
	Kiln Furniture

However, the Executive Management considers that the holding structures dedicated to the centralized financing of the Group are no segments. Their aggregates are thus presented in a reconciliation column with inter-segment eliminations (IS&H).

Consolidated income statement

Revenue from transactions of Imerys with each of its external customers never exceeds a threshold of 10.0% of the Group's revenue.

As of June 30, 2011

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
External revenue	584.6	297.4	397.4	524.9	3.0	1,807.3
Sales of goods	545.9	264.9	334.0	440.7	3.0	1 588.5
Rendering of services	38.7	32.5	63.4	84.2	-	218.8
Inter-segment revenue	16.5	5.4	8.2	0.3	(30.4)	0.0
Revenue	601.1	302.8	405.6	525.2	(27.4)	1,807.3
Current operating income	86.2	39.1	41.0	112.6	(26.0)	252.9
of which share in net income of associates	2.3	(0.1)	1.4	0.1	-	3.7
of which amortization, depreciation and impairment losses	(29.9)	(19.8)	(34.9)	(16.7)	(0.8)	(102.1)
Operating income	81.3	40.6	39.4	111.5	(22.0)	250.8
Financial income (loss)	(3.3)	0.7	0.3	(1.8)	(26.2)	(30.3)
Interest revenue	0.4	0.1	0.1	0.2	0.4	1.2
Interest expenses	(0.9)	(0.1)	(0.5)	(0.9)	(27.4)	(29.8)
Income taxes	(23.5)	(11.5)	(7.7)	(36.5)	15.3	(63.9)
Net income	54.5	29.8	32.0	73.2	(32.9)	156.6

As of June 30, 2010

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
External revenue	522.7	293.8	353.6	451.2	1.7	1,623.0
Sales of goods	485.7	262.1	291.7	414.4	1.7	1,455.6
Rendering of services	37.0	31.7	61.9	36.8	-	167.4
Inter-segment revenue	13.9	6.6	2.7	0.2	(23.4)	0.0
Revenue	536.6	300.4	356.3	451.4	(21.7)	1,623.0
Current operating income ⁽¹⁾	67.8	34.9	37.1	92.4	(22.9)	209.3
of which share in net income of associates	-	(0.1)	1.1	0.1	-	1.1
of which amortization, depreciation and impairment losses	(32.6)	(21.3)	(34.4)	(17.8)	(1.2)	(107.3)
Operating income ⁽¹⁾	67.4	26.6	33.8	93.0	(24.2)	196.6
Financial income (loss)	(0.5)	(0.6)	(3.6)	0.9	(18.2)	(22.0)
Interest revenue	0.5	0.1	0.1	0.3	0.2	1.2
Interest expenses	(0.8)	(0.2)	(0.2)	(0.6)	(28.0)	(29.8)
Income taxes ⁽¹⁾	(15.2)	(7.3)	(6.0)	(32.1)	8.7	(51.9)
Net income ⁽¹⁾	51.7	18.7	24.2	61.8	(33.7)	122.7

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

As of December 31, 2010

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
External revenue	1,077.3	582.0	758.9	922.2	6.3	3,346.7
Sales of goods	998.6	519.3	636.4	833.3	6.0	2,993.6
Rendering of services	78.7	62.7	122.5	88.9	0.3	353.1
Inter-segment revenue	27.7	12.7	8.2	0.4	(49.0)	0.0
Revenue	1,105.0	594.7	767.1	922.6	(42.7)	3,346.7
Current operating income ⁽¹⁾	135.2	65.9	76.9	187.6	(44.1)	421.5
of which share in net income of associates	0.5	(0.4)	5.3	0.3	-	5.7
of which amortization, depreciation and impairment losses	(64.0)	(43.2)	(70.6)	(33.2)	(2.0)	(213.0)
Operating income ⁽¹⁾	131.3	37.6	104.4	185.2	(47.8)	410.7
Financial income (loss)	(5.2)	(3.3)	(6.4)	(0.5)	(49.1)	(64.5)
Interest revenue	1.0	0.2	0.5	0.4	0.6	2.7
Interest expenses	(1.3)	(0.3)	(0.7)	(1.4)	(55.6)	(59.3)
Income taxes ⁽¹⁾	(34.3)	(14.7)	(9.0)	(67.6)	27.5	(98.1)
Net income ⁽¹⁾	91.8	19.6	89.0	117.1	(69.4)	248.1

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

Consolidated statement of financial position

As of June 30, 2011

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
Capital employed - Assets	1,363.5	678.0	1,123.3	759.2	6.1	3,930.1
Goodwill ⁽¹⁾	423.9	138.8	158.7	194.4	0.7	916.5
Property, plant and equipment and intangible assets ⁽²⁾	390.6	357.0	614.2	305.0	6.1	1 672.9
Inventories	268.9	57.8	111.9	117.4	0.2	556.2
Trade receivables	198.1	100.0	102.1	111.8	(8.3)	503.7
Other receivables - current and non-current	54.6	21.6	101.1	23.8	4.7	205.8
Investments in associates	27.4	2.8	35.3	6.8	2.7	75.0
Unallocated assets						617.7
Total assets						4,547.8
Capital employed - Liabilities	210.0	90.1	119.7	206.8	(5.1)	621.5
Trade payables	128.1	57.3	71.4	114.6	(19.5)	351.9
Other debts - current and non-current	57.7	29.0	49.9	88.4	(0.1)	224.9
Income taxes payable	24.2	3.8	(1.6)	3.8	14.5	44.7
Provisions	102.7	90.8	81.4	76.5	(21.5)	329.9
Unallocated liabilities						1,477.8
Total current and non-current liabilities						2,429.2
Total capital employed	1,153.5	587.9	1,003.6	552.4	11.2	3,308.6

(1) Increases in goodwill 0.5 - - (0.5) - 0.0

(2) Acquisitions of property, plant and equipment and intangible assets 36.9 17.0 34.3 10.2 0.8 99.2

As of June 30, 2010

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
Capital employed - Assets	1,397.1	767.7	1,053.1	775.6	(12.3)	3,981.2
Goodwill ⁽¹⁾	450.9	154.9	171.1	200.0	0.7	977.6
Property, plant and equipment and intangible assets ⁽²⁾	433.2	418.8	565.7	321.7	5.4	1,744.8
Inventories	250.9	54.0	99.9	111.3	-	516.1
Trade receivables	202.1	110.6	91.8	105.8	(10.3)	500.0
Other receivables - current and non-current	54.1	21.3	94.8	30.0	(11.1)	189.1
Investments in associates	5.9	8.1	29.8	6.8	3.0	53.6
Unallocated assets ⁽³⁾						438.5
Total assets						4,419.7
Capital employed - Liabilities	211.5	92.9	105.3	180.7	(14.4)	576.0
Trade payables	119.3	58.1	68.5	100.5	(18.3)	328.1
Other debts - current and non-current	66.4	30.3	42.7	78.8	11.0	229.2
Income taxes payable	25.8	4.5	(5.9)	1.4	(7.1)	18.7
Provisions ⁽³⁾	120.0	100.8	82.2	75.4	74.7	453.1
Unallocated liabilities						1,366.7
Total current and non-current liabilities						2,395.8
Total capital employed	1,185.6	674.8	947.8	594.9	2.1	3,405.2

(1) Increases in goodwill 2.8 - - - - 2.8

(2) Acquisitions of property, plant and equipment and intangible assets 21.4 5.6 19.9 8.5 1.0 56.4

(3) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

As of December 31, 2010

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
Capital employed - Assets	1,356.3	700.6	1,155.6	747.8	(15.2)	3,945.1
Goodwill ⁽¹⁾	438.0	147.0	164.9	199.8	0.7	950.4
Property, plant and equipment and intangible assets ⁽²⁾	426.2	387.5	639.6	315.9	6.5	1,775.7
Inventories	264.7	54.0	115.2	111.2	-	545.1
Trade receivables	175.9	87.8	99.1	91.3	(7.6)	446.5
Other receivables - current and non-current	45.4	21.1	101.5	22.7	(17.7)	173.0
Investments in associates	6.1	3.2	35.3	6.9	2.9	54.4
Unallocated assets ⁽³⁾						492.3
Total assets						4,437.4
Capital employed - Liabilities	203.2	91.9	134.3	179.9	(17.2)	592.1
Trade payables	117.6	47.8	74.4	93.8	(16.5)	317.1
Other debts - current and non-current	58.3	34.9	63.9	84.5	8.3	249.9
Income taxes payable	27.3	9.2	(4.0)	1.6	(9.0)	25.1
Provisions ⁽³⁾	106.1	86.5	67.0	74.3	40.0	373.9
Unallocated liabilities						1,339.6
Total current and non-current liabilities						2,305.6
Total capital employed	1,153.1	608.7	1,021.3	567.9	2.0	3,353.0

(1) Increases in goodwill 4.8 - - 1.9 - 6.7

(2) Acquisitions of property, plant and equipment and intangible assets 57.9 20.8 55.1 16.2 4.9 154.9

(3) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

As of January 1, 2010

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
Capital employed - Assets	1,223.2	672.4	934.3	746.4	(24.4)	3,551.9
Goodwill ⁽¹⁾	411.8	141.2	153.5	190.3	0.7	897.5
Property, plant and equipment and intangible assets ⁽²⁾	413.0	376.3	514.2	331.7	9.9	1,645.1
Inventories	214.0	45.1	81.3	100.1	-	440.5
Trade receivables	138.9	79.5	77.2	76.0	(7.2)	364.4
Other receivables - current and non-current	39.5	23.3	77.7	41.7	(27.8)	154.4
Investments in associates	6.0	7.0	30.4	6.6	-	50.0
Unallocated assets ⁽³⁾						391.8
Total assets						3,943.7
Capital employed - Liabilities	165.9	65.4	87.7	159.7	(2.2)	476.5
Trade payables	91.2	40.9	52.9	91.6	(15.9)	260.7
Other debts - current and non-current	49.3	23.6	40.1	67.9	14.3	195.2
Income taxes payable	25.4	0.9	(5.3)	0.2	(0.6)	20.6
Provisions ⁽³⁾	96.7	68.2	68.5	72.9	39.3	345.6
Unallocated liabilities						1,318.8
Total current and non-current liabilities						2,140.9
Total capital employed	1,057.3	607.0	846.6	586.7	(22.2)	3,075.4

(1) Increases in goodwill (0.8) 5.1 - - - 4.3

(2) Acquisitions of property, plant and equipment and intangible assets 48.4 15.1 35.6 37.5 1.8 138.4

(3) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

Revenue by geographical location

(€ millions)	06.30.2011	06.30.2010	2010
France	393.6	352.9	708.5
Other European countries	664.4	587.9	1,218.8
North America	402.7	396.9	808.1
Asia - Oceania	252.5	202.7	433.7
Other countries	94.1	82.6	177.6
Revenue by geographical location of the businesses of the Group	1,807.3	1,623.0	3,346.7
France	324.7	279.8	561.4
Other European countries	655.2	591.9	1,226.6
North America	368.0	363.3	731.3
Asia - Oceania	310.3	257.4	546.9
Other countries	149.1	130.6	280.5
Revenue by geographical location of the customers	1,807.3	1,623.0	3,346.7

Assets by geographical location

As of June 30, 2011

(€ millions)	Goodwill	Property, plant and equipment and intangible assets	Total
France	166.1	341.5	507.6
Other European countries	326.7	357.9	684.6
North America	120.4	438.8	559.2
Asia - Oceania	225.9	145.3	371.2
Other countries	77.5	389.4	466.9
Total	916.6	1,672.9	2,589.5

As of June 30, 2010

(€ millions)	Goodwill	Property, plant and equipment and intangible assets	Total
France	163.6	356.7	520.3
Other European countries	336.5	378.8	715.3
North America	141.8	527.5	669.3
Asia - Oceania	253.4	171.2	424.6
Other countries	82.3	310.6	392.9
Total	977.6	1,744.8	2,722.4

As of December 31, 2010

(€ millions)	Goodwill	Property, plant and equipment and intangible assets	Total
France	166.7	354.3	521.0
Other European countries	331.3	373.9	705.2
North America	130.2	488.7	618.9
Asia - Oceania	240.8	157.8	398.6
Other countries	81.4	401.0	482.4
Total	950.4	1,775.7	2,726.1

■ ACCOUNTING PRINCIPLES AND POLICIES

Note 1 Accounting principles

The June 30, 2011 1st half financial statements are intended to provide an update on the complete set of annual financial statements as of December 31, 2010 compliant with IFRSs adopted within the European Union (hereafter “the Referential”). They are established in a condensed form in compliance with IAS 34 (interim financial information) and do not include all disclosures for a complete set of financial statements as published for the annual closing. They shall thus be reviewed in relation with the Group annual financial statements published as of December 31, 2010. The adoption process within the European Union may create temporary time-lags at the closing date between the Referential and IFRSs. However, in absence of temporary time-lags as of June 30, 2011, there is no difference at that date between the Referential and IFRSs. The financial statements have been closed on July 28, 2011 by the Board of Directors of Imerys SA, the Parent Company of the Group.

Note 2 Changes in accounting policies

2.1 Mandatory changes

Anticipated application

Imerys is not applying any text by anticipation in 2011. The Group had not applied any text by anticipation in 2010.

Application upon effective date

Amendment to IFRIC 14, Prepayments of a Minimum Funding Requirement. This amendment applicable as of January 1, 2011 corrects an unintended consequence of the initial version of IFRIC 14. To measure the asset of an employee benefits plan, this interpretation proscribed in certain circumstances to consider the prepaid contributions that could be set as a reduction of future minimum contributions. This amendment will have no significant impact on the measurement of employee benefits assets (*Note 20.1*).

Improvements to IFRSs (May 2010). This continuous project provides a series of necessary amendments to the existing texts.

Besides, the texts hereafter do not concern the transactions, events or conditions existing within the Group: Amendment to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters; IAS 24 Revised, Related Party Disclosures; IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments.

2.2 Voluntary changes

Recognition of post-employment employee benefits actuarial differences. Standard IAS 19 on employee benefits authorizes the recognition of post-employment employee benefits actuarial differences either in profit or loss, or in equity. The revised standard published by the IASB in April 2011 and applicable in 2013 (*Note 3.2*) suppresses the profit or loss option. Imerys, who had retained this option and applied it in accordance with the corridor method, has thus decided to choose, in the framework of the current standard, the immediate recognition of the entire actuarial differences in equity with no subsequent reclassification in profit or loss. With the choice of this option, Imerys improves the view over employee benefits assets and liabilities by a significant reduction of off-balance sheet items and makes its accounting principles evolve consistently with the choices of the IASB and the majority of the significant issuers listed at NYSE Euronext Paris.

The impact of the change in accounting policy on the consolidated equity is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	Notes	06.30.2011	06.30.2010	2010	01.01.2010
Income statement		1.4	1.3	2.8	-
Staff expenses		2.0	2.0	2.5	-
Net change in the provisions of defined benefit plans	7	2.0	2.0	2.5	-
Other non-recurring items		0.0	0.0	1.6	-
Change in provisions	8	-	-	1.6	-
Income taxes		(0.6)	(0.7)	(1.3)	-
Current operating and financial income (loss) deferred taxes	11	(0.6)	(0.7)	(0.9)	-
Deferred taxes on other operating revenue and expenses	11	-	-	(0.4)	-
Statement of comprehensive income		24.5	(118.0)	(67.4)	(53.0)
Actuarial gains and (losses)	20.1	29.5	(147.1)	(89.3)	(72.5)
Assets limitation	20.1	(0.1)	0.1	1.6	-
Income taxes	11	(8.3)	39.7	23.4	19.5
Translation reserve		3.4	(10.7)	(3.1)	-
Statement of changes in equity		25.9	(116.7)	(64.6)	(53.0)

The impact of the change in accounting policy on the statement of financial position is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	Notes	06.30.2011	06.30.2010	2010	01.01.2010
Other financial assets	19	1.2	9.3	12.6	7.1
Plan assets	20.1	1.2	9.3	12.6	7.1
Reimbursement rights	20.1	-	-	-	-
Deferred tax assets	22	10.1	(42.8)	(23.2)	(19.5)
Provisions for employee benefits		(37.2)	150.2	75.2	65.4
Retirement plans	20.1	(37.3)	151.8	77.8	67.3
Medical plans	20.1	0.1	(1.6)	(2.6)	(1.9)
Statement of financial position		(25.9)	116.7	64.6	53.0

Voluntary changes in accounting policies in 2010. In 2010, the Group did not perform any voluntary change in accounting policies.

Note 3 Texts effective after the closing date

On the basis of the last projected adoption agenda of IFRSs within the European Union dated July 13, 2011 and published as of July 28, 2011 by the EFRAG (European Financial Reporting Advisory Group), Imerys will apply the following texts after June 30, 2011.

3.1 Application in 2012

The following texts, whose adoption process is in progress within the European Union as of June 30, 2011, do not concern the transactions, events or conditions existing within the Group: Amendments to IFRS 7 Financial Instruments: Disclosures; Amendments to IAS 12 Income Taxes: Deferred Tax - Recovery of Underlying Assets; Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters.

3.2 Application in 2013

As of June 30, 2011, the adoption process of the following standards is in progress within the European Union.

IFRS 9 (Phase 1), Financial Instruments: Classification and Measurement. As of July 28, 2011, the date at which the financial statements are closed by the Board of Directors, the EFRAG has not communicated any indicative adoption date for this text. On its side the IASB requires mandatory application as of January 1, 2013. Imerys shall thus apply this text at this date at the latest, on condition of its prior adoption within the European Union. On this same condition, the Group could decide to apply it by anticipation before January 1, 2013. This text represents the first step of a reform intended to simplify IAS 39. This first amendment reduces the number of categories of financial instruments by focusing on the two measurement bases that are fair value and amortized cost. This amendment shall modify the classification of information disclosed in [Notes 9, 10, 19 and 21.1](#) without impacting the recognition and measurement rules of financial instruments. These rules shall however be modified as part of an amendments project in progress as of June 30, 2011: impairment losses of financial assets measured at amortized cost (Phase 2) and hedge accounting (Phase 3).

IFRS 10, Consolidated Financial Statements. This retrospectively applicable standard will replace standard IAS 27, Consolidated and Separate Financial Statements and interpretation SIC 12, Consolidation - Special Purpose Entities and will confirm control as the basis for the scope of consolidation according to three components: power, exposure to the variability of returns and capacity to exercise that power to have an influence on these returns. This new standard will have no impact on the scope of consolidation ([Note 24](#)). IAS 27, revised correlatively with the publication of IFRS 10, will only address separate financial statements and will thus no longer be applicable within the Group.

IFRS 11, Joint Arrangements. This retrospectively applicable standard will replace standard IAS 31, Interests in Joint Ventures and interpretation SIC 13, Jointly Controlled Entities - Non-Monetary Contributions by Venturers and will suppress the current option provided by IAS 31 to recognize jointly controlled businesses either under the proportionate integration method, or under the equity method. In the new standard, only the equity method will be allowed. IAS 28 is revised correlatively with the publication of IFRS 11. These new rules will have no impact at Imerys where the proportionate integration method is not used ([see Note 4.6, Chapter 5 of the 2010 Registration Document](#)).

IFRS 12, Disclosure of Interests in Other Entities. This standard is intended to improve the disclosures on the entities over which the Group exercises control ([Note 24](#)), joint control or significant influence ([see Note 20, Chapter 5 of the 2010 Registration Document](#)).

IFRS 13, Fair Value Measurement. This standard defines fair value as the exit price of an asset or liability and imposes the methodology applicable to its determination as well as disclosures ([see Notes 25.1 and 25.4, Chapter 5 of the 2010 Registration Document](#)). IFRS 13 is not defining the circumstances under which the use of fair value is required, this remaining provided by the applicable standards.

Amendments to IAS 1, Presentation of Items of Other Comprehensive Income. These retrospectively applicable amendments mainly provide an improvement in the presentation of other comprehensive income items by distinguishing items that may be reclassified subsequently to profit or loss from items that may not. The impact of these amendments on the presentation of the statement of comprehensive income will be very limited.

Amendments to IAS 19, Employee Benefits. These retrospectively applicable amendments will bring three main changes to the recognition of post-employment employee benefits: immediate recognition of the entire actuarial differences in equity with no subsequent reclassification in profit or loss; immediate recognition in profit or loss, upon amendment of a plan, of the entire past service cost; and suppression of the notion of expected return on plan assets in profit or loss, replaced by a normative return whose rate will be equal, irrespective of the investment strategy, to the discount rate of the obligation, the excess of the actual return over this normative return being immediately credited in equity with no subsequent reclassification in profit or loss. Imerys will however be concerned only by the two last changes, the entire actuarial differences of post-employment employee benefits being immediately recognized in equity since January 1, 2010 in accordance with the voluntary change in accounting method described in [Note 2.2](#).

■ NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 4 Revenue

(€ millions)	06.30.2011	06.30.2010	2010
Sales of goods	1,588.5	1,455.6	2,993.6
Rendering of services	218.8	167.4	353.1
Total	1,807.3	1,623.0	3,346.7

Revenue amounts to €1,807.3 million in the 1st half of 2011 (€1,623.0 million in the 1st half of 2010 and €3,346.7 million in 2010), i.e. an increase of + 11.4% (+ 18.1% in the 1st half of 2010 and + 20.7% in 2010), including a negative effect of - €27.5 million due to foreign currency changes (+ €34.9 million in the 1st half of 2010 and + €134.0 million in 2010) and a positive structure impact of + €14.5 million (- €6.0 million in the 1st half of 2010 and + €23.9 million in 2010). At comparable structure and foreign currency rates, it increases by + 12.2% (+16.0% in the 1st half of 2010 and + 14.9% in 2010).

Note 5 Raw materials and consumables used

(€ millions)	06.30.2011	06.30.2010	2010
Raw materials	(305.5)	(274.0)	(549.2)
Energy	(183.9)	(168.2)	(345.1)
Chemicals	(38.3)	(33.9)	(71.3)
Other raw materials	(87.7)	(82.3)	(162.6)
Merchandises	(64.5)	(51.9)	(111.0)
Change in inventories	34.2	35.6	56.5
Property, plant and equipment produced by the entity	3.5	3.2	4.1
Total	(642.2)	(571.5)	(1,178.6)

Note 6 External expenses

(€ millions)	06.30.2011	06.30.2010	2010
Freight	(207.3)	(184.0)	(390.6)
Operating leases	(27.1)	(21.6)	(45.5)
Subcontracting	(57.4)	(44.9)	(103.6)
Maintenance and repair	(45.8)	(40.8)	(89.7)
Fees	(28.8)	(28.2)	(57.4)
Other external expenses	(85.1)	(76.8)	(162.7)
Total	(451.5)	(396.3)	(849.5)

Note 7 Staff expenses

(€ millions)	06.30.2011	06.30.2010	2010
Salaries	(245.9)	(230.5)	(470.7)
Social contributions	(55.6)	(50.2)	(99.6)
Net change in the provisions of defined benefit plans ⁽¹⁾	5.8	6.3	23.0
Contributions to defined benefit plans	(13.1)	(13.0)	(37.2)
Contributions to defined contribution plans	(10.0)	(9.0)	(17.9)
Profit-sharing	(10.5)	(9.7)	(21.0)
Other employee benefits	(4.8)	(4.6)	(9.7)
Total	(334.1)	(310.7)	(633.1)

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

Note 8 Other operating revenue and expenses

(€ millions)	06.30.2011	06.30.2010	2010
Gain or loss from obtaining or losing control	5.8	(1.1)	40.8
Transaction costs	(0.9)	(1.4)	(3.2)
Changes in fair value related to obtaining or losing control	(2.0)	-	-
Profits resulting from bargain purchases	-	-	42.8
Changes in estimate of the contingent remuneration of the seller	-	(0.2)	(0.2)
Income from disposal of consolidated businesses	8.7	0.5	1.4
Other non-recurring items	(7.9)	(11.6)	(51.6)
Impairment losses on goodwill	(1.2)	0.0	(1.0)
Impairment losses on restructuring	-	(0.1)	(9.0)
Income on non-recurring asset disposals	-	(0.1)	(3.8)
Restructuring expenses paid	(7.9)	(13.7)	(31.4)
Change in provisions ⁽¹⁾	1.2	2.3	2.4
Share in net income of associates out of the recurring business	-	-	(8.8)
Other operating revenue and expenses - gross	(2.1)	(12.7)	(10.8)
Revenue	32.3	17.1	72.0
Expenses	(34.4)	(29.8)	(82.8)
Income taxes	-	(0.4)	2.3
Non-recurring foreign exchange gain related to a financial restructuring ⁽²⁾	-	10.2	10.2
Other operating revenue and expenses - net, Group share	(2.1)	(2.9)	1.7

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

(2) See Note 12.

Other operating revenue and expenses of 2011

The 2011 "Other operating revenue and expenses - net, Group share" amount to - €2.1 million after income taxes, of which +€1.7 million with no cash impact and - €3.8 million in cash. The "Other operating revenue and expenses - gross" amount to -€2.1 million: - €4.9 million in the Minerals for Ceramics, Refractories, Abrasives & Foundry business group (of which mainly -€3.3 million of provisions); +€1.5 million in the Performance & Filtration Minerals business group (of which mainly +€1.6 million on disposal of a consolidated business in South America); -€1.6 million in the Pigments for Paper business group (of which mainly -€1.4 million with respect to restructurings); -€1.1 million in the Materials & Monolithics business group (of which mainly -€1.6 million of provisions); and +€4.0 million in the holdings (of which mainly +€4.4 million corresponding to the extinction of a purchase commitment of non-controlling interests).

Other operating revenue and expenses of 2010

The 2010 "Other operating revenue and expenses - net, Group share" amounted to +€0.5 million after income taxes, of which +€12.5 million with no cash impact and -€12.0 million in cash. The statement of cash flows splits the latter in -€15.8 million of "Cash flow generated by other operating revenue and expenses" (operating activities) and +€3.8 million of disposals of investments in consolidated entities. The "Other operating revenue and expenses - net, Group share" comprised in particular in cash the reclassification in profit or loss of a cumulated foreign exchange gain of +€10.2 million, realized as a consequence of a restructuring of the financing of businesses in US Dollar. The "Other operating revenue and expenses - gross" amounted to -€12.4 million: -€28.3 million in the Performance & Filtration Minerals business group (of which mainly -€17.8 million with respect to environmental provisions in Devon (Great Britain) and in Georgia (United States) and -€8.2 million of goodwill impairment of associates in China); +€27.4 million in the Pigments for Paper business group (of which mainly +€42.8 million of negative goodwill in Brazil and -€9.1 million of impairment of assets in China); -€2.4 million in the Materials & Monolithics business group (of which -€5.2 million related to the main restructurings); -€5.5 million in the Minerals for Ceramics, Refractories, Abrasives & Foundry business group (of which -€5.1 million related to the main restructurings); and -€3.6 million in the holdings (of which -€3.2 million of transaction costs on acquisitions of businesses).

Note 9 Financial instruments

Financial instruments result from contracts whose execution symmetrically creates a financial asset of one party to the contract and a financial liability or an equity instrument of the other party. Financial instruments are related to one of the following categories: "Available-for-sale financial assets" (investments in non consolidated entities), "Financial assets and liabilities at fair value through profit or loss" (marketable securities and derivatives not eligible to hedge accounting), "Loans and receivables" (trade receivables, tax receivables other than income taxes, cash and cash equivalents), or "Financial liabilities at amortized cost (bonds, bank loans, trade payables, tax debts other than income taxes, bank overdrafts).

Hedge derivatives are disclosed in a separate column since the dispensatory character of hedge accounting excludes any relation to one of the above categories. [Notes 9, 10, 19 and 21.1](#) present disclosures on financial instruments in accordance with these categories. The classification logic of financial instrument assets ([Note 19](#)) and liabilities ([Note 21.1](#)) transversally applies to their changes in profit or loss ([Notes 9 and 10](#)). For example, "Revenue" is attached to "Amortized cost" as its counterparts in "Trade receivables" or "Cash and cash equivalents" belong to that category in the assets. In addition, in order to enable the reconciliation between the disclosures and the financial statements, these notes include a column "Non IAS 39" that includes the following items:

- Non IAS 39 financial assets and liabilities: consolidated investments (IAS 27), investments measured in accordance with the equity method (IAS 28), short-term employee benefits assets and liabilities (IAS 19), share-based payments (IFRS 2), finance lease liabilities (IAS 17);
- Non financial assets and liabilities: goodwill (IFRS 3), intangible assets (IAS 38), property, plant and equipment (IAS 16), mining assets (IFRS 6), inventories (IAS 2), income taxes assets and liabilities (IAS 12), prepaid expenses (IAS 38), provisions (IAS 37), defined employee benefits assets and liabilities (IAS 19), grants (IAS 20).

The tables hereafter disclose the income and expenses before income taxes recognized in profit or loss and equity by categories of financial instruments. The balances of “Other financial revenue” and “Other financial expenses” are further analyzed in [Note 10](#).

As of June 30, 2011

(€ millions)	Available- for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
Operating income									
Revenue	-	-	-	1,803.7	-	-	3.6	-	1,807.3
Raw materials and consumables used	-	-	-	-	(684.6)	-	3.7	38.7	(642.2)
External expenses	-	-	-	-	(451.5)	-	-	-	(451.5)
Taxes and duties	-	-	-	-	(23.1)	-	-	-	(23.1)
Other current revenue and expenses	-	-	-	24.7	(28.9)	-	1.7	(2.6)	(5.1)
Gain or loss from obtaining or losing control	(1.2)	-	-	-	(0.8)	-	-	7.8	5.8
Financial income (loss)									
Income from securities	-	1.2	-	-	-	-	-	-	1.2
Gross financial debt expense	-	-	(0.6)	-	(29.0)	(0.5)	-	-	(30.1)
Other financial revenue	0.1	-	1.9	1.6	64.4	5.1	-	25.4	98.5
Other financial expenses	-	-	-	(0.1)	(68.7)	(5.0)	-	(26.1)	(99.9)
Equity									
Recognition in equity	-	-	-	-	-	-	10.2	-	10.2
Reclassification in profit or loss	-	-	-	-	-	-	(7.2)	-	(7.2)
Total financial instruments	(1.1)	1.2	1.3	1,829.9	(1,222.2)	(0.4)	12.0	-	-
of which impairment losses in profit or loss	-	-	-	(2.5)	-	-	-	(3.6)	-
of which reversals of impairment losses in profit or loss	-	-	-	4.0	-	-	-	3.0	-

The columns “Hedge derivatives / Fair value” and “Hedge derivatives / Cash flow” of the above table are analyzed as follows:

(€ millions)	Fair value			Total	Cash flow		Total
	Change in fair value of hedged items	Effective portion of hedges	Ineffective portion of hedges		Effective portion of hedges	Ineffective portion of hedges	
Operating income							
Revenue	-	-	-	-	3.6	-	3.6
Raw materials and consumables used	-	-	-	-	3.7	-	3.7
Other operational revenue and expenses	-	-	-	-	(0.1)	1.8	1.7
Financial income (loss)							
Gross financial debt expense	-	(0.5)	-	(0.5)	-	-	0.0
Other financial revenue	5.1	-	-	5.1	-	-	0.0
Other financial expenses	-	(5.0)	-	(5.0)	-	-	0.0
Profit or loss	5.1	(5.5)	0.0	(0.4)	7.2	1.8	9.0
Equity							
Recognition in equity	-	-	-	-	10.2	-	10.2
Reclassification in profit or loss	-	-	-	-	(7.2)	-	(7.2)
Total financial instruments	-	-	-	(0.4)	-	-	12.0

As of June 30, 2010

(€ millions)	Available- for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives			Total	
		Non derivative	Non hedge derivatives			Fair value	Cash flow	Non IAS 39		
Operating income										
Revenue	-	-	-	1,621.3	-	-	1.7	-	-	1,623.0
Raw materials and consumables used	-	-	-	-	(609.8)	-	0.4	37.9	-	(571.5)
External expenses	-	-	-	-	(396.3)	-	-	-	-	(396.3)
Taxes and duties	-	-	-	-	(21.7)	-	-	-	-	(21.7)
Other current revenue and expenses	-	-	-	10.7	(19.0)	-	0.1	0.9	-	(7.3)
Gain or loss from obtaining or losing control	-	-	-	-	-	-	-	(1.1)	-	(1.1)
Financial income (loss)										
Income from securities	-	1.2	-	-	-	-	-	-	-	1.2
Gross financial debt expense	-	-	(0.6)	-	(28.5)	(1.3)	-	-	-	(30.4)
Other financial revenue	0.1	-	(2.0)	2.5	46.8	11.4	-	23.4	-	82.2
Other financial expenses	-	-	(1.4)	(0.3)	(34.4)	(11.4)	(0.4)	(27.1)	-	(75.0)
Equity										
Recognition in equity	-	-	-	-	-	-	0.3	-	-	0.3
Reclassification in profit or loss	-	-	-	-	-	-	(1.6)	-	-	(1.6)
Total financial instruments	0.1	1.2	(4.0)	1,634.2	(1,062.9)	(1.3)	0.5	-	-	-
of which impairment losses in profit or loss	-	-	-	(9.1)	-	-	-	(3.3)	-	-
of which reversals of impairment losses in profit or loss	-	-	-	1.8	-	-	-	5.1	-	-

The columns "Hedge derivatives / Fair value" and "Hedge derivatives / Cash flow" of the above table are analyzed as follows:

(€ millions)	Fair value			Total	Cash flow		Total
	Change in fair value of hedged items	Effective portion of hedges	Ineffective portion of hedges		Effective portion of hedges	Ineffective portion of hedges	
Operating income							
Revenue	-	-	-	-	1.7	-	1.7
Raw materials and consumables used	-	-	-	-	0.4	-	0.4
Other operational revenue and expenses	-	-	-	-	(0.3)	0.4	0.1
Financial income (loss)							
Gross financial debt expense	-	(1.3)	-	(1.3)	-	-	0.0
Other financial revenue	-	11.4	-	11.4	-	-	0.0
Other financial expenses	(11.4)	-	-	(11.4)	(0.2)	(0.2)	(0.4)
Profit or loss	(11.4)	10.1	0.0	(1.3)	1.6	0.2	1.8
Equity							
Recognition in equity	-	-	-	-	0.3	-	0.3
Reclassification in profit or loss	-	-	-	-	(1.6)	-	(1.6)
Total financial instruments	-	-	-	(1.3)	-	-	0.5

As of December 31, 2010

(€ millions)	Available- for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives			Total	
		Non derivative	Non hedge derivatives			Fair value	Cash flow	Non IAS 39		
Operating income										
Revenue	-	-	-	3,340.4	-	-	6.3	-	-	3,346.7
Raw materials and consumables used	-	-	-	-	(1,241.0)	-	0.6	61.8	-	(1,178.6)
External expenses	-	-	-	-	(849.5)	-	-	-	-	(849.5)
Taxes and duties	-	-	-	-	(41.6)	-	-	-	-	(41.6)
Other current revenue and expenses	-	-	-	29.6	(47.6)	-	0.4	2.5	-	(15.1)
Gain or loss from obtaining or losing control	-	-	-	-	(3.4)	-	-	44.2	-	40.8
Financial income (loss)										
Income from securities	-	2.7	-	-	-	-	-	-	-	2.7
Gross financial debt expense	-	-	(1.2)	-	(56.5)	(2.3)	-	-	-	(60.0)
Other financial revenue	0.1	-	(2.1)	4.8	154.5	7.2	-	47.6	-	212.1
Other financial expenses	(0.1)	-	(4.1)	(0.3)	(153.2)	(7.3)	(0.3)	(54.0)	-	(219.3)
Equity										
Recognition in equity	-	-	-	-	-	-	18.4	-	-	18.4
Reclassification in profit or loss	-	-	-	-	-	-	(5.9)	-	-	(5.9)
Total financial instruments	0.0	2.7	(7.4)	3,374.5	(2,238.3)	(2.4)	19.5	-	-	-
of which impairment losses in profit or loss	(0.1)	(0.1)	-	(18.7)	-	-	-	(8.0)	-	-
of which reversals of impairment losses in profit or loss	-	0.1	-	9.7	-	-	-	9.5	-	-

The columns "Hedge derivatives / Fair value" and "Hedge derivatives / Cash flow" of the above table are analyzed as follows:

(€ millions)	Fair value			Total	Cash flow		Total
	Change in fair value of hedged items	Effective portion of hedges	Ineffective portion of hedges		Effective portion of hedges	Ineffective portion of hedges	
Operating income							
Revenue	-	-	-	-	6.3	-	6.3
Raw materials and consumables used	-	-	-	-	0.6	-	0.6
Other operational revenue and expenses	-	-	-	-	(0.7)	1.1	0.4
Financial income (loss)							
Gross financial debt expense	-	(2.3)	-	(2.3)	-	-	0.0
Other financial revenue	-	7.2	-	7.2	-	-	0.0
Other financial expenses	(7.3)	-	-	(7.3)	(0.3)	-	(0.3)
Profit or loss	(7.3)	4.9	0.0	(2.4)	5.9	1.1	7.0
Equity							
Recognition in equity	-	-	-	-	18.4	-	18.4
Reclassification in profit or loss	-	-	-	-	(5.9)	-	(5.9)
Total financial instruments	-	-	-	(2.4)	-	-	19.5

Note 10 Financial income (loss)

The tables hereafter disclose the financial income (loss) by categories of financial instruments. A description of the categories of financial instruments is provided in [Note 9](#).

As of June 30, 2011

(€ millions)	Available- for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives			Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow	Non IAS 39	
Net financial debt expense	0.0	1.2	(0.6)	0.0	(29.0)	(0.5)	0.0	0.0	(28.9)
Income from securities	-	1.2	-	-	-	-	-	-	1.2
Gross financial debt expense	-	-	(0.6)	-	(29.0)	(0.5)	-	-	(30.1)
Other financial revenue and expenses	0.1	0.0	1.9	1.5	(4.3)	0.1	0.0	(0.7)	(1.4)
Dividends	0.1	-	-	-	-	-	-	-	0.1
Net exchange rate differences	-	-	-	-	(2.6)	-	-	0.3	(2.3)
Expense and revenue on derivative instruments	-	-	1.9	-	-	0.1	-	-	2.0
Expected return on assets of defined benefit plans	-	-	-	-	-	-	-	25.1	25.1
Unwinding of provisions of defined benefit plans	-	-	-	-	-	-	-	(24.8)	(24.8)
Unwinding of other provisions	-	-	-	-	-	-	-	(1.3)	(1.3)
Other financial revenue and expenses	-	-	-	1.5	(1.7)	-	-	-	(0.1)
Financial income (loss)	0.1	1.2	1.3	1.5	(33.3)	(0.4)	0.0	(0.7)	(30.3)
Revenue	0.1	1.2	1.9	1.6	64.4	5.1	-	25.4	99.7
Expenses	-	-	(0.6)	(0.1)	(97.6)	(5.5)	-	(26.2)	(130.0)

As of June 30, 2010

(€ millions)	Available- for-sale financial assets	Fair value Through profit or loss		Loans and receivables	Financial Liabilities at amortized cost	Hedge derivatives			Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow	Non IAS 39	
Net financial debt expense	0.0	1.2	(0.6)	0.0	(28.5)	(1.3)	0.0	0.0	(29.2)
Income from securities	-	1.2	-	-	-	-	-	-	1.2
Gross financial debt expense	-	-	(0.6)	-	(28.5)	(1.3)	-	-	(30.4)
Other financial revenue and expenses	0.1	0.0	(3.4)	2.2	12.4	0.0	(0.4)	(3.7)	7.2
Dividends	0.1	-	-	-	-	-	-	-	0.1
Net exchange rate differences	-	-	-	-	13.4	-	(0.3)	(0.8)	12.3
Expense and revenue on derivative instruments	-	-	(3.4)	-	-	-	(0.1)	-	(3.5)
Expected return on assets of defined benefit plans	-	-	-	-	-	-	-	23.4	23.4
Unwinding of provisions of defined benefit plans	-	-	-	-	-	-	-	(24.7)	(24.7)
Unwinding of other provisions	-	-	-	-	-	-	-	(1.6)	(1.6)
Other financial revenue and expenses	-	-	-	2.2	(1.0)	-	-	-	1.2
Financial income (loss)	0.1	1.2	(4.0)	2.2	(16.1)	(1.3)	(0.4)	(3.7)	(22.0)
Revenue	0.1	1.2	(2.1)	2.5	46.9	11.4	-	23.4	83.4
Expenses	-	-	(1.9)	(0.3)	(63.0)	(12.7)	(0.4)	(27.1)	(105.4)

As of December 31, 2010

(€ millions)	Available- for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives			Total
		Non derivative	Non hedge derivatives			Fair value	Cash flow	Non IAS 39	
Net financial debt expense	0.0	2.7	(1.2)	0.0	(56.5)	(2.3)	0.0	0.0	(57.3)
Income from securities	-	2.7	-	-	-	-	-	-	2.7
Gross financial debt expense	-	-	(1.2)	-	(56.5)	(2.3)	-	-	(60.0)
Other financial revenue and expenses	0.0	0.0	(6.2)	4.5	1.3	(0.1)	(0.3)	(6.4)	(7.2)
Net exchange rate differences	-	-	-	-	6.0	-	(0.2)	(0.2)	5.6
Expense and revenue on derivative instruments	-	-	(6.2)	-	-	-	-	-	(6.2)
Expected return on assets of defined benefit plans	-	-	-	-	-	-	-	47.3	47.3
Unwinding of provisions of defined benefit plans	-	-	-	-	-	-	-	(50.1)	(50.1)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.4)	(3.4)
Other financial revenue and expenses	-	-	-	4.5	(4.7)	(0.1)	(0.1)	-	(0.4)
Financial income (loss)	0.0	2.7	(7.4)	4.5	(55.2)	(2.4)	(0.3)	(6.4)	(64.5)
Revenue	0.1	2.7	(2.1)	4.8	154.5	7.2	-	47.6	214.8
Expenses	(0.1)	-	(5.3)	(0.3)	(209.7)	(9.6)	(0.3)	(54.0)	(279.3)

Note 11 Income taxes

Income taxes recognized in net income

(€ millions)	06.30.2011	06.30.2010	2010
Payable and deferred income taxes			
Income taxes payable	(61.7)	(41.9)	(74.7)
Income taxes payable for the period	(58.6)	(39.9)	(77.7)
Income taxes payable - Prior period adjustments	(3.1)	(2.0)	3.0
Deferred taxes	(2.2)	(10.0)	(23.4)
Deferred taxes due to changes in temporary differences ⁽¹⁾	(2.1)	(10.0)	(23.0)
Deferred taxes due to changes in income tax rates	(0.1)	-	(0.4)
Total	(63.9)	(51.9)	(98.1)
Income taxes by level of income			
Income taxes on current operating and financial income (loss)	(63.9)	(51.5)	(100.4)
Current operating and financial income (loss) taxes payable	(61.7)	(41.5)	(83.4)
Current operating and financial income (loss) deferred taxes ⁽¹⁾	(2.2)	(10.0)	(17.0)
Income taxes on other operating revenue and expenses	(0.0)	(0.4)	2.3
Income taxes payable on other operating revenue and expenses	-	(0.4)	8.7
Deferred taxes on other operating revenue and expenses ⁽¹⁾	-	-	(6.4)
Total	(63.9)	(51.9)	(98.1)

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

Income taxes recognized in equity

(€ millions)	06.30.2011	06.30.2010	2010
Actuarial differences and limitations of post-employment employee benefits ⁽¹⁾	(8.3)	20.3	3.9
Cash flow hedges	(1.0)	4.5	0.2
Income taxes recognized in equity	(3.5)	4.5	0.2
Income taxes reclassified in profit or loss	2.5	-	-
Translation reserve	(2.2)	1.7	(7.8)
Income taxes recognized in equity	(2.2)	(1.8)	(11.3)
Income taxes reclassified in profit or loss	-	3.5	3.5
Total	(8.3)	26.5	(3.7)

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

Income taxes paid

The amount of income taxes paid in the 1st half of 2011 amounts to €58.2 million (€35.3 million in the 1st half of 2010 and €73.9 million in 2010).

Tax reconciliation excluding non-recurring items

	06.30.2011	06.30.2010	2010
Legal tax rate in France (including surtax and contribution)	34.4%	34.4%	34.4%
Impact of national rate differences	(6.3)%	(6.0)%	(5.7)%
Impact of permanent differences and tax incentives	(1.0)%	0.3%	0.1%
Impact of unrecognized tax losses utilized	(2.1)%	(1.6)%	(2.2)%
Other income taxes at different rates and bases and impact of rate changes on deferred taxes	1.3%	0.8%	1.0%
Other (tax credits, tax losses created and unrecognized, tax reassessments and tax provisions, prior period adjustments)	2.4%	1.2%	1.4%
Effective tax rate on current operating and financial income (loss) ⁽¹⁾	28.7%	29.1%	29.0%

(1) 28.7% = €63.9 million (income taxes on current operating income) / [€252.9 million (current operating income) - €30.9 million (financial income (loss))].

Tax reconciliation including non-recurring items

	06.30.2011	06.30.2010	2010
Legal tax rate in France (including surtax and contribution)	34.4%	34.4%	34.4%
Impact of national rate differences	(6.3)%	(5.8)%	(4.5)%
Impact of permanent differences and tax incentives	(1.4)%	0.3%	(2.7)%
Impact of unrecognized tax losses utilized	(2.2)%	(1.7)%	(2.4)%
Other income taxes at different rates and bases and impact of rate changes on deferred taxes	1.6%	0.9%	1.0%
Other (tax credits, tax losses created and unrecognized, tax reassessments and tax provisions, prior period adjustments)	2.9%	1.6%	2.5%
Effective tax rate on operating and financial income (loss)	29.0%	29.7%	28.3%

Note 12 Net income, Group share

(€ millions)	06.30.2011	06.30.2010	2010
Current operating income ⁽¹⁾	252.9	209.3	421.5
Financial income (loss)	(30.3)	(22.0)	(64.5)
Non-recurring foreign exchange gain related to a financial restructuring	-	(10.2)	(10.2)
Income taxes on current operating income ⁽¹⁾	(63.9)	(51.5)	(100.4)
Non-controlling interests	(1.7)	(2.2)	(4.4)
Net income from current operations, Group share	157.0	123.4	242.0
Other operating revenue and expenses - gross ⁽¹⁾	(2.1)	(12.7)	(10.8)
Non-recurring foreign exchange gain related to a financial restructuring	-	10.2	10.2
Income taxes ⁽¹⁾	-	(0.4)	2.3
Net income, Group share	154.9	120.5	243.7

Effective tax rate on current operating income 28.7% 29.1% 29.0%

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

A foreign exchange gain of + €10.2 million realized in the 1st half of 2010 as a consequence of a reorganization of financings of businesses in US Dollar (Note 8) presents a non-recurring and significant character. The format of the financial income (loss) does not allow to present separately such a transaction: this foreign exchange gain has thus been included in the line "Other financial revenue" of the income statement. In the indicator "Net income from current operations, Group share", this foreign exchange gain has however been excluded to be reclassified in "Other net operating revenue and expenses, Group share", so as to stress its non-recurring and significant character.

Note 13 Earnings per share

(€ millions)	06.30.2011	06.30.2010	2010
Numerator			
Net income from current operations attributable to ordinary equity holders used for the calculation of the diluted income per share	157.0	123.6	242.4
Net income from current operations, Group share ⁽¹⁾	157.0	123.4	242.0
Impact of financial income (loss) on share options	-	0.2	0.4
Net income attributable to ordinary equity holders used for the calculation of the diluted income per share	154.9	120.7	244.1
Net income, Group share ⁽¹⁾	154.9	120.5	243.7
Impact of financial income (loss) on share options	-	0.2	0.4
Denominator			
Weighted average number of shares used for the calculation of the basic income per share	75,375,300	75,449,904	75,405,857
Impact of share option conversion	926,638	296,435	267,037
Weighted average number of shares used for the calculation of the diluted income per share	76,301,937	75,746,339	75,672,894
Basic income per share, Group share (in €)			
Basic net income per share	2.05	1.60	3.23
Basic net income from current operations per share	2.08	1.64	3.21
Diluted income per share, Group share (in €)			
Diluted net income per share	2.03	1.59	3.23
Diluted net income from current operations per share	2.06	1.63	3.20

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

No significant transaction has changed the number of ordinary shares and potential ordinary shares between June 30, 2011 and July 28, 2011, date of authorization of issue of the financial statements by the Board of Directors.

■ NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 14 Goodwill

(€ millions)	06.30.2011	06.30.2010	2010
Opening carrying amount	950.4	897.5	897.5
Gross amount	956.3	902.4	902.4
Impairment losses	(5.9)	(4.9)	(4.9)
Incoming entities	-	2.8	6.7
Impairment losses	(1.2)	-	(1.0)
Exchange rate differences	(32.6)	77.3	47.3
Closing carrying amount	916.6	977.6	950.4
Gross amount	922.4	982.5	956.3
Impairment losses	(5.8)	(4.9)	(5.9)

Note 15 Intangible assets

(€ millions)	Software	Trademarks patents and licenses	Mining and use rights	Other	Total
Carrying amount as of January 1, 2010	8.2	2.4	18.3	14.9	43.8
Gross amount	52.2	11.8	18.8	28.8	111.6
Amortization and impairment losses	(44.0)	(9.4)	(0.5)	(13.9)	(67.8)
Incoming entities	-	-	(3.5)	0.4	(3.1)
Acquisitions	0.7	3.4	0.4	1.9	6.4
Disposals	-	-	-	(0.2)	(0.2)
Net increases in amortization	(5.0)	(0.6)	(0.2)	(1.6)	(7.4)
Impairment losses	-	-	-	(8.9)	(8.9)
Reclassification and other	0.9	(1.9)	1.2	1.2	1.4
Exchange rate differences	0.4	0.2	0.7	1.3	2.6
Carrying amount as of January 1, 2011	5.2	3.5	16.9	9.0	34.6
Gross amount	55.4	13.5	20.8	33.7	123.4
Amortization and impairment losses	(50.2)	(10.0)	(3.9)	(24.7)	(88.8)
Acquisitions	0.4	0.3	-	3.3	4.0
Net increases in amortization	(1.6)	(0.3)	(0.1)	(0.6)	(2.6)
Reclassification and other	0.3	0.4	(0.2)	(0.5)	0.0
Exchange rate differences	(0.1)	(0.1)	(1.8)	(0.4)	(2.4)
Carrying amount as of June 30, 2011	4.2	3.8	14.8	10.8	33.6
Gross amount	53.6	14.0	18.7	33.9	120.2
Amortization and impairment losses	(49.4)	(10.2)	(3.9)	(23.1)	(86.6)

Note 16 Property, plant and equipment

(€ millions)	Mining assets	Land and buildings	Plant and equipment	Down payments and assets under construction	Other	Total
Carrying amount as of January 1, 2010	377.2	264.7	873.7	54.4	31.3	1,601.3
Gross amount	544.9	456.2	2,670.5	55.5	167.8	3,894.9
Depreciation and impairment losses	(167.7)	(191.5)	(1,796.8)	(1.1)	(136.5)	(2,293.6)
Incoming entities	61.0	5.4	24.0	-	1.8	92.2
Acquisitions	25.2	4.3	38.4	62.7	12.4	143.0
Disposals	(0.1)	(2.5)	(4.9)	(0.2)	(0.6)	(8.3)
Net increases in depreciation	(32.2)	(12.8)	(132.0)	-	(10.8)	(187.8)
Impairment losses	(0.1)	(1.3)	(2.1)	(0.2)	-	(3.7)
Reversals of impairment losses	-	0.2	3.4	-	-	3.6
Reclassification and other	(0.9)	7.4	34.7	(51.2)	2.3	(7.7)
Exchange rate differences	23.4	19.7	59.3	4.4	1.7	108.5
Carrying amount as of January 1, 2011	453.5	285.1	894.5	69.9	38.1	1,741.1
Gross amount	655.9	497.9	2,845.5	71.1	183.1	4,253.5
Depreciation and impairment losses	(202.4)	(212.8)	(1,951.0)	(1.2)	(145.0)	(2,512.4)
Incoming entities	-	-	1.3	-	0.1	1.4
Acquisitions	17.1	1.2	8.4	41.6	2.8	71.1
Disposals	-	(0.5)	(1.3)	(0.3)	(0.2)	(2.3)
Net increases in depreciation	(15.2)	(6.5)	(65.1)	-	(4.9)	(91.7)
Impairment losses	-	-	(0.1)	-	-	(0.1)
Reversals of impairment losses	-	-	0.1	-	-	0.1
Reclassification and other	(1.7)	(5.4)	13.9	(28.1)	1.2	(20.1)
Exchange rate differences	(18.4)	(9.0)	(28.4)	(3.2)	(1.2)	(60.2)
Carrying amount as of June 30, 2011	435.3	264.9	823.3	79.9	35.9	1,639.3
Gross amount	632.4	470.0	2,732.1	81.1	176.8	4,092.4
Depreciation and impairment losses	(197.1)	(205.1)	(1,908.8)	(1.2)	(140.9)	(2,453.1)

Note 17 Impairment losses

The impairment test on the CGUs performed systematically on the annual closing is only renewed on the half-year closing where an impairment loss indicator is identified. Since no impairment loss indicator is identified, the impairment test on the CGUs is not renewed as of June 30, 2011. As of December 31, 2010, this test had required the recognition of an impairment loss of goodwill of €1.0 million in the CGU Minerals for Ceramics of the business group Minerals for Ceramics, Refractories, Abrasives & Foundry.

Note 18 Inventories

(€ millions)	06.30.2011			06.30.2010			2010		
	Gross amount	Write down	Carrying amount	Gross amount	Write down	Carrying amount	Gross amount	Write down	Carrying amount
Raw materials	214.6	(9.5)	205.1	205.2	(11.2)	194.0	223.0	(10.8)	212.2
Work in progress	64.1	(0.3)	63.8	51.6	(0.3)	51.3	59.8	(0.3)	59.5
Finished goods	246.7	(10.0)	236.7	246.0	(9.3)	236.7	246.8	(9.3)	237.5
Merchandises	52.2	(1.6)	50.6	35.7	(1.6)	34.1	37.4	(1.5)	35.9
Total	577.6	(21.4)	556.2	538.5	(22.4)	516.1	567.0	(21.9)	545.1

Note 19 Financial assets

The tables hereafter enable to evaluate the significance of financial instruments with respect to consolidated assets. The categories used to present the carrying amounts of financial instruments are explained in [Note 9](#). These carrying amounts are representative of fair value.

As of June 30, 2011

(€ millions)	Available-for-sale financial assets	Fair value through profit or loss		Loans and receivables	Hedge derivatives			Total
		Non derivative	Non hedge derivatives		Fair value	Cash flow	Non IAS 39	
Non-current assets								
Available-for-sale financial assets	4.7	-	-	-	-	-	-	4.7
Other financial assets	-	-	-	8.3	-	-	10.8	19.1
Other receivables	-	-	-	41.7	-	-	7.9	49.6
Derivative financial assets	-	-	-	-	19.8	-	-	19.8
Current assets								
Trade receivables	-	-	-	503.7	-	-	-	503.7
Other receivables	-	-	-	102.6	-	-	53.6	156.2
Derivative financial assets	-	-	-	-	-	12.0	-	12.0
Marketable securities and other financial assets	-	7.1	-	-	-	-	-	7.1
Cash and cash equivalents	-	-	-	497.0	-	-	-	497.0
Total financial assets	4.7	7.1	0.0	1,153.3	19.8	12.0	-	-

As of June 30, 2010

(€ millions)	Available- for-sale financial assets	Fair value through profit or loss		Loans and receivables	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge		Fair value	Cash flow		
Non-current assets								
Available-for-sale financial assets	7.0	-	-	-	-	-	-	7.0
Other financial assets ⁽¹⁾	-	-	-	6.7	-	-	9.6	16.3
Other receivables	-	-	-	45.9	-	-	3.6	49.5
Derivative financial assets	-	-	-	-	29.0	-	-	29.0
Current assets								
Trade receivables	-	-	-	500.0	-	-	-	500.0
Other receivables	-	-	-	88.6	-	-	51.0	139.6
Derivative financial assets	-	-	-	-	-	5.0	-	5.0
Marketable securities and other financial assets	-	6.9	-	-	-	-	-	6.9
Cash and cash equivalents	-	-	-	279.1	-	-	-	279.1
Total financial assets	7.0	6.9	0.0	920.3	29.0	5.0	-	-

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

As of December 31, 2010

(€ millions)	Available- for-sale financial assets	Fair value through profit or loss		Loans and receivables	Hedge derivatives		Non IAS 39	Total
		Non derivative	Non hedge derivatives		Fair value	Cash flow		
Non-current assets								
Available-for-sale financial assets	7.4	-	-	-	-	-	-	7.4
Other financial assets ⁽¹⁾	-	-	-	6.5	-	-	14.6	21.1
Other receivables	-	-	-	42.0	-	-	3.0	45.0
Derivative financial assets	-	-	-	-	24.8	-	-	24.8
Current assets								
Trade receivables	-	-	-	446.5	-	-	-	446.5
Other receivables	-	-	-	93.3	-	-	34.7	128.0
Derivative financial assets	-	-	-	-	-	12.2	-	12.2
Marketable securities and other financial assets	-	6.0	-	-	-	-	-	6.0
Cash and cash equivalents	-	-	-	352.1	-	-	-	352.1
Total financial assets	7.4	6.0	0.0	940.4	24.8	12.2	-	-

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

As of January 1, 2010

(€ millions)	Available- for-sale financial assets	Fair value through profit or loss		Loans and receivables	Hedge derivatives			Non IAS 39	Total
		Non derivative	Non hedge		Fair value	Cash flow			
Non-current assets									
Available-for-sale financial assets	7.5	-	-	-	-	-	-	-	7.5
Other financial assets ⁽¹⁾	-	-	-	6.4	-	-	9.7	-	16.1
Other receivables	-	-	-	43.5	-	-	0.2	-	43.7
Derivative financial assets	-	-	-	-	17.6	-	-	-	17.6
Current assets									
Trade receivables	-	-	-	364.4	-	-	-	-	364.4
Other receivables	-	-	-	69.2	-	-	41.5	-	110.7
Derivative financial assets	-	-	2.1	-	-	2.9	-	-	5.0
Marketable securities and other financial assets	-	5.6	-	-	-	-	-	-	5.6
Cash and cash equivalents	-	-	-	264.6	-	-	-	-	264.6
Total financial assets	7.5	5.6	2.1	748.1	17.6	2.9	-	-	-

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

Note 20 Provisions

20.1 Provisions for employee benefits

(€ millions)	06.30.2011	06.30.2010	2010	01.01.2010
Retirement plans ⁽¹⁾	108.2	227.9	148.6	143.9
Medical plans ⁽¹⁾	10.1	13.2	11.0	11.0
Other long-term benefits	6.7	6.2	7.3	6.0
Termination benefits	2.5	5.5	3.0	8.4
Total	127.5	252.8	169.9	169.3

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

Estimates

The actuarial assumptions used to measure defined benefit plans (retirement plans, medical plans and other long-term benefits) qualify as estimates of the Executive Management. On the major monetary zones, the assumptions hereafter are weighted by the amounts of obligations or assets, depending upon the item to which they apply.

	06.30.2011			06.30.2010			2010			01.01.2010		
	Euro zone	Great Britain	United States	Euro zone	Great Britain	United States	Euro zone	Great Britain	United States	Euro zone	Great Britain	United States
Discount rates	4.8%	5.7%	5.5%	4.5%	5.3%	5.0%	4.2%	5.5%	5.5%	4.6%	5.7%	5.7%
Expected rates of return:												
- on plan assets	4.0%	5.9%	7.9%	4.0%	6.0%	8.0%	3.7%	6.1%	8.0%	3.6%	6.0%	8.0%
- on reimbursement rights	3.9%	-	-	3.9%	-	-	4.4%	-	-	3.9%	-	-
Expected rates of salary increases	2.8%	3.1%	1.9%	2.2%	3.5%	2.1%	2.9%	3.7%	2.1%	2.7%	3.6%	4.1%
Medical cost trend rates	-	-	8.4%	-	-	8.0%	-	-	8.0%	-	-	8.2%

Tables of changes

As of June 30, 2011

(€ millions)	Obligations	Assets	Unrecognized items			Asset (provision)
			Actuarial gains and (losses)	Past services	Assets ceiling	
Balances as of January 1, 2011	(985.2)	827.8	0.0	(5.5)	0.5	(152.4)
Plan assets	-	-	-	-	-	7.9
Reimbursement rights	-	-	-	-	-	6.6
Provisions	-	-	-	-	-	(166.9)
Unwinding	(24.8)	-	-	-	-	(24.8)
Current service cost	(6.6)	-	-	-	-	(6.6)
Expected return on plan assets	-	25.0	-	-	-	25.0
Expected return on reimbursement rights	-	0.1	-	-	-	0.1
Plan amendments	(0.2)	-	-	1.0	-	(1.2)
Actuarial gains and (losses) of other employee benefits	0.5	-	-	-	-	0.5
Changes recognized in profit or loss	-	-	-	-	-	(7.0)
Actuarial gains and (losses) of post-employment benefits	30.7	(1.2)	-	-	-	29.5
Assets limitation	-	-	-	-	0.1	(0.1)
Changes recognized in equity	-	-	-	-	-	29.4
Benefit payments	23.7	(21.1)	-	-	-	2.6
Employer contributions	-	10.5	-	-	-	10.5
Employee contributions	(0.8)	0.8	-	-	-	0.0
Reclassification	-	(2.1)	-	-	-	(2.1)
Exchange rate differences	45.4	(40.3)	-	-	0.2	4.9
Balances as of June 30, 2011	(917.3)	799.5	0.0	(4.5)	0.8	(114.1)
Plan assets	-	-	-	-	-	4.4
Reimbursement rights	-	-	-	-	-	6.5
Provisions	-	-	-	-	-	(125.0)

The line "Changes recognized in profit or loss" of the above table is analyzed as follows:

	Asset (provision)
Current operating income	(7.3)
Net change in the provisions of defined benefit plans	5.8
Contributions to defined benefit plans	(13.1)
Other operating revenue and expenses	0.0
Net change in the provisions of defined benefit plans	0.1
Contributions to defined benefit plans	(0.1)
Financial income (loss)	0.3
Expected return on assets of defined benefit plans	25.1
Unwinding of provisions of defined benefit plans	(24.8)
Changes recognized in profit or loss	(7.0)

As of June 30, 2010

(€ millions)	Obligations	Assets	Unrecognized items			Asset (provision)
			Actuarial gains and (losses)	Past services	Assets ceiling	
Balances as of January 1, 2010	(888.7)	733.0	(72.5)	(6.5)	2.0	(78.7)
Plan assets	-	-	-	-	-	10.9
Reimbursement rights	-	-	-	-	-	5.9
Provisions	-	-	-	-	-	(95.5)
Change in accounting method ⁽¹⁾	-	-	72.5	-	-	(72.5)
Balances as of January 1, 2010 after change in accounting method	(888.7)	733.0	0.0	(6.5)	2.0	(151.2)
Plan assets	-	-	-	-	-	3.8
Reimbursement rights	-	-	-	-	-	5.9
Provisions	-	-	-	-	-	(160.9)
Unwinding	(24.7)	-	-	-	-	(24.7)
Current service cost	(5.6)	-	-	-	-	(5.6)
Expected return on plan assets	-	23.3	-	-	-	23.3
Expected return on reimbursement rights	-	0.1	-	-	-	0.1
Plan amendments	(0.1)	-	-	1.0	-	(1.1)
Settlements	0.5	(0.5)	-	0.1	-	(0.1)
Actuarial gains and (losses) of other employee benefits	-	-	-	-	-	0.0
Changes recognized in profit or loss	-	-	-	-	-	(8.1)
Actuarial gains and (losses) of post-employment benefits	(60.2)	(14.4)	-	-	-	(74.6)
Assets limitation	-	-	-	-	(0.1)	0.1
Changes recognized in equity	-	-	-	-	-	(74.5)
Benefit payments	26.9	(24.2)	-	-	-	2.7
Employer contributions	-	11.1	-	-	-	11.1
Employee contributions	(0.9)	0.9	-	-	-	0.0
Exchange rate differences	(91.0)	73.5	-	-	0.2	(17.7)
Balances as of June 30, 2010 after change in accounting method	(1,043.8)	802.8	0.0	(5.4)	2.1	(237.7)
Plan assets	-	-	-	-	-	3.6
Reimbursement rights	-	-	-	-	-	6.0
Provisions	-	-	-	-	-	(247.3)

(1) Voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

The line "Changes recognized in profit or loss" of the above table is analyzed as follows:

	Asset (provision)
Current operating income	(6.7)
Net change in the provisions of defined benefit plans ⁽¹⁾	6.3
Contributions to defined benefit plans	(13.0)
Other operating revenue and expenses	(0.1)
Net change in the provisions of defined benefit plans ⁽¹⁾	0.7
Contributions to defined benefit plans	(0.8)
Financial income (loss)	(1.3)
Expected return on assets of defined benefit plans	23.4
Unwinding of provisions of defined benefit plans	(24.7)
Changes recognized in profit or loss	(8.1)

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

As of December 31, 2010

(€ millions)	Obligations	Assets	Unrecognized items			Asset (provision)
			Actuarial gains and (losses)	Past services	Assets ceiling	
Balances as of January 1, 2010	(888.7)	733.0	(72.5)	(6.5)	2.0	(78.7)
Plan assets	-	-	-	-	-	10.9
Reimbursement rights	-	-	-	-	-	5.9
Provisions	-	-	-	-	-	(95.5)
Change in accounting method ⁽¹⁾	-	-	72.5	-	-	(72.5)
Balances as of January 1, 2010 after change in accounting method	(888.7)	733.0	0.0	(6.5)	2.0	(151.2)
Plan assets	-	-	-	-	-	3.8
Reimbursement rights	-	-	-	-	-	5.9
Provisions	-	-	-	-	-	(160.9)
Unwinding	(50.1)	-	-	-	-	(50.1)
Current service cost	(11.1)	-	-	-	-	(11.1)
Expected return on plan assets	-	47.1	-	-	-	47.1
Expected return on reimbursement rights	-	0.2	-	-	-	0.2
Plan amendments	(1.4)	-	-	0.9	-	(2.3)
Curtailments	0.5	-	-	0.1	-	0.4
Settlements	0.6	(1.0)	-	-	-	(0.4)
Actuarial gains and (losses) of other employee benefits	(0.9)	-	-	-	-	(0.9)
Changes recognized in profit or loss						(17.1)
Actuarial gains and (losses) of post-employment benefits	(46.3)	29.5	-	-	-	(16.8)
Assets limitation	-	-	-	-	(1.6)	1.6
Changes recognized in equity						(15.2)
Incoming entities	(0.3)	0.2	-	-	-	(0.1)
Benefit payments	53.0	(46.9)	-	-	-	6.1
Employer contributions	-	32.0	-	-	-	32.0
Employee contributions	(1.8)	1.8	-	-	-	0.0
Exchange rate differences	(38.7)	31.9	-	-	0.1	(6.9)
Balances as of December 31, 2010 after change in accounting method	(985.2)	827.8	0.0	(5.5)	0.5	(152.4)
Plan assets	-	-	-	-	-	7.9
Reimbursement rights	-	-	-	-	-	6.6
Provisions	-	-	-	-	-	(166.9)

(1) Voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

The line "Changes recognized in profit or loss" of the above table is analyzed as follows:

	Asset (provision)
Current operating income	(14.2)
Net change in the provisions of defined benefit plans ⁽¹⁾	23.0
Contributions to defined benefit plans	(37.2)
Other operating revenue and expenses	(0.1)
Net change in the provisions of defined benefit plans ⁽¹⁾	0.9
Contributions to defined benefit plans	(1.0)
Financial income (loss)	(2.8)
Expected return on assets of defined benefit plans	47.3
Unwinding of provisions of defined benefit plans	(50.1)
Changes recognized in profit or loss	(17.1)

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

Changes recognized in equity

(€ millions)	06.30.2011			06.30.2010			2010		
	Actuarial gains and (losses)	Assets limitation	Total	Actuarial gains and (losses)	Assets limitation	Total	Actuarial gains and (losses)	Assets limitation	Total
Opening balance	(93.7)	1.7	(92.0)	0.0	0.0	0.0	0.0	0.0	0.0
Change in accounting method ⁽¹⁾	-	-	-	(72.5)	-	(72.5)	(72.5)	-	(72.5)
Opening balance after change in accounting method	(93.7)	1.7	(92.0)	(72.5)	0.0	(72.5)	(72.5)	0.0	(72.5)
Changes related to obligations	30.7	-	30.7	(60.2)	-	(60.2)	(46.3)	-	(46.3)
Changes related to assets	(1.2)	(0.1)	(1.3)	(14.4)	0.1	(14.3)	29.5	1.6	31.1
Changes recognized in equity	29.5	(0.1)	29.4	(74.6)	0.1	(74.5)	(16.8)	1.6	(15.2)
Exchange rate differences	4.4	-	4.4	(14.6)	-	(14.6)	(4.4)	0.1	(4.3)
Closing balance	(59.8)	1.6	(58.2)	(161.7)	0.1	(161.6)	(93.7)	1.7	(92.0)

(1) Voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

20.2 Other provisions

(€ millions)	06.30.2011	06.30.2010	2010
Other non-current provisions	187.1	183.2	189.6
Other current provisions	15.3	17.1	14.4
Total	202.4	200.3	204.0

The other provisions are analyzed as follows:

(€ millions)	Management risks	Environment, dismantling and restoration	Legal and social litigation	Total
Balance as of January 1, 2010	38.6	92.7	45.0	176.3
Changes in the scope of consolidation	-	5.5	5.1	10.6
Increases	0.9	28.5	16.4	45.8
Utilizations	(4.8)	(7.5)	(13.8)	(26.1)
Non-utilized decreases	(3.4)	(1.6)	(7.4)	(12.4)
Unwinding expense	-	3.2	0.2	3.4
Reclassification and other	-	(0.8)	(0.6)	(1.4)
Exchange rate differences	1.0	3.9	2.9	7.8
Balance as of January 1, 2011	32.3	123.9	47.8	204.0
Changes in the scope of consolidation	-	(2.6)	(1.6)	(4.2)
Increases	8.9	2.3	13.7	24.9
Utilizations	(1.7)	(4.4)	(7.7)	(13.8)
Non-utilized decreases	(0.2)	(0.8)	(1.3)	(2.3)
Unwinding expense	-	1.4	-	1.4
Reclassification and other	(0.2)	(1.2)	1.5	0.1
Exchange rate differences	(0.2)	(5.6)	(1.9)	(7.7)
Balance as of June 30, 2011	38.9	113.0	50.5	202.4

Note 21 Financial liabilities

21.1 Categories of financial liabilities

The tables hereafter enable to evaluate the significance of financial instruments with respect to consolidated liabilities. The categories used to present the carrying amounts of financial instruments are explained in [Note 9](#). These carrying amounts are representative of fair value for all instruments except for bonds.

The tables hereafter are followed by an analysis of the differences between carrying amount and fair value. For listed bonds, fair value qualifies as a directly observable data since it corresponds to the market value at the closing date (fair value of level 1). For unlisted bonds, fair value including accrued interests results from a model using observable data, i.e. a revaluation of discounted future contractual flows (fair value of level 2).

As of June 30, 2011

(€ millions)	Financial liabilities at amortized cost	Fair value through profit or loss Non hedge derivatives	Hedge derivatives			Total
			Fair value	Cash flow	Non IAS 39	
Non-current liabilities						
Loans and financial debts	982.4	(6.3)	19.8	-	2.4	998.3
Other debts	5.1	-	-	-	3.2	8.3
Derivative financial liabilities	-	4.2	-	5.8	-	10.0
Current liabilities						
Trade payables	351.9	-	-	-	-	351.9
Other debts	109.2	-	-	-	107.4	216.6
Derivative financial liabilities	-	0.6	-	1.3	-	1.9
Loans and financial debts	381.8	-	-	(1.2)	0.4	381.0
Bank overdrafts	6.5	-	-	-	-	6.5
Total financial liabilities	1,836.9	(1.5)	19.8	5.9	-	-

The fair value of fixed rate bonds included in the position "Loans and financial debts" is superior to their carrying amount by €66.6 million:

Nominal amount in millions	Maturity	Quotation	Interest rate		Carrying amount	Fair value	Difference
			Nominal	Effective			
JPY 7,000.0	9/16/2033	Unlisted	3.40%	3.47%	60.8	78.0	17.2
USD 140.0	8/6/2013	Unlisted	4.88%	4.98%	98.8	107.1	8.3
USD 30.0	8/6/2018	Unlisted	5.28%	5.38%	21.2	24.7	3.5
EUR 300.0	4/25/2014	Listed	5.13%	5.42%	302.8	317.4	14.6
EUR 500.0	4/18/2017	Listed	5.00%	5.09%	505.1	528.1	23.0
Total as of June 30, 2011 (€ millions)					988.7	1,055.3	66.6

As of June 30, 2010

(€ millions)	Financial liabilities at amortized cost	Fair value through profit or loss	Hedge derivatives		Non IAS 39	Total
		Non hedge derivatives	Fair value	Cash flow		
Non-current liabilities						
Loans and financial debts	1,008.2	(7.5)	29.0	-	3.6	1,033.3
Other debts	7.5	-	-	-	2.7	10.2
Derivative financial liabilities	-	4.0	-	16.0	-	20.0
Current liabilities						
Trade payables	328.1	-	-	-	-	328.1
Other debts	111.2	-	-	-	107.8	219.0
Derivative financial liabilities	-	-	-	2.3	-	2.3
Loans and financial debts	246.1	-	-	(0.6)	0.6	246.1
Bank overdrafts	5.3	-	-	-	-	5.3
Total financial liabilities	1,706.4	(3.5)	29.0	17.7	-	-

The fair value of fixed rate bonds included in the position "Loans and financial debts" is superior to their carrying amount by €62.5 million:

Nominal amount in millions	Maturity	Quotation	Interest rate		Carrying amount	Fair value	Difference
			Nominal	Effective			
JPY 7,000.0	9/16/2033	Unlisted	3.40%	3.47%	65.0	83.7	18.7
USD 140.0	8/6/2013	Unlisted	4.88%	4.98%	116.3	128.4	12.1
USD 30.0	8/6/2018	Unlisted	5.28%	5.38%	25.0	29.5	4.5
EUR 300.0	4/25/2014	Listed	5.13%	5.42%	302.8	322.9	20.1
EUR 500.0	4/18/2017	Listed	5.00%	5.09%	505.1	512.2	7.1
Total as of June 30, 2010 (€ millions)					1,014.2	1,076.7	62.5

As of December 31, 2010

(€ millions)	Financial liabilities at amortized cost	Fair value through profit or loss	Hedge derivatives		Non IAS 39	Total
		Non hedge derivatives	Fair value	Cash flow		
Non-current liabilities						
Loans and financial debts	996.1	(6.9)	24.9	-	2.7	1,016.8
Other debts	6.9	-	-	-	3.3	10.2
Derivative financial liabilities	-	5.5	-	9.8	-	15.3
Current liabilities						
Trade payables	317.1	-	-	-	-	317.1
Other debts	123.3	-	-	-	116.5	239.8
Derivative financial liabilities	0.0	1.2	-	0.1	-	1.3
Loans and financial debts	217.1	-	-	1.9	0.5	219.5
Bank overdrafts	4.7	-	-	-	-	4.7
Total financial liabilities	1,665.2	(0.2)	24.9	11.8	-	-

The fair value of fixed rate bonds included in the position "Loans and financial debts" is superior to their carrying amount by €59.0 million:

Nominal amount in millions	Maturity	Quotation	Interest rate		Carrying amount	Fair value	Difference
			Nominal	Effective			
JPY 7,000.0	9/16/2033	Unlisted	3.40%	3.47%	65.1	84.0	18.9
USD 140.0	8/6/2013	Unlisted	4.88%	4.98%	106.8	117.1	10.3
USD 30.0	8/6/2018	Unlisted	5.28%	5.38%	22.9	26.6	3.7
EUR 300.0	4/25/2014	Listed	5.13%	5.42%	310.6	327.7	17.1
EUR 500.0	4/18/2017	Listed	5.00%	5.09%	517.7	526.7	9.0
Total as of December 31, 2010 (€ millions)					1,023.1	1,082.1	59.0

21.2 Financial debt

The net financial debt is used in the management of the financial resources of Imerys. This indicator is used in particular in the calculation of financial ratios that the Group has to comply with under financing agreements entered into with financial markets (*Note 21.4 - Borrower's liquidity risk*).

The link between this indicator and the consolidated statement of financial position is presented in the following table.

(€ millions)	Notes	06.30.2011	06.30.2010	2010
Non-derivative financial liabilities		1,385.8	1,284.7	1,241.0
Loans and financial debts - non-current		998.3	1,033.3	1,016.8
Loans and financial debts - current		381.0	246.1	219.5
Bank overdrafts		6.5	5.3	4.7
Non-derivative financial assets		(504.1)	(286.0)	(358.1)
Marketable securities and other financial assets		(7.1)	(6.9)	(6.0)
Cash and cash equivalents		(497.0)	(279.1)	(352.1)
Hedge derivatives		(7.9)	(8.6)	(10.1)
Financing hedge instruments - liabilities	21.3	11.9	20.7	16.7
Financing hedge instruments - assets	21.3	(19.8)	(29.3)	(26.8)
Net financial debt		873.8	990.1	872.8

21.3 Derivative instruments

The following table presents the derivative instruments recognized in the assets and liabilities in accordance with the hedged risks: foreign exchange, interest rate and energy price risks. The fair value including accrued interests of derivative instruments results from a model using observable data, i.e. prices at the closing date provided by third parties active on financial markets (fair value of level 2).

(€ millions)	06.30.2011			06.30.2010			2010		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
Foreign exchange risk	8.9	1.9	7.0	0.5	1.8	(1.3)	6.6	1.4	5.2
Forward derivative instruments	8.6	1.3	7.3	0.0	1.8	(1.8)	6.6	0.1	6.5
Optional derivative instruments	0.3	0.6	(0.3)	0.5	-	0.5	-	1.3	(1.3)
Interest rate risk	19.8	10.0	9.8	29.0	20.0	9.0	24.8	15.3	9.5
Forward derivative instruments	19.8	5.8	14.0	29.0	16.0	13.0	24.8	9.8	15.0
Optional derivative instruments	-	4.2	(4.2)	-	4.0	(4.0)	-	5.5	(5.5)
Energy price risk	3.1	0.0	3.1	4.5	0.5	4.0	5.6	0.0	5.6
Forward derivative instruments	-	-	-	-	-	-	-	-	-
Optional derivative instruments	3.1	-	3.1	4.5	0.5	4.0	5.6	-	5.6
Total	31.8	11.9	19.9	34.0	22.3	11.7	37.0	16.7	20.3
Non-current	19.8	10.0	9.8	29.0	20.0	9.0	24.8	15.3	9.5
Current	12.0	1.9	10.1	5.0	2.3	2.7	12.2	1.4	10.8
Operational hedge instruments	12.0	-	12.0	4.7	1.6	3.1	10.2	-	10.2
Financing hedge instruments	19.8	11.9	7.9	29.3	20.7	8.6	26.8	16.7	10.1

As part of its policy of management of the foreign exchange, interest rate and energy price risks, Imerys holds derivative instruments intended to hedge certain future purchases and sales in foreign currencies, a portion of its floating rate financing and part of its future energy consumption in the United States, in Great Britain and in France. These positions qualify as cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss. The detail of these reclassifications at the level of the underlying revenue and expenses is presented in [Note 9](#). These cash flow hedges are further outlined in the context of the management of foreign exchange, interest rate and energy price risks in [Note 21.4](#).

(€ millions)	Foreign exchange rate risk	Interest rate risk	Energy price risk	Total
Balance as of January 1, 2010	(0.7)	(13.9)	1.5	(13.1)
Recognition in equity	(1.8)	(2.1)	4.2	0.3
Reclassification in profit or loss	0.2	-	(1.8)	(1.6)
Balance as of June 30, 2010	(2.3)	(16.0)	3.9	(14.4)
Recognition in equity	12.4	6.2	(0.5)	18.1
Reclassification in profit or loss	(6.2)	-	1.9	(4.3)
Balance as of December 31, 2010	3.9	(9.8)	5.3	(0.6)
Recognition in equity	4.9	4.0	1.3	10.2
Reclassification in profit or loss	(3.2)	-	(4.0)	(7.2)
Balance as of June 30, 2011	5.6	(5.8)	2.6	2.4
<i>of which reclassification to profit or loss expected within 12 months</i>	<i>5.6</i>	<i>(5.8)</i>	<i>2.6</i>	<i>2.4</i>

21.4 Management of risks arising from financial liabilities

Transactional currency risk

Description of the risk. The transactional currency risk is the risk whereby a cash flow labeled in foreign currency may be subject to a deterioration caused by an unfavorable change in its counterpart in functional currency.

Management of the risk. Imerys recommends to its operating entities to perform, to the extent it is possible, their transactions in their functional currencies. Where this is not possible, the transactional currency risk may be hedged on an individual basis by currency forwards, currency swaps and foreign exchange options. These instruments are used as hedges of highly probable budget flows. The corresponding hedges qualify as cash flow hedges.

The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	06.30.2011	06.30.2010	2010
Opening balance	3.9	(0.7)	(0.7)
Recognition in equity	4.9	(1.8)	10.6
Reclassification in profit or loss	(3.2)	0.2	(6.0)
Closing balance	5.6	(2.3)	3.9
<i>of which reclassification to profit or loss expected within 12 months</i>	<i>5.6</i>	<i>(2.3)</i>	<i>3.9</i>

Interest rate risk

Description of the risk. The interest rate risk is the risk whereby the interest flow due in relation to the financial debt is deteriorated by a rise in the market interest rates.

Management of the risk. The objective of the management of the interest rate risk consists in guaranteeing its medium-term cost. The net financial debt is known through a reporting that describes the financial debt of each entity and indicates its components and characteristics. This reporting, reviewed monthly by the Financial Department and quarterly by the Board of Directors, enables the situation to be monitored and the management policy to be adjusted as necessary. The management policy is drawn up by the Group Treasury Department and approved every year by the Financial Department and the Board of Directors. As part of this process, the Group Treasury Department works with first-rank banking institutions and obtains financial data and pricing from information providers. The policy of Imerys is to obtain financing mainly in Euro, the most accessible financial resource and at a fixed rate. Medium-term fixed-rate bond issues are converted to floating rates using interest rate swaps. Given anticipated trends in interest rates in 2011, the Group fixed the interest rate for part of its future financial debt (2011-2015) on various terms.

As of June 30, 2011, Imerys holds a certain number of derivative instruments intended to hedge a portion of its debt at floating rate. These instruments include interest rate swaps, options - including caps, floors, swaptions and futures. These instruments qualify as cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	06.30.2011	06.30.2010	2010
Opening balance	(9.8)	(13.9)	(13.9)
Recognition in equity	4.0	(2.1)	4.1
Reclassification in profit or loss	-	-	-
Closing balance	(5.8)	(16.0)	(9.8)
of which reclassification to profit or loss expected within 12 months	(5.8)	(16.0)	(9.8)

Furthermore, Imerys holds as of June 30, 2011 interest rate swaps intended to hedge the exposure to changes in fair value of the different loans. These instruments qualify as fair value hedges. They hedge the risk of change in the risk-free rate and not the differential corresponding to the credit risk of the Group. The hedged loans and the derivative instruments present the same characteristics.

Currency	Notional amount (in millions)	Fixed rate received	Floating rate paid
Japanese Yen	7,000	2.39%	Libor Yen 6 months
Euro	100	4.32%	Euribor 3 months
Euro	100	4.33%	Euribor 3 months
US Dollar	140	4.88%	Libor USD 3 months

The table hereafter provides a breakdown of the financial net debt between floating and fixed rate by currency as of June 30, 2011.

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Debt at fixed rate	607.9	23.1	0.6	0.0	631.6
Debt at fixed rate on issue	807.9	120.0	60.8	-	988.7
Swap fixed rate into floating rate	(200.0)	(96.9)	(60.2)	-	(357.1)
Debt at floating rate	117.3	217.5	17.8	(110.4)	242.2
Debt at floating rate on issue	108.7	249.9	3.9	20.2	382.7
Net cash and marketable securities	(95.9)	(285.3)	(16.5)	(99.9)	(497.6)
Swap fixed rate into floating rate	200.0	96.9	60.2	-	357.1
Exchange rate swap	(95.5)	156.0	(29.8)	(30.7)	0.0
Net financial debt as of June 30, 2011	725.2	240.6	18.4	(110.4)	873.8

The table hereafter provides a breakdown of interest rate hedging transactions for the period 2011 by foreign currency.

(€ millions)	Euro	US Dollar	Japanese Yen	Other Foreign Currencies	Total
Exposure at floating rate before hedging	117.3	217.5	17.8	(110.4)	242.2
Fixed rate hedges	(150.0)	(152.2)	-	-	(302.2)
Swap at average rate of	4.04%	3.82%	-	-	-
Capped rate hedges	-	-	-	-	-
Cap at average rate of	-	-	-	-	-
Exposure at floating rate after hedging	(32.7)	65.3	17.8	(110.4)	(60.0)

The table hereafter provides a breakdown of interest rate hedging transactions in 2011 and after by maturity dates.

(€ millions)	2011	2012-2016	2017 and later
Total exposure before hedging	242.2	242.2	242.2
Fixed rate hedges	(302.2)	(252.2)	-
Swap at average rate of	3.93%	4.28%	-
Capped rate hedges	-	-	-
Cap at average rate of	-	-	-
Total exposure after hedging	(60.0)	(10.0)	242.2

Energy price risk

Description of the risk. The energy price risk is the risk whereby the cash flow due in relation to an energy purchase may be subject to a deterioration caused by a rise in its market price. Imerys is exposed to the price risk of the energies that enter into the production cycle of its activities, mainly natural gas, electricity and coal to a lesser extent.

Management of the risk. Confronted with the energy price risk, the geographical locations and supply sources of Imerys are diversified. The Group strives to pass on energy price increases to the selling price of its products. Furthermore, the management of the price risk of natural gas, both in Europe and the United States is centralized, the Group Treasury Department being responsible for implementing the framework and resources needed for the application of a common management policy, which includes appropriate use of the financial instruments available in those markets. Since 2006, the Group has strengthened its research programs on alternative energy sources as well as its projects on the reduction of energy consumption under the supervision of a Group Energy Supervisor. Since 2008, energy managers are designated at site level as well as at activity levels.

The energy price risk is hedged by forward and option contracts. These instruments qualify as cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss.

(€ millions)	06.30.2011	06.30.2010	2010
Opening balance	5.3	1.5	1.5
Recognition in equity	1.3	4.2	3.7
Reclassification in profit or loss	(4.0)	(1.8)	0.1
Closing balance	2.6	3.9	5.3
<i>of which reclassification to profit or loss expected within 12 months</i>	<i>2.6</i>	<i>3.9</i>	<i>5.3</i>

The following table summarizes the positions taken as of June 30, 2011 to hedge the energy price risk.

	Net notional amounts (in MWh)	Maturities
Underlying position	5,570,000	< 12 months
Management transactions	1,870,838	< 12 months

Borrower's liquidity risk

Description of the risk. The borrower's liquidity risk is the risk whereby Imerys would not be in a position to meet the repayment obligations of its financial liabilities. The maturity on issue as of June 30, 2011 presented hereafter enables to assess the exposure of the Group to this risk. In this table, the bilateral facilities are posted between 2012 and 2016 in accordance with the maturity of the facilities and not with that of the utilizations. The foreign exchange swaps included in the financing hedge instruments are posted from 2016 under the assumption that they will be renewed regularly.

(€ millions)	2011		2012 - 2016		2017 and later		Total
	Capital	Interests	Capital	Interests	Capital	Interests	
Non-derivative financial liabilities	151.0	5.1	635.1	215.5	581.0	70.0	1,657.8
Eurobond / EMTN	-	-	303.0	173.8	500.0	25.0	1,001.8
Private placements	-	5.1	96.9	41.7	81.0	45.0	269.7
Commercial paper issues	100.0	-	-	-	-	-	100.0
July 2013 syndicated credit	-	-	-	-	-	-	0.0
Bilateral facilities	-	-	235.2	-	-	-	235.2
Facilities due within one year	51.1	-	-	-	-	-	51.1
Hedge derivatives	(7.9)	0.0	0.0	0.0	0.0	0.0	(7.9)
Financing hedge instruments - liabilities	11.9	-	-	-	-	-	11.9
Financing hedge instruments - assets	(19.8)	-	-	-	-	-	(19.8)
Future cash outflows with respect to gross financial debt	143.2	5.1	635.1	215.5	581.0	70.0	1,649.9
Non-derivative financial liabilities	6.5	0.0	0.0	0.0	0.0	0.0	6.5
Bank overdrafts	6.5	-	-	-	-	-	6.5
Non-derivative financial assets	(504.1)	0.0	0.0	0.0	0.0	0.0	(504.1)
Marketable securities and other financial assets	(7.1)	-	-	-	-	-	(7.1)
Cash and cash equivalents	(497.0)	-	-	-	-	-	(497.0)
Future cash outflows with respect to gross financial debt	(354.4)	5.1	635.1	215.5	581.0	70.0	1,152.3
of which items recognized as of June 30, 2011 (net financial debt)	(354.4)	3.1	635.1	9.0	581.0	-	873.8
Non-derivative financial liabilities	568.5	0.0	8.3	0.0	0.0	0.0	576.8
Trade payables	351.9	-	-	-	-	-	351.9
Other debts	216.6	-	8.3	-	-	-	224.9
Hedge derivatives	(12.0)	0.0	0.0	0.0	0.0	0.0	(12.0)
Operational hedge instruments - liabilities	-	-	-	-	-	-	0.0
Operational hedge instruments - assets	(12.0)	-	-	-	-	-	(12.0)
Future cash outflows	202.1	5.1	643.4	215.5	581.0	70.0	1,717.1

In addition, a large part of the debt at fixed rate on issue being swapped into floating rate, the maturity of the net financial debt after interest rate swap is analyzed as follows:

(€ millions)	2011	2012 - 2016	2017 and later	Total
Debt at fixed rate	3.0	107.8	520.8	631.6
Debt at fixed rate on issue	3.0	404.7	581.0	988.7
Swap fixed rate into floating rate	-	(296.9)	(60.2)	(357.1)
Debt at floating rate	(354.3)	536.3	60.2	242.2
Debt at floating rate on issue	143.3	239.4	-	382.7
Net cash and marketable securities	(497.6)	-	-	(497.6)
Swap fixed rate into floating rate	-	296.9	60.2	357.1
Net financial debt	(351.3)	644.1	581.0	873.8

Management of the risk. For part of its financing, Imerys is required to comply with several covenants. The main restrictive terms and conditions attached to certain bilateral facilities, to part of the bond issues under private placements and to the syndicated credit are as follows:

- purpose: general corporate financing requirement;
- obligations in terms of financial ratio compliance:
 - the ratio consolidated net financial debt / consolidated equity shall, in accordance with the financing contracts concerned, be inferior to 1.50 or 1.60 at each half-year or annual closing of consolidated financial statements. As of June 30, 2011, the ratio amounts, after voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2), to 0.41 (0.46 as of June 30, 2010 and 0.40 as of December 31, 2010);
 - the ratio consolidated net financial debt / consolidated EBITDA of the last 12 months shall, in accordance with the financing contracts concerned, be inferior to 3.75 or 3.80 at each half-year or annual closing of consolidated financial statements. As of June 30, 2011, the ratio amounts, after voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2), to 1.32 (1.86 as of June 30, 2010 and 1.41 as of December 31, 2010);
- absence of any lien in favor of lenders.

The failure to comply with the above obligations on one of the financing contracts concerned could lead to the cancellation of its available amount and, upon demand of the creditor(s) concerned, make the amount of the corresponding financial debt immediately callable. Apart from two exceptions, the financing contracts of the Group do not provide for any cross default with each other in case of breach of a mandatory covenant applicable to one of these contracts. As of June 30, 2011, Imerys has a long-term rating of Baa2 Outlook Stable by Moody's (Baa3 Outlook Stable as of June 30, 2010 and Baa3 Outlook Positive as of December 31, 2010).

As of May 25, 2011, Imerys has updated its new Euro Medium Term Note program (EMTN) with the Commission de Surveillance du Secteur Financier (Luxemburg). The program amounts to €1.0 billion and enables the issue of notes considered as ordinary bonds of a maturity of 1 month to 30 years. As of June 30, 2011, outstanding securities total €60.2 million (€64.4 million as of June 30, 2010 and €64.4 million as of December 31, 2010). Imerys also has a French commercial paper program limited to €800.0 million (€800.0 million as of June 30, 2010 and €800.0 million as of December 31, 2010) rated P-2 by Moody's (P-3 as of June 30, 2010 and P-3 as of December 31, 2010). As of June 30, 2011, outstanding securities total €100.0 million (€50.0 million as of June 30, 2010 and €18.5 million as of December 31, 2010). As of June 30, 2011, Imerys has access to €1,001.8 million of bank facilities (€1,129.4 million as of June 30, 2010 and €1,086.6 million as of December 31, 2010) part of which secures the issued commercial paper in accordance with the financial policy of the Group.

Market liquidity risk

Description of the risk. The market liquidity risk is the risk whereby a non confirmed financial resource (commercial paper, bank facility and accrued interests, other debt and facilities) would not be renewed.

Management of the risk. Financial resources are the main adjustment variable of the financing capacities available to Imerys. These capacities exist either as drawn financial debt or as financing commitments granted by first-rank banking institutions. Medium-term financial resources provided by the bilateral facilities or the syndicated credit may be used over very short drawing periods (from 1 to 12 months) while remaining available over longer maturities (5 years). Over the past years, Imerys has sought to maintain the amount of its financial resources at approximately €2.0 billion (€2,217.8 million as of June 30, 2011, €2,292.9 million as of June 30, 2010 and €2,231.7 million as of December 31, 2010) and to lengthen their maturity. Imerys manages the amount of its financial resources by comparing it regularly with the amount of its utilizations in order to measure by difference the financial liquid borrowings to which the Group may have access.

The robustness of financial resources is assessed on the basis of their amounts and average maturity as analyzed hereafter:

(€ millions)	06.30.2011	06.30.2010	2010
Financial resources by maturity (€ millions)			
Maturity less than one year	167.0	50.0	167.0
Maturity from one to five years	1,466.9	1,651.1	1,474.8
Maturity beyond five years	583.9	591.8	589.9
Total	2,217.8	2,292.9	2,231.7
Financial resources by nature (€ millions)			
Bond resources	980.8	1005.9	994.7
Eurobond / EMTN	803.0	803.0	803.0
Private placements	177.8	202.9	191.7
Bank resources	1,237.0	1,287.0	1,237.0
Syndicated credit	750.0	750.0	750.0
Miscellaneous bilateral facilities	487.0	537.0	487.0
Total	2,217.8	2,292.9	2,231.7
Average maturity of financial resources (in years)			
Bond resources	5.6	6.6	6.1
Bank resources	1.5	2.4	2.0
Total	3.3	4.5	3.8

The table below measures the available financial resources after the repayment of financing from uncommitted resources. It measures the real exposure of Imerys to an illiquidity crisis on both financial and banking markets. As of June 30, 2010, available financial resources, after repayment of uncommitted resources, total €846.4 million (€1,022.1 million as of June 30, 2010 and €1,005.5 million as of December 31, 2010), which gives the Group substantial room to maneuver and a guarantee of financial stability.

(€ millions)	06.30.2011			06.30.2010			2010		
	Resources	Utilization	Available	Resources	Utilization	Available	Resources	Utilization	Available
Bonds	980.8	980.8	0.0	1,005.9	1,005.9	0.0	994.7	994.7	0.0
Commercial papers	-	100.0	(100.0)	-	50.0	(50.0)	-	18.5	(18.5)
Committed bank facilities	1,237.0	235.2	1,001.8	1,287.0	157.6	1,129.4	1,237.0	150.4	1,086.6
Bank facilities and accrued interests	-	14.5	(14.5)	-	10.6	(10.6)	-	35.6	(35.6)
Other debts and facilities	-	40.9	(40.9)	-	46.7	(46.7)	-	27.0	(27.0)
Total	2,217.8	1,371.4	846.4	2,292.9	1,270.8	1,022.1	2,231.7	1,226.2	1,005.5

Conversion of financial statements risk

Description of the risk. The conversion of financial statements risk is a form of foreign exchange rate risk whereby the value in Euro of the financial statements of a foreign business may be subject to a deterioration caused by an unfavorable change in the foreign exchange rate of the functional currency of that business.

Management of the risk. Imerys hedges part of its net investments in foreign businesses through loans specifically allocated to their long term financing and by the proportion of its financial debt stated in foreign currencies. The foreign exchange differences generated by these loans and financings qualified as hedges of net investments in foreign entities, are recognized in equity so as to neutralize, to a certain extent, the gains or losses of translation of the hedged net investments. As of June 30, 2011, the loans and exchange rate swaps hedging net investments in foreign entities are the following: USD719.8 million, JPY1,000.0 million, CHF35.0 million and SGD5.4 million (USD449.8 million, JPY1,000.0 million and CHF35.0 million as of June 30, 2010 and USD379.8 million, JPY1,000.0 million, CHF35.0 million and SGD5.5 million as of December 31, 2010).

The table below describes the financial debt before and after the impact of these foreign currencies swaps.

(€ millions)	30.06.2011			30.06.2010			2010		
	Before exchange rate swap	Exchange rate swap	After exchange rate swap	Before exchange rate swap	Exchange rate swap	After exchange rate swap	Before exchange rate swap	Exchange rate swap	After exchange rate swap
Euro	916.6	(95.5)	821.1	914.9	(124.9)	790.0	931.4	(51.6)	879.8
US Dollar	369.9	156.0	525.9	257.5	145.4	402.9	198.7	121.9	320.6
Japanese Yen	64.7	(29.9)	34.8	81.8	(29.4)	52.4	79.5	(32.0)	47.5
Other foreign currencies	20.2	(30.6)	(10.4)	16.6	8.9	25.5	16.6	(38.3)	(21.7)
Total	1,371.4	0.0	1,371.4	1,270.8	0.0	1,270.8	1,226.2	0.0	1,226.2

As of June 30, 2011, the portion of the financial debt in each foreign currency, after swap, is as follows:

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Gross financial debt	821.1	525.9	34.8	(10.4)	1,371.4
Net cash and marketable securities	(95.9)	(285.3)	(16.4)	(100.0)	(497.6)
Net financial debt as of June 30, 2011	725.2	240.6	18.4	(110.4)	873.8

Note 22 Deferred taxes

As of June 30, 2011

(€ millions)	2010	Profit or loss	Translation, scope and reclassification	06.30.2011
Deferred tax assets	68.7	8.2	(19.0)	57.9
Deferred tax liabilities	(81.8)	(10.4)	12.1	(80.1)
Net deferred tax position	(13.1)	(2.2)	(6.9)	(22.2)

As of June 30, 2010

(€ millions)	01.01.2010	Profit or loss	Translation, scope and reclassification	06.30.2011
Deferred tax assets ⁽¹⁾	75.4	(26.1)	45.9	95.2
Deferred tax liabilities	(63.6)	16.1	(12.2)	(59.7)
Net deferred tax position	11.8	(10.0)	33.7	35.5

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

As of December 31, 2010

(€ millions)	01.01.2010	Profit or loss	Translation, scope and reclassification	06.30.2011
Deferred tax assets ⁽¹⁾	75.4	(23.5)	16.8	68.7
Deferred tax liabilities	(63.6)	0.1	(18.3)	(81.8)
Net deferred tax position	11.8	(23.4)	(1.5)	(13.1)

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

■ OTHER INFORMATION

Note 23 Seasonality

Interim operations are globally not subject to seasonality or cyclicity.

Note 24 Changes in the scope of consolidation

Minerals for Ceramics, Refractories, Abrasives & Foundry (CRAF). The Minerals for Ceramics, Refractories, Abrasives & Foundry have created over the 1st half of 2011 with the Norwegian group Norsk Minerals a joint-venture specialized in the extraction and transformation of high purity quartz. The American entity KT Feldspar Corporation, contributed to the joint-venture by the Group, thus flows out of the scope of consolidation. As a counterpart for this contribution, the Business Group receives an interest in the resulting joint-venture. The transaction is thus neutral in profit or loss and in cash. The joint-venture is recognized under the equity method.

Performance & Filtration Minerals (PFM). The Performance & Filtration Minerals did not perform any significant acquisition since the 2nd half of 2008 where the business group had strengthened its range of minerals with the acquisition of Kings Mountain Minerals in the United States and Suzorite Mining in Canada, companies specialized in the extraction and transformation of mica.

Pigments for Paper & Packaging (PPP). The last significant change in the scope of consolidation of the acquisition of the Pigments for Paper & Packaging business group was represented by the acquisition of the Brazilian group PPSA over the 2nd half of 2010.

Materials & Monolithics (M&M). The scope of consolidation of the Materials & Monolithics business group has not significantly changed since the disposal over the 1st half of 2009 of Planchers Fabre, an operation of the Clay Roof Tiles & Bricks France activity specialized in concrete beams. The last significant inflow in the scope of consolidation of the business group dates back to the 1st half of 2008, where the business group had acquired Svenska Silikaverken A.B, a Swedish producer of monolithic refractory products.

Note 25 Currency rates

(€)	Foreign currencies	06.30.2011		06.30.2010		2010	
						Closing	Average
South Africa	ZAR	9.8569	9.6857	9.3808	9.9964	8.8625	9.7013
Argentina	ARS	5.9416	5.6842	4.8247	5.1413	5.3125	5.1894
Australia	AUD	1.3485	1.3588	1.4403	1.4851	1.3136	1.4427
Brazil	BRL	2.2563	2.2885	2.2106	2.3856	2.2264	2.3323
Canada	CAD	1.3951	1.3707	1.2890	1.3727	1.3322	1.3655
China	CNY	9.3416	9.1790	8.3215	9.0651	8.8220	8.9753
United States	USD	1.4453	1.4037	1.2271	1.3281	1.3362	1.3262
Great Britain	GBP	0.9026	0.8684	0.8175	0.8702	0.8608	0.8520
Hungary	HUF (100)	2.6611	2.6940	2.8600	2.7156	2.7795	2.7540
India	INR	64.6630	63.1275	56.9484	60.7697	59.5835	60.5943
Japan	JPY (100)	1.1625	1.1506	1.0879	1.2144	1.0865	1.1632
Malaysia	MYR	4.3626	4.2563	3.9730	4.3922	4.0950	4.2691
Mexico	MXN	16.9765	16.6934	15.7363	16.8168	16.5475	16.7425
New Zealand	NZD	1.7468	1.8060	1.7761	1.8841	1.7200	1.8389
Russia	RUB	40.4000	40.1425	38.2820	39.9060	40.8200	40.2623
Sweden	SEK	9.1739	8.9394	9.5259	9.7898	8.9655	9.5387
Switzerland	CHF	1.2071	1.2702	1.3283	1.4362	1.2504	1.3807
Taiwan	TWD	41.8772	40.8503	39.3916	42.3406	38.9779	41.7606
Ukraine	UAH	11.5758	11.1865	9.6924	10.5884	10.6580	10.5477

Note 26 Related parties

External related parties of Imerys

The related parties of Imerys are the Canadian group Power and the Belgian group Frère-CNP. These groups are the ultimate controlling parties of Imerys. Through their joint venture Parjointco, they exercise joint control on the Swiss group Pargesa that controls Imerys through a direct investment in the Belgian group GBL. In this respect, Pargesa and GBL are related parties of Imerys. Imerys is not party to any contract with its external related parties.

Key management personnel of Imerys

The managers qualifying as related parties as of December 31, 2010 are the 16 members of the Board of Directors (16 members as of June 30, 2010 and 16 members as of December 31, 2010) and the 9 members of the Executive Committee (9 members as of June 30, 2010 and 10 members as of December 31, 2010) (*see Note 29, Chapter 5 of the 2010 Registration Document*).

Post employment benefits for Imerys employees

The post-employment benefit plans for the benefit of Imerys employees are related parties. The amount of the contributions to external funds recognized as an expense in the 1st half of 2011 amounts to €10.5 million (€11.5 million in the 1st half of 2010 and €32.1 million in 2010), of which mainly €6.8 million to Imerys UK Pension Fund Trustees Ltd., Great Britain (€7.2 million in the 1st half of 2010 and €13.9 million in 2010) and €2.0 million to Sun Trust Bank, United States (€2.4 million in the 1st half of 2010 and €9.8 million in 2010).

FCPE Imerys Actions

The FCPE Imerys Actions is managed by BNP Paribas Asset Management SAS. Its management is controlled by a Supervisory Board of 14 members, equally made up of shareholders' and Imerys representatives. As Imerys exercises together with the shareholders a joint control over the FCPE Imerys Actions, the FCPE Imerys Actions is a related party. The amounts recognized in the 1st half of 2011 (in the 1st half of 2010 and in 2010) for the FCPE Imerys Actions are insignificant.

Note 27 Events after the end of the period

The half-year consolidated financial statements as of June 30, 2011 were closed by the Board of Directors at its meeting on July 28, 2011. No significant event is to be reported between the closing date and that of the Board of Directors. Beginning of August 2011, Imerys should be acquiring 100.0% of the voting rights of the group Talc de Luzenac, world leader in talc transformation, for an amount of USD340 million (€232 million) paid in cash to Rio Tinto.

4 | Statutory auditors' report

ERNST & YOUNG et Autres

41, rue Ybry
92576 Neuilly-sur-Seine Cedex
S.A.S. with variable share capital

Statutory Auditor

Member of the Compagnie régionale de Versailles

Deloitte & Associés

185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. with share capital of € 1,723,040

Statutory Auditor

Member of the Compagnie régionale de Versailles

Statutory auditors' report on the half-year financial information

Period from January 1 to June 30, 2011

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

To the Shareholders,

In accordance with our appointment as statutory auditors by your Annual General Meeting and pursuant to Article L.451-1-2 III of French Monetary and Financial Code (Code Monétaire et Financier), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Imerys, for the period January 1 to June 30, 2011;
- the verification of the information contained in the half-year management report.

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

1. Conclusion on the financial statements

We conducted our review in accordance with professional practice 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 procedures. A review is substantially less in scope than an audit conducted in accordance with professional practice standards applicable in France. Consequently, the level of assurance we obtained about whether the condensed half-year consolidated financial statements taken as a whole are free of material misstatements is moderate, and lower than that obtained in an audit.

Based on our review, no material misstatement has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared in accordance with IAS 34 of the IFRSs, as adopted by the European Union with respect to interim financial reporting.

Without calling the above conclusion into question, we hereby draw your attention to Note 2 - Changes in accounting methods to the condensed half-year consolidated financial statements related to the changes in accounting methods of the period.

2. Specific verification

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

Neuilly-sur-Seine, July 28, 2011

The Statutory Auditors

ERNST & YOUNG et Autres

François CARREGA

Deloitte & Associés

Arnaud de PLANTA



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