

2003

First Half
report

2003



IMERYS

Contents

The world leader in adding value to minerals, Imerys pursues a value-creating growth strategy: using its substantial mineral reserves and sophisticated processing expertise, the Group supplies technically advanced products essential to the success of a diversified customer base.

► Specialty Minerals

World leader in raw materials for ceramics and bodies for porcelain

European number 2 in raw materials for floor tiles

World leader in high-performance graphite

World leader in minerals for breathable plastic films

► Pigments for Paper

World leader in kaolin for paper

World number 2 in ground calcium carbonate (GCC)

World number 3 in precipitated calcium carbonate (PCC)

► Building Materials

French market leader for clay roof tiles, bricks and chimney blocks and natural slates

French Number 1 distributor of roofing products

► Refractories & Abrasives

World leader in minerals for refractories

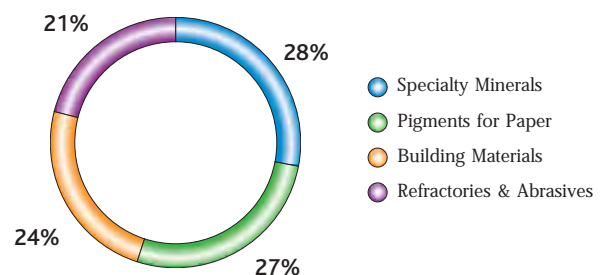
World leader in minerals for abrasives

A European leader in monolithic refractories

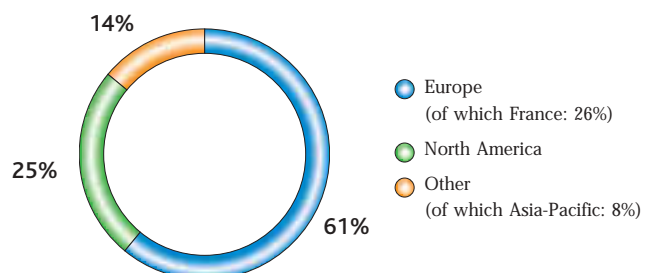
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The Group benefits from well-balanced sales in terms of markets and applications as well as of geographical areas.

SALES BY BUSINESS GROUP
1ST HALF 2003



SALES BY DESTINATION
1ST HALF 2003



Message from the Chief Executive Officer

Gérard Buffière



Imerys' results for the first half of 2003 are satisfactory, all the more so because they were achieved despite relatively unfavorable economic conditions. Our markets did not show any real upturn and the currencies in which a large part of our sales and results are stated (US dollar and sterling) depreciated substantially against the euro.

Imerys provided further evidence of its ability to weather adverse conditions and confirmed the good results posted in the first quarter. Consolidated sales grew + 3.2% at comparable Group structure and exchange rates, but decreased - 5.1% on a reported basis. Nevertheless, operating income remained virtually unchanged and net income from recurring operations improved + 10.7%. This satisfactory trend was due to:

- ▶ overall improvement in sales volumes compared with the low level in the first half of 2002 and continued improvement in the prices/mix component;
- ▶ the results of cost reduction and manufacturing optimization efforts;
- ▶ significant decrease in financial expenses.

Beyond this further improvement in our profitability, our robust financial structure, which was strengthened further during the first half of the year, enable us to seize any internal and external growth opportunities that may arise. In that respect, two operations were carried out in August:

- ▶ in Specialty Minerals, the takeover of Erachem Comilog's carbon black business was completed;
- ▶ in Pigments for Paper, a joint-venture agreement was signed with India's leading paper maker for the construction of a ground calcium carbonate plant in India.

In terms of organization, the Pigments for Paper business group, which I previously managed and which continued its recovery in the first half of the year, is now managed by Rich Ryan. Its organization is now truly global, in line with the structure of a market in which we sell mostly to major worldwide paper manufacturers.

As regards the rest of 2003, Imerys stated in July that, assuming stable global economic conditions and exchange rates, Imerys' net current income for the full year should grow at a fairly similar rate to the one achieved for the first half.

1st half 2003 key figures

€1,380 million
Sales

€183 million
Operating income

€107 million
Net income from
recurring operations

Approximately **290**
industrial and sales sites
in **37** countries

14,297 employees



Managing Board Report

In the first half of 2003, Imerys' general macroeconomic environment remained unfavorable. The Group's main markets did not show any tangible signs of recovery, the US dollar and other currencies depreciated further against the euro in the second quarter, and some external costs (particularly energy) rose significantly.

In that context, Imerys provided further evidence of its ability to weather adverse conditions and confirmed the good results posted in the first quarter.

(€ millions)	1 st half 2003	1 st half 2002	% change
CONSOLIDATED RESULTS			
Sales	1,380.5	1,454.8	- 5.1%
Operating income	183.0	184.3	- 0.7%
Net income from recurring operations, Group's share	106.8	96.5	+ 10.7%
Net income, Group's share	84.6	81.3	+ 4.1%
FINANCING			
Operating cash flow before changes in working capital	191.9	197.8	- 3.0%
Capital expenditures	54.0	73.2	- 26.2%
Current free cash flow	49.3	90.9	- 45.8%
Net financial debt	1,156.7	1,296.8	- 10.8%

Decrease in current consolidated sales, + 3.2% growth on a comparable basis

The - 5.1% decrease in current consolidated sales is entirely due to the depreciation of the US dollar (down 18.9%, from 0.8963 on average in the 1st half of 2002 to 1.1046 on average in the 1st half of 2003) and other currencies, mainly the pound sterling, against the euro. This had negative impact of - 9.4% over the half-year, and was slightly more pronounced in the second quarter (- 9.7%) than in the first (- 9.1%). Over the period, consolidated sales included a €16.1 million positive contribution (+ 1.1%) from external growth operations, most of which were completed in 2002.

At comparable Group structure and exchange rates, sales grew + 3.2% over the period (+ 3.7% in the 1st quarter; + 2.7% in the 2nd). This positive trend reflects:

- a clear business upturn in Building Materials in the second quarter, following poor weather conditions in France earlier in the year;
- lower organic growth in the second quarter than in the first in Specialty Minerals and, to a lesser extent, in Pigments for Paper and Refractories & Abrasives. In these three business groups, the basis of comparison was particularly low in the first quarter of 2002.

The growth in first-half sales reflects positive trends in sales volumes (+ 2.2%) and in the prices/mix component (+ 1.0%).

Operating income: intrinsic improvement in profitability offsets negative external factors

Operating income was virtually unchanged (- 0.7%) at €183.0 million. This includes the impact of changes in Group perimeter for + €2.5 million and a substantial foreign exchange effect (- €12.2 million, i.e. - 6.6%), which was almost entirely due to the conversion effect on income from sales invoiced in US dollar and in pound sterling. This significant impact, as well as the unfavorable trend in some external costs (particularly energy for - €12.7 million, of which natural gas in the United States for an important part), was offset by the following positive effects:

- higher sales volumes (+ €21.1 million);
- improvement in the prices/mix component (+ €15.8 million);
- cost reduction actions.

In total, the Group's operating margin improved further, from 12.7% in the first half of 2002 to 13.3% in the first half of 2003.

Net income from recurring operations: up + 10.7%

Net income from recurring operations, Group's share, totaled €106.8 million for the first half of 2003, compared with €96.5 million for the same period in 2002. This trend is due to further significant improvement in financial result (at - €21.7 million in the 1st half of 2003, vs. - €34.7 million in the 1st half of 2002), mainly as a result of the depreciation of the US dollar (approximately two-thirds of the Group's debts are stated in this currency), the fall in interest rates and the reduction in the Group's indebtedness compared with the first half of 2002.

The current tax charge amounted to €55.0 million, representing an effective tax rate of 34.1%, which is slightly below the level of 2002 (34.6%).

At €6.80 compared with €6.06 in 2002, net income from recurring operations per share increased + 12.0%. Following the cancellation of shares bought back by the Company, the average weighted number of outstanding shares decreased from 15,910,631 in the first half of 2002 to 15,721,915 in the first half of 2003.

● Net income: up + 4.1%

Net income, Group's share, totaled €84.6 million in the first half of 2003, compared with €81.3 million for the same period in 2002. It takes into account - €14.2 million in goodwill amortization (vs. - €15.3 million in the 1st half of 2002) and various non-recurring negative items for a net amount of - €8.0 million, mainly costs relating to the restructuring of some of the Specialty Minerals business group's North and South American activities.

● Cash flow and indebtedness: further strengthening of financial structure

The Group's current free cash flow amounted to €49.3 million, compared with €90.9 million in the first half of 2002. The main factors in this change are as follows:

- a slight decrease in operating cash flow before changes in working capital, from €197.8 million in the first half of 2002 to €191.9 million for the first half of 2003;
- good control of capital expenditures, with net expense of €54.0 million for the first half of 2003, compared with €73.2 million for the same period in 2002. This variance is mainly due to the depreciation of the US dollar and the postponement of some projects to the second half of the year;
- stable variation in operating working capital compared with the first half of 2002 (- €53.8 million), which represents a normal seasonal pattern for the first half of the year;

- a variation in other working capital of - €34.8 million (+ €23.4 million in the 1st half of 2002). This variance mainly results from substantial tax payments made in the first half of 2003.

This healthy cash flow generation over the period, together with a positive foreign exchange effect (+ €69.6 million), kept the Group's net debt stable in the first half of 2003, despite the above-mentioned tax payments and the distribution in May 2003 of €68.3 million in dividends with respect to 2002.

Net debt totaled €1.16 billion as of June 30, 2003, compared with €1.30 billion as of June 30, 2002 and €1.16 billion as of December 31, 2002. The Group's net debt-to-equity ratio stood at 80.9% as of June 30, 2003, compared with 87.2% as of June 30, 2002 and 78.8% as of December 31, 2002, with a slight decrease in shareholders' equity (€1.43 billion on June 30, 2003 compared with €1.49 billion on June 30, 2002 and €1.47 billion on December 31, 2002) that was also due to the depreciation of the US dollar.

During the first half of the year, the Group continued to implement its strategy, initiated in 2001, of diversifying its financial resources. A private debt placement operation with US institutional investors for a total amount of \$170 million on 10 and 15-year maturities was carried out in early August 2003. A second operation for an amount of yen 7 billion (approx. €50 million) on a 30-year maturity was completed on the Japanese market in September.

● Group Organization

At its meeting of July 25, 2003, the Managing Board appointed Rich Ryan Vice-President Pigments for Paper and member of Imerys' Operating Committee, replacing Gérard Buffière, Chairman of the Managing Board.

Having joined the Group in 1991, Rich Ryan was previously in charge of the Pigments for Paper Americas division.

● Recent events

The main development actions taken in August were the following:

- the acquisition of Erachem Comilog's carbon black business, located in Willebroek (Belgium) was finalized. This business achieves sales of approximately €15 million and broadens the product range in mobile energy and conductive plastics for Timcal, a wholly-owned Imerys subsidiary that manufactures and markets high-performance graphites;
- an agreement was signed with India's leading paper maker, Ballapur Industries Ltd (BILT), for the creation of a joint venture (74% Imerys) for ground calcium carbonate production. The agreement provides for the construction of a plant with 60 kt in annual capacity, scheduled to come on stream in late 2004. This operation represents a new step in Imerys' development strategy in the Asian continent.

2003 Outlook

The Group's first-half performance is satisfactory. During the period, several external factors had a significant negative impact. The Group continued to improve its intrinsic profitability and its strategic positions. It is ready to seize any profitable growth opportunities that may arise. Imerys stated in July that, assuming stable global economic conditions and exchange rates, the Group's net current income for the full year should grow at a fairly similar rate to the one achieved for the first half.

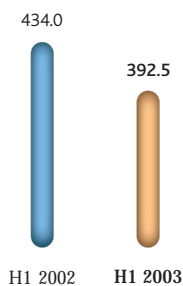
Business group

Specialty Minerals

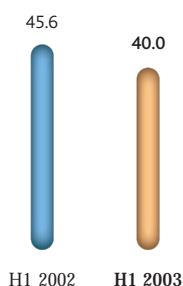
Continued cost reduction and manufacturing optimization

Drawing on a wide range of minerals with many matching characteristics – including calcium carbonates, clays, kaolins, graphites, feldspar and vermiculite – the business group makes technical products that are essential for many industries. Its principal markets are plastics, paints, tableware, floor tiles, sanitaryware, mobile energy and the automotive sector. It represents 28% of Imerys sales for the first half of 2003.

CONSOLIDATED SALES
(€ millions)



OPERATING INCOME
(€ millions)



In the first half, construction-related markets in the United States and, to a lesser extent in Europe, evolved acceptably. After the sharp downturns observed in 2002, the European floor tile market stabilized and the tableware market deteriorated slightly. The economic environment remained difficult in Latin American markets.

In terms of manufacturing and sales, the period was largely focused on the implementation of the necessary restructuring programs:

- ▶ it was decided to withdraw from the Dimension Stone activities of the North America Performance Minerals division, which did not have a satisfactory profitability. In Georgia, the Nelson plant and part of the Tate plant were closed in June and the Elberton plant was divested; the remainder of the activity was sold to the Canadian group Polycor in early August 2003. The impact of these operations has been accrued in the exceptional items of the first semester of 2003;
- ▶ optimization of the Dry Branch (Georgia) kaolin for performance minerals plant and of the business group's Brazilian activities also continued.

All of these measures involve significant manpower reduction.

In parallel, a commercial and industrial synergy program was launched to benefit from the new organization through complementary products and customer bases. The business group continued to implement its growth strategy:

- ▶ small acquisitions were made during the period. Denain Anzin Minéraux's Grès de Thiviers business was acquired in January 2003. An agreement was signed in

June 2003 to simplify the Tiles Minerals division's Italian sales network. Under the agreement, the trading subsidiary Eurec, which is 50% owned by Imerys, takes over Euroargille, which was previously its agent. The sales networks of Imerys, Eurec and Euroargille will be merged.

- ▶ as regards organic growth, the ramp-up of the new graphite processing plant in Laval (Quebec), which came on stream in December 2002, was successfully completed.

Consolidated sales totaled €392.5 million, a - 9.6% decrease, with:

- ▶ negative foreign exchange effect of - 13.9%;
- ▶ slightly positive impact of changes in perimeter (+ 1.4%) resulting from the small-scale operations completed in 2002.

At comparable Group structure and exchange rates, sales grew + 2.9% during the half-year (+ 5.5% in the 1st quarter of 2002; + 0.5% in the 2nd quarter), with higher sales volumes – particularly in the first quarter, given the very low basis of comparison – and a slight improvement in the prices/mix component.

Operating income totaled

€40.0 million, - 12.3% below the level of the same period of 2002. The business group's performance was heavily affected by the depreciation of the US dollar, the rise in natural gas prices in the United States and the ongoing difficulties in some activities (Performance Minerals in Latin America, Dimension Stone in the United States). The business group's operating margin was virtually stable at 10.2%, compared with 10.5% in the first half of 2002.

Pigments for Paper

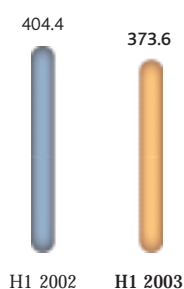
Further improvement in margins
and in strategic and manufacturing positions

Kaolins and calcium carbonates make paper whiter and glossier and improve its printing qualities. The business group develops and produces the white pigments that paper makers need to enhance their performance. It represents 27% of Imerys sales for the first half of 2003.

In the first half of 2003, paper markets improved slightly compared with the first half of 2002:

- ▶ in Europe, there was moderate growth in magazine papers. Business remained firm for the business group's key European customers, thanks to growth in their exports to North America, despite the depreciation of the US dollar;
- ▶ in North America, after an upturn in the first quarter compared with the low first quarter of 2002, the market did not show any tangible signs of recovery in the second quarter;
- ▶ in Asia, significant growth continued in the paper market.

CONSOLIDATED SALES
(€ millions)

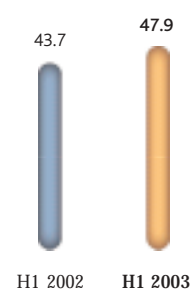


As regards manufacturing, the reorganization of kaolin for paper activities is on schedule and nearing completion:

- ▶ the new capacity extension at the business group's Brazilian unit (RCC, increased from 600 kt/yr. to 850 kt/yr.) came on stream in May and its ramp-up is proceeding as planned;
- ▶ in parallel, the reorganization of kaolin for paper operations in Cornwall is being completed with the transfer of 10% of production to Brazil.

Consolidated sales totaled €373.6 million (down 7.6%). Excluding a significant foreign exchange effect (- 11.9%), they grew significantly (+ 5.2% over the half-year; + 6.3% in the 1st quarter and + 4.2% in the 2nd). This increase reflects higher sales volumes, particularly in the second quarter, when the basis of comparison in 2002 was particularly low.

OPERATING INCOME
(€ millions)



In a difficult environment for major papermaker customers, particularly in Europe, the prices/mix component improved slightly.

Operating income improved significantly to €47.9 million (up 9.6%), despite a negative currencies effect. In addition to the impact of sales volumes and of the prices/mix component, this rise reflects the positive effects of cost reduction actions and the ramp-up of RCC in Brazil. The energy surcharges set up in the United States limited the negative impact of the rise in natural gas prices. The business group's operating margin, at 12.8%, showed a significant improvement on the first half of 2002 (10.8%).

Building Materials

Further improvement in performance
above record levels of previous years

The business group has two activities: the production of clay roof tiles, bricks and chimney blocks for the house-building or renovation market; and the specialized distribution of roofing products and production of high-quality natural slates. It represents 24% of Imerys sales for the first half of 2003.

The situation on the business group's French markets varied from one quarter to the next. Markets slackened in the first quarter because of difficult weather conditions, but were satisfactory in the second quarter for both new housing and renovation. Over the period as a whole, the clay roof tiles market – 60% of which depends on renovation – and the clay bricks market decreased by 1% and 2%, respectively.

On the Iberian peninsula, the Spanish market remained dynamic but the situation was less healthy in Portugal, especially for bricks.

As regards manufacturing, two major capital expenditure programs were carried out in France in the first half of 2003. A roof tile

production line at the Pargny plant was fitted with H-shaped individual kiln furniture, which should significantly improve product quality, and a new rectified brick (Optibrick; Monomur) production line was built in the Gironde plant.

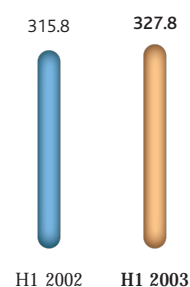
Consolidated sales totaled €327.8 million, up 3.8% on the first half of 2002. Excluding changes in structure (+ 2.3%) corresponding to the acquisitions made in 2002 (partition bricks in Catalonia; new distribution agencies), the business group posted + 1.5% growth for the half-year (- 2.1% in the 1st quarter of 2003; + 5.1% in the 2nd quarter).

This improvement reflects further improvement in sales prices & product mix as a result of the business group's innovation strategy. In volume terms, the overall downturn in the first quarter, which was due to poor weather conditions in France, was almost entirely offset by the significant rise

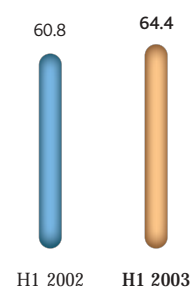
recorded in the second quarter. Roof Tiles activities, in particular, benefited from this market upturn and from the successful development of new product sales. In Bricks, sales of Monomur and Optibrick continued to grow. However, sales of slates decreased compared with the first half of 2002. The Distribution business (Larivière) also experienced a fall in volumes and took proactive actions to maintain its margins. Nevertheless, the network continued its development with the creation of an agency in Bordeaux and an acquisition in Mulhouse.

Thanks to the improvement in the prices/mix component, in addition to rigorous action on production costs, and despite some increase in energy costs, **operating income** amounted to €64.4 million, up + 5.8% over the first half of 2002. Operating margin improved slightly, at 19.7% compared with 19.3% in the first half of 2002.

CONSOLIDATED SALES
(€ millions)



OPERATING INCOME
(€ millions)



Business group

Refractories & Abrasives

Stable performance despite negative impact of dollar rates and energy costs

The business group's raw materials are used by the refractory and abrasive industries for their mechanical strength, chemical resistance and thermal properties. Monolithic refractories are intended for the construction and repair of refractory linings that undergo high temperatures or corrosion. It represents 21% of Imerys sales for the first half 2003.

The business group's market environment in the first half of the year was as follows:

- ▶ refractories markets were characterized by a clear upturn in the United States (only reflecting the steel industry's relative recovery from its very low level in the first half of 2002), stable demand in the European steel industry and firm overall business in other end markets, particularly thanks to new projects in aluminium;
- ▶ the abrasives market continued to decline in North America. In particular, customers transferred some of their production to other continents. The European market was stable.

As regards manufacturing, the period was marked by the optimization of production assets in all the business group's facilities. Action plans will extend into the second half of the year:

- ▶ the Monolithic Refractories division (Plibrico) was reorganized in depth and manpower was reduced significantly on the main site in Neuwied, Germany;
- ▶ in the Andalusite activity in South Africa, operations were further optimized with the progressive closure of the Annesley site and the reopening of the Havercroft site. Moreover, a black economic empowerment agreement was entered into with a local group that will soon own a 15% stake in the subsidiary that holds all Imerys' South African businesses;
- ▶ in Abrasives, integration of the fused aluminum oxide production unit in Brazil, acquired towards the end of 2002, is making good progress.

Business was dynamic in refractories in the United States. In the European refractories market, the business group initiated a thinking process related to the optimization of sales organization, with the aim of an even greater closeness to customers, higher service quality and improved efficiency.

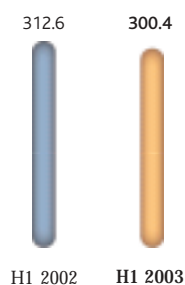
Consolidated sales amounted to €300.4 million. This - 3.9% decrease is mainly due to:

- ▶ negative foreign exchange effect (- 9.8%);
- ▶ positive Group structure effect (+ 2.1%) resulting from the Brazilian acquisition in 2002.

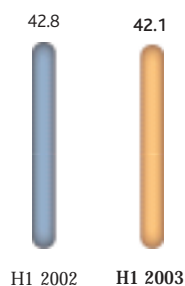
At comparable Group structure and exchange rates, sales improved + 3.9% over the period (+ 5.8% in the 1st quarter of 2003, against a particularly low basis of comparison because of the US steel industry's difficult situation at the time; + 2.1% in the 2nd quarter). Sales volumes increased overall and sales prices improved slightly.

The business group's **operating income** totaled €42.1 million in the first half of 2003, with very little change from the first half of 2002. The significant negative effects of the depreciation of the US dollar and the increase of energy costs were almost offset by growth in sales volumes and extensive work on production costs across the business group, particularly in the Monolithic Refractories activity (Plibrico), which is on the road to recovery after a difficult 2002. The business group's operating margin improved to 14.0%, compared with 13.7% in the first half of 2002.

CONSOLIDATED SALES
(€ millions)



OPERATING INCOME
(€ millions)



Consolidated

income statement

<i>(€ millions)</i>	<i>Notes</i>	<i>June 30, 2003</i>	<i>June 30, 2002</i>	<i>2002</i>
Operating revenues		1,426.7	1,500.0	2,961.4
Sales	1-16	1,380.5	1,454.8	2,862.6
Other revenues		46.2	45.2	98.8
Operating expenses		(1,243.7)	(1,315.7)	(2,599.9)
Purchase costs		(499.6)	(545.3)	(1,081.4)
Personnel costs		(283.3)	(305.1)	(595.5)
Depreciation, amortization and provisions		(102.1)	(118.7)	(241.7)
Other operating expenses		(358.7)	(346.6)	(681.3)
Operating income	17	183.0	184.3	361.5
Net interest expense and investment income	2	(21.7)	(34.7)	(66.8)
Income of consolidated companies excluding non-recurring items		161.3	149.6	294.7
Non recurring income (expense)	3	(15.4)	(0.7)	(6.0)
Income tax	4	(47.6)	(51.0)	(94.7)
Net income of consolidated companies		98.3	97.9	194.0
Share in net income (loss) of equity-consolidated companies		1.3	0.9	2.9
Net income before minority interests		99.6	98.8	196.9
Minority interests		(0.8)	(2.2)	(2.4)
Amortization of goodwill		(14.2)	(15.3)	(51.0)
Net income, Group share	5	84.6	81.3	143.5
of which:				
net income from recurring operations	5	106.8	96.5	197.5
non-recurring operations and amortization of goodwill		(22.2)	(15.2)	(54.0)
Group earnings per share <i>(euros)</i>				
Weighted number of issued shares		15,721,915	15,910,631	15,863,276
Net income from recurring operations per share		6.80	6.06	12.45
Net income per share		5.38	5.11	9.04
Weighted number of total potential shares		16,633,740	16,731,124	16,649,640
Diluted net income from recurring operations per share		6.59	5.94	12.02
Diluted net income per share		5.25	5.04	8.78
<i>Average translation rate euro/USD</i>		<i>1.1046</i>	<i>0.8963</i>	<i>0.9424</i>

Consolidated balance sheet

CONSOLIDATED ASSETS (<i>€ millions</i>)	<i>Notes</i>	<i>June 30, 2003</i>	<i>June 30, 2002</i>	<i>2002</i>
Fixed Assets		2,193.4	2,418.1	2,343.6
Intangible assets, net	8	36.3	24.2	34.9
Goodwill, net	9	557.0	577.7	575.6
Property, plant and equipment, net	10	1,600.1	1,816.2	1,733.1
Other long-term assets		119.4	160.8	129.9
Investments accounted for by the equity method		26.8	26.5	25.6
Other investments, net		15.5	18.9	15.5
Long-term loans and other		77.1	115.4	88.8
Current Assets		1,142.2	1,269.6	1,141.9
Stocks		416.2	440.6	421.8
Trade accounts receivable		530.1	545.8	502.9
Other current assets		77.5	113.1	103.6
Regularization accounts		37.4	26.7	24.6
Marketable securities		18.7	56.9	20.8
Cash at bank and in hand		62.3	86.5	68.2
TOTAL ASSETS		3,455.0	3,848.5	3,615.4
CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY (<i>€ millions</i>)				
	<i>Notes</i>	<i>June 30, 2003</i>	<i>June 30, 2002</i>	<i>2002</i>
Capital		126.0	127.3	126.0
Share premium		210.8	229.2	210.8
Consolidated reserves		996.7	1,021.0	979.6
Net income		84.6	81.3	143.5
Shareholders' equity, Group share		1,418.1	1,458.8	1,459.9
Minority interests	11	11.9	28.5	12.2
Provisions		315.5	416.5	368.0
Net deferred income taxes	4	58.0	44.1	60.9
Provisions for contingencies and liabilities	12	257.5	372.4	307.1
Liabilities	13	1,709.5	1,944.7	1,775.3
Financial debts		1,237.7	1,440.2	1,248.4
Trade accounts payable		261.0	261.2	273.9
Other current liabilities		210.8	243.3	253.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,455.0	3,848.5	3,615.4
<i>USD/euro exchange rate</i>		<i>1.1427</i>	<i>0.9975</i>	<i>1.0486</i>

Cash flow statement

<i>(€ millions)</i>	<i>June 30, 2003</i>	<i>June 30, 2002</i>	<i>2002</i>
Operating cash-flow			
Net income of consolidated companies, excluding non-recurring items	161.3	149.6	294.7
Net dividend received from equity-consolidated companies	-	-	0.5
Current income taxes	(55.0)	(51.8)	(97.7)
Charges and revenue with no impact on operating cash flow			
Depreciation	75.3	81.6	161.6
Provisions	10.3	18.3	25.9
Operating cash flow before working capital changes	191.9	197.7	385.0
Changes in working capital	(88.6)	(33.6)	31.4
Operating cash flow	103.3	164.1	416.4
Investment activities			
Acquisition of assets			
Capital expenditure (tangible and intangible)	(54.0)	(73.2)	(148.6)
Financial assets	(4.4)	(22.8)	(93.5)
Disposal of assets			
Tangible and intangible assets	3.9	10.9	41.7
Financial assets	-	0.9	1.7
Net change in long-term loans and other	10.4	2.2	9.0
Non-recurring cash flow	(56.1)	(20.3)	(50.8)
Cash flow from investment activities	(100.2)	(102.3)	(240.5)
Capital operations			
Capital increases	-	-	3.6
Capital decreases/re-purchases	(1.8)	(2.0)	(29.5)
Dividends paid	(68.3)	(62.8)	(63.2)
Cash flow from capital operations	(70.1)	(64.8)	(89.1)
Change in net debt	(67.0)	(3.0)	86.8
Opening net debt	(1,159.5)	(1,410.6)	(1,410.6)
Effect of foreign currency fluctuations	69.6	115.9	162.2
Net debt acquired with acquisitions	0.2	0.9	2.1
Net debt at close of period	(1,156.7)	(1,296.8)	(1,159.5)
of which:			
Marketable securities	18.7	56.9	20.7
Cash at bank and in hand	62.3	86.5	68.2
Borrowings	(1,237.7)	(1,440.2)	(1,248.4)
Net debt at close of period	(1,156.7)	(1,296.8)	(1,159.5)

Consolidated statement of changes in shareholders' equity

<i>(€ millions)</i>	<i>Capital</i>	<i>Share premium</i>	<i>Consolidated Reserves</i>	<i>TOTAL</i>
Shareholders' equity, Group share at January 1, 2001	127.7	235.7	1,144.5	1,507.9
Dividends	-	-	(57.1)	(57.1)
Translation adjustments	-	-	26.1	26.1
Capital decrease ⁽²⁾	(0.6)	(7.6)	(0.2)	(8.4)
Capital increase	0.2	1.1	-	1.3
Net income for the period	-	-	79.0	79.0
Shareholders' equity, Group share at January 1, 2002	127.3	229.2	1,192.3	1,548.8
Dividends ⁽¹⁾	-	-	(62.3)	(62.3)
Translation adjustments	-	-	(143.3)	(143.3)
Capital decrease ⁽²⁾	(1.6)	(21.7)	(6.2)	(29.5)
Capital increase	0.3	3.3	-	3.6
Other ⁽⁴⁾	-	-	(0.9)	(0.9)
Net income for the period	-	-	143.5	143.5
Shareholders' equity, Group share at January 1, 2003	126.0	210.8	1,123.1	1,459.9
Dividends	-	-	(67.5)	(67.5)
Translation adjustments	-	-	(57.1)	(57.1)
Capital decrease ⁽³⁾	-	-	(1.8)	(1.8)
Net income for the period	-	-	84.6	84.6
Shareholders' equity, Group share at June 30, 2003	126.0	210.8	1,081.3	1,418.1

⁽¹⁾ Including distribution tax.

⁽²⁾ Capital decrease due to cancellation of Company's own shares bought back in 2001 and 2002, respectively.

⁽³⁾ Reduction of consolidated reserves due to buy-back of Company's own shares in 2003.

⁽⁴⁾ Impact of fully consolidated method on MRD-ECC joint-venture.

Notes to the consolidated accounts

Unless otherwise indicated, all values in the tables are in millions of euros.

1 / ACCOUNTING PRINCIPLES AND PROCEDURES

1 - GENERAL PRINCIPLES AND PROCEDURES

The financial statements of the Group's companies have been prepared in accordance with the accounting principles in effect in their respective countries and restated in order to comply with the Group's accounting standards. For these interim accounts, Imerys group applies the same accounting methods as those used at the end of 2002. The consolidation standards applied comply with French legislation and regulations concerning consolidated financial statements (Law of January 3, 1985 and Decree 99-02 of the "Comité de la Réglementation Comptable").

► Compared with the first half of 2002, changes in the consolidation structure concern the trading companies CBM Distribution and Etablissements Decroix in Larivière, and Tecasa in the Clay Roof Tiles & Bricks International division for Building Materials.

Other changes concern the Treibacher Group's Minerals for Abrasives activity in Brazil and the Sanitaryware and Technical Ceramics divisions' activities in Thailand.

These changes in structure together represent a positive impact of €16.1 million on sales.

2 - CONSOLIDATION STRUCTURE

The companies included in the consolidation are those defined in the accounting policies applied on December 31, 2002.

► The only change in the consolidation structure concerns Ciatonic Demand Control Technique Ltd, in the Paper division in Europe, which is consolidated as of January 1, 2003.

3 - FOREIGN CURRENCY TRANSLATION

The financial statements of foreign companies are translated into euros at the June 30 exchange rates for balance sheet items and at the average rates over the half-year for the income statement.

Translation differences are recorded as consolidated reserves for the Group's share and as minority interests for third parties' share.

The rates of the principal currencies used in consolidating the financial statements were as follows:

(€)	Country	Currency	2003		2002			
			30-06	Average	30-06	Average	31-12	Average
	Argentina	ARS	3.2383	3.3167	3.7064	2.1195	3.5286	2.6752
	Australian	AUD	1.7117	1.7918	1.7702	1.6793	1.8556	1.7359
	Brazil	BRL	3.2478	3.5638	2.8105	2.1793	3.6894	2.6455
	Canada	CAD	1.5506	1.6044	1.5005	1.4120	1.6550	1.4800
	Denmark	DKK (100)	0.0743	0.0743	0.0743	0.0743	0.0743	0.0743
	United States	USD	1.1427	1.1046	0.9975	0.8963	1.0486	0.9424
	United Kingdom	GBP	0.6932	0.6856	0.6498	0.6213	0.6505	0.6285
	Hungary	HUF	263.1579	250.0000	244.9300	243.4708	236.2900	242.9370
	Japan	JPY (100)	1.3732	1.3111	1.1820	1.1627	1.2439	1.1800
	New Zealand	NZD	1.9569	1.9743	2.0397	2.0208	1.9975	2.0362
	South Africa	ZAR	8.5397	8.8810	10.3043	9.8668	9.0094	9.9014
	Czech Republic	CZK	31.5457	31.5457	29.2670	31.0794	31.5770	30.7942
	Sweden	SEK (100)	0.0925	0.0916	0.0910	0.0916	0.0915	0.0916
	Switzerland	CHF	1.5545	1.4921	1.4721	1.4694	1.4524	1.4672

4 - VALUATION METHODS

Intangible fixed assets

All intangible fixed assets are now amortized over a maximum duration of 20 years, except for assets with longer legal protection periods and assets based on mining reserves representing more than 40 years of operation. In these cases, the limit was extended to the maximum of 40 years.

Tax charge

The tax charge of the various Group companies was calculated according to a process similar to that applied

at the end of the period. The tax rates used are those known at the close date of the present interim accounts.

5 - EARNINGS PER SHARE

Earnings per share are calculated on the basis of the weighted average number of shares in issue during the period, excluding shares bought back by the Company. They are also calculated on the basis of the potential average total number of shares.

2 / NOTES TO THE CONSOLIDATED INCOME STATEMENT

1 - SALES

Consolidated sales

Consolidated sales for the first half of 2003 totaled €1,380.5 million, compared with €1,454.8 million for the same period in 2002, which represents a 5.1% decrease, including a negative impact of (9.4)% due to foreign exchange fluctuations. At a constant consolidation structure and exchange rates, the Group's sales increased by + 3.2%.

Sales by origin

(€ millions)	June 30, 2003	June 30, 2002	2002
France	380.2	369.9	723.8
Other European countries	524.9	537.0	1,073.2
North America	356.5	427.8	822.7
Asia	66.8	65.0	136.1
Other countries	52.1	55.1	106.8
TOTAL	1,380.5	1,454.8	2,862.6

Sales by destination

(€ millions)	June 30, 2003	June 30, 2002	2002
France	363.4	357.7	696.1
Other European countries	483.1	485.1	970.5
North America	348.1	418.8	805.5
Asia	117.7	120.8	248.9
Other countries	68.2	72.4	141.6
TOTAL	1,380.5	1,454.8	2,862.6

2 - NET INTEREST EXPENSE AND INVESTMENT INCOME

Interest and investment income is summarized as follows:

(€ millions)	June 30, 2003	June 30, 2002	2002
Dividends	0.2	0.2	0.4
Interest incomes	7.1	4.4	16.8
Interest expenses	(29.0)	(38.5)	(79.0)
Net change in provisions on financial investments	-	0.1	0.8
Net foreign exchange gains (losses)	-	(0.9)	(5.8)
TOTAL	(21.7)	(34.7)	(66.8)

3 - NON-RECURRING INCOME (EXPENSE)

(€ millions)	June 30, 2003	June 30, 2002	2002
Disposals of non operational assets	2.7	5.7	19.7
Capital gains	-	-	(2.9)
Net change in provisions	39.9	14.5	43.8
Non-recurring income and expenses	(58.0)	(20.9)	(66.6)
TOTAL	(15.4)	(0.7)	(6.0)

Non-recurring income on June 30, 2003 includes asset disposals for €2.7 million, mainly in Cornwall, and non-recurring expenses net of changes in provisions for (€18.1 million).

These net non-recurring expenses mainly concern the continuation of the restructuring plan in the United Kingdom for €4.3 million, the reorganization of Performance Minerals in North America for €9.6 million and Specialty Minerals in Europe for €4.2 million.

4 - INCOME TAX

For several years, the Group has implemented an active policy to reduce its total net tax burden. In the countries where the Group is based and that have a tax integration system, it sets up holding companies that allow or will soon allow it to benefit from the advantages that are generally inherent in such systems.

In 2003, these structures exist in the following countries: France, United States, United Kingdom, Spain, Germany and Sweden.

Breakdown of net tax position

(€ millions)	June 30, 2003	June 30, 2002	2002
Deferred income tax on assets	114.7	141.1	131.2
Deferred income tax on liabilities	(172.7)	(185.2)	(192.1)
Net deferred tax position	(58.0)	(44.1)	(60.9)

Income tax for the period is summarized as follows:

(€ millions)	June 30, 2003	June 30, 2002	2002
Income tax payable	(47.4)	(38.2)	(74.7)
Deferred income tax	(0.2)	(12.8)	(20.0)
TOTAL	(47.6)	(51.0)	(94.7)
Current income tax payable	(49.3)	(38.9)	(76.4)
Current deferred income tax	(5.7)	(12.9)	(21.3)
Income tax from recurring operations	(55.0)	(51.8)	(97.7)
Non-recurring income tax payable	1.9	0.6	1.7
Non-recurring deferred income tax	5.5	0.2	1.3
Income tax on non-recurring income	7.4	0.8	3.0
TOTAL	(47.6)	(51.0)	(94.7)

5 - NET INCOME FROM RECURRING AND NON-RECURRING OPERATIONS, GROUP SHARE

Consolidated net income from recurring operations, Group share, is shown after income tax, but before amortization of goodwill and non-recurring income net of tax. It includes the following items:

(€ millions)	June 30, 2003	June 30, 2002	2002
Income from recurring operations from consolidated companies	161.3	149.6	294.7
Current income tax	(55.0)	(51.8)	(97.7)
Income accounted for by the equity method	1.3	0.9	2.9
Minority interests	(0.8)	(2.2)	(2.4)
Net income from recurring operations, Group share	106.8	96.5	197.5

Net income, Group share is as follows:

(€ millions)	June 30, 2003	June 30, 2002	2002
Net income from recurring operations, Group share	106.8	96.5	197.5
Amortization of goodwill	(14.2)	(15.3)	(51.0)
Net income from non-recurring operations	(8.0)	0.1	(3.1)
Net income, Group share	84.6	81.3	143.4

Net income from non-recurring operations is as follows:

(€ millions)	June 30, 2003	June 30, 2002	2002
Gross non-recurring income (note 3)	(15.4)	(0.7)	(6.0)
Income tax on non-recurring income	7.4	0.8	3.0
Minority interests	-	-	(0.1)
Net non-recurring income, Group share	(8.0)	0.1	(3.1)

6 - RECONCILIATION NET INCOME FROM RECURRING OPERATIONS/CURRENT CASH FLOW

(€ millions)	June 30, 2003	June 30, 2002	2002
Net income from recurring operations	106.8	96.5	197.5
Depreciation	75.3	81.6	161.6
Provisions	4.6	5.4	4.6
Current deferred income tax	5.7	12.9	21.3
Minority interests	0.8	2.2	2.4
Share of net (income) loss of equity-consolidated companies	(1.3)	(0.9)	(2.9)
Net dividends received from equity-consolidated companies	-	-	0.5
Current cash flow before working capital changes	191.9	197.7	385.0

7 - OPERATING CASH FLOW BEFORE TAX ("EBITDA")

(€ millions)	June 30, 2003	June 30, 2002	2002
Operating income	183.0	184.3	361.5
Net depreciation	75.3	81.6	161.6
Increase of provisions	26.8	37.1	80.1
Decrease of provisions	(22.2)	(31.5)	(74.7)
TOTAL	262.9	271.5	528.5

Reconciliation with the income statement:

	June 30, 2003	June 30, 2002	2002
Total increase of depreciation and provisions	102.1	118.7	241.7

The decrease in provisions are included in "Other Revenues".

3 / NOTES TO THE CONSOLIDATED BALANCE SHEET

8 - INTANGIBLE FIXED ASSETS

Net changes in intangible fixed assets

(€ millions)	June 30, 2003	June 30, 2002	2002
Balance at beginning of year	34.9	19.0	19.0
Acquisitions	3.5	8.6	10.6
Disposals during year	(0.1)	-	(1.0)
Net depreciation	(3.4)	(2.1)	(5.5)
Changes due to exchange rate fluctuations	(1.7)	(1.6)	(3.5)
Changes due to consolidation structure	3.1	0.3	15.3
Balance at end of fiscal year	36.3	24.2	34.9

9 - GOODWILL

(€ millions)	June 30, 2003	June 30, 2002	2002
Balance at beginning of year	575.6	600.2	600.2
Acquisitions	1.7	9.7	46.9
Purchase accounting adjustments	-	-	0.2
Ordinary depreciation	(13.4)	(14.5)	(26.6)
Impairment depreciation	(0.8)	(0.8)	(24.4)
Changes due to exchange rate fluctuations	(6.1)	(16.9)	(20.7)
Balance at end of period	557.0	577.7	575.6

10 - PROPERTY, PLANT AND EQUIPMENT

Net changes in property, plant and equipment

<i>(€ millions)</i>	<i>June 30, 2003</i>	<i>June 30, 2002</i>	<i>2002</i>
Balance at beginning of fiscal year	1 733,1	2 030,6	2 030,6
Acquisitions	41.6	57.0	130.1
Disposals	(1.1)	(5.2)	(21.0)
Depreciation for the period	(79.0)	(80.1)	(177.3)
Changes due to exchange rate fluctuations	(94.2)	(179.5)	8.4
Changes due to consolidation structure	(0.3)	(6.6)	(236.4)
Change due to change of accounting method	-	-	(1.3)
Balance at end of fiscal year	1,600.1	1,816.2	1,733.1

Breakdown of property, plant and equipment by type

<i>(€ millions)</i>	<i>June 30, 2003</i>			<i>June 30, 2002</i>	<i>2002</i>
	<i>Gross</i>	<i>Depreciation</i>	<i>Net</i>	<i>Net</i>	<i>Net</i>
Land and mineral reserves	839.1	(193.2)	645.9	737.9	697.4
Buildings	381.6	(169.8)	211.8	236.0	223.0
Plants	2,131.5	(1 470.6)	660.9	764.5	739.2
Other	183.9	(153.6)	30.3	31.4	30.8
Capitalized work in progress	50.1	-	50.1	45.9	41.5
Advances and down payments	1.1	-	1.1	0.5	1.2
TOTAL	3,587.3	(1,987.2)	1,600.1	1,816.2	1,733.1

11 - CHANGES IN MINORITY INTERESTS

<i>(€ millions)</i>	<i>June 30, 2003</i>	<i>June 30, 2002</i>	<i>2002</i>
Minority interests at beginning of period	12.2	28.3	28.3
Dividends	(0.8)	(0.5)	(0.9)
Translation adjustments	0.1	(1.8)	(1.7)
Capital increase (decrease)	-	-	(1.4)
Net change due to consolidation structure	(0.4)	0.3	(14.5)
Net income for the year	0.8	2.2	2.4
Minority interests at end of period	11.9	28.5	12.2

12 - PROVISIONS FOR CONTINGENCIES AND LIABILITIES

<i>(€ millions)</i>	<i>June 30, 2003</i>	<i>June 30, 2002</i>	<i>2002</i>
Provisions for management contingencies	50.8	95.4	75.7
Provisions relating to personnel	82.9	118.1	78.5
Provisions for financial charges	-	0.8	-
Provisions for environmental issues and site restoration	45.8	42.5	46.2
Provisions for restructuring	53.4	65.8	77.0
Other provisions	24.6	49.8	29.7
TOTAL	257.5	372.4	307.1

Provisions for management contingencies relate to litigation (€21.3 million), tax risks and guarantees given.

Provisions relating to personnel include pensions (€54.6 million) and medical coverage (€28.3 million).

Provisions for restructuring concern the reorganization plans officially approved and begun before the closing of the period.

Finally, other provisions mainly include provisions for major repairs.

Variation in provisions

(€ millions)	June 30, 2003	June 30, 2002	2002
Beginning of period	307.1	412.6	412.6
Net charges for the period	(39.2)	(11.6)	(73.5)
Reclassification ⁽¹⁾	-	(7.7)	-
Change due to consolidation structure	(0.3)	4.0	(3.0)
Change due to exchange rate fluctuations	(10.1)	(24.9)	(29.0)
TOTAL	257.5	372.4	307.1

⁽¹⁾ This concerns the reclassification of provisions for contingencies as provisions for plant, property & equipment depreciation.

Analysis of net charges in 2003

(€ millions)	Charges for period	Provisions utilized	Provisions non utilized	Net Charges
In operating income	11.8	(4.6)	(1.9)	5.3
In financial income	-	-	-	-
In non-recurring income	5	(45.2)	(4.3)	(44.5)
Total impact on income	16.8	(49.8)	(6.2)	(39.2)

Provisions utilized mainly concern a €30.1 million provision with respect to a lawsuit dating from the acquisition of C-E Minerals in 1990, for which a definitive agreement and a settlement took place in February 2003.

13 - DEBTS AND FINANCIAL RESOURCES

Net financial debts by due date

(€ millions)	June 30, 2003		June 30, 2002		2002	
	Confirmed resources	Utilization	Confirmed resources	Utilization	Confirmed resources	Utilization
Due within one year	275.0	729.7	300.0	930.2	40.0	713.7
Due between two and five years	1,908.0	508.0	2,061.0	510.0	2,131.7	534.7
Total financial debt	2,183.0	1,237.7	2,361.0	1,440.2	2,171.7	1,248.4
Liquid assets and marketable securities		(81.0)		(143.4)		(88.9)
Net financial debt		1,156.7		1,296.8		1,159.5

Confirmed resources are medium-term credit facilities entered into with banks and bonded loans under an EMTN program.

Utilizations are drawdowns that constitute the Group's financial

debt with respect to such available resources. These drawdowns are usually due within one year.

In this way, part of confirmed resources due over one year are used for periods of less than one year.

Net financial debts by nature

(€ millions)	June 30, 2003		June 30, 2002		2002	
	Confirmed resources	Utilization	Confirmed resources	Utilization	Confirmed resources	Utilization
Bonds	538.0	538.0	808.0	808.0	548.0	548.0
Commercial paper		550.0		538.0		609.0
Bank facilities, confirmed	1,645.0	28.0	1,553.0	42.0	1,623.7	34.0
Bank facilities, unconfirmed		121.7		52.2		57.4
Total financial debt	2,183.0	1,237.7	2,361.0	1,440.2	2,171.7	1,248.4
Cash and marketable securities		(81.0)		(143.4)		(88.9)
Total financial net debt		1,156.7		1,296.8		1,159.5

Confirmed bank facilities are chiefly made up of bilateral facilities with an average lifespan of 2.1 years and a syndicated credit of €750 million with an average lifespan of 2.9 years. The Group increased the ceiling of its commercial paper program from €600 million to €800 million, of which €550 million was used as on June 30, 2003. The €1 billion EMTN program set up in December 2001 led to the issue of bonds for an amount of €538 million and an average lifespan of 3.7 years as on June 30, 2003.

Financial debts by currency

(€ millions)	June 30, 2003			2002		
	Before currency swap	currency swap	After currency swap	Before currency swap	currency swap	After currency swap
Euro	1,151.8	(774.4)	377.4	1,179.7	(893.8)	285.9
US Dollar	67.8	643.4	711.2	49.3	756.0	805.3
British Pound	1.0	67.8	68.8	2.8	76.0	78.8
Other currencies	17.1	63.2	80.3	16.6	61.8	78.4
TOTAL	1,237.7	-	1,237.7	1,248.4	-	1248.4

In order to hedge balance sheet exchange risk, Imerys converts part of its debt through currency swaps.

The fair value of these swaps at the close date of this interim accounts is €26.3 million.

The fair value of interest rate instruments is €28.2 million.

4 / NOTES TO THE CASH FLOW STATEMENT

14 - NET CAPITAL EXPENDITURES

(€ millions)	June 30, 2003	June 30, 2002	2002
Intangible fixed assets	(3.5)	(4.1)	(10.7)
Property, plant and equipment	(41.6)	(47.1)	(129.9)
Variation in fixed asset payables	(8.9)	(22.0)	(8.0)
Net capital expenditures	(54.0)	(73.2)	(148.6)

15 - FREE CASH FLOW FROM RECURRING OPERATIONS

(€ millions)	June 30, 2003	June 30, 2002	2002
Current cash flow (note 6)	191.9	197.7	385.0
Net capital expenditures	(54.0)	(73.2)	(148.6)
Changes in working capital	(88.6)	(33.6)	31.4
Free cash flow from recurring operations	49.3	90.9	267.8

5 / SEGMENTAL INFORMATION

16 - SALES

(€ millions)	June 30, 2003	June 30, 2002	2002
Specialty Minerals	392.5	434.0	829.0
Pigments for Paper	373.6	404.4	802.9
Building Materials	327.8	315.8	620.8
Refractories & Abrasives	300.4	312.6	635.4
Holdings & Eliminations	(13.8)	(12.0)	(25.5)
Total Imerys group	1,380.5	1,454.8	2,862.6

The portion of Group consolidated sales resulting from trading activities is contributed primarily by the Larivière division, a specialized distributor of roofing products in the Building Materials business group, and by the trading business in clays and ceramic products for the floor tile industry in the Specialty Minerals business group.

Trade sales

(€ millions)	June 30, 2003	June 30, 2002	2002
Specialty Minerals	21.9	23.1	44.2
Pigments for Paper	24.7	22.1	44.0
Building Materials	124.2	122.0	238.1
Refractories & Abrasives	28.8	28.1	64.7
Total Imerys group	199.6	195.3	391.0

17 - OPERATING INCOME

(€ millions)	June 30, 2003	June 30, 2002	2002
Specialty Minerals	40.0	45.6	78.9
Pigments for Paper	47.9	43.7	90.8
Building Materials	64.4	60.8	121.5
Refractories & Abrasives	42.1	42.8	84.9
Holdings	(11.4)	(8.6)	(14.6)
Total Imerys group	183.0	184.3	361.5

Operating income for Imerys and its business groups is calculated after employee profit-sharing charges.

18 - EMPLOYEES

	June 30, 2003	June 30, 2002	2002
Specialty Minerals	5,116	5,150	5,373
Pigments for Paper	3,104	3,244	3,183
Building Materials	2,900	2,966	2,971
Refractories & Abrasives	3,064	2,850	2,962
Holdings	113	105	105
TOTAL	14,297	14,315	14,594

6 / OTHER INFORMATION

19 - EMPLOYEES

As at June 30, 2003, the headcount of the fully consolidated companies can be summarized as follows:

	<i>June 30, 2003</i>	<i>June 30, 2002</i>	<i>2002</i>
Management	1,413	1,423	1,435
Employees, technicians, supervisors	3,837	3,772	3,871
Workers	9,047	9,120	9,288
TOTAL	14,297	14,315	14,594

	<i>June 30, 2003</i>	<i>June 30, 2002</i>	<i>2002</i>
Europe	8,430	8,621	8,613
North and South Americas	4,390	4,449	4,545
Other	1,477	1,245	1,436
TOTAL	14,297	14,315	14,594

20 - ACCOUNTS OF IMERYS SA

The accounts of the parent company Imerys S.A. stand alone as at June 30, 2003, show sales of €8.7 million and net income of €87 million.

This result does not accurately reflect the Group's economic and financial reality.

Statutory Auditors' limited review Report

(Articles L. 232-7 of the French Company Act (Code de Commerce)
and 297-1 of the enactment order dated March 23, 1967)

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Statutory Auditor
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75009 Paris*

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Statutory Auditor
185, avenue Charles-de-Gaulle
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► STATUTORY AUDITORS' LIMITED REVIEW REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS Period from January 1, 2003 to June 30, 2003

As Statutory Auditors of Imerys SA, and in accordance with the Article L 232-7 of the French Company Act (Code de Commerce), we have:

- conducted a limited review of the accompanying consolidated interim financial statements of Imerys SA for the six-month period ended June 30, 2003;
- verified the information provided in the Managing Board's interim report.

These consolidated interim financial statements are the responsibility of the Managing Board. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with French professional standards. These standards require that we plan and perform the review to obtain moderate assurance, lesser than that which would result from an audit, as to whether the consolidated interim financial statements are free from material misstatement. The review excluded certain audit procedures and was limited primarily to performing analytical procedures and to enquiries of Group management and knowledgeable personnel or information that we deemed necessary.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements prepared in accordance with French accounting principles do not give a true and fair view of the consolidated results of operations for the six months ended June 30, 2003 and the consolidated financial position of the Imerys group at that date.

We have also verified the information contained in the half-year Group management's report on the half-year consolidated financial statements submitted to our review in accordance with professional standards applicable in France.

We have no comment to make as to the consistency with the half-year consolidated financial statements and the fairness of the information contained in the half-year Management Report.

Paris and Neuilly, September 15, 2003

The Statutory Auditors

*Ernst & Young Audit
François Carréga*

*Deloitte Touche Tohmatsu
Nicholas L. E. Rolt*