ANNUAL REPORT 2007

IMERYS
TRANSFORM TO PERFORM

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ANNUAL REPORT 2007

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Document is a full translation of the original French text. The original document was filed with the AMF (French Securities Regulator) on April 2, 2008, in accordance with article 212-13 of the general regulations of the AMF. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF.

IMERYS

Société anonyme
à Conseil d'Administration
with a share capital of €126,253,712

Registered office :
154, rue de l'Université
75007 Paris – France
Tel: +33 (0) 1 49 55 63 00
Fax: + 33 (0) 1 49 55 63 01
SIREN 562 008 151 R.C.S. Paris

IMERYS
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1 Persons responsible for the Reference Document and the Audit of Accounts

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1 - Person responsible for the Reference Document

Gérard Buffière, Chief Executive Officer

2 - Certificate of the person responsible for the Reference Document

I certify, after taking every reasonable measure for that purpose, that the information contained in the present Reference Document is, to the best of my knowledge, accurate and does not contain any omission that could make it misleading.

I certify, to my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and profit and loss of the Company and all undertakings included in the consolidation, and that the Board of Directors' management report appearing on pages 8 to 21 presents a fair picture of the development and performance of the business and financial position of the Company and all undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a letter of completion from the Statutory Auditors in which they state that they have checked the information on the financial position and the financial statements given in this Reference Document and that they have read the Document in its entirety.

The financial information presented in the Reference Document is the subject of the Statutory Auditors' reports appearing on pages 22 to 25. The report on the consolidated statements for the period ending December 31, 2007 contains an observation concerning the financial year's changes of method. The general report on the financial statements for the period ending December 31, 2005, incorporated by reference to the corresponding historical financial statements, contains an observation concerning the change of method resulting from the first application, as from January 1, 2005, of CRC regulations 2002-10 and 2004-06 on assets.

Paris, March 31, 2008

Gérard Buffière

Chief Executive Officer

3 - Auditors

STATUTORY AUDITORS:

Deloitte & Associés
represented by Nicholas L.E. Rolt
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex - France
first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of May 5, 2003

Ernst & Young Audit
represented by Jean-Roch Varon
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris - La Défense Cedex - France
first appointed at the Ordinary Shareholders' General Meeting of June 11, 1986

Ernst & Young Audit et Deloitte & Associés are members of the Auditors' Regional Company of Versailles.

ALTERNATE AUDITORS:

BEAS
7-9 Villa Houssay
92524 Neuilly-sur-Seine Cedex - France
part of the Deloitte network
first appointed at the Extraordinary and Ordinary Shareholders' General Meeting of May 5, 2003

Jean-Marc Montserrat
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris - La Défense Cedex - France
part of the Ernst & Young network
first appointed at the Ordinary Shareholders' General Meeting of June 12, 1985

4 - Information included in the Reference Document by reference

Pursuant to article 28 of EC Regulation 809/2004 of April 29, 2004, the following information is included in the present Reference Document by reference:

- With respect to the financial year ending on December 31, 2006, the consolidated financial statements, annual financial statements, the related Auditors' reports and the Auditors' special report on regulated agreements and the management report appearing on pages 28-91, 92-113, 23-25, 239 and 8-22 of the 2006 Reference Document filed with Autorité des marchés financiers (French Securities Regulator) on March 29, 2007 under number D. 07-0245,
- With respect to the financial year ending on December 31, 2005, the consolidated financial statements, annual financial statements, the related Auditors' reports and the Auditors' special report on regulated agreements and the management report appearing on pages 28-108, 23-25, 285 and 8-22 of the 2005 Reference Document filed with Autorité des marchés financiers on April 6, 2006 under number D. 06-0225,

Any other information that is not included in the present Document is either of no relevance to investors or mentioned in another part of the Reference Document.

5 - Person responsible for financial information

Christophe Daulmerie
Executive Vice-President Finance & Strategy
Telephone: +33 (0) 1 49 55 66 55 – Fax: +33 (0) 1 49 55 63 98
http://www.imerys.com

2 Reports on the fiscal year 2007

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8 1 - Board of Directors' management report

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1 - BOARD OF DIRECTORS' MANAGEMENT REPORT

1.1 Financial year 2007

All along 2007, Imerys benefited from healthy markets overall, driven by the rapid development of emerging economies. That vitality also supported demand for industrial goods exported by developed economies (Western Europe and the United States), a trend which the Group was able to benefit from.

Construction markets showed positive trends in France and Europe in general, but recorded a sharp downturn in the United States. The depreciation of the US dollar against the euro increased.

In 2007, the Group accelerated its development, improving the competitiveness of its existing businesses and implementing an active acquisitions policy which strengthens its positions in emerging economies.

- Twelve external growth operations were carried out in 2007, one of which – Astron China – was finalized on February 5, 2008. These operations broadened the Group's minerals portfolio and strengthened its positions in high-growth zones, particularly Asia-Pacific. They will contribute to its growth in 2008.
- In parallel, as previously announced, capital expenditure was especially high reflecting the Group's confidence in its growth's strategy, with €367.0 million[1] (i.e. 186.1% of depreciation expense) invested to implement major programs designed to improve industrial performance in kaolins for paper and in Minerals for Filtration, to selectively expand production capacities and to acquire new mineral reserves.

Imerys further improved in 2007 its operating performance.

- The Group reported a + 3.5% rise in sales compared with 2006, i.e. + 4.2% at comparable Group structure and exchange rates with particularly dynamic growth of + 22% in emerging economies, which now account for 20% of the Group's sales;
- Current operating income increased + 4.3%, thanks to a better product offering and higher sales volumes, i.e. + 7.9% at comparable Group structure and exchange rates;
- Net income from current operations grew for the 16th year running with a + 2.7% increase. Per share, it increased + 3.0%.

(€ millions)	*2007*	*2006*	*% current change*
Consolidated results			
Sales	3,401.9	3,288.1	+ 3.5%
Current operating income[2]	478.3	458.8	+ 4.3%
Net income from current operations, Group share[3]	316.7	308.3	+ 2.7%
Net income, Group share	284.2	187.4	n.a.
Financing			
Current operating cash flow[4]	522.6	522.1	+ 0.1%
Paid capital expenditure	367.0	226.2	+ 62.2%
Shareholders' equity	1,663.9	1,646.4	+ 1.1%
Net financial debt	1,343.0	1,086.1	+ 23.7%
Data per share (average weighted number)	63,330,652	63,475,098	n.s.
Net income from current operations, Group share[3]	€5.00	€4.86	+ 3.0%
Proposed dividend	€1.90	€,1.80	+ 5.6%

[1] *Booked capital expenditures.*

[2] *Operating income before other operating revenue and expenses.*

[3] *Group's share of net income, before other operating revenue and expenses, net.*

[4] *Current operating income plus net depreciation expenses and provisions (EBITDA), minus notional taxes on current operating income.*

1.2 Detailed commentary on the Group's results

SALES UP + 3.5%, i.e. + 4.2% AT COMPARABLE GROUP STRUCTURE AND EXCHANGE RATES

Sales in 2007 totaled €3,401.9 million, a + 3.5% rise compared with 2006 (+ 2.3% in the 1st half; + 4.6% in the 2nd).

The growth in sales takes into account the high negative impact of exchange rates (- €102 million, i.e. - 3.1%,of which - 3.2% in the 1st half and - 3.0% in the 2nd). The net contribution of changes in structure was + €79.1 million, i.e. + 2.4%, (+ 1.1% in the 1st half, + 3.7% in the 2nd). This corresponds to the difference between the +€97.8 million contribution of the acquisitions made since 2006 (the largest being AGS, UCM, Vatutinsky and ACE) and the impact of the divestments made during the period (- €18.7 million: the ceramic products for craftsmen trading activity; clay roof tiles & bricks in Spain and Portugal).

At comparable Group structure and exchange rates, sales increased + 4.2% (+ 4.4% in the 1st half, + 3.9% in the 2nd). This change reflects:

- The rise in sales volumes for €77.7 million (+ 2.4%, of which + 2.1% in the 1st half and + 2.7% in the 2nd), with a very significant contribution in Monolithic Refractories;
- Improvements in the product offering for €59.1 million (+ 1.8%, of which + 2.3% in the 1st half and + 1.3% in the 2nd) in all business groups.

In terms of the geographic distribution of sales, Western Europe accounts for 55% of sales (20% for France). North America represents 20%, and Japan and Australia 5%. Emerging countries account for 20% of the Group's sales – up + 22% from 2006.

CURRENT OPERATING INCOME UP + 4.3%, i.e. + 7.9% AT COMPARABLE GROUP STRUCTURE AND EXCHANGE RATES

Current operating income rose + 4.3% in 2007 compared with 2006, totaling €478.3 million (+ 6.2% in the 1st half, + 2.3% in the 2nd). This figure includes:

- negative impact of exchange rates (- €24.3 million, of which - €11.8 million in the 1st half and - €12.5 million in the 2nd), mainly due to the depreciation of the US dollar;
- net effect of changes in Group structure for + €7.7 million, mainly recorded in the 2nd half of the year (+ €1.1 million in the 1st half, + €6.6 million in the 2nd).

Adjusted to allow for exchange rate and Group structure effects, current operating income grew + €36.1 million, i.e. + 7.9%. The sharp improvement in product offering over the period (+ €61.4 million) and the rise in sales volumes (+ €22.9 million) largely offset the negative impact in variable costs (- €34.1 million mainly related to raw materials costs) and in fixed costs and overheads (- €9.5 million).

In total, the Group's operating margin stands at 14.1% in 2007, compared with 14.0% in 2006.

NET INCOME FROM CURRENT OPERATIONS UP + 2.7% FOR THE 16TH STRAIGHT YEAR OF GROWTH

The Group's share of net income from current operations totaled €316.7 million in 2007, compared with €308.3 million in 2006. This represents a + 2.7% rise (+ 3.0% in the 1st half; + 2.5% in the 2nd), taking into account the following:

- Significant increase in financial expense to - €55.7 million, up from - €46.7 million in 2006. This trend results from a rise in the Group's average debt due to its dynamic capital expenditure and acquisitions policy, and from higher interest rates. However, financial costs in 2007 include a + €6.6 million gain from arbitrage on interest rate positions, recorded in the 3rd and 4th quarters. In 2006, they included the non-recurrent effect of currency rates transactions for + €5.8 million, mainly recorded in the 2nd quarter.

- A current tax charge of - €110.1 million (- €106.4 million in 2006), reflecting a stable effective tax rate at 26.0%.

At €5.00 compared with €4.86 in 2006, net income from current operations per share increased + 3.0% in 2007, with a slight decrease in the average weighted number of outstanding shares from 63,475,098 in 2006 to 63,330,652 in 2007.

SHARP RISE IN NET INCOME

The Group's share of net income, at €284.2 million in 2007 compared with €187.4 million in 2006, includes - €32.5 million in other operating revenue and expenses, net of tax. This net charge is mainly due to the decision to adjust Performance Minerals production capacity in the United States to demand, given the ongoing slackness of the US construction market. In 2006, other revenues and expenses, net totaled - €120.9 million and mainly resulted from the reorganization plan for the Group's kaolin for paper.

VERY SOUND CASH FLOW AND FINANCIAL STRUCTURE

Current operating cash flow[1] remained high at €522.6 million compared with €522.1 million in 2006. It includes:

- €646.7 million in EBITDA[2] (vs. €643.4 million in 2006), i.e. + 0.5% growth;
- a notional tax charge on current operating income of - €124.6 million (- €118.5 million in 2006).

This current operating cash flow made it possible to fund an ambitious capital expenditure program in 2007, with €352.6 million invested[3]. At €367.0 million the amount of booked capital expenditure represents 186.1% of depreciation expense and is broken down into[4]:

- €159 million to keep production assets in perfect order;
- €208 million for the Group's development, in particular with major industrial performance improvement programs implemented in kaolins and Minerals for Filtration. These plans will lead from 2008 to a substantial reduction in the cost base. The Group also continued to extend its production capacities (bricks in France, carbonates in Asia, etc.) and acquired new mining reserves (marble in China and Europe, feldspar in Turkey).

Change in working capital was negative at - €4.9 million compared with - €66.8 million in 2006. Thanks to efforts provided by the Group's operating teams, the working capital/sales ratio improved from 25.7% to 24.8%.

In total, current free operating cash flow[5] was €174.1 million (€245.8 million in 2006).

Taking into account net financial expense of - €41.2 million (- €34.6 million in 2006) and other items, of which other working capital, for a total of - €15.6 million (- €12.2 million in 2006), current free cash flow[6] amounted to €117.4 million (€199.0 million in 2006).

The cash impact of external growth operations was - €232.8 million, compared with - €33.0 million in 2006. This amount does not include the acquisition of Astron China, which was closed on February 5, 2008 for €115 million in total enterprise value. Asset sales, mainly ceramic product trading for craftsmen and clay roof tile and brick activities in Spain and Portugal, totaled €40.7 million, compared with €19.2 million in 2006.

Finally, Imerys distributed €116.0 million in dividends on May 15, 2007 (€106.2 million in 2006).

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[1] *EBITDA minus notional tax on current operating income.*

[2] *Current operating income plus depreciation expense and provisions.*

[3] *Capital expenditure paid.*

[4] *Imerys estimates.*

[5] *Current operating cash flow minus paid capital expenditure and change in operating working capital.*

[6] *Current operating free cash flow minus financial expense net of tax, and change in other working capital items and non-cash items (deferred taxes and financial provisions).*

Consolidated net financial debt at the end of the period increased to €1,343.0 million from €1,086.1 million as on December 31, 2006. It represented 80.7% of shareholders' equity and 2.1 times EBITDA.

Following a new bond issue of €500 million in April 2007 (10-year maturity), Imerys has total financial resources of €2,328.9 million. The average maturity of those resources was 6.4 years compared with 4.5 years as on December 31, 2006. The Group, therefore, continues to have the flexibility to seize any new external growth opportunities as needed.

At the Shareholders' General Meeting on April 30, 2008 the Board of Directors will propose payout of a dividend of €1.90 per share, compared with €1.80 for 2006 (up + 5.6%). The total amount of approximately €120 million represents 38% of the Group's share of net income from current operations. The dividend will be paid on May 13, 2008.

1.3 Commentary by business group

PERFORMANCE MINERALS & PIGMENTS

(32% of consolidated sales)

(€ millions)	*2007*	*2006*	*Current change %*	*Comparable change %*[2]
Sales	1,103.1	1,138.3	- 3.1%	+ 0.8%
- of which Pigments for Paper	*746.4*	*762.7*	*- 2.1%*	*+ 2.6%*
Current operating income[1]	105.0	103.7	+ 1.3%	+ 14.3%
- dont Pigments pour Papier	*80.5*	*76.7*	*+ 5.0%*	*+ 20.2%*

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

(2) At comparable Group structure and exchange rates.

Markets

Performance Minerals markets (paint, plastics, adhesives, etc.) showed healthy trends in Europe. However, business remained difficult all year long in North America with a further downturn in the new housing segment in the 2nd half of 2007.

In Pigments for Paper, global production of printing and writing paper grew at an estimated + 1.4% in 2007 thanks to dynamic production in Asia-Pacific (+ 6.1%). European and North American markets continued to restructure (paper mill closures), leading to a higher utilization rate of the remaining capacity.

Highlights

Announced in July 2006 by Imerys, the restructuring of its kaolin for paper production between Great Britain and Brazil went according to schedule. Production of coating kaolin has been discontinued in Cornwall as planned and transferred to Brazil where it is being ramped up in the 1st quarter of 2008. This reorganization required an approximately €100 million capital expenditure program.

- Kaolin production capacity at the Barcarena plant in Brazil was increased to 1.6 million tons per year; more energy-efficient mechanical drying facilities were also set up;
- Facilities in Cornwall (UK), now dedicated to the production of filler kaolins, were upgraded, again to improve energy efficiency;
- A new logistics platform was built in Antwerp (Belgium) for the distribution of Brazilian kaolin in Europe.

The Group now has competitive production platforms for both coating and filler kaolins.

In parallel, Imerys continues to benefit from market growth in calcium carbonates, which now represent more than half its sales volumes in pigments for paper.

In Asia, the new precipitated calcium carbonate (PCC) unit that started up in late 2006 in Sumatra (Indonesia) under a joint venture with the papermaking group April has been running at full capacity since mid-2007. Moreover, the ground calcium carbonate (GCC) production unit in Niigata (Japan), built under a joint venture (60% Imerys) with the papermaker Hokuetsu, started up on schedule in late 2007. A second GCC unit is being completed in Silvassa, India and should come on stream in the 2nd quarter of 2008. Finally, the Group continued to strengthen its mining positions in the region with the acquisition of high quality white marble reserves in both central and southern China. White marble reserves were also enhanced in Europe (Greece and Turkey) with the acquisition of new deposits.

In Performance Minerals, given the downturn in the American new housing market in the 2nd half, it was decided to adjust production capacities in kaolin and carbonates for performance minerals in the United States. Moreover, productivity improvement and industrial asset upgrading efforts continued in calcium carbonates. As planned, the Arcos (Brazil) plant was shut down and production transferred to a more modern site near Sao Paulo, where capacity was increased.

■ Performance

Sales, at €1,103.1 million in 2007, were - 3.1% down on 2006. This decrease is entirely due to exchange rates impact of - €48.9 million (- 4.3%). At comparable Group structure and exchange rates, sales gained + 0.8% over the year (+ 0.9% in the 1st half, + 0.7% in the 2nd), with a slight improvement in product offering and sales volumes, while the upturn in paper fully offset the downturn in performance minerals in the United States.

Current operating income totaled €105.0 million (€103.7 million in 2006). This figure includes - €12.9 million in exchange rates impact and a Group structure effect of - €0.6 million. Excluding those factors, the business group's operating performance improved by + €14.8 million, with significant progress in Pigments for Paper. In addition to the positive impact of volumes and the price/mix component, this trend results from a clear reduction in the energy bill and tight control of fixed costs. The operating margin improved slightly, at 9.5% up from 9.1% in 2006.

Capital expenditure amounted to €191.1 million, i.e. 219.2% of depreciation expense, compared with €88.4 million in 2006, reflecting substantial efforts in 2007, particularly in Pigments for Paper.

MATERIALS & MONOLITHICS

(30% of consolidated sales)

(€ millions)	*2007*	*2006*	*Current change %*	*Comparable change %*[2]
Sales	1,025.7	935.1	+ 9.7%	+ 9.1%
Current operating income[1]	235.4	214.4	+ 9.8%	+ 9.0%

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

(2) At comparable Group structure and exchange rates.

■ Markets

In Building Materials, the new single-family housing market in France decreased very slightly over the year (- 1%), while the roofing market was stable thanks to renovation. In structure bricks, clay products continue to win market share at the expense of concrete blocks and recorded + 2.7% growth over the year.

The Monolithic Refractories market enjoyed vibrant business with a strong activity in steel sector in Europe and a fast growth in emerging economies. Imerys' activity was supported by this favorable business environment, the completion of several export projects in emerging regions and its leadership in India, with the acquisition of ACE.

Highlights

Productivity improvement efforts continue in Building Materials with the implementation of new capex projects. The upgrading and capacity extension of a production line at the Saint-Germer-de-Fly (Oise, France) clay roof tiles plant was completed on schedule with a start-up in December 2007. Further progress was made on energy efficiency with the start-up in the 2nd quarter of 2007 of a biogas unit in Mably (Loire) clay bricks plant.
Moreover, to address the expected growth on the French clay bricks market (+ 5% per annum through to 2011), the Group announced, in June, the launch of a major capex program with €100 million scheduled for investment by 2011. For that purpose, production capacity is being extended for rectified bricks at the Gironde-sur-Dropt (Gironde, France) plant for start-up in early 2008. New facilities at the La Boissière du Doré (Loire Atlantique, France) plant should come on stream towards the end of 2008. Two new plants will be built in southeastern and northern France later on.

External growth continued with the completion in the 2nd half of operations representing total sales of approximately €56 million on a full-year basis:

- In India, the acquisition in September of ACE, the country's leading monolithic refractories producer, gave Imerys a strong position on a fast-growing market (+ 10% per annum for the next few years). This operation will also enable the Group to serve its customers in the Middle East and Asia more effectively.
- In South Africa, the acquisition in August of B&B Refractories, a specialist in refractory product installation and maintenance, strengthened the Group's position in the region.

In late August, Imerys divested its clay roof tile and brick activities in Spain and Portugal. In 2006, those businesses achieved €23.4 million in consolidated sales.

Performance

At €1,025.7 million, the business group's sales rose + 9.7% in 2007. At comparable structure and exchange rates, sales grew + 9.1% during the year (+ 10.6% in the 1st half; + 7.5% in the 2nd). This progress reflects the combined effect of higher sales volumes, especially in monolithic refractories, and an improved product offering in all the business group's activities.

Current operating income increased to €235.4 million from €214.4 million in 2006. Reprocessed to allow for changes in Group structure (+ €3.1 million) and exchange rates effects (- €1.4 million), the business group's operating performance improved by €19.3 million, with a better product offering and higher sales volumes offsetting the negative impact of some cost factors (energy, particularly in France, and raw materials for monolithic refractories). The operating margin, at 22.9%, was stable compared with 2006.

Capital expenditure totaled €53.2 million, which represents. 143.6% of depreciation expense, compared with €49.6 million in 2006.

CERAMICS, REFRACTORIES, ABRASIVES & FILTRATION

(38% of consolidated sales)

(€ millions)	*2007*	*2006*	*Current change %*	*Comparable change %[2]*
Sales	1,297.2	1,238.9	+ 4.7%	+ 3.5%
Current operating income[1]	172.7	170.8	+ 1.1%	+ 2.6%

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

(2) At comparable Group structure and exchange rates.

Markets

Minerals for Refractories markets grew thanks to the demand of the steel industry. Furthermore, greater scarcity of some Chinese raw materials resulted in additional growth for Western minerals.

Fused Minerals markets were dynamic in both Europe and North America, mainly because of demand for industrial equipment, particularly in emerging economies. Minerals for Filtration markets benefited from demand growth in emerging markets, whereas Ceramics markets grew slightly in Europe but slumped in North America because of the construction sector crisis.

Highlights

The year was marked by the completion of nine acquisitions representing total sales of approximately €120 million on a full-year basis.

Most of these acquisitions enable Imerys to consolidate its positions in fast-growing regions:

- In China, after the acquisitions in February of 85% of Baotou Jing Yuang Graphite Co Ltd, which specializes in high performance natural graphite processing, and, in April, of 65% of vermiculite and andalusite producers Yilong & Xinlong, a joint venture (60% Imerys-held) was created in June with ZAF, a producer of white corundum for the Asian abrasives market. This is Imerys' third partnership in the country and consolidates the Group's presence on the Chinese Minerals for Abrasives market.
- In India, the acquisition in June of a 100% stake in the feldspar producer Jumbo Mining Ltd enhanced the business group's Minerals for Ceramics offering. Jumbo Mining Ltd has high quality mineral reserves and two plants in southeastern India. This operation will enable Imerys to step up its development in Minerals for Ceramics on its Asian and Middle Eastern markets.
- In Argentina, the acquisition in May of a 100% stake in the perlite market leader Perfiltra will allow Imerys to consolidate its leadership on the dynamic Minerals for Filtration market in South America. Perfiltra has extensive mining reserves and a high-performance industrial platform.
- In Ukraine, the takeover in July of Vatutinsky Kombinat Vognetryviv (Vatutinsky) gave Minerals for Refractories an industrial base for the production of chamottes (calcined clays) that are particularly suited to Eastern European markets.

Moreover, the business group completed two acquisitions in developed economies.

- The success of the public bid for UCM Group PLC (closed in April) enhances the business group' range with two new minerals: zirconium and fused magnesia, produced from an industrial base in the United Kingdom and the United States.
- With the acquisition in September of The Feldspar Corporation (feldspar and kaolin activities), Imerys gains access to new, high quality reserves and consolidate its positions on the North American Minerals for Ceramics market.

In May 2007, Imerys divested Ceradel and Potterycrafts, two companies specializing in trading products (kilns, raw materials, stickers, etc.) for ceramic craftsmen. In 2006, their consolidated sales totaled €14.4 million.

Another highlight of 2007 was a major drive to improve industrial efficiency. In Minerals for Refractories, bottlenecks were removed from production tools and high market demand stretched a lot production capacity. Also in that activity, energy efficiency improved, including the start-up of a biogas-fuelled facility in the AGS plant in Clérac, France. In Minerals for Ceramics, the new dry mining process is now operational in Cornwall (UK) with a significant cost reduction. Feldspar reserves (mineral mainly serving the floor tiles industry) were acquired in Turkey. Finally, in Minerals for Filtration (World Minerals), 2007 was marked by the implementation – to be completed by the end of the 1st quarter 2008 – of the industrial optimization plan in the Minerals for Filtration activity in North America, primarily in the Lompoc plant (California, United States).

Performance

Sales totaled €1,297.2 million for 2007 (up + 4.7% from 2006). This trend reflects:

- a net structure effect of + €61.8 million, i.e. + 5.0%;
- exchange rates impact of - €46.8 million, i.e. - 3.8%.

At comparable structure and exchange rates, sales increased + 3.5% over the period (+ 3.0% in the 1st half; + 4.0% in the 2nd), thanks to an improved product offering and higher volumes.

Current operating income was €172.7 million in 2007, compared with €170.8 million in 2006. Reprocessed to allow for the effects of exchange rates (- €7.7 million) and changes in structure (+ €5.2 million), the business group's operating performance increased by €4.4 million, with the improved product offering and higher sales volumes offsetting the rise in some cost factors, which picked up speed in the 2nd half (mainly cost of some raw materials). The operating margin was 13.3%, compared with 13.8% in 2006, reflecting the consolidation of newly acquired companies where profitability remains lower than in the business group's other activities.

Capital expenditure totaled €122.6 million, i.e. 173.7% of depreciation expense, compared with €85.7 million in 2006.

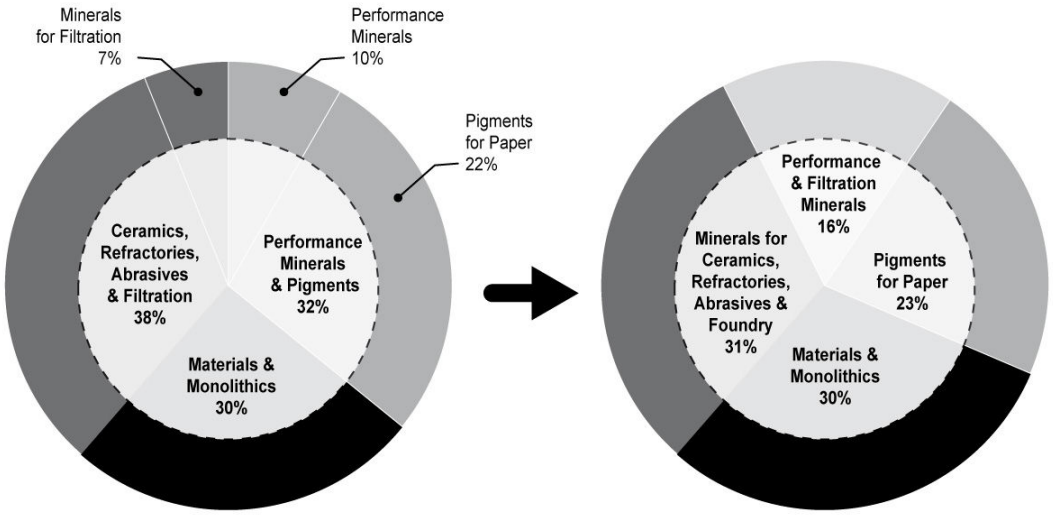
1.4 Organization

As from February 13, 2008, Jérôme Pecresse, currently Executive Vice-President in charge of the Ceramics, Refractories, Abrasives & Filtration business group is appointed Chief Operating Officer of Imerys. In that capacity he will assist CEO Gérard Buffière in defining and implementing the Group's strategy and in reviewing major reorganization and capital expenditure projects.

Furthermore, as industrial reorganization programs are nearing completion, the Group will leverage commercial synergy between its activities by changing operating organization as follows:

- The Minerals for Ceramics, Refractories, Abrasives & Foundry business group is comprised of the Minerals for Ceramics, Minerals for Refractories, Fused Minerals and Graphite;
- The Performance & Filtration Minerals business group is comprised of Performance Minerals and Minerals for Filtration activities;
- The Pigments for Paper business group;
- The Materials & Monolithics business group.

The diagram below summarizes this change in the Group's organization.



2007 sales by business group
(2007 organization in 3 business groups)

2007 sales by business group
(2007 organization in 4 business groups)

This organization is being implemented. The Group's results will be presented on that basis as from the publication of its 1st Quarter 2008 results, 2008, on April 30.

1.5 Recent events

In China, the acquisition of Astron China was finalized on February 5, 2008 for a total of €115 million. Astron China is a major global player in the production, sale and trading of zircon-based products (primarily zircon sand, flour and opacifier, fused zirconia and zirconium chemicals).

Astron China has five plants (the major one being located in Bayuquan, Liaoning Province) and eight distribution centers in China and achieved €110 million in sales for its last fiscal year, which ended June 30th, 2007, of which more than 70% in China.

This acquisition enabled Imerys to strengthen its Fused Minerals activities by:

- Broadening its product range for key markets, i.e. refractories, ceramics and investment casting;
- Enhancing substantially its industrial presence, distribution infrastructures and sales organization in China, which also offers attractive local development prospects for many of Imerys' businesses;
- Gaining a global production base for fused zircon, now comprised of Astron China in addition to UCM's facilities in Europe and the United States.

1.6 2008 outlook

Imerys is reporting growth in its results for the 16th year in a row. This ability to progress in a volatile environment reflects the Group's sound business model and its responsiveness.

2007 was another year of intense mobilization for Imerys' people: action plans were implemented to improve competitiveness in its kaolin and filtration activities, allowing for more than €25 million of cost improvement on a full year basis; significant capital expenditures were dedicated to develop the industrial tool and mineral reserves; 12 new companies joined the Group strengthening its positions in the regions of the world with the most promising growth outlook; these acquisitions should bring around €200 million additional sales and approximately €20 million additional current operating income. It also took advantage of favorable financial market conditions in the 1st half of 2007 to refinance and ensure long-term resources.

So it is with confidence that Imerys views 2008. In an economic environment that remains uncertain, Imerys is stronger and better equipped that it was at the beginning of 2007 to further improve its performance.

1.7 Human Resources

As on December 31, 2007, the Group had 17,552 employees (compared with 15,776 at year-end 2006). This increase in the workforce reflects Imerys' development as it primarily concerns emerging economies.

- Employee numbers fell - 4% in developed economies (Western Europe, North America, Japan, Australia), in line with the Group's constant productivity efforts.
- On the other hand, they rose + 49% in emerging countries. 39% of the Group's employees are now located in those regions. Imerys' workforce in China more than doubled in 2007 to over 2,300 employees.

Imerys strives to recruit, develop and promote high-quality teams to support its growth. Towards the end of 2007, a campaign was designed to recruit 300 young graduates from all backgrounds in three years. Mobile, English-speaking candidates will be selected according to the values and principles that define the attitudes and skills required to join Imerys and develop in the Group.

Imerys strives to develop competitive, consistent compensation & benefits programs. For example, top managers' annual bonuses are structured in the same way across all the Group's activities. A minimum benefits policy defined in 2007 for Latin America and China is being phased in from January 2008.

In all locations, Imerys has regular dialog with personnel representation bodies and 50% of the Group's employees are covered by a collective agreement. The European Works Council, which represents 7,922 employees in 17 countries (45% of all personnel), carefully organizes its annual plenary meeting, chaired by the Chief Executive Officer. The 2007 session was held in Germany.

Whenever restructuring is necessary, the Group strives to provide all possible internal and external placement solutions, backed up by training and personalized support. This was the case in 2007 for employees on the Devon and Cornwall (UK), Arcos (Brazil) and Lamotte-Beuvron (France) sites.

1.8 Sustainable Development

The Group kept up its Sustainable Development process in 2007.

Ensuring the health and safety of its employees Imerys is a top priority for Imerys. The target of a lost-time accident rate below 6[(1)] was achieved in 2007, meaning that the Group has halved this rate since 2005.

As regards protecting the environment, beyond compliance with regulations in the various countries in which it is based, Imerys develops common standards in all its activities for air emissions, water quality, waste management, noise pollution and post-mining site restoration. In November 2007, the Group began an Environmental Action Plan, based on the experience and organization used for Safety. The plan is designed to step up its activities' progress on environmental management by focusing on five key points (dam and heap stability, gas emissions, waste water, hazardous substances and post-mining restoration).

Available on the Group's website, the Code of Ethics and Business Conduct published in 2006 sets out the principles that all its employees must apply to ensure that Imerys' business is conducted with integrity and in compliance with the law. Presentations were also organized for the Group's top managers and will be continued in 2008.

The Group's third Sustainable Development report, to be published in June 2008, will review the progress made in the past two years.

1.9 Corporate Governance

As regards Governance, the proportion of independent members on the Board of Directors is greater than the one-third recommended for stock market-listed companies that, like Imerys, have controlling shareholders. A new independent Director, Mr. Jean Monville, replaced Mr. Yves-René Nanot, whose terms of office could not continue for statutory reasons, as from May 2, 2007 and joined the Audit Committee, which is now chaired by Mr. Aldo Cardoso.

The recommendations resulting from the self-assessment conducted by the Board of Directors in February 2007 to improve its operations and performance, and those of its Committees, were put into practice. In particular, an additional meeting of the Audit Committee is now specifically given over every year to a review of risks, internal auditing and the results of internal audit assignments.

The Board is also increasingly attentive to Sustainable Development risks and issues, which are examined by the Strategic Committee and the Audit Committee. The Group's Sustainable Development policy and results are now the subject of a comprehensive regular report to the Board of Directors.

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(1) *Per million hours worked.*

1.10 The Company's business in 2007

The Company made a net profit of €50.2 million in 2007, a €63.2 million decrease compared to the previous period.

An operating loss of - €29.1 million was recorded, €5.5 million less than the previous year. This trend is due to an increase in operating expenses of €7.7 to €58.4 million. At the same time, sales and the other revenue increase by €2.2 million and reach €29.3 million.

A financial income of €54.3 million was posted in 2007, compared with a financial income of €99.3 million in 2006. In fact, the Company collected €109.8 million in dividends in 2007, the latter reached €136.8 million in 2006. Similarly, the Company recorded a exchange rate loss of - €15.5 million in 2007, whereas the exchange rate loss in 2006 reached - €7.6 million in 2005. Finally, because of the external growth operations carried out by the Group in 2007, the net financial expenses increased by €4.4 million.

Pursuant to the risk management procedure in force in the Group, the Company uses forward or optional financial instruments to hedge the risks inherent in fluctuations in exchange and interest rates and in energy prices.

The current income amounts to €25.2 million in 2007, against €75.7 million in 2006.

The exceptional income reached €15.5 million in 2006, mainly comprised of gains on the divestment of Europe Commerce Refractories securities and the disposal of the second part of the Tour Maine - Montparnasse real estate. For the 2007 period, it amounts to - €2.4 million and is due to the loss on the disposal of the Imerys Argentina loan to Micral Argentina.

With respect to 2007, Imerys SA recorded a tax revenue of €27.4 million, as a result of the tax consolidation of the Group of French companies headed by Imerys SA.

The balance sheet structure reflects subscription to the capital increase of Mircal China for €6.0 million.

This balance sheet structure also reflects an increase by €283.4 million of receivables from investment securities which thus finance the new acquisitions of the period.

Similarly, the financial resources increased by €359.9 million due to two bond settlements of €309.7 million and €50.0 million, and the subscription of a new loan of €500.0 million.

As of December 31, 2007, the Company’s financial debt was made up of the following items:

(€ thousands)	*Amount*	*Maturity less than one year*	*Maturities from one to five years*	*Maturities beyond five years*
Bonds	1,007,924	-	50,000	957,924
Commercial papers	365,800	365,800	-	-
Group financial current accounts	618,342	618,342	-	-
Bank overdrafts and accrued interest	99,815	99,815	-	-
Total	**2,091,881**	**1,083,957**	**50,000**	**957,924**

INVENTORY OF SUBSIDIARIES AND EQUITY INTERESTS, AND MARKETABLE SECURITIES

Information concerning subsidiaries and equity interests as of December 31, 2007 can be found in *Note 34* of the statutory financial statements.

Pursuant to article L232-7 of the Code of Commerce, the inventory of marketable securities is given below:

Nature	*Quantity*	*Average cost price per unit (€)*	*Average rate December 2007 (€)*
SICAV Dresdner Eurocash	1,872	6,423.74	6,454.62
Imerys shares (liquidity provider contract)	200,000	65.46	57.12

INFORMATION ON CAPITAL AND DISTRIBUTIONS OF DIVIDENDS DURING THE PAST THREE PERIODS

As of December 31, 2007, the Company's share capital was made up as follows:

As of December 31, 2007	*Number of shares*	*% of interest*	*% of voting rights* [(1)]
Pargesa Netherlands BV	17,246,462	27.32%	35.38%
Belgian Securities BV [(2)]	16,898,778	26.77%	34.67%
Prudential Plc [(3)]	5,110,441	8.10%	5.27%
Group employees	228,311	0.36%	0.32%
Owned by the Group	200,000	0.32%	0.00%
Public	23,442,864	37.13%	24.36%
Total	**63,126,856**	**100.00%**	**100.00%**

(1) Total voting rights : 97 048 499.

(2) A 100% subsidiary of the Bruxelles Lambert group.

(3) Prudential Plc, represents, for the needs of this table, the total number of shares held by the subsidiaries of its group..

During the 2007 period, 1,380,102 Imerys shares were acquired under the liquidity contract at an average unit price of €70.78 and, in correlation, 1,180,102 Imerys shares were sold at an average unit price of €70.22.

In addition, in 2007 the Company acquired 606,543 treasury shares directly on the market at the average unit price of €69.41. On December 18, 2007, the Board of Directors approved of the capital reduction by cancellation of these shares.

The amount of dividends paid during the past three periods was as follows:

	2007 For the 2006 period	*2006 For the 2005 period*	*2005 For the 2004 period*
Gross dividend per share	€1.80	€1.65	€1.50
Net dividend per share	€1.80	€1.65	€1.50
Total net distribution	**€114.2 million**	**€104.8 million**	**€95.0 million**

CAPITAL, OTHER SECURITIES, INCOME AND OTHER KEY INDICATORS OF THE COMPANY FOR THE PAST FIVE PERIODS

Type of indicators (in euros)	*2007*	*2006*	*2005*	*2004*	*2003*
I - Capital and other shares at the end of the period					
Share capital	126,253,712	126,669,240	127,943,730	126,900,040	126,965,960
Number of ordinary shares at the end of the period	63,126,856	63,334,620	63,971,865	63,450,020	15,870,745 (2)
Nominal per share	€2	€2	€2	€2	€8 (2)
Number of preferred shares (without voting rights)	-	-	-	-	-
Maximum number of potential ordinary shares:					
- by exercise of options	3,103,391	2,989,870	2,987,703	2,973,228	707,622 (2)
II - Transactions and income for the period					
Pre-tax sales	23,535,868	25,059,348	25,664,553	21,372,751	22,510,908
Income before income taxes, legal profit-sharing and amortization, depreciation and provisions	37,035,044	92,329,448	67,707,841	266,349,245	108,162,508
Income taxes	27,399,525	22,162,068	24,236,094	18,488,138	4,968,096
Legal employee profit-sharing payable for the period	-	-	-	-	-
Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	50,239,678	113,398,743	99,995,690	282,616,145	151,302,402
Distributed income (excluding withholding)	114,185,084	104,823,279	94,961,064	79,289,415	67,529,346
III - Earnings per share (1) (2)					
Income after income taxes, legal profit-sharing and before amortization, depreciation and provisions	1.02	1.81	1.44	4.49	6.50
Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	0.80	1.79	1.56	4.45	9.53
Net dividend per share	1.90 (3)	1.80	1.65	1.50	5.00
IV - Employees					
Average number of employees for the period	105.33	98.83	87.50	83.50	77.00
Payroll for the period	10,525,905	8,564,526	7,616,359	6,833,112	6,549,630
Amount paid as social contribution for the period	5,926,112	5,030,033	5,212,818	4,107,491	4,337,057
- of which profit-sharing	1,128,996	1,010,532	882,542	694,646	606,276

(1) *Based on the number of shares at the end of each period.*

(2) *Before the split by 4 of the nominal amount.*

(3) *Proposed for the approval of the Shareholders' General Meeting of April 30, 2008.*

OTHER INFORMATION

In the 2007 period, no change in accounting methods occurred.

2007 POST CLOSING EVENTS AND BUSINESS FORECASTS FOR 2008

In 2008, the Company will continue its activity of providing services to its subsidiaries and continue to manage financial risks for the entire Group.

On February 5, 2008, the Group completed the acquisition of Astron China for a total amount of €115.0 million.

The present Management Report by the Board of Directors draws on detailed information from the following chapters of the present Annual Report, in particular:

- Main subsidiaries and affiliates (Chapter 3 – Financial statements).
- Changes in accounting methods (Chapter 3 – Financial statements).
- Sustainable Development, Human Resources data, Risks (Chapter 4 – The Group's business).
- Innovation, Research & Technology (Chapter 4 – The Group's Business).
- Information on share capital (including Group employees participation in the capital of the Company) and table summarizing existing financial authorizations and share buyback programs (Chapter 5 – General information).
- Composition and functioning of the Board of Directors, list of offices held by corporate officers and amount of compensation and benefits of corporate officers, stock options and free shares ; Corporate officer's transactions on Imerys securities (Chapter 6 – Corporate Governance).
- Risks (Chapter 7 – Risks and internal control).

2 - STATUTORY AUDITORS' REPORT

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris - La Défense Cedex

Deloitte & Associés
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex

2.1 Statutory Auditors' Report on the Consolidated Financial Statements

Fiscal year ended December 31, 2007

(This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.)

Dear Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Imerys for the year ended December 31, 2007.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the consolidated group of companies as at December 31, 2007 and the results of its operations for the year then ended, in accordance with IFRSs as adopted in the European Union.

Whithout qualifying the opinion expressed above, we draw your attention to Note 2 to the consolidated financial statements on changes in methods during the fiscal year.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L.823-9 of the French Company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Imerys performs annual goodwill impairment tests and also assesses whether there is any indication of impairment in long-term assets, under the terms and conditions described in Notes 3.13, 5.1 and 20 to the consolidated financial statements. We analyzed the procedures performed to implement this impairment test and the cash flow forecasts and assumptions used and verified that these notes provide appropriate disclosures.
- As described in Notes 5.1 and 25.2 to the consolidated financial statements, the Group sets aside provisions for restructuring. As part of our assessments, we reviewed the data and assumptions used by the Group. On this basis, we assessed the reasonableness of such estimates.
- As described in Notes 3.18, 5.1 and 25.2 to the consolidated financial statements, the Group sets aside provisions to cover costs necessary for mining site restoration. Our procedures consisted in assessing the approaches used by the Group to evaluate these obligations based on information available as of today. On this basis, we assessed the reasonableness of such estimates.

The assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our unqualified audit opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATION

In accordance with professional standards applicable in France, we have also verified the information given in the Group’s Board of Directors' report. We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Paris - La Défense and Neuilly-sur-Seine, March 28, 2008

The Statutory Auditors

ERNST & YOUNG Audit	Deloitte & Associés
Jean-Roch VARON	Nicholas L.E. ROLT

2.2 Statutory Auditors' Report on the Financial Statements

Fiscal year ended December 31, 2007

(This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. The report also includes information relating to the specific verification of information in the management report. This report should be read in conjunction with French law and professional auditing standards applicable in France.)

Dear Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you for the year ended December 31, 2007 on:

- the audit of the accompanying financial statements of Imerys,
- the justification of our assessments,
- the specific verifications and information required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Imerys at December 31, 2007 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

As stated in the accounting policies note to the financial statements concerning long-term investments, investments in subsidiaries are valued by taking into account both the percentage of shareholders' equity they represent and future profitability forecasts. Our procedures consisted in assessing the data and assumptions on which these estimates are based and reviewing the calculations performed by the Company. On this basis, we assessed the reasonableness of such estimates.

The assessments were thus made in the context of the performance of our audit of the financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report as to:

- the fair presentation and the conformity with the financial statements of the information given in the Board of Directors' report and in the documents addressed to shareholders with respect to the financial position and the financial statements,
- the fair presentation of the information given in the Directors' Report in respect of remuneration and benefits granted to the relevant directors and any other commitments made in their favor in connection with, or subsequent to, their appointment, termination or change in current function

Furthermore, pursuant to the law, we hereby inform you that, contrary to the provisions of Article L. 225-102-1, paragraph 2 of the French Company Law, and as specified in the Board of Directors' report, such information does not include the remunerations and benefits granted by the companies controlling your Company to the relevant directors with respect to other directorships, roles or engagements other than those performed personally in or on behalf of your Company.

In accordance with French law, we have ensured that the required information concerning the identity of shareholders and holders of voting rights has been properly disclosed in the Board of Directors' report.

Paris - La Défense and Neuilly-sur-Seine, March 28, 2008

The Statutory Auditors

ERNST & YOUNG Audit	Deloitte & Associés
Jean-Roch VARON	Nicholas L.E. ROLT

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1 - CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

(€ millions)	*Notes*	*2007*	*2006*	*2005*
Revenue	6	3,401.9	3,288.1	3,045.2
Raw materials and consumables used	7	(1,159.9)	(1,102.1)	(1,018.7)
External expenses	8	(867.7)	(827.4)	(762.5)
Staff expenses	9	(685.4)	(660.4)	(616.8)
Taxes and duties		(47.9)	(48.6)	(39.9)
Amortization, depreciation and impairment losses		(197.4)	(206.7)	(185.3)
Other operational revenue and expenses	10	34.7	15.9	12.0
Current operating income		**478.3**	**458.8**	**434.0**
Income on asset disposals		(1.3)	16.5	80.4
Impairment losses, restructuring and litigation		(44.7)	(192.3)	(83.1)
Other operating revenue and expenses	11	**(46.0)**	**(175.8)**	**(2.7)**
Operating income		**432.3**	**283.0**	**431.3**
Income from securities	13	5.7	4.6	5.2
Gross financial debt expense	13	(63.7)	(53.9)	(48.0)
Net financial debt expense		**(58.0)**	**(49.3)**	**(42.8)**
Other financial revenue	12	50.5	67.9	68.9
Other financial expenses	12	(48.2)	(65.3)	(73.4)
Financial income (loss)		**(55.7)**	**(46.7)**	**(47.3)**
Income taxes	14	(96.6)	(51.5)	(76.5)
Share in net income of associates		6.9	5.2	4.6
Net income		**286.9**	**190.0**	**312.1**
of which:				
Net income, Group share	15	284.2	187.4	309.4
Net income, Minority interests		2.7	2.6	2.7
Net income, Group share	15	**284.2**	**187.4**	**309.4**
of which:				
Current operating income, Group share	15	316.7	308.3	287.6
Other net operating revenue and expenses, Group share	11	(32.5)	(120.9)	21.8
(in €)				
Net basic earnings per share from current operations	16	5.00	4.86	4.53
Net basic earnings per share	16	4.49	2.95	4.88
Diluted net earnings per share	16	4.49	2.95	4.83
Average exchange rate Euro/USD		*1.3702*	*1.2557*	*1.2447*

Consolidated balance sheet

(€ millions)	*Notes*	*2007*	*2006*	*2005*
CONSOLIDATED ASSETS				
Goodwill	17	860.7	793.1	815.3
Intangible assets	18	49.3	22.8	35.8
Mining assets	19	399.6	437.8	497.2
Property, plant and equipment	19	1,280.9	1,175.0	1,276.6
Investments in associates	21	42.9	34.1	31.9
Available-for-sale financial assets	23.2	9.0	12.8	16.0
Other financial assets	23.3	11.3	11.3	10.3
Other receivables	23.3	46.8	18.9	13.9
Derivative financial assets	26.2	5.6	41.3	60.4
Deferred tax assets	27	59.4	49.3	34.6
Total non-current assets		**2,765.5**	**2,596.4**	**2,792.0**
Inventories	22	502.0	490.6	475.8
Trade receivables	23.3	623.4	614.7	590.3
Other receivables	23.3	133.3	113.7	99.1
Derivative financial assets	26.2	(0.6)	0.3	6.3
Marketable securities and other financial assets		5.3	4.1	61.0
Cash and cash equivalents	26.2	173.4	181.2	134.7
Total current assets		**1,436.8**	**1,404.6**	**1,367.2**
TOTAL CONSOLIDATED ASSETS		**4,202.3**	**4,001.0**	**4,159.2**
CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY				
Capital	24	126.3	126.7	127.9
Premiums		131.7	158.9	219.5
Reserves		1,097.5	1,157.1	1,015.2
Net income, Group share		284.2	187.4	309.4
Shareholders' equity, Group share		**1,639.7**	**1,630.1**	**1,672.0**
Minority interests		**23.9**	**16.3**	**14.2**
Shareholders' equity		**1,663.6**	**1,646.4**	**1,686.2**
Provisions for employee benefits	25.1	165.6	199.2	237.1
Other provisions	25.2	162.6	200.3	161.0
Loans and financial debts	26.2	1,021.1	892.8	943.1
Other debts	26.3	23.0	27.1	33.2
Derivative financial liabilities	26.2	12.5	13.5	14.9
Deferred tax liabilities	27	53.9	52.4	76.4
Total non-current liabilities		**1,438.7**	**1,385.3**	**1,465.7**
Other provisions	25.2	14.8	18.4	12.8
Trade payables		321.5	296.8	313.1
Income taxes payable		30.0	24.9	13.8
Other debts	26.3	240.3	217.9	222.8
Derivative financial liabilities	26.2	2.8	5.9	8.2
Loans and financial debts	26.2	388.0	360.7	423.0
Bank overdrafts	26.2	102.6	44.7	13.6
Total current liabilities		**1,100.0**	**969.3**	**1,007.3**
TOTAL CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY		**4,202.3**	**4,001.0**	**4,159.2**
Net financial debt	26.2	**1,343.0**	**1,086.1**	**1,140.0**
Closing exchange rate Euro/USD		*1.4721*	*1.3170*	*1.1797*

Consolidated cash flow statement

(€ millions)	*2007*	*2006*	*2005*
Cash flow from operating activities			
Cash flow generated by current operations *(appendix 1)*	612.9	549.5	587.8
Interest paid	(58.4)	(54.2)	(60.1)
Income taxes on current operating income and financial income (loss)	(118.0)	(107.0)	(105.5)
Dividends received	2.6	2.1	1.9
Cash flow generated by other operating revenue and expenses *(appendix 2)*	(41.2)	(31.2)	(30.4)
Cash flow from operating activities	**397.9**	**359.2**	**393.7**
Cash flow from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(351.9)	(217.0)	(251.0)
Acquisitions of investments in consolidated entities after deduction of cash acquired	(191.4)	(21.5)	(271.0)
Acquisitions of available-for-sale financial assets	-	(1.0)	-
Disposals of property, plant and equipment and intangible assets	27.5	39.9	25.8
Disposals of investments in consolidated entities after deduction of cash disposed of	18.4	10.3	144.5
Disposals of available-for-sale financial assets	-	0.1	1.5
Net change in financial assets	(0.4)	1.1	4.7
Paid-in interests	2.8	3.5	3.8
Cash flow from investing activities	**(495.0)**	**(184.6)**	**(341.7)**
Cash flow from financing activities			
Capital increases	15.9	22.6	15.6
Capital decreases	(42.1)	(83.4)	-
Disposals (acquisitions) of treasury shares	(13.6)	39.2	(38.2)
Dividends paid to shareholders	(114.2)	(104.8)	(95.0)
Dividends paid to minority interests	(1.8)	(1.3)	(1.4)
Loan issues	503.4	3.8	2.9
Loan repayments	(402.8)	(37.5)	(100.9)
Net change in other debts	93.9	8.5	235.7
Cash flow from financing activities	**38.7**	**(152.9)**	**18.7**
Change in cash and cash equivalents	**(58.4)**	**21.7**	**70.7**
Cash and cash equivalents at the beginning of the period	**136.5**	**121.1**	**46.0**
Change in cash and cash equivalents	(58.4)	21.7	70.7
Impact of changes due to exchange rate fluctuations	(7.3)	(6.3)	4.4
Impact of changes in accounting policies	-	-	-
Cash and cash equivalents at the end of the period	**70.8**	**136.5**	**121.1**
Cash and cash equivalents	173.4	181.2	134.7
Bank overdrafts	(102.6)	(44.7)	(13.6)
Cash and cash equivalents at the end of the period	**70.8**	**136.5**	**121.1**

Appendix 1

(€ millions)	*2007*	*2006*	*2005*
Net income	**286.9**	**190.0**	**312.1**
Adjustments for:			
Income taxes	96.6	51.5	76.5
Share in net income of associates	(6.9)	(5.2)	(4.6)
Impairment losses on goodwill	0.1	0.2	4.5
Other operating revenue and expenses excluding impairment losses on goodwill	45.9	175.6	(1.8)
Net operating amortization and depreciation	194.9	203.6	181.9
Net operating impairment losses on assets	3.1	1.7	(2.3)
Net operating provisions	(27.3)	(19.1)	(14.5)
Dividends	(0.2)	(0.2)	(0.1)
Net interests of revenue and expenses	60.7	48.4	43.5
Revaluation gains and losses	3.1	10.6	4.7
Income from current disposals of property, plant and equipment and intangible assets	(16.4)	(14.4)	(9.6)
Change in the working capital requirement	**(27.6)**	**(93.2)**	**(2.5)**
Inventories	*(21.2)*	*(25.8)*	*(42,4)*
Trade accounts receivable, advances and down payments received	*(11.6)*	*(23.7)*	*(20,2)*
Trade accounts payable, advances and down payments paid	*27.9*	*(17.3)*	*44,5*
Other receivables and debts	*(22.7)*	*(26.4)*	*15,6*
Cash flow generated by current operations	**612.9**	**549.5**	**587.8**

Appendix 2

(€ millions)	*2007*	*2006*	*2005*
Other operating revenue and expenses	**(46.0)**	**(175.8)**	**(2.7)**
Adjustments for:			
Reversal of negative goodwill *(Note 20)*	0.1	0.2	4.5
Other net operating amortization and depreciation	20.6	123.5	33.8
Other net operating provisions	(34.2)	21.3	12.5
Income from non-current disposals of property, plant and equipment and intangible assets	0.2	(15.1)	13.1
Income from disposals of consolidated investments and available-for-sale financial assets	1.1	(1.4)	(93.5)
Income taxes paid on other operating revenue and expenses	17.0	16.1	1.9
Cash flow generated by other operating revenue and expenses	**(41.2)**	**(31.2)**	**(30.4)**

Consolidated statement of changes in shareholders' equity

(€ millions)	*Number of shares outstanding*	*Capital*	*Premiums*	*Treasury shares*	*Cash flow hedges*	*Translation reserve*	*Other reserves and accumulated income*	*Total Group share*	*Total minority interests*	*Total shareholders' equity*
Shareholders' equity as of January 1, 2005	**63,450,020**	**126.9**	**204.9**	**1.4**	**0.2**	**(50.6)**	**1,070.6**	**1,353.4**	**9.2**	**1,362.6**
of which income taxes directly recognized in equity	-	-	-	-	-	*(4.4)*	-	*(4.4)*	-	*(4.4)*
Gains (losses) on cash flow hedges	-	-	-	-	(1.3)	-	-	(1.3)	-	(1.3)
Change in translation reserve	-	-	-	-	-	124.4	-	124.4	0.8	125.2
Total income and expense of the period recognized in equity	**-**	**-**	**-**	**-**	**(1.3)**	**124.4**	**-**	**123.1**	**0.8**	**123.9**
2005 net income	-	-	-	-	-	-	309.4	309.4	2.7	312.1
Total income and expense of the period	**-**	**-**	**-**	**-**	**(1.3)**	**124.4**	**309.4**	**432.5**	**3.5**	**436.0**
Dividend (€1.50 per share)	-	-	-	-	-	-	(95.0)	(95.0)	(1.4)	(96.4)
Capital increases	521,845	1.0	14.6	-	-	-	-	15.6	-	15.6
Impact on minority interests of scope changes and capital increases	-	-	-	-	-	-	-	-	3.0	3.0
Transactions on treasury shares	-	-	-	(38.3)	-	-	-	(38.3)	-	(38.3)
Share option-based payments	-	-	-	-	-	-	3.7	3.7	-	3.7
Shareholders' equity as of January 1, 2006	**63,971,865**	**127.9**	**219.5**	**(36.9)**	**(1.1)**	**73.8**	**1,288.8**	**1,672.0**	**14.2**	**1,686.2**
of which income taxes directly recognized in equity	-	-	-	-	-	*3.3*	-	*3.3*	-	*3.3*
Gains (losses) on cash flow hedges	-	-	-	-	2.2	-	-	2.2	-	2.2
Change in translation reserve	-	-	-	-	-	(110.1)	-	(110.1)	(1.7)	(111.8)
Total income and expense of the period recognized in equity	**-**	**-**	**-**	**-**	**2.2**	**(110.1)**	**-**	**(107.9)**	**(1.7)**	**(109.6)**
2006 net income	-	-	-	-	-	-	187.4	187.4	2.6	190.0
Total income and expense of the period	**-**	**-**	**-**	**-**	**2.2**	**(110.1)**	**187.4**	**79.5**	**0.9**	**80.4**
Dividend (€1.65 per share)	-	-	-	-	-	-	(104.8)	(104.8)	(1.3)	(106.1)
Capital increases	687,755	1.4	20.2	-	-	-	-	21.6	1.0	22.6
Capital decreases	(1,325,000)	(2.6)	(80.8)	-	-	-	-	(83.4)	-	(83.4)
Impact on minority interests of scope changes and capital increases	-	-	-	-	-	-	-	-	1.5	1.5
Transactions on treasury shares	-	-	-	39.2	-	-	-	39.2	-	39.2
Share option-based payments	-	-	-	-	-	-	6.0	6.0	-	6.0
Shareholders' equity as of January 1, 2007	**63,334,620**	**126.7**	**158.9**	**2.3**	**1.1**	**(36.3)**	**1,377.4**	**1,630.1**	**16.3**	**1,646.4**
of which income taxes directly recognized in equity	-	-	-	-	-	*5.2*	-	*5.2*	-	*5.2*
Gains (losses) on cash flow hedges	-	-	-	-	2.8	-	-	2.8	-	2.8
Change in translation reserve	-	-	-	-	-	(128.4)	-	(128.4)	(1.3)	(129.7)
Total income and expense of the period recognized in equity	**-**	**-**	**-**	**-**	**2.8**	**(128.4)**	**-**	**(125.6)**	**(1.3)**	**(126.9)**
2007 net income	-	-	-	-	-	-	284.2	284.2	2.7	286.9
Total income and expense of the period	**-**	**-**	**-**	**-**	**2.8**	**(128.4)**	**284.2**	**158.6**	**1.4**	**160.0**
Dividend (€1.80 per share)	-	-	-	-	-	-	(114.2)	(114.2)	(0.9)	(115.1)
Capital increases	398,779	0.8	13.6	-	-	-	-	14.4	1.5	15.9
Capital decreases	(606,543)	(1.2)	(40.9)	-	-	-	-	(42.1)	-	(42.1)
Impact on minority interests of scope changes and capital increases	-	-	-	-	-	-	1.1	1.1	5.6	6.7
Transactions on treasury shares	-	-	-	(13.6)	-	-	-	(13.6)	-	(13.6)
Share option-based payments	-	-	-	-	-	-	5.4	5.4	-	5.4
Shareholders' equity as of December 31, 2007	**63,126,856**	**126.3**	**131.6**	**(11.3)**	**3.9**	**(164.7)**	**1,553.9**	**1,639.7**	**23.9**	**1,663.6**
of which income taxes directly recognized in equity						*8.9*		*8.9*		*8.9*
Proposed dividend (€1.90 per share)	-	-	-	-	-	-	(119.9)	(119.9)	-	(119.9)
Shareholders' equity after allocation as of January 1, 2008	**63,126,856**	**126.3**	**131.6**	**(11.3)**	**3.9**	**(164.7)**	**1,434.0**	**1,519.8**	**23.9**	**1,543.7**

1. Accounting principles and policies

1 - ACCOUNTING PRINCIPLES

In accordance with the European regulation no. 1606/2002 of July 19, 2002, Imerys, a group present in the extraction and adding value to industrial minerals, with its headquarters in Paris, rue de l'Université, and whose share is admitted to trading on the Euronext Paris stock exchange main market, prepares financial statements in compliance with IFRSs (International Financial Reporting Standards) adopted within the European Union at the balance sheet date. These are closed by the Board of Directors of Imerys SA, the mother company of the Group.

Upon first-time adoption of IFRSs, Imerys presented an opening balance sheet as of January 1, 2004 that included a retrospective application of IFRSs, limited by some optional exemptions provided for by standard IFRS 1 on first-time adoption of IFRSs and exercised by the Group. Thus, business combinations have not been adjusted. The carrying amount of property, plant and equipment has not been adjusted except for mineral reserves and resources, which have been measured at fair value. Unrecognized actuarial differences of defined benefit plans have been recognized in the consolidated reserves. Finally, translation differences of consolidated foreign entities have been reclassified in the consolidated reserves.

2 - CHANGES IN ACCOUNTING POLICIES

New standards and interpretations

The accounting policies are identical to those of the prior period except for standards, amendments and interpretations applicable to the recognition, measurement or presentation of transactions, events or conditions existing within the Group, published as of December 31, 2007 and adopted within the European Union at that date:

- **IFRS 7, Financial Instruments: Disclosures.** This standard organizes and completes the disclosures on financial instruments. These disclosures are provided in *Notes 12, 13, 23 and 26*. This standard has no impact on the recognition and disclosure of financial instruments.
- **Amendment of IAS 1, Presentation of Financial Statements - Capital Disclosures.** This amendment requires additional disclosures on the management of capital. These disclosures are provided in *Note 24*.
- **IFRIC 8, Scope of IFRS 2.** That interpretation applicable to share options granted in absence of specifically identifiable goods or services has no impact on the financial statements as of December 31, 2007.
- **IFRIC 10, Interim Financial Reporting and Impairment.** That interpretation applicable to the consequences of an impairment loss of goodwill recognized over an interim period has no impact on the financial statements as of December 31, 2007 as no goodwill was impaired as of June 30, 2007.

New definition of business segments

The 2007 financial statements are subject to a change in accounting policies related to the identification of the business segments disclosed in the segment information *(Notes 32 and 33)*. The four business segments identified until December 31, 2006 (Specialty Minerals; Pigments for Paper; Materials & Monolithics and Refractories, Abrasives & Filtration) have thus been redefined as of January 1, 2007 so as to reflect the evolution of the operational relationships between the Performance Minerals and Pigments for Paper activities on the one hand, and the Ceramics and Refractories activities on the other:

- The Performance Minerals activities have been grouped together with those of the Pigments for Paper business group. As part of the reorganization of the Group's kaolin production in Great Britain announced in 2006, the Group transfers to Brazil the production of its kaolin for coating and concentrates in Cornwall its British productions of filler kaolin for paper and performance minerals kaolin; the latter used to be produced in Devon.

- The Minerals for Ceramics and Graphite & Carbon activities have been grouped together with those of the Refractories, Abrasives & Filtration business group to respond more effectively to the major changes affecting the sector. In February 2006, the acquisition of AGS, a French producer of chamottes and metakaolin has notably extended the range of refractories and ceramic sanitaryware products and enables future commercial and industrial synergies within the new business group.
- In addition, Kiln Furniture, supplier of the Building Materials activity has joined that activity.

Overall, the links established between these various activities result mainly from the development of synergies exploiting their similarities in terms of nature of products and production processes. As a consequence, the three business segments resulting from that reallocation are subject to homogeneous risks, returns and long term performances. Segment information as of December 31, 2007 thus discloses three business segments: Ceramics, Refractories, Abrasives & Filtration; Performance Minerals & Pigments and Materials & Monolithics. Comparative information has been restated.

Balance sheet and income statement presentation

The 2007 balance sheet and income statement comprise some changes intended to improve their clarity and relevance. The experience drawn from the 2005 and 2006 IFRS publications and the observation of other issuers' best practices led to several presentation choices commented hereafter. These changes mainly result in a simplification of wording and a reduction in the information disclosed on the face of the balance sheet and income statement, the corresponding detail being transferred to the notes. Comparative information has been restated.

- In the income statement, the former line "Change in work in progress and finished goods and assets produced by the entity" (€16.9 million in 2006 and €36.9 million in 2005) is merged into line "Raw materials and consumables used". *Note 7* discloses separately the total of changes in inventories and assets produced by the entity.
- In the income statement, the former line "Net change in operating provisions" (€22.1 million in 2006 and €22.4 million in 2005) is split between lines "Staff expenses" and "Other operational revenue and expenses". The net change in defined benefit plans (€20.5 million in 2006 and €4.4 million in 2005) is thus posted to line "Staff expenses" and disclosed separately in *Note 9*. The total change in inventories and trade receivables write-downs and in operational provisions (€1.6 million in 2006 and €18.0 million in 2005) now contributes to line "Other operational revenue and expenses" and is disclosed separately in *Note 10*.
- In the income statement, the line "Gains or losses on asset disposals" is renamed "Income on asset disposals". Its content is unchanged.
- In the balance sheet, lines "Trade accounts receivable" and "Trade accounts payable" are renamed respectively "Trade receivables" and "Trade payables". Their content is unchanged.
- In the balance sheet, lines "Other receivables and other assets" are renamed "Other receivables" in non current and current. Other current receivables, formerly classified after line « Cash and cash equivalents » are reclassified after trade receivables. Their content is unchanged.
- In the balance sheet, lines "Derivative financial assets" and "Derivative financial liabilities", formerly classified only as current, are broken down between current and non current so as to give a better presentation of their respective maturities as well as those of underlying transactions. Their content is unchanged.

3 - SUMMARY OF THE MAIN ACCOUNTING POLICIES

3.1. Financial statements

The objective of financial statements is to present a true and fair view of the financial position, of the financial performance and of the cash flows of Imerys. They are established on a going concern basis. The presentation conventions are identical from one period to the other to ensure comparability and are modified only if the change is required by a standard or interpretation, or results in more reliable and more relevant information. Items of similar nature or function are aggregated in separate positions in accordance with their materiality. Upon recognition, assets and liabilities on the one hand and revenue and expenses on the other are not offset unless required by a standard or an interpretation. Assets and liabilities are classified by increasing liquidity and payability, distinguishing between non-current and current items, when these shall be recovered or settled in more or less than twelve months after the balance sheet date. Period revenue and expenses are presented by nature in the income statement of the period. They are only included in the cost of an asset or a liability when required by a standard or an interpretation.

Operating income includes the current operating income and other operating revenue and expenses. The current operating income reflects the performance of the Group's ordinary activities. The other operating revenue and expenses correspond to items of revenue and expenses resulting from a limited number of well identified, non-recurring and significant events, such as the impact of a restructuring or the disposal of shares in a consolidated entity. The financial income (loss) mainly includes the cost of indebtedness, foreign exchange differences *(Note 3.8)*, the interest cost related to the unwinding of the discount of provisions for environment, assets dismantling and mine sites restoration *(Note 3.18)* and impairment losses on financial assets. The interest cost related to the unwinding of the discount of provisions for employee benefits is recognized in the current operating income *(Note 3.19)*.

Imerys publishes annual financial statements as of December 31, and interim financial statements as of June 30. These financial statements are disclosed in millions of Euros with one decimal rounded up to the nearest tenth. Transactions whose impact relates to the interim closing are recognized and measured in accordance with the same rules as those of annual financial statements. However, materiality is considered with respect to the interim financial results and not annual financial results.

3.2. Segment information

The primary segments reported by Imerys correspond to three business segments: Performance Minerals & Pigments; Materials & Monolithics and Ceramics, Refractories, Abrasives & Filtration. Each of these segments is engaged in the production and rendering of related goods and services, presenting homogeneous risks, returns and long-term financial performances. Furthermore, Imerys reports five geographical segments with respect to secondary information: France, Other European countries, North America, Asia-Oceania and Other countries. These geographical segments represent homogeneous areas in terms of economic environments and risks, returns and long-term financial performances for the Group activities. Intra-segment transfer prices are determined at the prices that two independent parties would have agreed upon under economic conditions equivalent to those of the related transaction.

3.3. Earnings per share

The Imerys financial statements disclose basic earnings per share and diluted earnings per share. Basic earnings per share are broken down further as net basic earnings per share from current operations and net basic earnings per share. The basic earnings per share is equal to the net income attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding over the current period. The denominator excludes treasury shares *(Note 3.17)*. As Imerys is granting share options *(Note 3.17)*, the weighted average number of ordinary shares defined above is increased, for the calculation of the diluted earnings per share, by the weighted average number of ordinary shares that would be issued if all dilutive options would be exercised at the balance sheet date. The number of dilutive options is calculated by comparison between the number of shares that would result from the exercise of the share options and the number of shares that would be issued at the period average market price for an issue of the same amount. The excess of the number of shares from share options over the number of shares issued under market conditions is the number of dilutive shares.

3.4. Accounting policies, errors and estimates

A change in accounting policies is applied only if it is required by a standard or an interpretation, or results in more reliable and more relevant information. Changes in accounting policies are accounted for retrospectively, unless required by the specific transition provisions of the standard or interpretation. The financial statements concerned by the change in accounting policies are modified for all reported periods, as if the new policy had always been applied. An error, when discovered, is also adjusted retrospectively.

Uncertainties inherent to business activity require the use of estimates for the preparation of the financial statements. Estimates result from judgments intended to provide a reasonable assessment of the latest reliable information available. An estimate is revised to reflect changes in circumstances, new information available and effects related to experience. Changes in estimates are accounted for prospectively: they have an impact on the period over which they were performed and where required, over subsequent periods.

The main estimates carried out for the preparation of the financial statements relate in particular to the assumptions used for the calculation of impairment losses, to income taxes, to available-for-sale financial assets, to share options, to provisions for employee benefits and to other provisions *(Note 5.1)*. The information provided in relation to potential assets and liabilities is also the subject of estimates. The estimates used are described in the corresponding notes.

3.5. Events after the balance sheet date

Events occurring between the balance sheet date and the authorization of issue of the financial statements by the Board of Directors result in an adjustment only if they reveal, specify or confirm situations that existed at the balance sheet date.

3.6. Entities controlled by the Group

The entities controlled by the Group, i.e. those over which Imerys has the power to govern the financial and operating policies, are consolidated. The assets, liabilities, revenues and expenses thus contribute to the various positions of the balance sheet and income statement of the Group. The impact of intra-group transactions on all positions of the financial statements is eliminated. Negative minority interests of consolidated entities are allocated against the Group share. No entity is consolidated under the proportionate consolidation method.

3.7. Entities under significant influence of the Group

The investments held in entities under significant influence of the Group, i.e. in which Imerys has the power to participate to the financial and operating policies without however governing these, are measured under the equity method. The shares held in the net assets and income statement of these entities are thus presented in distinct positions of the assets and income statement of the Group.

3.8. Foreign currency translation

The Imerys financial statements are stated in euro. The accumulated impact of the translation of financial statements of entities in foreign currencies is recognized in consolidated equity. Assets and liabilities of foreign entities are translated at the closing rate and their revenue and expenses at the average rate of the current period.

Non-monetary assets and liabilities related to transactions in foreign currencies which are measured at historical cost are translated at the rate of the day or the average rate of the month of the initial transaction. Except for derivative financial instruments *(Note 3.21)*, monetary assets and liabilities related to transactions in foreign currencies are translated at the closing rate. The foreign exchange differences are recognized in financial income (loss), except for those generated by financial assets and liabilities qualified as net investments in a foreign operation and for monetary assets and liabilities that are part of net investments in a foreign operation, which are recognized in consolidated equity. When a foreign entity is sold, the accumulated impact of the translation of its financial statements, as well as the financial assets and liabilities qualified as hedges are accounted for in the income statement.

3.9. Goodwill

Goodwill is measured as the excess paid by Imerys over the fair value of a business combination. Determined upon the date of acquisition, it represents the capacity of the combination to generate future cash flows beyond that fair value. It includes the fair value of identifiable assets, liabilities and contingent liabilities of the business combination. Its measurement is finalized over the twelve months following the date of acquisition. Any excess of the fair value of a business combination over the cost of acquisition is credited to the income statement of the period of acquisition. The previously described treatments also apply to every increase in interest realized after the date of acquisition. Goodwill related to foreign business combinations is accounted for in the foreign currency and translated in the Group financial statements in accordance with the rules applicable to the translation of financial statements of foreign entities *(Note 3.8)*. Goodwill is not depreciable. It is allocated to the groups of Cash-Generating Units that benefit from the synergies of the combination and is subject to a first impairment test *(Note 3.13)* before the balance sheet date of the acquisition period and subsequently to annual tests or more frequently if there is an indication that it may be impaired. An impairment loss on goodwill cannot be reversed.

3.10. Intangible assets

Intangible assets controlled by Imerys are recognized as assets over their useful lives. They are measured at acquisition cost, decreased by accumulated amortization and any impairment loss. Expenditures related to the Group research teams to improve the quality and properties of products and satisfy the customers' requirements at the lowest cost generally do not meet the recognition criteria of a development intangible asset as defined by standard IAS 38 on intangible assets and are recognized as expenses as incurred. As the greenhouse gases allowances attributed to Imerys exceed the Group's actual emissions *(Note 18)*, the rights received are recognized as intangible assets for a carrying amount of zero. The cost of intangible assets is amortized on a straight-line basis over the useful lives indicated hereafter:

- Trademarks, patents and licenses 5 to 40 years
- Software 1 to 5 years

Where the carrying amount of an intangible asset ceases to be recoverable, it is written-down to its recoverable amount on the basis of an impairment test *(Note 3.13)*.

3.11. Mining assets

Exploration expenditures, i.e. the research of new knowledge on the mineral producing potential, technical feasibility and commercial viability of a geographical area are recognized as expenses as incurred.

Extraction rights are recognized as intangible assets. They are measured at acquisition cost, decreased by accumulated amortization and any impairment loss. The cost of these rights is amortized on the basis of extracted quantities.

Mineral reserves are recognized as property, plant and equipment. They are measured initially at acquisition cost excluding subsoil, increased by expenditures incurred to determine the tonnage of ore present in the deposit. Overburden works performed to enable access to the deposit are recognized as property, plant and equipment. Their initial measurement incorporates their production cost and the discounted value of restoration or dismantling obligations resulting from deterioration caused by the construction of these assets *(Note 3.18)*. Mining assets recognized as property, plant and equipment are subsequently measured at cost decreased by accumulated depreciation calculated on the basis of extracted quantities. Subsoil is not depreciated.

Mining assets recognized as intangible assets and property, plant and equipment are allocated to Cash-Generating Units as other assets of the Group and are subject to the same impairment tests *(Note 3.13)*.

3.12. Property, plant and equipment

Property, plant and equipment is recognized as assets if it is controlled as a result of a title of ownership, or under a finance lease that transfers the risks and rewards incident to ownership. Property, plant and equipment is measured initially at acquisition or production cost. The initial cost of items under finance lease is the lower of the fair value of the asset and the discounted value of future minimum payments.

The cost of borrowings that finance the construction of property, plant and equipment is recognized as an expense. The cost of property, plant and equipment is decreased, where applicable, by the amount of government grants that finance their acquisition or construction. Maintenance and repair expenditures are accounted for as expenses, unless they result in future economic benefits. The cost of property, plant and equipment incorporates, in particular for industrial facilities, the discounted value of restoration or dismantling obligations, where a present obligation exists *(Note 3.18)*.

Property, plant and equipment is subsequently measured at cost, decreased by accumulated depreciation and any impairment loss. It is depreciated on a straight-line basis over the useful lives indicated hereafter. These ranges reflect, where appropriate, the useful lives of the components included in property, plant and equipment:

- Office buildings 10 to 50 years
- Industrial buildings 10 to 30 years
- Improvements to office and industrial buildings 5 to 15 years
- Machinery, tooling, facilities and equipment 5 to 20 years
- Vehicles 2 to 5 years

Land is not depreciated. Where the carrying amount of an item of property, plant and equipment ceases to be recoverable, it is written-down to its recoverable amount on the basis of an impairment test *(Note 3.13)*.

3.13. Impairment tests

The Cash-Generating Units (CGUs) are the smallest identifiable groups of assets whose continuing use generates cash inflows that are largely independent from the cash inflows of other assets or groups of assets. CGUs represent the analysis structure followed each month by the Imerys General Management in its business reporting. All assets within the Group including goodwill, are allocated to a CGU.

An impairment test is performed every twelve months on all CGUs. In addition to this annual test, impairment indicators may require the immediate performance of a test in case of an unfavorable trend. The main indicators are significant changes in the entities' activities, significant changes in interest rates, technological level, obsolescence and level of performance of assets. Furthermore, each division manager, under the supervision of business group controllers, ensures that no asset within a CGU individually presents any impairment loss issue. An impairment loss is recognized as soon as the recoverable amount of an asset or a group of assets of a CGU becomes inferior to its carrying amount. Any improvement in the recoverable amount of an asset or a group of assets results to the same extent in the reversal of the previously recognized impairment loss except for impairment losses on goodwill that cannot be reversed.

The impairment test consists in comparing the carrying amount of these assets to their recoverable amount. The latter is the higher between the fair value net of disposal costs and the value in use. The fair value corresponds to the resale value. The value in use is measured by discounting the future cash flows generated by the continuous use of assets and by their final disposal. The cash flows retained are the free operating cash flows. The discount rate is the Weighted Average Cost of Capital (WACC) as assessed by some financial analysts with respect to the Imerys investment, increased by a country-market risk premium ranging from 0.5% to 2.0%. The terminal value of assets is assessed as 7.5 times the EBITDA, a multiple resulting from a consensus of the same analysts on the value of the Group.

3.14. Non-current assets held for sale and discontinued operations

When at the balance sheet date, it is highly probable that non-current assets or groups of directly related assets and liabilities shall be disposed of, they are designated as non-current assets or groups of assets held for sale. Their sale is considered as highly probable if, at the balance sheet date, a plan designed to sell them at a price that is reasonable with respect to their fair value has been initiated to identify a buyer and to conclude definitively the sale within a maximum of one year. Non-current assets or groups of assets held for sale are presented in separate positions in the financial statements.

They cease to be depreciated and are measured at the lower of their carrying amount and their fair value net of disposal costs. Non-current assets or groups of assets that are to be closed rather than sold are non-current assets that are to be abandoned and not held for sale.

Where non-current assets held for sale or to be abandoned correspond to one or several CGUs *(Note 3.13)* and are to be abandoned as part of a single co-ordinated plan, they qualify as discontinued operations and their related flows are disclosed separately in the income statement and in the cash flow statement.

3.15. Inventories

Inventories are recognized at the date of transfer of risks, rewards and control. Upon the sale, an expense is recognized at the date the related revenue is accounted for. Inventories are measured at the lower of the cost of production and net realizable value. The cost of production of inventories presenting similar characteristics is assessed either according to the first-in, first-out (FIFO) or the weighted average cost formulas. Where the cost of production is not recoverable, it is written-down to its net realizable value according to the conditions existing at the balance sheet date.

3.16. Non derivative financial assets

Where the execution of a contract results in the symmetrical creation of an asset for Imerys and a liability or equity instrument for the other party, the item recognized by the Group is a financial asset. Such elements are subject to a designation that relates them to one of the following categories of standard IAS 39 on financial instruments: “available-for-sale financial assets”, “financial assets at fair value through profit or loss” and “loans and receivables”. The designation of a financial asset to a category commands its recognition and measurement mode.

Available-for-sale financial assets

Investments in entities over which Imerys exercises neither control (*Note 3.6*) nor significant influence (*Note 3.7*) and which the Group does not intend to sell in the short run, are designated as available-for-sale financial assets. They are recognized as assets at the transaction date, i.e. the date of the purchase commitment and are maintained at a carrying amount that is representative of their fair value. The changes of the latter are recognized in the consolidated shareholders' equity except negative changes in the fair value of available-for-sale financial assets presenting objective evidences of impairment which are recognized in the income statement.

Financial assets at fair value through profit or loss

Investments in marketable securities with a view to short-term disposal are designated as financial assets at fair value through profit or loss. They are recognized as assets between the purchase and sales transaction dates and the changes in fair value are recognized in the financial income (loss) according to market prices published at the end of the period.

Loans and receivables

- **Loans**

Loans are measured at amortized cost. When after its initial recognition, a loan proves to be partially or fully irrecoverable, it is individually written-down to its recoverable value according to the conditions existing at the balance sheet date.

- **Trade receivables**

A trade receivable is recognized with respect to a sale of goods upon transfer of the risks, rewards and control. A receivable is recognized with respect to the rendering of services to the extent of the percentage of completion of services at the balance sheet date. Furthermore, for both sales of goods and rendering of services, a receivable is recognized only if it is recoverable and the amount of the transaction and that of the costs necessary to complete the transaction can be measured reliably. Sales of goods and rendering of services are measured at the fair value of the transaction, decreased by trade and volume rebates, as well as discounts for early payment. Trade receivables are designated as loans and receivables. After their initial recognition, they are measured at their amortized cost. If a receivable proves to be partially or fully irrecoverable, it is individually written-down to its recoverable amount according to the conditions existing at the balance sheet date.

- **Cash and cash equivalents**

Cash includes cash on hand, demand deposits and cash equivalents. The latter are highly liquid investments with a 3 months maximum term whose equivalent amount in cash is known or subject to insignificant uncertainty. In the consolidated cash flow statement, cash and cash equivalents also include bank overdrafts presented as liabilities.

3.17. Equity instruments

Treasury shares

Imerys shares purchased by the Group in the framework of the share buyback program authorized by the Shareholders' General Meeting are accounted for at acquisition cost as a decrease in equity. No result is recognized upon any subsequent disposal and the corresponding gain or loss is accounted for directly in equity.

Share options

The fair value of services rendered against the grant of Imerys share options granted after November 7, 2002 and not vested as of January 1, 2005 is measured using the Black & Scholes pricing model by reference to the fair value of options at the grant date. This measurement takes into consideration the exercise price and life of options, the underlying share price, the volatility of the Imerys share, as well as the turnover rate of beneficiaries. In the majority of cases, the acquisition of rights is subject to a condition of duration of service and the fair value of services rendered is amortized as staff expenses over the vesting period of rights, against an increase in equity. The accounting treatment is identical where, in addition to the duration of service condition, the acquisition of rights is subject to the achievement of pre-determined Group economic performance conditions. The assumptions related to the probability of acquisition of rights are revised at each balance sheet date.

3.18. Provisions

A provision is recognized as soon as it becomes probable that a present obligation resulting from a past event shall require a settlement whose amount can be measured reliably. Provisions are recognized against the income statement except for provisions for assets dismantling and some provisions for mine sites restoration whose counterpart is included in the cost of the related assets, especially for industrial buildings and mining overburden works *(Notes 3.11 and 3.12)*.

The measurement of a provision corresponds to the best estimate of the amount required to settle the obligation. Provisions whose settlement is expected within twelve months after the balance sheet date or whose settlement may occur at any time are not discounted. Provisions whose settlement is expected after twelve months after the balance sheet date are discounted. The discount rates of such provisions reflect the specific risks of the liability and are calculated at each balance sheet date. A discount rate is determined by country for each type of provision, taking into consideration the timing of settlement of each type of obligation: environment, assets dismantling, mine sites restoration and provisions for defined employee benefits *(Note 3.19)*. Changes in discounted provisions due to a revision of the amount of the obligation, of its timing or of its discount rate are recognized against the current operating income or, for provisions recognized against assets, as an adjustment of the cost of the latter. The impact of the unwinding of the discount representative of the passage of time is recognized as a debit in the financial income (loss) of the period *(Note 3.1)*.

3.19. Employee benefits

Imerys contributes, according to the laws and customs of each country, to the constitution of reserves for the retirement of its employees by paying, either on a mandatory or voluntary basis, contributions to third parties institutions such as pension funds, insurance companies or financial institutions. These plans, without guaranteeing the level of benefits returns, are defined contribution plans.

Moreover, some entities grant retirement and medical benefits to their employees that they themselves manage or outsource. These plans, by which the Group is committed to a level of benefits on a legal, regulatory or contractual basis, are defined benefit plans. Plan obligations are measured according to the Projected Unit Credit Method and use financial and demographic actuarial assumptions. These are used to measure the present value of services rendered over the period on the basis of an estimated salary at retirement date. Provisions (or assets) recognized in the balance sheet correspond to the discounted value of the obligation, decreased by the fair value of plan assets, unrecognized past service cost and unrecognized actuarial differences. The discount rates are calculated at each balance sheet date by reference to the rates of bonds issued by companies rated AA and if unavailable, by reference to the rates of Government bonds. The periodic cost of defined benefit plans is recognized against the current operating income, except for the impact of curtailments caused by a restructuring, which are recognized against the other operating revenue and expenses *(Note 3.1)*.

Unrecognized past service cost is progressively included in the measurement of provisions (or assets) recognized in the balance sheet by a straight-line amortization against the current operating income over an estimation of the average vesting period of the rights. Actuarial differences are reflected in the provisions (or assets) recognized in the balance sheet as soon as their accumulated unrecognized amount exceeds 10.0% of the higher between the obligation and asset's fair value. The fraction of actuarial differences that exceeds the higher of these thresholds is recognized by a straight-line amortization against the current operating income over an estimation of the average remaining working lives of beneficiaries. The impact of the unwinding of the discount reflecting the passage of time is recognized as a debit to the current operating income *(Note 3.1)*. Any curtailment or settlement and related actuarial differences and unrecognized past service costs are recognized in the income statement as they occur.

3.20. Non derivative financial liabilities

Loans and other financial liabilities are designated as financial liabilities measured at amortized cost. Loans are initially measured at the fair value of the amount received, less direct transaction costs. They are subsequently measured at amortized cost by using the effective interest rate method. Trade accounts payable and other financial liabilities are measured at amortized cost.

3.21. Derivative financial instruments

Imerys uses derivative financial instruments to reduce its exposure to currency, interest rate and energy price risks. This hedging policy, centrally defined and operated by the Group Treasury Department, is presented periodically to the Board of Directors and takes no speculative position. Hedging instruments are negotiated on over-the-counter markets with first-rank banking institutions.

The currency risk is hedged by currency forwards, currency swaps and foreign exchange options. These instruments are used to hedge receivables, debts, firm commitments in foreign currencies and net investments in foreign operations *(Note 3.8)*. Furthermore, in order to reduce their exposure to the foreign exchange transaction risk, Group entities issue, to the extent it is possible, the invoices related to their trade activity in their functional currencies. Where this is not the case, the exchange risk related to trade receivables and debts may be subject to hedging on an individual basis. The interest rate risk is hedged by interest rate swaps and interest rate options. The energy price risk is hedged by forward and option contracts.

The exclusive purpose of the financial instruments used by Imerys is to hedge economic risks to which the Group is exposed. Financial instruments are recognized at the transaction date, i.e. at the subscription date of the hedging contract. However, only financial instruments that meet the criteria of hedge accounting defined by standard IAS 39 on financial instruments follow the accounting treatment described hereafter. The changes in fair value of financial instruments that do not qualify for hedge accounting are immediately recognized in financial income (loss) of the period.

All transactions qualified as hedge accounting are documented by reference to the hedging strategy by identifying the hedged risk, the hedged item, the hedging instrument, the hedging relationship and the measurement method of the hedge relationship effectiveness. The measurement of the hedge effectiveness is reviewed at each balance sheet date. Derivatives are measured at fair value upon initial recognition. Subsequently, the fair value is re-measured at each balance sheet date by reference to market terms. Derivatives recognized in the balance sheet at the balance sheet date are allocated between current and non-current in accordance with their maturities and those of underlying transactions.

Accounting for a hedge derivative depends upon its designation as either fair value hedge, or cash flow hedge or hedge of a net investment in a foreign operation.

Fair value hedge

Where the changes in fair value of a recognized asset or liability or a firm commitment may have an impact on the profit or loss, these changes may be hedged by a fair value hedge. The hedged item and the hedging instrument are then re-measured symmetrically against the income statement at each balance sheet date. The impact in the income statement is limited to the ineffective portion of the hedge.

Cash flow hedge

A cash flow hedge enables to hedge the unfavorable changes in cash flows related to a recognized asset or liability or a highly probable future transaction, where these changes may have an impact on the profit or loss. At each balance sheet date, the effective portion of the hedge is recognized in equity and the ineffective portion in the income statement. When the effect of the hedged transaction is recognized in the income statement, the effective portion recognized in equity is recycled in the income statement, symmetrically to the recognition of the hedged item.

Hedge of a net investment in a foreign operation

The foreign exchange differences generated by the net assets held by the Group in foreign currencies may be hedged. At each balance sheet date, the effective portion of the hedge is recognized in equity and the ineffective portion in the income statement. Upon disposal of the foreign operation, the effective portion recognized in equity is recycled in the income statement.

3.22. Income taxes

Current tax results in the recognition of a liability to the extent it is unpaid and of an asset where the amount already paid exceeds the amount due or if a tax loss can be carried back.

Deferred tax assets and liabilities are accounted for with respect to all temporary taxable differences between the tax and accounting values of assets and liabilities in the consolidated balance sheet, except mainly for differences related to the initial recognition of goodwill and, in the case of taxable temporary differences between the accounting and tax values of investments, where the Group is in a position to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not reverse in a foreseeable future. A deferred tax asset is recognized with respect to taxable temporary differences, tax losses and tax credits only if it is probable that a future taxable profit shall be set against these elements, or there are taxable temporary differences in the same tax entity, that come to maturity in the period over which these elements remain recoverable. Tax rates and laws used are those that are enacted or substantively enacted at the balance sheet date and shall be applicable over the period of reversal of the timing difference. Deferred taxes are not discounted. In the consolidated balance sheet, deferred tax assets and liabilities are offset by tax entity, i.e. by legal entity or tax consolidation group *(Note 27)*.

Current and/or deferred taxes are recognized in the same level of profit or loss as the related losses. That principle of linking the tax to its base also applies to the transactions directly recognized in equity.

4 - STANDARDS AND INTERPRETATIONS EFFECTIVE AFTER THE BALANCE SHEET DATE

Texts adopted within the European Union at the balance sheet date

The following standard and interpretation are adopted within the European Union as of December 31, 2007. Although earlier application is permitted, the Group did not elect to apply these by anticipation in 2007:

- **IFRS 8, Operating Segments.** Following the decision of February 13, 2008 to change the operational organization of the Group *(Note 38)*, the operating segments that will be disclosed in accordance with IFRS 8 will correspond to the segmentation followed by management.
- **IFRIC 11, IFRS 2 - Group and Treasury Share Transactions.** This interpretation applies as soon as January 1, 2008 to share options involving several Group entities. This interpretation should have a limited impact.

Texts not adopted within the European Union at the balance sheet date

The amendments and interpretation indicated hereafter are not adopted within the European Union as of December 31, 2007:

- **Amendment of IAS 1, Presentation of Financial Statements.** That amendment will mainly result in the split of the current statement of changes in shareholders' equity into two separate statements reporting owner changes in equity on the one hand and items of income and expense directly recognized in equity on the other hand.
- **Amendment of IAS 23, Borrowing Costs.** That amendment requires the incorporation of the borrowing costs directly attributable to the acquisition, construction or production of assets prepared over a substantial period of time. The Group is currently investigating the impact of that amendment on the measurement of the satellite plants constructed nearby some clients' production capacities.
- **IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.** That interpretation applies to the interaction between future reductions in contributions and minimum funding requirements. The Group is currently investigating the impact of that interpretation with the assistance of its actuary, but does not anticipate any significant impact.

5 - INFORMATION SPECIFIC TO THE DECEMBER 31, 2007 CLOSING

5.1. Significant judgments and estimates

The measurement of some assets and liabilities requires judgments and estimates for the preparation of the financial statements. Judgments and estimates that are likely to result in a material adjustment on the carrying amount of these assets and liabilities over the subsequent period are presented hereafter.

Impairment tests

The determination of recoverable amounts of the CGUs assessed in the annual impairment test requires an estimate of their fair value net of disposal costs as well as their value in use. The assessment of the latter requires assumptions to be made with respect to the future free operating cash flows of the CGUs as well as the discount rates. In 2007, the impairment losses recognized in the income statement amount to €27.7 million (€129.0 million in 2006). A decrease of 5.0% in the free operating cash flows would not result in the recognition of any additional impairment loss. An increase of one percentage point in the discount rate would not result in the recognition of any additional impairment loss. Additional disclosures are provided in *Note 20*.

Income taxes

The payable portion of income taxes requires an estimate of the amount that the Group expects to pay in each country including anticipated potential adjustments. Where the payable amount proves lower or higher than the expected amount, the difference is recognized in the income statement of the period over which that difference is measured. The deferred portion of income taxes also requires judgment, especially for the assessment of future taxable benefits justifying the recognition of deferred tax assets. In 2007, the income tax expense amounts to €96.6 million (€51.5 million in 2006). Additional disclosures are provided in *Notes 14 and 27*. Deferred tax assets are recognized as carried forward tax losses when they are assessed as recoverable. The activity perspectives used as part of that assessment are identical to those used to measure risks of impairment losses.

Available-for-sale financial assets

The fair value assessment of investments held in unlisted entities over which the Group exercises neither control nor significant influence and for which there is no intent to sell in the short run requires an estimate of the future cash flows that these investments are likely to generate as well as discount rates. As of December 31, 2007, the carrying amount of these investments designated as available-for-sale financial assets amounts to €9.0 million (€12.8 million as of December 31, 2006). Additional disclosures are provided in *Note 23.2*.

Share options

The implementation of the Black & Scholes pricing model used to assess the fair value of services rendered against the grant of Imerys share options requires assumptions to be made with respect to the underlying share price, the volatility of the Imerys share and the turnover rate of beneficiaries. For those options for which, in addition to the duration of service condition, the acquisition of rights is subject to the achievement of economic performances, an assumption is made regarding the probability of these objectives being reached. In 2007, the share options expense recognized in the income statement amounts to €5.4 million (€6.0 million in 2006). Additional disclosures are provided in *Note 9*.

Provisions for employee benefits

The actuarial techniques used to assess the value of the defined benefit plans involve financial assumptions (discount rate, rate of return on assets, medical cost trend rate) and demographic assumptions (salary increase rate, employees' turnover rate, mortality rate) estimated by Imerys with the assistance of an independent actuary. The uncertainty inherent to these estimates arises mainly from the long term character of the plans. As of December 31, 2007, the net provisions recognized in relation to employee benefits amount to €157.3 million (€189.7 million as of December 31, 2006). An increase (decrease) of one percentage point in the medical cost trend rate would result in an insignificant change in the period expense and an increase of €0.4 million (decrease of €0.3 million) of the corresponding obligation. Additional disclosures are provided in *Note 25.1*.

Other provisions

Provisions for environmental risks and restoration recognized by Imerys with respect to its mining and industrial activities require an assessment of the amounts that the Group will have to pay and to set assumptions in terms of phasing and discount rate. The litigation and claims to which the Group is exposed are assessed by the Legal Department with the assistance of lawyers and are presented to the Audit Committee. Finally, the provisions related to the restructurings carried out throughout the Group also require estimates. As of December 31, 2007, the provisions amount to €177.4 million (€218.7 million as of December 31, 2006). Additional disclosures are provided in *Note 25.2*.

5.2. Main consolidated entities

Performance Minerals & Pigments (PMP)

Over the 2nd half of 2007, the business group built a production unit of ground calcium carbonate (GCC) in Niigata (Japan) within a joint venture (60.0% Imerys) with the paper producer Hokuetsu. In 2006, the business group had completed its production facilities in precipitated calcium carbonate (PCC) through the control of PT ECC in Indonesia and YBB in Vietnam over the 1st half and subsequently strengthened its positions in GCC through the acquisition of Mikro Minerals in Turkey over the 2nd half.

Materials & Monolithics (MM)

Over the 2nd half of 2007, the business group acquired Ace, the Indian leader in monolithic refractories. This acquisition is the first major change in the scope of the business group since the sale of the building materials trading activity Larivière and the integration of the activities of Lafarge Refractories in the first half of 2005.

Ceramics, Refractories, Abrasives & Filtration (CRAF)

The business group, which over the 1st half of 2006 had integrated the AGS group, specialized in chamottes (calcined clays) and metakaolins mainly for the refractory and sanitaryware markets, took control of several companies, one of which is the British group UCM further to the takeover bid launched on February 15, 2007. The business group thus broadens its range of fused minerals through one of the world's leading producers of fused zirconia for the refractories, advanced ceramics and automotive industries and fused magnesia, which is primarily used in the manufacture of electrical heating elements. Furthermore, over the 2nd half of 2007, the business group acquired The Feldspar Corporation (feldspar and kaolin) in the United States, the Ukrainian company Vatutinsky Kombinat Vognetryviv (calcined clays) and the Argentine company Perfiltra (perlite).

■ Countries Entities	*Business groups*	*Consolidation method (*)*	*% of interests (**)*
■ France			
AGS	CRAF	FC	99.50
ARDOISIERES D'ANGERS	MM	FC	100.00
CALDERYS FRANCE	MM	FC	100.00
CELITE FRANCE	CRAF	FC	100.00
CHARGES MINERALES DU PERIGORD	PMP	FC	100.00
DAMREC	CRAF	FC	100.00
HARBORLITE FRANCE	CRAF	FC	100.00
IMERYS CERAMICS FRANCE	CRAF PMP	FC	99.99
IMERYS KILN FURNITURE FRANCE	MM	FC	100.00
IMERYS MINERAUX FRANCE	PMP	FC	100.00
IMERYS SA	Holding	FC	Parent
IMERYS SERVICES	Holding	FC	100.00
IMERYS TABLEWARE FRANCE	CRAF	FC	100.00
IMERYS TC	MM	FC	100.00
MIRCAL	Holding	FC	100.00
MIRCAL EUROPE	Holding	FC	100.00
PLR REFRACTAIRES SAS U	MM	FC	100.00
WORLD MINERALS EUROPE SAS	CRAF	FC	100.00
■ Europe			
Germany			
CALDERYS DEUTSCHLAND GMBH & CO OHG	MM	FC	100.00
IMERYS TABLEWARE DEUTSCHLAND GMBH	CRAF	FC	100.00
KERAPLAN GMBH	MM	FC	85.00
MINERALIEN SCHIFFAHRT SPEDITION UND TRANSPORT GMBH	PMP	EM	50.00
MONREFCO GMBH	MM	FC	100.00
PLR FASSADENSYSTEME GMBH	MM	FC	100.00
TREIBACHER SCHLEIFMITTEL GMBH	CRAF	FC	100.00
TREIBACHER SCHLEIFMITTEL ZSCHORNEWITZ GMBH	CRAF	FC	100.00
Austria			
CALDERYS AUSTRIA GMBH	MM	FC	100.00
TREIBACHER SCHLEIFMITTEL AG	CRAF	FC	100.00
Belgium			
CALDERYS BELGIUM	MM	FC	100.00
IMERYS MINERAUX BELGIQUE SA	PMP	FC	100.00
TIMCAL BELGIUM	CRAF	FC	100.00

(*) FC: full consolidation - EM: equity method *(**) identical to the percentage of control*

■ Countries Entities	Business groups	Consolidation method (*)	% of interests (**)
Spain			
CELITE HISPANICA SA	CRAF	FC	100.00
EUROPERLITA ESPANOLA SA	CRAF	FC	100.00
IMERYS KILN FURNITURE ESPANA SA	MM	FC	97.11
IMERYS TILES MINERALS ESPANA	CRAF	FC	100.00
WORLD MINERALS ESPANA SL	CRAF	FC	100.00
Hungary			
CALDERYS MAGYARORSZAG KFT	MM	FC	100.00
IMERYS KILN FURNITURE HUNGARY KFT	MM	FC	100.00
Italy			
4 M D P L	CRAF	FC	100.00
CALDERYS ITALIA SRL	MM	FC	100.00
GRAN BIANCO CARRARA SRL	PMP	FC	60.00
IMERYS MINERALI SPA	PMP	FC	100.00
IMERYS TILES MINERALS ITALIA	CRAF	FC	100.00
MIRCAL ITALIA SRL	CRAF	FC	100.00
SPICA SRL	CRAF	FC	85.87
TREIBACHER SCHLEIFMITTEL SPA	CRAF	FC	100.00
WORLD MINERALS ITALIA SRL	CRAF	FC	100.00
Luxembourg			
WORLD MINERALS INTERNATIONAL SALES	CRAF	FC	100.00
Czech Republic			
IMERYS TABLEWARE CR SRO	CRAF	FC	100.00
Great Britain			
CALDERYS UK LTD	MM	FC	100.00
ELECTRO FURNACE PRODUCTS LTD	CRAF	FC	100.00
IMERYS MINERALS LTD	CRAF PMP	FC	100.00
IMERYS UK LTD	Holding	FC	100.00
PLIBRICO LTD	MM	FC	100.00
UCM GROUP PLC	CRAF	FC	100.00
UNITEC CERAMICS LIMITED	CRAF	FC	100.00
Russia			
OOO CALDERYS	MM	FC	100.00
Slovenia			
TREIBACHER SCHLEIFMITTEL DOO	CRAF	FC	100.00
Sweden			
CALDERYS NORDIC AB	MM	FC	100.00
IMERYS MINERAL AB	PMP	FC	100.00

(*) FC: full consolidation - EM: equity method

(**) identical to the percentage of control

■ Countries Entities	*Business groups*	*Consolidation method (*)*	*% of interests (**)*
Switzerland			
TIMCAL SA	CRAF	FC	100.00
Ukraine			
CALDERYS UKRAINE LTD	MM	FC	74.90
VATUTINSKY KOMBINAT VOGNETRYVIV	CRAF	FC	85.83
■ United States			
ADVANCED MINERALS CORPORATION	CRAF	FC	100.00
AMERICARB INC	PMP	FC	100.00
CELITE CORPORATION	CRAF	FC	100.00
C-E MINERALS INC	CRAF	FC	100.00
ECCA CALCIUM PRODUCTS INC	PMP	FC	100.00
HARBORLITE CORPORATION	CRAF	FC	100.00
IMERYS CARBONATES LLC	PMP	FC	100.00
IMERYS CLAYS INC	PMP	FC	100.00
IMERYS KAOLIN INC	PMP	FC	100.00
IMERYS MARBLE INC	PMP	FC	100.00
IMERYS P&A LLC	Holding	FC	100.00
IMERYS PAPER CARBONATES LLC	PMP	FC	100.00
IMERYS PIGMENTS INC	Holding	FC	100.00
IMERYS USA INC	Holding	FC	100.00
KENTUCKY-TENNESSEE CLAY COMPANY	CRAF	FC	100.00
K-T FELDSPAR CORPORATION	CRAF	FC	100.00
MUSCLE SHOALS MINERALS INC	CRAF	FC	100.00
TREIBACHER SCHLEIFMITTEL NORTH AMERICA INC	CRAF	FC	100.00
UNIVERSAL AMERICA INC	CRAF	FC	100.00
■ Rest of the World			
Republic of South Africa			
CALDERYS SOUTH AFRICA PTY LTD	MM	FC	73.97
ECCA HOLDINGS PTY LTD	CRAF	FC	73.97
IMERYS SOUTH AFRICA PTY LTD	Holding	FC	73.97
RHINO MINERALS PTY LTD	CRAF	FC	73.97
SAMREC PTY LTD	CRAF	FC	73.97
Argentina			
IMERYS ARGENTINA SRL	PMP	FC	100.00
MIRCAL ARGENTINA SRL	PMP	FC	100.00
Australia			
IMERYS MINERALS AUSTRALIA PTY LTD	PMP	FC	100.00

(*) FC: full consolidation - EM: equity method *(**) identical to the percentage of control*

■ Countries Entities	Business groups	Consolidation method (*)	% of interests (**)
Brazil			
IMERYS DO BRASIL COMERCIO DE EXTRACAO DE MINERIOS LTDA	PMP	FC	100.00
IMERYS RIO CAPIM CAULIM SA	PMP	FC	100.00
TREIBACHER SCHLEIFMITTEL BRASIL LTDA	CRAF	FC	100.00
Canada			
IMERYS CANADA LP	PMP	FC	100.00
TIMCAL CANADA INC	CRAF	FC	100.00
Chile			
CELITE CHILE LTDA	CRAF	FC	100.00
HARBORLITE CHILE LTDA	CRAF	FC	100.00
China			
CELITE PACIFIC LTD	CRAF	FC	100.00
IMERYS MINING DEVELOPMENT QINGYANG CO LTD	PMP	FC	100.00
IMERYS PIGMENTS WUHU CO LTD	PMP	FC	100.00
LINJIANG CELITE DIATOMITE CO LTD	CRAF	FC	100.00
India			
ACE REFRACTORIES LTD	MM	FC	99.80
Japan			
CALDERYS JAPAN CO LTD	MM	FC	100.00
IMERYS MINERALS JAPAN KK	PMP	FC	100.00
Malaysia			
IMERYS MINERALS MALAYSIA SDN BHD	PMP	FC	100.00
Mexico			
CELITE MEXICANA SA DE CV	CRAF	FC	100.00
K-T CLAY DE MEXICO SA DE CV	CRAF	FC	100.00
LIQUID QUIMICA MEXICANA SA DE CV	PMP	FC	100.00
New Zealand			
IMERYS TABLEWARE ASIA LTD	CRAF	FC	100.00
IMERYS TABLEWARE NEW ZEALAND LTD	CRAF	FC	100.00
Taiwan			
CALDERYS TAIWAN CO LTD	MM	FC	100.00
IMERYS MINERALS TAIWAN LTD	PMP	FC	100.00
Thailand			
MRD-ECC CO LTD	CRAF	FC	68.89
Turkey			
HARBORLITE AEGEAN ENDUSTRI MINERALLERI SANAYI AS	CRAF	FC	99.78

(*) FC: full consolidation - EM: equity method

(**) identical to the percentage of control

5.3. Currency rates

The rates of the main foreign currencies used for the preparation of the consolidated financial statements are indicated hereafter:

(€)	Foreign	2007		2006		2005	
COUNTRIES	currencies	12.31	Average	12.31	Average	12.31	Average
Argentina	ARS	4.6425	4.2701	4.0500	3.8599	3.5990	3.6384
Australia	AUD	1.6757	1.6352	1.6691	1.6669	1.6109	1.6323
Brazil	BRL	2.6075	2.6628	2.8164	2.7338	2.7613	3.0407
Canada	CAD	1.4449	1.4682	1.5281	1.4237	1.3725	1.5095
China	CNY	10.7524	10.4161	10.2793	10.0146	9.5620	10.2009
Denmark	DKK	7.4583	7.4506	7.4560	7.4591	7.4605	7.4518
United States	USD	1.4721	1.3702	1.3170	1.2557	1.1797	1.2447
Great Britain	GBP	0.7334	0.6843	0.6715	0.6817	0.6853	0.6839
Hungary	HUF (100)	2.5373	2.5137	2.5177	2.6430	2.5284	2.4802
Japan	JPY (100)	1.6493	1.6122	1.5693	1.4603	1.3891	1.3687
New Zealand	NZD	1.9024	1.8629	1.8725	1.9374	1.7270	1.7663
Republic of South Africa	ZAR	10.0298	9.6602	9.2124	8.5348	7.4642	7.9187
Czech Republic	CZK	26.6280	27.7674	27.4850	28.3418	28.9998	29.7823
Sweden	SEK	9.4415	9.2507	9.0404	9.2544	9.3885	9.2807
Switzerland	CHF	1.6547	1.6425	1.6069	1.5729	1.5551	1.5483
Thailand	THB	43.8000	44.2086	46.7700	47.6143	48.6074	50.0651

2. Notes to the consolidated income statement

6 - REVENUE

Consolidated sales evolution

Consolidated sales amount to €3,401.9 million for the 2007 period against €3,288.1 million for the previous period, i.e. an increase of + 3.46%, including a negative effect of - €102.0 million due to foreign currency changes. At comparable structure and foreign currency rates, the Group's sales increased by + 4.2%.

Sales of goods and rendering of services

(€ millions)	*2007*	*2006*	*2005*
Sales of goods	3,027.5	2,940.2	2,716.3
Rendering of services	374.4	347.9	328.9
Total	**3,401.9**	**3,288.1**	**3,045.2**

Geographic origins of consolidated sales

(€ millions)	*2007*	*2006*	*2005*
France	858.9	817.4	761.8
Other European countries	1,353.2	1,283.3	1,223.8
North America	777.9	812.6	722.1
Asia - Oceania	267.7	236.4	212.0
Other countries	144.2	138.4	125.5
Total	**3,401.9**	**3,288.1**	**3,045.2**

7 - RAW MATERIALS AND CONSUMABLES USED

(€ millions)	*2007*	*2006*	*2005*
Raw materials	(462.6)	(408.2)	(360.4)
Energy	(361.4)	(360.0)	(301.4)
Chemicals	(71.1)	(72.6)	(72.8)
Other raw materials	(171.9)	(173.9)	(146.9)
Merchandises	(122.4)	(120.2)	(188.9)
Change in inventories	21.2	25.7	42.9
Property, plant and equipment produced by the entity	8.3	7.1	8.8
Total	**(1,159.9)**	**(1,102.1)**	**(1,018.7)**

8 - EXTERNAL EXPENSES

(€ millions)	*2007*	*2006*	*2005*
Freight	(391.3)	(384.0)	(350.6)
Operating leases	(46.3)	(47.7)	(44.1)
Subcontracting	(101.7)	(90.6)	(73.3)
Maintenance and repair	(97.4)	(84.6)	(81.1)
Fees	(47.3)	(50.3)	(58.1)
Other external expenses	(183.7)	(170.2)	(155.3)
Total	**(867.7)**	**(827.4)**	**(762.5)**

9 - STAFF EXPENSES

(€ millions)	*2007*	*2006*	*2005*
Salaries	(524.5)	(511.7)	(477.7)
Social contributions	(105.6)	(96.7)	(89.5)
Net change in defined benefit plans	18.3	20.5	4.4
Contributions to defined benefit plans	(28.5)	(28.0)	(18.6)
Contributions to defined contribution plans	(17.6)	(17.1)	(13.4)
Other employee benefits	(6.2)	(6.4)	(5.6)
Profit-sharing	(21.3)	(21.0)	(16.4)
Total	**(685.4)**	**(660.4)**	**(616.8)**

As Imerys attributes share options whose payment is performed in shares, salaries include the cost of these plans, broken down as follows:

Plans	*Number of options*	*Strike price (€)*	*Maturity*	*Volatility* [1]	*Turnover rate*	*Average dividend rate*	*Fair value of the option (Black & Scholes) (€)*	*Cost of each plan on 3 years*	*2005 cost of the plans (€ millions)*	*2006 cost of the plans*	*2007 cost of the plans*
2003	747,720	28.31	5 years	20.0%	13.1%	3.25%	5.51	(3.6)	(1.1)	(0.7)	-
2004	640,000	48.88	5 years	20.0%	11.8%	3.25%	7.13	(3.9)	(1.2)	(1.4)	(0.5)
2004	200,000	48.88	5 years	20.0%	16.7%	3.25%	7.13	(1.2)	(0.4)	(0.4)	(0.1)
2005	635,000	57.58	6 years	20.0%	11.8%	3.20%	8.36	(4.6)	(1.0)	(1.6)	(1.6)
2006	640,000	68.27	6 years	17.5%	11.8%	3.13%	8.97	(5.0)	-	(1.1)	(1.7)
2006ESP	38,770	66.55	5 years	17.5%	0.0%	3.13%	8.57	(0.3)	-	(0.3)	-
2006 Other	-	-	-	-	-	-	-	-	-	(0.5)	(0.1)
2007	560,000	70.51	5 years	20.0%	11.8%	3.07%	12.40	(6.1)	-	-	(1.4)
Cost of plans recognized as staff expenses									**(3,7)**	**(6.0)**	**(5.4)**
Weighted average exercise price (in €)									29.94	29.74	36.22

[1] *Revised in accordance with market conditions at the balance sheet date.*

The general policy for the granting of Imerys share options is set by the Board of Directors upon the Appointments and Compensation Committee's recommendations.

The main characteristics of the policy, excluding grants made under the Group's employee shareholding operations, are as follows:

- grants take the form of share subscription options. This form was judged preferable to share purchase options as it prevents the Company from having to tie up its capital before the option exercise period even opens, in order to acquire on the market the number of shares needed to fulfill possible option exercises;
- as of 1999, share options are granted once a year and the total number of options each year is adjusted according to the Group's overall performance or to specific events;
- the actual or likely beneficiaries of stock subscription options are the Group's executives (Chief Executive Officer, Executive Committee members, business group and division management committees, managers of the Group's main corporate departments) and, since 2001, the holders of certain key positions reporting to them, as well as high-potential managers and employees that make an outstanding contribution to the Company's performance.

The following table summarizes the history, status and main characteristics of the share option plans in force as of December 31, 2007.

	May 2007	*November 2006*	*May 2006*	*May 2005*	*May 2004*	*October 2003*	*May 2003*	*Total*
Share option expiration date	05/01/2017	11/06/2016	05/01/2016	05/02/2015	05/02/2014	10/21/2013	05/05/2013	
Share subscription price	€70.51	€66.96	€68.27	€57.58	€48.89	€40.62	€28.31	
Number of share options outstanding as of 01/01/2005	-	-	-	-	834,600	37,424	688,720	1,560,744
Number of share options granted	-	-	-	635,000	-	-	-	635,000
Number of share options exercised	-	-	-	-	-	(180)	-	(180)
Number of share options cancelled	-	-	-	(10,000)	(55,900)	-	(38,660)	(104,560)
Number of share options outstanding as of 01/01/2006			-	-	625,000	778,700	37,244	650,060 2,091,004
Number of share options granted	-	38,770	640,000	-	-	-	-	678,770
Number of share options exercised	-	-	-	-	-	(952)	(197,060)	(198,012)
Number of share options cancelled	-	-	(3,400)	(24,900)	(12,000)	(8)	-	(40,308)
Number of share options outstanding as of 01/01/2007	-	38,770	636,600	600,100	766,700	36,284	453,000	2,531,454
Number of share options granted	560,000	-	-	-	-	-	-	560,000
Number of share options exercised	-	(145)	-	-	(137,800)	(3,796)	(138,320)	(280,061)
Number of share options cancelled	-	-	(16,900)	(21,400)	(4,400)	-	-	(42,700)
Number of share options outstanding as of 31/12/2007	560,000	38,625	619,700	578,700	624,500	32,488	314,680	2,768,693
Number of share options exercisable as of 31/12/2007	-	-	-	-	624,500	32,488	314,680	971,668
Weighted average remaining contractual life (years)								*7.5*

10 - OTHER CURRENT OPERATIONAL REVENUE AND EXPENSES

(€ millions)	*2007*	*2006*	*2005*
Other revenue	35,6	41.3	21.2
Income on current asset disposals	17.5	15.1	9.6
Grants received	1.3	1.2	1.4
Other expenses	(30.4)	(43.3)	(38.3)
Net change in operating provisions	10.7	1.6	18.1
Total	**34.7**	**15.9**	**12.0**
of which:			
- revenue	*99.1*	*68.3*	*59.1*
- expenses	*(64.4)*	*(52.4)*	*(47.3)*

11 - OTHER OPERATING REVENUE AND EXPENSES

(€ millions)	*2007*	*2006*	*2005*
Income on disposals of consolidated investments	(1.1)	1.4	93.5
Income on non-current asset disposals	(0.2)	15.1	(13.1)
Restructuring expenses paid	(58.2)	(47.3)	(32.3)
Impairment losses on restructuring	(22.5)	(123.5)	(69.1)
Change in provisions for restructuring and litigation	36.1	(21.3)	22.9
Impairment losses on goodwill	(0.1)	(0.2)	(4.5)
Other operating revenue and expenses - gross	**(46.0)**	**(175.8)**	**(2.7)**
of which:			
- revenue	*70.8*	*63.0*	*196.0*
- expenses	*(116.7)*	*(238.8)*	*(198.7)*
Income taxes on other revenue and expenses	13.4	54.9	24.5
Other operating revenue and expenses - net, Group share	**(32.5)**	**(120.9)**	**21.8**

Other operating revenue and expenses of the period

Other operating revenue and expenses of the 2007 period include the impact of two restructuring actions carried out in North America, one having been initiated in 2006 of filtration activities for an amount of - €8.4 million after income taxes, the other being the restructuring of performance minerals activities for an amount of - €16.8 million after income taxes. Furthermore, other operating revenue and expenses include a decrease in provisions for an amount of + €4.2 million after income taxes corresponding to the settlement of a liability guarantee. This provision had been recognized as asset disposals required by the antitrust authorities at the time of the ECC acquisition in 1999.

Other operating revenue and expenses of prior periods

The reorganization of the Group's kaolin production in Great Britain announced on July 4, 2006, had resulted in the recognition of an impairment loss on industrial and mining assets located in Cornwall and Devon, as well as additional provisions for restoration over the 1st half of 2006 and of social liabilities over the 2nd half. This reorganization, which had no impact on the carrying amount of goodwill, amounted to €87.0 million net of income taxes for the whole of 2006. The other operating revenue and expenses of 2006 also included an amount of €45.0 million net of income taxes recognized in relation to other restructuring actions taken throughout the Group, mainly in Latin America and continental Europe. The gain generated over the 2nd half of 2006 by the disposal of one floor of the Group's former headquarters in Paris amounted to €6.0 million after income taxes.

12 - 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. As financial instruments correspond to a large number of different contracts, these are classified in categories by standard IAS 39 on financial instruments. Among these, the following categories exist at Imerys:

- **Available for sale financial assets:** investments in non consolidated entities (absence of control and significant influence of the Group);
- **Financial assets and liabilities at fair value through profit or loss:** marketable securities, fair value hedge derivatives, derivatives not eligible to hedge accounting;
- **Loans and receivables:** trade receivables, tax receivables other than income taxes, cash;
- **Financial liabilities at amortized cost:** bonds, bank loans, trade payables, tax debts other than income taxes, bank overdrafts.

Cash flow hedge derivatives are disclosed in a separate column. They belong by nature to the scope of standard IAS 39, but the hedge accounting treatment determines their recognition in a way such that it is not possible to include these in one of the above categories.

Notes 12, 13, 23 and 26 present disclosures on financial instruments in accordance with the above categories. In order to enable the reconciliation between the disclosures and the financial statements, these notes include a column "Assets and liabilities excluded from the scope of standard IAS 39 on financial instruments" that includes the elements related to:

- **Financial assets and liabilities excluded from the scope of standard IAS 39**: consolidated investments (IAS 27), investments measured in accordance with the equity method (IAS 28), defined employee benefits plan assets (IAS 19), short term employee benefits assets and liabilities (IAS 19), share options (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 liabilities (IAS 19), grants (IAS 20).

As of December 31, 2007

The table hereafter discloses the items of income, expenses, gains and losses recognized in the income statement and in equity in 2007 by categories of financial instruments. The detail of rows “Other financial revenue” and “Other financial expenses” is disclosed in *Note 13*.

		Financial assets and liabilities within the scope of standard IAS 39 on financial instruments							*Assets and liabilities excluded from the scope of standard IAS 39 on financial instruments*
			Financial assets and liabilities at fair value through profit or loss						
(€ millions)	*2007*	*Available for sale financial assets*	*Marketable securities and deposits*	*Fair value hedge derivatives*	*Derivatives not eligible to hedge accounting*	*Loans and receivables*	*Financial liabilities at amortized cost*	*Cash flow hedge derivatives*	
Income statement									
Operating income									
Revenue	3,401.9	-	-	-	-	3,401.9	-	-	-
Raw materials and consumables used	(1,159.9)	-	-	-	-	-	(1,199.5)	2.8	36.8
External expenses	(867.7)	-	-	-	-	-	(867.7)	-	-
Taxes and duties	(47.9)	-	-	-	-	-	(47.9)	-	-
Other operational revenue and expenses	34.7	-	-	-	-	33.5	(29.7)	0.9	30.0
Income on asset disposals	(1.3)	(1.3)	-	-	-	-	-	-	-
Financial income (loss)									
Income from securities	5.7	-	5.7	-	-	-	-	-	-
Gross financial debt expense	(63.7)	-	-	1.5	-	-	(70.4)	5.2	-
Other financial revenue	50.5	1.0	-	(24.4)	0.6	0.9	72.1	(0.8)	1.1
Other financial expenses	(48.2)	(1.3)	-	23.5	(1.1)	-	(66.8)	1.5	(4.0)
Shareholders' equity									
Revenue and expenses recognized in shareholders' equity	(3.9)	-	-	-	-	-	-	(3.9)	-
Revenue and expenses recycled to the income statement	6.7	-	-	-	-	-	-	6.7	-
Net profit (loss)		**(1.6)**	**5.7**	**0.6**	**(0.5)**	**3,436.3**	**(2,209.9)**	**12.4**	
- of which:									
- impairment losses in income statement	*(14.1)*	*(1.3)*	-	-	-	*(6.0)*	-	-	*(6.8)*
- reversals of impairment losses in income statement	*12.0*	*0.8*	-	-	-	*4.5*	-	-	*6.7*

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

		Fair value hedge derivatives				*Cash flow hedge derivatives*		
		Fair value hedges						
(€ millions)	*2007*	*Change in fair value of the hedged items*	*Change in fair value of hedging instruments*	*Ineffectiveness of hedges*	*2007*	*Hedges recycled in the income statement*	*Ineffectiveness of hedges*	*Ineffectiveness of net investment hedges in foreign entities*
Income statement								
Operating income								
Raw materials and consumables used	-				2.8	2.8		
Other operational revenue and expenses	-		-	-	0.9	(1.7)	2.6	-
Financial income (loss)								
Gross financial debt expense	1.5	-	1.5	-	5.2	5.2	-	-
Other financial revenue	(24.4)	(6.6)	(17.2)	(0.6)	(0.8)	(0.2)	(0.6)	-
Other financial expenses	23.5	16.7	6.6	0.2	1.5	0.6	0.9	-
Shareholders' equity								
Revenue and expenses recognized in shareholders' equity	-				(3.9)	(3.9)		
Revenue and expenses recycled to the income statement	-				6.7	6.7		

As of December 31, 2006

The table hereafter discloses the items of income, expenses, gains and losses recognized in the income statement and in equity in 2006 by categories of financial instruments. The detail of rows “Other financial revenue” and “Other financial expenses” is disclosed in *Note 13*.

		Financial assets and liabilities within the scope of standard IAS 39 on financial instruments							*Assets and liabilities excluded from the scope of standard IAS 39 on financial instruments*
			Financial assets and liabilities at fair value through profit or loss						
(€ millions)	*2006*	*Available for sale financial assets*	*Marketable securities and deposits*	*Fair value hedge derivatives*	*Derivatives not eligible to hedge accounting*	*Loans and receivables*	*Financial liabilities at amortized cost*	*Cash flow hedge derivatives*	
Income statement									
Operating income									
Revenue	3,288.1	-	-	-	-	3,288.1	-	-	-
Raw materials and consumables used	(1,102.1)	-	-	-	-	-	(1,150.7)	7.2	41.4
External expenses	(827.4)	-	-	-	-	-	(827.4)	-	-
Taxes and duties	(48.6)	-	-	-	-	-	(48.6)	-	-
Other operational revenue and expenses	15.9	-	-	-	-	40.4	(31.6)	(8.0)	15.1
Income on asset disposals	16.5	0.1	-	-	-	-	-	-	16.4
Financial income (loss)									
Income from securities	4.6	-	4.6	-	-	-	-	-	-
Gross financial debt expense	(53.9)	-	-	9.5	-	-	(64.5)	1.1	-
Other financial revenue	67.9	1.8	-	(23.2)	(1.1)	1.6	90.0	(2.1)	0.9
Other financial expenses	(65.3)	(0.8)	-	22.5	1.1	(0.1)	(85.7)	1.0	(3.3)
Shareholders' equity									
Revenue and expenses recognized in shareholders' equity	(0.6)	-	-	-	-	-	-	(0.6)	-
Revenue and expenses recycled to the income statement	2.8	-	-	-	-	-	-	2.8	-
Net profit (loss)		**1.1**	**4.6**	**8.8**	**-**	**3,330.0**	**(2,118.5)**	**1.4**	
- of which:									
- impairment losses in income statement	*(12.3)*	*(0.8)*	-	-	-	*(4.6)*	-	-	*(6.9)*
- reversals of impairment losses in income statement	*11.9*	*0.1*	-	-	-	*6.7*	-	-	*5.1*

The column “Derivatives eligible to hedge accounting” of the above table is analyzed as follows by type of hedge:

		Fair value hedge derivatives				*Cash flow hedge derivatives*		
		Fair value hedges						
(€ millions)	*2006*	*Change in fair value of the hedged items*	*Change in fair value of hedging instruments*	*Ineffectiveness of hedges*	*2006*	*Hedges recycled in the income statement*	*Ineffectiveness of hedges*	*Ineffectiveness of net investment hedges in foreign entities*
Income statement								
Operating income								
Raw materials and consumables used	-	-	-	-	7.2	7.2	-	-
Other operational revenue and expenses	-	-	-	-	(8.0)	(5.5)	(2.5)	-
Financial income (loss)								
Gross financial debt expense	9.5	-	9.5	-	1.1	1.1	-	-
Other financial revenue	(23.2)	-	(22.5)	(0.7)	(2.1)	(0.5)	(1.6)	-
Other financial expenses	22.5	22.5	-	-	1.0	0.6	0.4	-
Shareholders' equity								
Revenue and expenses recognized in shareholders' equity	-				(0.6)	(0.6)		
Revenue and expenses recycled to the income statement	-				2.8	2.8		

As of December 31, 2005

The table hereafter discloses the items of income, expenses, gains and losses recognized in the income statement and in equity in 2005 by categories of financial instruments. The detail of rows “Other financial revenue” and “Other financial expenses” is disclosed in *Note 13*.

		Financial assets and liabilities within the scope of standard IAS 39 on financial instruments							*Assets and liabilities excluded from the scope of standard IAS 39 on financial instruments*
			Financial assets and liabilities at fair value through profit or loss						
(€ millions)	*2005*	*Available for sale financial assets*	*Marketable securities and deposits*	*Fair value hedge derivatives*	*Derivatives not eligible to hedge accounting*	*Loans and receivables*	*Financial liabilities at amortized cost*	*Cash flow hedge derivatives*	
Income statement									
Operating income									
Revenue	3,045.2	-	-	-	-	3,045.2	-	-	-
Raw materials and consumables used	(1,018.7)	-	-	-	-	-	(1,078.0)	(3.2)	62.5
External expenses	(762.5)	-	-	-	-	-	(762.5)	-	-
Taxes and duties	(39.9)	-	-	-	-	-	(39.9)	-	-
Other operational revenue and expenses	12.0	-	-	-	-	20.7	(36.6)	1.1	26.8
Income on asset disposals	80.4	-	-	-	-	-	-	-	80.4
Financial income (loss)									
Income from securities	5.2	-	5.2	-	-	-	-	-	-
Gross financial debt expense	(48.0)	-	-	11.1	-	-	(59.7)	0.6	-
Other financial revenue	68.9	1.1	-	37.5	0.6	4.2	23.7	1.9	-
Other financial expenses	(73.4)	(0.1)	-	(38.1)	(0.6)	(0.5)	(26.6)	(2.2)	(5.3)
Shareholders' equity									
Revenue and expenses recognized in shareholders' equity	(1.1)	-	-	-	-	-	-	(1.1)	-
Revenue and expenses recycled to the income statement	(0.2)	-	-	-	-	-	-	(0.2)	-
Net profit (loss)		**1.0**	**5.2**	**10.4**	**-**	**3,069.6**	**(1,979.5)**	**(3.2)**	
- of which:									
- impairment losses in income statement	*(10.0)*	*(0.1)*	-	-	-	*(5.0)*	-	-	*(4.9)*
- reversals of impairment losses in income statement	*12.4*	*0.1*	-	-	-	*6.8*	-	-	*5.5*

The table hereafter splits the column “derivative instruments” of the above table by type of hedge:

		Fair value hedge derivatives				*Cash flow hedge derivatives*		
		Fair value hedges						
(€ millions)	*2005*	*Change in fair value of the hedged items*	*Change in fair value of hedging instruments*	*Ineffectiveness of hedges*	*2005*	*Hedges recycled in the income statement*	*Ineffectiveness of hedges*	*Ineffectiveness of net investment hedges in foreign entities*
Income statement								
Operating income								
Raw materials and consumables used	-	-	-	-	(3.2)	(3.2)	-	-
Other operational revenue and expenses	-	-	-	-	1.1	2.0	(0.9)	-
Financial income (loss)								
Gross financial debt expense	11.1	-	11.1	-	0.6	0.6	-	-
Other financial revenue	37.5	7.5	30.0	-	1.9	1.7	0.2	-
Other financial expenses	(38.1)	(30.0)	(7.5)	(0.6)	(2.2)	(1.3)	(0.9)	-
Shareholders' equity								
Revenue and expenses recognized in shareholders' equity	-				(1.1)	(1.1)		
Revenue and expenses recycled to the income statement	-				(0.2)	(0.2)		

13 - FINANCIAL INCOME (LOSS)

The tables hereafter discloses the financial income (loss) by categories of financial instruments. A description of the categories of financial instrument is provided in *Note 12*.

As of December 31, 2007

		Financial assets and liabilities within the scope of standard IAS 39 on financial instruments							*Assets and liabilities excluded from the scope of standard IAS 39 on financial instruments*
			Financial assets and liabilities at fair value through profit or loss						
(€ millions)	*2007*	*Available for sale financial assets*	*Marketable securities*	*Fair value hedge derivatives*	*Derivatives not eligible to hedge accounting*	*Loans and receivables*	*Financial liabilities at amortized cost*	*Cash flow hedge derivatives*	
Income from securities	5.7	-	5.7	-	-	-	-	-	-
Gross financial debt expense	(63.7)	-	-	1.5	-	-	(70.4)	5.2	-
Net financial debt expense	**(58.0)**	**-**	**5.7**	**1.5**	**-**	**-**	**(70.4)**	**5.2**	**-**
Dividends	0.2	0.2	-	-	-	-	-	-	-
Net exchange rate differences	7.3	-	-	-	-	-	6.6	-	0.7
Expenses and revenue on derivative instruments	(1.0)	-	-	(0.9)	(0.5)	-	-	0.4	-
Unwinding expense	(3.7)	-	-	-	-	-	-	-	(3.7)
Other financial revenue and expenses	(0.5)	(0.5)	-	-	-	0.9	(1.3)	0.4	-
Other financial revenue and expenses	**2.3**	**(0.3)**	**-**	**(0.9)**	**(0.5)**	**0.9**	**5.3**	**0.8**	**(3.0)**
Financial income (loss)	**(55.7)**	**(0.3)**	**5.7**	**0.6**	**(0.5)**	**0.9**	**(65.1)**	**6.0**	**(3.0)**
of which									
- revenue	*56.2*	*1.0*	*5.7*	*(24.4)*	*0.6*	*0.9*	*72.1*	*(0.7)*	*1.0*
- expenses	*(111.9)*	*(1.3)*	*-*	*25.0*	*(1.1)*	*-*	*(137.2)*	*6.7*	*(4.0)*

As of December 31, 2006

		Financial assets and liabilities within the scope of standard IAS 39 on financial instruments							*Assets and liabilities excluded from the scope of standard IAS 39 on financial instruments*
			Financial assets and liabilities at fair value through profit or loss						
(€ millions)	*2006*	*Available for sale financial assets*	*Marketable securities*	*Fair value hedge derivatives*	*Derivatives not eligible to hedge accounting*	*Loans and receivables*	*Financial liabilities at amortized cost*	*Cash flow hedge derivatives*	
Income from securities	4.6	-	4.6	-	-	-	-	-	-
Gross financial debt expense	(53.9)	-	-	9.5	-	-	(64.5)	1.1	-
Net financial debt expense	**(49.3)**	**-**	**4.6**	**9.5**	**-**	**-**	**(64.5)**	**1.1**	**-**
Dividends	0.2	0.2	-	-	-	-	-	-	-
Net exchange rate differences	6.7	-	-	-	-	-	5.8		0.9
Expenses and revenue on derivative instruments	(1.9)	-	-	(0.7)	-	-	-	(1.2)	-
Unwinding expense	(3.2)	-	-	-	-	-	-	-	(3.2)
Other financial revenue and expenses	0.8	0.7	-	-	-	1.5	(1.5)	0.1	-
Other financial revenue and expenses	**2.6**	**0.9**	**-**	**(0.7)**	**-**	**1.5**	**4.3**	**(1.1)**	**(2.3)**
Financial income (loss)	**(46.7)**	**0.9**	**4.6**	**8.8**	**-**	**1.5**	**(60.2)**	**-**	**(2.3)**
of which									
- revenue	*72.6*	*1.8*	*4.6*	*(23.2)*	*(1.1)*	*1.6*	*90.0*	*(2.1)*	*1.0*
- expenses	*(119.3)*	*(0.9)*	*-*	*32.0*	*1.1*	*(0.1)*	*(150.2)*	*2.1*	*(3.3)*

As of December 31, 2005

(€ millions)	2005	Financial assets and liabilities within the scope of standard IAS 39 on financial instruments							Assets and liabilities excluded from the scope of standard IAS 39 on financial instruments
		Available for sale financial assets	Financial assets and liabilities at fair value through profit or loss			Loans and receivables	Financial liabilities at amortized cost	Cash flow hedge derivatives	
			Marketable securities	Fair value hedge derivatives	Derivatives not eligible to hedge accounting				
Income from securities	5.2	-	5.2	-	-	-	-	-	-
Gross financial debt expense	(48.0)	-	-	11.1	-	-	(59.7)	0.6	-
Net financial debt expense	**(42.8)**	**-**	**5.2**	**11.1**	**-**	**-**	**(59.7)**	**0.6**	**-**
Dividends	0.1	0.1	-	-	-	-	-	-	-
Net exchange rate differences	1.7	-	-	-	-	-	4.0	-	(2.3)
Expenses and revenue on derivative instruments	(1.3)	-	-	(0.6)	-	-	-	(0.7)	-
Unwinding expense	(3.0)	-	-	-	-	-	-	-	(3.0)
Other financial revenue and expenses	(2.0)	0.9	-	-	-	3.7	(7.0)	0.4	-
Other financial revenue and expenses	**(4.5)**	**1.0**	**-**	**(0.6)**	**-**	**3.7**	**(3.0)**	**(0.3)**	**(5.3)**
Financial income (loss)	**(47.3)**	**1.0**	**5.2**	**10.5**	**-**	**3.7**	**(62.7)**	**0.3**	**(5.3)**
of which									
- revenue	*74.1*	*1.1*	*5.2*	*37.5*	*0.6*	*4.2*	*23.7*	*1.9*	*-*
- expenses	*(121.4)*	*(0.1)*	*-*	*(27.0)*	*(0.6)*	*(0.5)*	*(86.4)*	*(1.6)*	*(5.3)*

14 - INCOME TAXES

Imerys SA and the majority of its French entities are included in a tax consolidation system which notably enables the Group to offset within the consolidated group potential profits and losses. The French tax consolidation scope was increased by 4 entities in 2007. 8 entities left the scope. The tax consolidation scope includes 29 entities as of December 31, 2007. Tax consolidations also exist in other countries, mainly in the United States, in Great Britain, in Spain, in Germany and in Italy.

Income taxes for the period

The breakdown of income taxes for the period is as follows:

(€ millions)	2007	2006	2005
Income taxes payable for the period	(109.2)	(96.9)	(101.9)
Income taxes payable - Prior period adjustments	3.2	2.1	5.1
Income taxes payable	**(106.0)**	**(94.8)**	**(96.8)**
Deferred taxes due to changes in temporary differences	9.7	43.7	20.5
Deferred taxes due to changes in income tax rates	(0.3)	(0.4)	(0.2)
Deferred taxes	9.4	**43.3**	**20.3**
Total	**(96.6)**	**(51.5)**	**(76.5)**

(€ millions)	2007	2006	2005
Current operating income taxes payable	(123.1)	(110.9)	(98.7)
Current operating deferred taxes	13.0	4.5	(2.3)
Income taxes on current operating income	**(110.1)**	**(106.4)**	**(101.0)**
Income taxes payable on other operating revenue and expenses	17.1	16.1	1.9
Deferred taxes on other operating revenue and expenses	(3.6)	38.8	22.6
Income taxes on other operating revenue and expenses	13.5	**54.9**	**24.5**
Total	**(96.6)**	**(51.5)**	**(76.5)**

Income taxes paid over the period

The amount of income taxes paid in 2007 amounts to €101.0 million (€90.9 million in 2006), of which €118.0 million paid on current operating income and financial income (€107.0 million in 2006) and €17.0 million received on other operating revenue and expenses (€16.1 million received in 2006).

Tax reconciliation excluding non-recurring items

The effective income tax rate excluding non-recurring items[(1)] amounts to 26.0% decreasing by 0.2 point in comparison with 2006 (25.8%).

The reconciliation with the legal rate in France for the current and the prior period can be analyzed as follows:

	2007	*2006*	*2005*
Legal tax rate in France (including surtax and contribution)	34.4%	34.4%	34.9%
Impact of national rate differences	(1.1)%	(1.1)%	(1.4)%
Impact of permanent differences and tax incentives	(4.3)%	(6.0)%	(4.3)%
Impact of unrecognized tax losses utilized	(1.0)%	(0.6)%	(1.2)%
Other income taxes at different rates and bases			
and impact of rate changes on deferred taxes	0.8%	0.9%	1.3%
Other (tax credits, tax losses created and unrecognized,			
tax reassessment and tax provisions, prior period adjustments)	(2.8)%	(1.8)%	(3.2)%
Effective tax rate on current operating and financial income (loss) [(1)]	**26.0%**	**25.8%**	**26.1%**

[(1)] Income taxes on current operating income (€110.1 million) divided by the sum of the current operating income (+ €478.3 million) and financial income (loss) (- €55.7 million).

Tax reconciliation including non-recurring items

After integration of non-recurring items, the effective tax rate amounts to 25.7%.

	2007	*2006*	*2005*
Legal tax rate in France (including surtax and contribution)	34.4%	34.4%	34.9%
Impact of national rate differences	(1.2)%	0.4%	(1.0)%
Impact of permanent differences and tax incentives	(4.7)%	(10.9)%	(11.8)%
Impact of unrecognized tax losses utilized	(1.1)%	(0.8)%	(1.2)%
Other income taxes at different rates and bases			
and impact of rate changes on deferred taxes	0.6%	1.5%	1.2%
Other (tax credits, tax losses created and unrecognized,			
tax reassessment and tax provisions, prior period adjustments)	(2.3)%	(2.8)%	(2.2)%
Effective tax rate on operating and financial income (loss)	**25.7%**	**21.8%**	**19.9%**

15 - NET INCOME, GROUP SHARE

(€ millions)	*2007*	*2006*	*2005*
Current operating income	478.3	458.8	434.0
Financial income (loss)	(55.7)	(46.7)	(47.3)
Income taxes on current operating income *(Note 14)*	(110.1)	(106.4)	(101.0)
Share in net income of associates	6.9	5.2	4.6
Minority interests	(2.7)	(2.6)	(2.7)
Current operating income, Group share	**316.7**	**308.3**	**287.6**
Effective tax rate on current operating income	*26.0%*	*25.8%*	*26.1%*

(€ millions)	*2007*	*2006*	*2005*
Current operating income, Group share	316.7	308.3	287.6
Net income of discontinued operations or held for sale	-	-	-
Other operating revenue and expenses - net *(Note 11)*	(32.5)	(120.9)	21.8
Net income, Group share	**284.2**	**187.4**	**309.4**

16 - EARNINGS PER SHARE

No significant transaction has changed the number of ordinary shares and potential ordinary shares between the balance sheet date and the authorization of issue of the financial statements by the Board of Directors.

(€ millions)	*2007*	*2006*	*2005*
Numerator			
Current operating income, Group share	316.7	308.3	287.6
Impact of financial income (loss) on share options	3.6	3.1	2.6
Current operating income attributable to ordinary equity holders used for the calculation of the diluted earnings per share	320.3	311.4	290.2
Net income, Group share	284.2	187.4	309.4
Impact of financial income (loss) on share options	3.6	3.1	2.6
Net income attributable to ordinary equity holders used for the calculation of the diluted earnings per share	287.7	190.5	311.9
Denominator			
Weighted average of shares used for the calculation of the basic earnings per share	63,330,652	63,475,098	63,426,126
Impact of share option conversion	730,853	923,988	1,094,147
Weighted average of shares used for the calculation of the diluted earnings per share	64,061,505	64,399,086	64,520,273
Basic earnings per share (*) (in €)			
Net basic earnings per share from current operations	5.00	4.86	4.53
Net basic earnings per share	4.49	2.95	4.88
Diluted net earnings per share from current operations	5.00	4.84	4.50
Diluted net earnings per share	4.49	2.95	4.83

(*) Group share

3. Notes to the consolidated balance sheet

17 - GOODWILL

(€ millions)	*2007*	*2006*	*2005*
Opening balance			
Gross amount	793.5	823.8	564.1
Impairment losses	(0.4)	(8.5)	(4.0)
Carrying amount	**793.1**	**815.3**	**560.1**
Acquisitions	112.9	4.7	226.2
Disposals	(6.7)	-	(5.1)
Adjustments and reclassifications	-	3.5	5.4
Impairment losses	(0.1)	(0.2)	(5.1)
Foreign exchange differences	(38.5)	(30.2)	33.8
Carrying amount	**860.7**	**793.1**	**815.3**
Closing balance			
Gross amount	860.9	793.5	823.8
Impairment losses	(0.2)	(0.4)	(8.5)
Carrying amount	**860.7**	**793.1**	**815.3**

The goodwill recognized upon acquisitions mainly represents development prospects of the acquired entities within the Imerys group. Impairment losses on goodwill are disclosed in *Note 20*.

AGS

On February 28, 2006, Imerys acquired 99.34% of the voting rights of the French group Argirec Granger Sodgar (AGS). Out of clay mining deposits located in Charente-Maritime (France), AGS calcines the greater portion to produce chamottes and metakaolins sold to the refractory and sanitaryware markets.

After measurement of the mineral reserves, property, plant and equipment and employee benefits and mine sites restoration liabilities, the excess of the fair value of assets, liabilities and contingent liabilities of that group over its acquisition cost was recognized in the current operating income of the 2006 period.

The closing on February 28, 2007 of the measurement period confirmed the fair values of assets, liabilities and contingent liabilities published as of December 31, 2006.

UCM

On April 2, 2007, Imerys acquired 95.8% of the voting rights of the British group Universal Ceramic Materials (UCM) further to its recommended takeover bid launched on February 15. UCM produces fused zirconia for the refractories, advanced ceramics and automotive industries, and fused magnesia, which is primarily used in the manufacture of electrical heating elements.

As of December 31, 2007, goodwill is determined provisionally after measurement of provisions for employee benefits and fair value measurement of property, plant and equipment and inventories. Goodwill will be finalized in the first half of 2008.

Since the acquisition, UCM contributed for €37.4 million to the Group consolidated sales and for €0.2 million to the consolidated net income.

If the acquisition had been effective as of January 1, 2007, the consolidated revenue would have amounted to €51.9 million and the net loss to €0.8 million.

	UCM		
(€ millions)	*Carrying amount before acquisition*	*Business combination adjustments*	*Provisional fair values*
Assets - non-current			
Property, plant and equipment	19.9	(2.3)	17.6
Deferred tax assets	1.5	0.8	2.3
Assets - current			
Inventories	11.4	0.1	11.5
Trade receivables	9.9	-	9.9
Other receivables	1.5	-	1.5
Cash and cash equivalents	2.4	-	2.4
Total assets	**46.6**	**(1.4)**	**45.2**
Liabilities - non-current			
Provisions for employee benefits	3.5	-	3.5
Other provisions	0.3	-	0.3
Deferred tax liabilities	2.2	0.2	2.4
Liabilities - current			
Trade payables	5.0	-	5.0
Income taxes payable	1.0	-	1.0
Other debts	1.4	-	1.4
Loans and financial debts	14.9	-	14.9
Total liabilities	**28.3**	**0.2**	**28.5**
Fair value of the acquired equity	**18.3**	**(1.6)**	**16.7**
Revaluation of the shares of interest previously acquired	-	-	-
Goodwill	**13.4**	**1.6**	**15.0**
Cost of business combinations	**31.7**	**-**	**31.7**
of which costs directly attributable to the acquisition	*1.8*	*-*	*1.8*

THE FELDSPAR CORPORATION

On September 4, 2007, Imerys acquired 100.0% of the voting rights of the American company The Feldspar Corporation from the North-American group Zemex Corporation. Holding mineral reserves, The Feldspar Corporation mines, produces and markets feldspath and kaolin mainly through ceramics applications.

Goodwill generated as of December 31, 2007 is determined provisionally. It will be finalized in 2008 and will mainly include fair value measurement of property, plant and equipment.

Since its acquisition, the contributive sales generated by The Feldspar Corporation amounts to €6.7 million and the contributive net income to €0.1 million.

If the acquisition had been effective as of January 1, 2007, the consolidated revenue would have amounted to €22.6 million and the consolidated net loss to - €0.1 million.

	The Feldspar Corporation		
(€ millions)	*Carrying amount before acquisition*	*Business combination adjustments*	*Provisional fair values*
Assets - non-current			
Intangible assets	0.4	(0.4)	-
Property, plant and equipment	24.8	(0.4)	24.4
Deferred tax assets	0.2	-	0.2
Assets - current			
Inventories	12.0	(6.6)	5.4
Trade receivables	3.2	-	3.2
Other receivables	0.5	-	0.5
Cash and cash equivalents	(0.2)	-	(0.2)
Total assets	**40.9**	**(7.4)**	**33.5**
Liabilities - non-current			
Other provisions	1.0	-	1.0
Liabilities - current			
Trade payables	1.5	-	1.5
Other debts	0.3	-	0.3
Total liabilities	**2.8**	**-**	**2.8**
Fair value of the acquired equity	**38.1**	**(7.4)**	**30.7**
Revaluation of the shares of interest previously acquired	-	-	-
Goodwill	**(7.4)**	**7.4**	**-**
Cost of business combinations	**30.7**	**-**	**30.7**
of which costs directly attributable to the acquisition	*1.4*	*-*	*1.4*

ACE

On September 24, 2007, Imerys acquired 99.8% of the voting rights of the Indian company Ace Refractories from the Indian LBO fund, ICICI Venture. Ace Refractories is the Indian leader in providing monolithic refractory solutions and operates in the steelmaking, cement and thermal power plant sectors.

Goodwill recognized as of December 31, 2007 is determined provisionally. It takes into consideration fair value measurement of inventories as well as measurement of provision for employee benefits. Goodwill will be finalized in 2008 mainly to reflect fair value measurement of intangible assets.

The sales generated by Ace Refractories since September 24, 2007, as part of the Group consolidated sales, account for €17.9 million. In addition, Ace Refractories contributed to €1.5 million to the net consolidated net income of the Group.

If the acquisition had been effective as of January 1, 2007, the consolidated revenue would have amounted to €55.0 million and the consolidated net income to €4.6 million.

	Ace Refractories		
(€ millions)	*Carrying amount before acquisition*	*Business combination adjustments*	*Provisional fair values*
Assets - non-current			
Intangible assets	11.2	(10.2)	1.0
Property, plant and equipment	23.3	-	23.3
Assets - current			
Inventories	6.2	0.2	6.4
Trade receivables	7.1	-	7.1
Other receivables	2.0	-	2.0
Marketable securities and other financial assets	2.2	-	2.2
Cash and cash equivalents	0.9	-	0.9
Total assets	**52.9**	**(10.0)**	**42.9**
Liabilities - non-current			
Provisions for employee benefits	0.5	-	0.5
Other provisions	0.8	-	0.8
Loans and financial debts	20.3	-	20.3
Deferred tax liabilities	1.8	(2.3)	(0.5)
Liabilities - current			
Trade payables	4.4	-	4.4
Income taxes payable	0.2	-	0.2
Other debts	1.6	-	1.6
Total liabilities	**29.6**	**(2.3)**	**27.3**
Fair value of the acquired equity	**23.3**	**(7.7)**	**15.6**
Revaluation of the shares of interest previously acquired	-	-	-
Goodwill	**53.6**	**7.7**	**61.3**
Cost of business combinations	**76.9**	**-**	**76.9**
of which costs directly attributable to the acquisition	*0.6*	*-*	*0.6*

Other acquisitions

Over the period, Imerys also sustained its external growth through the acquisition of several other entities mainly in China with the acquisition of Baotou Jing Yuan Graphite Co. Ltd. specialized in the production of high performance natural graphite, Xinlong and Yilong, respectively producers of vermiculite and andalusite; in India with the acquisition of Jumbo Mining Ltd., producer of feldspath; in Ukraine with the acquisition of Vatutinsky Kombinat Vognetryviv specialized in the production of low and medium alumina content chamottes; in Argentina with the acquisition of Perfiltra, leader in the perlite market; and in South Africa with the acquisition of B&B Refractories specialized in the installation and maintenance of refractory products.

Furthermore, the Group increased its share of interest in some of its entities.

	Other incoming entities in 2007		
(€ millions)	*Carrying amount before acquisition*	*Business combination adjustments*	*Provisional fair values*
Assets - non-current			
Intangible assets	0.1	0.4	0.5
Property, plant and equipment	18.4	1.2	19.6
Other receivables	0.4	-	0.4
Deferred tax assets	1.0	0.1	1.1
Assets - current			
Inventories	7.6	(1.9)	5.7
Trade receivables	5.0	-	5.0
Other receivables	6.7	-	6.7
Cash and cash equivalents	7.1	-	7.1
Total assets	**46.3**	**(0.2)**	**46.1**
Minority interests	5.6	-	5.6
Liabilities - non-current			
Provisions for employee benefits	0.6	-	0.6
Other provisions	2.1	-	2.1
Loans and financial debts	0.3	-	0.3
Other debts	0.2	-	0.2
Deferred tax liabilities	(0.2)	0.6	0.4
Liabilities - current			
Trade payables	2.9	-	2.9
Income taxes payable	0.3	-	0.3
Other debts	6.9	-	6.9
Loans and financial debts	8.4	-	8.4
Total liabilities	**27.1**	**0.6**	**27.7**
Fair value of the acquired equity	**19.2**	**(0.8)**	**18.4**
Revaluation of the shares of interest previously acquired	(1.2)	(1.2)	(1.2)
Goodwill	**31.3**	**0.8**	**32.1**
Cost of business combinations	**49.3**	**(1.2)**	**49.3**
of which costs directly attributable to the acquisition	*1.7*	*-*	*1.7*

Total provisional fair values of assets, liabilities and contingent liabilities of the 2007 incoming entities are presented as follows:

	Provisional fair values				*Total Provisional fair values*
(€ millions)	*UCM*	*The Feldspar Corporation*	*Ace Refractories*	*Other incoming entities*	
Assets - non-current					
Intangible assets	-	-	1.0	0.5	1.5
Property, plant and equipment	17.6	24.4	23.3	19.6	84.9
Other receivables	-	-	-	0.4	0.4
Deferred tax assets	2.3	0.2	-	1.1	3.6
Assets - current					
Inventories	11.5	5.4	6.4	5.7	29.0
Trade receivables	9.9	3.2	7.1	5.0	25.2
Other receivables	1.5	0.5	2.0	6.7	10.7
Marketable securities and other financial assets	-	-	2.2	-	2.2
Cash and cash equivalents	2.4	(0.2)	0.9	7.1	10.2
Total assets	**45.2**	**33.5**	**42.9**	**46.1**	**167.7**
Minority interests	-	-	-	5.6	5.6
Liabilities - non-current					
Provisions for employee benefits	3.5	-	0.5	0.6	4.6
Other provisions	0.3	1.0	0.8	2.1	4.2
Loans and financial debts	-	-	20.3	0.3	20.6
Other debts	-	-	-	0.2	0.2
Deferred tax liabilities	2.4	-	(0.5)	0.4	2.3
Liabilities - current					
Trade payables	5.0	1.5	4.4	2.9	13.8
Income taxes payable	1.0	-	0.2	0.3	1.5
Other debts	1.4	0.3	1.6	6.9	10.2
Loans and financial debts	14.9	-	-	8.4	23.3
Total liabilities	**28.5**	**2.8**	**27.3**	**27.7**	**86.3**
Fair value of the acquired net equity	**16.7**	**30.7**	**15.6**	**18.4**	**81.4**
Revaluation of the shares of interest previously acquired	-	-	-	(1.2)	(1.2)
Goodwill	**15.0**	**-**	**61.3**	**32.1**	**108.4**
Cost of business combinations	**31.7**	**30.7**	**76.9**	**49.3**	**188.6**
of which costs directly attributable to the acquisition	*1.8*	*1.4*	*0.6*	*1.7*	*5.5*

The following table reconciles the Goodwill line of the above table and the Acquisitions line of the first table of *Note 17.*

(€ millions)	*2007*
Goodwill of 2007 business combinations	108.4
Adjustment of the cost of business combinations prior to 2007	(0.2)
Goodwill on 2007 increases in shares of interest	4.7
Goodwill - Acquisitions	**112.9**

The net cash flow related to the acquisitions of the period can be broken down as follows:

(€ millions)	*UCM*	*The Feldspar Corporation*	*Ace Refractories*	*Other incoming entities in 2007*	*Increases in shares of interest and purchase price adjustments*	*2006 acquisition cost of entities consolidated in 2007*	*2007 acquisition cost of entities consolidated in 2008*	*Total*
Cost of business combinations	(31.7)	(30.7)	(76.9)	(49.3)	(8.0)	1.1	(0.8)	(196.3)
Payables related to business combinations of the period	-	-	-	0.6	(6.1)	-	-	(5.5)
Cash paid	**(31.7)**	**(30.7)**	**(76.9)**	**(48.7)**	**(14.1)**	**1.1**	**(0.8)**	**(201.8)**
Cash from acquired entities	2.4	(0.2)	0.9	7.0	0.3	-	-	10.4
Acquisition cost of investments consolidated in 2007 after deduction of cash acquired	**(29.3)**	**(30.9)**	**(76.0)**	**(41.7)**	**(13.8)**	**1.1**	**(0.8)**	**(191.4)**

18 - INTANGIBLE ASSETS

(€ millions)	*Software*	*Trademarks, patents and licences*	*Mining and use rights*	*Other*	***Total***
Opening balance: January 2005					
Gross amount	29.8	6.3	-	26.0	62.1
Amortization	(13.6)	(4.1)	-	(15.4)	(33.1)
Carrying amount	**16.2**	**2.2**	**-**	**10.6**	**29.0**
Acquisitions	1.2	0.4	-	1.7	3.3
Acquisitions resulting from business combinations	2.8	2.2	4.8	3.7	13.5
Disposals	(1.2)	-	-	(0.5)	(1.7)
Net increases in amortization	(7.5)	(0.6)	-	(0.6)	(8.7)
Impairment losses recognized in net income	-	(1.3)	-	(0.2)	(1.5)
Foreign exchange differences	1.1	0.1	-	0.4	1.6
Reclassification and other	4.7	1.8	-	(6.2)	0.3
Opening balance: January 2006					
Gross amount	43.4	12.6	5.4	22.1	83.5
Amortization	(26.1)	(7.8)	(0.6)	(13.2)	(47.7)
Carrying amount	**17.3**	**4.8**	**4.8**	**8.9**	**35.8**
Acquisitions	1.3	0.2	0.3	3.4	5.2
Acquisitions resulting from business combinations	(0.5)	(0.1)	(3.3)	(3.1)	(7.0)
Disposals	-	(0.1)	-	(0.1)	(0.2)
Net increases in amortization	(8.0)	(0.4)	(0.1)	(0.7)	(9.2)
Impairment losses recognized in net income	0.1	-	-	-	0.1
Foreign exchange differences	(0.5)	(0.3)	(0.2)	(0.2)	(1.2)
Reclassification and other	1.5	-	0.9	(3.1)	(0.7)
Opening balance: January 2007					
Gross amount	39.9	12.6	2.7	17.9	73.1
Amortization	(28.7)	(8.5)	(0.3)	(12.8)	(50.3)
Carrying amount	**11.2**	**4.1**	**2.4**	**5.1**	**22.8**
Acquisitions	2.5	1.2	13.3	16.9	33.9
Acquisitions resulting from business combinations	-	0.4	0.6	0.6	1.6
Disposals	(0.1)	-	-	(0.4)	(0.5)
Net increases in amortization	(7.8)	(0.3)	(0.1)	(0.8)	(9.0)
Impairment losses recognized in net income	-	-	-	-	-
Foreign exchange differences	(0.8)	(0.2)	0.4	(0.5)	(1.1)
Reclassification and other	9.2	-	(0.5)	(7.1)	1.6
Closing balance: December 2007					
Gross amount	50.0	12.7	16.4	26.7	105.8
Amortization	(35.8)	(7.5)	(0.3)	(12.9)	(56.5)
Carrying amount	**14.2**	**5.2**	**16.1**	**13.8**	**49.3**

For its sole production activity of roof tiles and bricks of the business group Materials & Monolithics, Imerys is in the scope of the European directive no. 2003/87/CE dated October 13, 2003 which establishes within the Community a market for emission rights of greenhouse gases. At the end of the third year of the first three-year period of the European market (2005 - 2007), Imerys used 80.0% of the greenhouse gas emission quotas granted to the sites concerned in France (91.3% as of December 31, 2006). In accordance with *Note 3.10*, no liability has been recognized and the rights received have been accounted for as intangible assets for a carrying amount of zero.

19 - PROPERTY, PLANT AND EQUIPMENT

(€ millions)	*Mining assets*	*Land and buildings*	*Plant and equipment*	*Down payments and assets under construction*	*Other*	***Total***
Opening balance: January 2005						
Gross amount	516.8	475.3	2,011.6	105.0	182.1	3,290.8
Depreciation	(57.8)	(212.0)	(1,376.2)	-	(132.4)	(1,778.4)
Carrying amount	**459.0**	**263.3**	**635.4**	**105.0**	**49.7**	**1,512.4**
Acquisitions	21.3	11.8	80.5	101.2	9.1	223.9
Acquisitions resulting from business combinations	30.0	39.9	83.2	8.5	9.2	170.8
Disposals	(18.7)	(26.0)	(11.6)	(0.8)	(5.3)	(62.4)
Net increases in depreciation	(29.1)	(14.9)	(113.4)	(2.0)	(14.6)	(174.0)
Impairment losses recognized in net income	(4.4)	(1.3)	(27.4)	-	(0.2)	(33.3)
Impairment losses reversed in net income	-	1.0	1.0	-	-	2.0
Foreign exchange differences	39.7	21.8	56.9	5.5	2.2	126.1
Reclassification and other	(0.6)	(3.5)	93.0	(78.5)	(2.1)	8.3
Opening balance: January 2006						
Gross amount	604.1	517.0	2.412.8	141.4	202.4	3,877.7
Depreciation	(106.9)	(224.9)	(1,615.2)	(2.5)	(154.4)	(2,103.9)
Carrying amount	**497.2**	**292.1**	**797.6**	**138.9**	**48.0**	**1,773.8**
Acquisitions	24.5	11.8	60.5	105.9	11.3	214.0
Acquisitions resulting from business combinations	22.4	(5.6)	32.6	(10.5)	1.4	40.3
Disposals	(1.3)	(4.6)	(4.2)	(0.3)	(1.5)	(11.9)
Net increases in depreciation	(33.5)	(18.6)	(124.4)	(0.7)	(16.3)	(193.5)
Impairment losses recognized in net income	(37.3)	(3.2)	(87.9)	-	(0.4)	(128.8)
Impairment losses reversed in net income	0.3	1.6	3.1	-	0.3	5.3
Foreign exchange differences	(27.1)	(13.9)	(38.8)	(3.0)	(1.6)	(84.4)
Reclassification and other	(7.4)	12.0	130.8	(138.0)	0.6	(2.0)
Opening balance: January 2007						
Gross amount	578.8	487.4	2.554.2	92.9	177.0	3,890.3
Depreciation	(141.0)	(215.8)	(1,784.9)	(0.6)	(135.2)	(2,277.5)
Carrying amount	**437.8**	**271.6**	**769.3**	**92.3**	**41.8**	**1,612.8**
Acquisitions	26.0	7.4	113.3	167.0	11.3	325.0
Acquisitions resulting from business combinations	4.7	17.7	44.1	6.1	12.3	84.9
Disposals	(1.5)	(14.1)	(15.4)	(0.2)	(1.7)	(32.9)
Net increases in depreciation	(31.8)	(13.3)	(125.9)	-	(13.9)	(184.9)
Impairment losses recognized in net income	(9.0)	(2.7)	(15.7)	(0.1)	(0.1)	(27.6)
Impairment losses reversed in net income	-	1.2	3.9	-	0.1	5.2
Foreign exchange differences	(29.3)	(14.3)	(42.7)	(12.9)	(1.5)	(100.7)
Reclassification and other	2.7	6.3	31.1	(44.0)	2.6	(1.3)
Closing balance: December 2007						
Gross amount	540.9	446.2	2.488.3	208.4	182.7	3,866.5
Depreciation	(141.3)	(186.4)	(1,726.3)	(0.2)	(131.8)	(2,186.0)
Carrying amount	**399.6**	**259.8**	**762.0**	**208.2**	**50.9**	**1,680.5**

Property, plant and equipment controlled under finance leases are recognized in the balance sheet for an amount of €8.4 million as of December 31, 2007 (€11.0 million as of December 31, 2006). It essentially relates to freight material. Commitments for future finance lease rent payments amount to €1.8 million for 2008, €4.9 million from 2009 to 2012 and €1.2 million beyond.

20 - IMPAIRMENT LOSSES

Assumptions

The recoverable amount of a CGU or an individual asset is the higher between the fair value net of disposal costs and the value in use. However, it is generally justified by its value in use. The future cash flows used for the calculation of the assets' value in use are measured after income taxes and are based on the last update of the Five-Year Plan validated by the General Management. The average discount rate used is of 8.0% after income taxes. It is based on a weighted average capital cost of 7.5% as assessed by independent financial analysts in Paris, increased by a country-market risk premium ranging from 0.5% to 2.0% depending on the CGUs. The results obtained from this calculation after income taxes are identical to those which would have been obtained with cash flows and rates before income taxes as required by standard IAS 36 on impairment of assets. Where the recoverable amount of a CGU or an individual asset is justified by its fair value less costs to sell, the latter is assessed by reference to the observable market price for the CGU or the individual asset.

Cash Generating Units (CGUs)

Every year, Imerys systematically carries out impairment tests on all its CGUs insofar as goodwill is present in all the Group's CGUs. The table below presents the gross amount and accumulated impairment losses by CGU:

	2007			*2006*
(€ millions)	*Gross amount*	*Write-down*	*Carrying amount*	*Carrying amount*
Pigments for Paper	140.9	-	140.9	148.8
Performance Minerals North America	48.8	-	48.8	54.6
Performance Minerals Europe	33.9	-	33.9	35.4
Performance Minerals South America	11.8	-	11.8	11.2
Clay Roof Tiles & Bricks France	3.7	-	3.7	3.7
Clay Roof Tiles & Bricks International	-	-	-	6.7
Monolithic Refractories	160.3	-	160.3	97.7
Kiln Furniture	34.0	-	34.0	34.0
Ceramics	105.5	-	105.5	99.6
Minerals for Refractories	51.6	-	51.6	48.5
Fused Minerals	144.0	(0.2)	143.8	130.0
Minerals for Filtration	103.9	-	103.9	102.4
Graphite & Carbon	21.8	-	21.8	19.8
Holdings	0.7	-	0.7	0.7
Total	**860.9**	**(0.2)**	**860.7**	**793.1**

In 2007, no impairment loss was recognized for goodwill, nor for the CGUs' intangible assets and property, plant and equipment.

Individual assets

In addition to the test carried out on CGUs, impairment indicators may require the immediate performance of this test in case of an unfavorable evolution on an individual asset. The resulting impairment losses recognized in 2007 amount to €27.7 million (€129.0 million in 2006).

Impairment losses of the period

The main impairment loss recognized in 2007 relates to the adjustment to demand of the industrial facilities of the Performance Minerals & Pigments business group in North America. The impairment loss identified on industrial and mining assets located in the States of New York and Georgia amount to €18.7 million. The corresponding impairment, estimated on the basis of the resale value net of asset disposal costs at the end of their residual value in use, was recognized in other operating revenue and expenses.

Prior periods impairment losses

In 2006, the Group mainly impaired industrial and mining assets in Great Britain for an amount of €88.7 million as well as the Brazilian precipitated calcium carbonate (PCC) production capacities for an amount of €9.3 million. In 2005, the industrial and mining assets of Ardoisières d'Angers of the Materials & Monolithics business group were subject to an impairment loss of €4.5 million.

21 - INVESTMENTS IN ASSOCIATES

(€ millions)	*2007*	*2006*	*2005*
Opening balance	**34.1**	**31.9**	**25.9**
Of which carrying amount of goodwill	*1.6*	*1.6*	*1.6*
Acquisitions	3.8	1.2	2.4
Disposals	-	-	(1.0)
Income	6.9	5.2	4.6
Dividends paid	(2.4)	(1.9)	(1.8)
Other	0.5	(2.3)	1.8
Closing balance	**42.9**	**34.1**	**31.9**
Of which carrying amount of goodwill	*3.3*	*1.6*	*1.6*

Imerys only has a significant influence on the decisions of financial and operational management of the entities below, their ordinary activities being controlled by the other associates.

	Share in capital held (in %)			*Share in net shareholders' equity (€ millions)*		
Entities	*2007*	*2006*	*2005*	*2007*	*2006*	*2005*
MST Mineralien Schiffahrt	50.0%	50.0%	50.0%	23.0	22.2	20.2
Calderys Iberica Refractarios	49.9%	49.9%	49.9%	5.1	4.6	4.2
Dalian Jinsheng Fine Chemicals	50.0%	50.0%	50.0%	2.2	2.3	2.4
Vugiukli Quarries	50.0%	-	-	2.6	-	-
Graystar	50.0%	-	-	2.2	-	-
Other investments	-	-	-	7.8	5.0	5.1
Total	**-**	**-**	**-**	**42.9**	**34.1**	**31.9**

The table below presents the key figures of the main associates.

(€ millions)	*Share in net income*			*Total sales*			*Total balance sheet*		
Entities	*2007*	*2006*	*2005*	*2007*	*2006*	*2005*	*2007*	*2006*	*2005*
MST Mineralien Schiffahrt	3.8	3.8	3.1	75.0	71.6	63.4	111.1	99.6	95.3
Calderys Iberica Refractarios	0.9	0.7	0.6	22.8	19.7	17.6	18.5	14.8	14.5
Dalian Jinsheng Fine Chemicals	-	0.1	0.3	2.0	2.2	1.8	4.7	4.9	6.4
Vugiukli Quarries	(0.1)	-	-	0.6	-	-	2.3	-	-
Graystar	1.0	-	-	15.5	-	-	3.2	-	-
Other investments	1.3	0.6	0.6	-	-	-	-	-	-
Total	**6.9**	**5.2**	**4.6**						

22 - INVENTORIES

	2007			*2006*			*2005*		
(€ millions)	*Gross amount*	*Write down*	*Carrying amount*	*Gross amount*	*Write down*	*Carrying amount*	*Gross amount*	*Write down*	*Carrying amount*
Raw materials	195.7	(11.4)	184.3	180.2	(8.7)	171.5	168.3	(7.7)	160.6
Work in progress	45.3	(0.1)	45.2	39.4	(0.2)	39.2	46.7	(0.2)	46.5
Finished goods	241.5	(7.8)	233.7	247.7	(7.6)	240.1	236.4	(6.9)	229.5
Merchandises	39.2	(0.4)	38.8	41.1	(1.3)	39.8	40.6	(1.4)	39.2
Total	**521.7**	**(19.7)**	**502.0**	**508.4**	**(17.8)**	**490.6**	**492.0**	**(16.2)**	**475.8**

23 - FINANCIAL ASSETS

23.1 Categories of financial assets

The tables hereafter enable to evaluate the significance of financial instruments for the Group's consolidated assets. The categories of financial instruments used in the following disclosures are presented in *Note 12*.

As of December 31, 2007

The table hereafter discloses the carrying amounts of the categories of financial instruments as of December 31, 2007.

		Financial assets within the scope of standard IAS 39 on financial instruments						
			Financial assets at fair value through profit or loss					
(€ millions)	*2007*	*Available for sale financial assets*	*Marketable securities*	*Fair value hedge derivatives*	*Derivatives not eligible to hedge accounting*	*Loans and receivables*	*Cash flow hedge derivatives*	*Assets excluded from the scope of standard IAS 39 on financial instruments*
NON-CURRENT ASSETS								
Available-for-sale financial assets	9.0	9.0	-	-	-	-	-	-
Other financial assets	11.3	-	-	-	-	4.3	-	7.0
Other receivables	46.8	-	-	-	-	45.7	-	1.1
Derivative financial assets	5.6	-	-	0.2	0.1	-	5.3	-
CURRENT ASSETS								
Trade receivables	623.4	-	-	-	-	623.4	-	-
Other receivables	133.3	-	-	-	-	99.3	-	34.0
Derivative financial assets	(0.6)	-	-	-	(0.5)	-	(0.1)	-
Marketable securities and other financial assets	5.3	-	5.3	-	-	-	-	-
Cash and cash equivalents	173.4	-	-	-	-	173.4	-	-

The carrying amount of financial assets is representative of their fair value.

As of December 31, 2006

The table hereafter discloses the carrying amounts of the categories of financial instruments as of December 31, 2006.

		Financial assets within the scope of standard IAS 39 on financial instruments						
			Financial assets at fair value through profit or loss					
(€ millions)	*2006*	*Available for sale financial assets*	*Marketable securities*	*Fair value hedge derivatives*	*Derivatives not eligible to hedge accounting*	*Loans and receivables*	*Cash flow hedge derivatives*	*Assets excluded from the scope of standard IAS 39 on financial instruments*
NON-CURRENT ASSETS								
Available-for-sale financial assets	12.8	12.8	-	-	-		-	-
Other financial assets	11.3	-	-	-	-	9.6	-	1.7
Other receivables	18.9	-	-	-	-	16.3	-	2.6
Derivative financial assets	41.3	-	-	32.8	0.6		7.9	-
CURRENT ASSETS								
Trade receivables	614.7	-	-	-	-	614.7	-	-
Other receivables	113.7	-	-	-	-	85.0	-	28.7
Derivative financial assets	0.3	-	-	-	-	-	0.3	-
Marketable securities and other financial assets	4.1	-	4.1	-	-	-	-	-
Cash and cash equivalents	181.2	-	-	-	-	181.2	-	-

The carrying amount of financial assets is representative of their fair value.

As of December 31, 2005

The table hereafter discloses the carrying amounts of the categories of financial instruments as of December 31, 2005.

(€ millions)	2005	Financial assets within the scope of standard IAS 39 on financial instruments						Assets excluded from the scope of standard IAS 39 on financial instruments
		Available for sale financial assets	Financial assets at fair value through profit or loss			Loans and receivables	Cash flow hedge derivatives	
			Marketable securities	Fair value hedge derivatives	Derivatives not eligible to hedge accounting			
NON-CURRENT ASSETS								
Available-for-sale financial assets	16.0	16.0	-	-	-	-	-	-
Other financial assets	10.3	-	-	-	-	10.0	-	0.3
Other receivables	13.9	-	-	-	-	11.0	-	2.9
Derivative financial assets	60.4	-	-	57.9	0.9		1.6	
CURRENT ASSETS								
Trade receivables	590.3	-	-	-	-	590.3	-	-
Other receivables	99.1	-	-	-	-	67.4	-	31.7
Derivative financial assets	6.3	-	-	-	-	-	6.3	-
Marketable securities and other financial assets	61.0	-	61.0	-	-	-	-	-
Cash and cash equivalents	134.7	-	-	-	-	134.7	-	-

The carrying amount of financial assets is representative of their fair value.

23.2 Available-for-sale financial assets

(€ millions)	2007	2006	2005
Opening balance	**12.8**	**16.0**	**13.8**
Acquisitions	0.8	2.1	20.2
Disposals	(1.3)	(0.8)	(0.5)
Impairment losses recognized in the income statement	1.2	-	-
Changes in the scope of consolidation	(4.2)	(3.0)	(0.2)
Exchange rate differences	(0.2)	(0.5)	(0.5)
Other	(0.1)	(1.0)	(16.8)
Closing balance	**9.0**	**12.8**	**16.0**

23.3 Receivables and other financial assets

The table hereafter discloses the change over three periods of other assets, other receivables and trade receivables. Other non-current financial assets correspond to loans and deposits and to assets related to employee benefits *(Note 25.1)*. The greater part of other non-current receivables and related write-down corresponds to tax receivables other than income taxes in Brazil. Other current receivables also mainly correspond to tax receivables other than income taxes.

(€ millions)	*Other non-current financial assets*	*Other non-current receivables*	*Trade receivables*	*Other current receivables*	***Total***
Opening balance: January 2005					
Gross amount	14.0	20.8	512.6	96.3	643.7
Write-down	(2.3)	(1.1)	(18.1)	(4.6)	(26.1)
Carrying amount	**11.7**	**19.7**	**494.5**	**91.7**	**617.6**
Net change of the period	(3.1)	5.7	21.5	12.8	36.9
Write-down	(0.5)	(15.2)	0.7	(4.4)	(19.4)
Changes in the scope of consolidation	2.4	0.5	52.8	(8.0)	47.7
Exchange rate differences	0.3	2.8	21.2	5.0	29.3
Other	(0.5)	0.4	(0.4)	2.0	1.5
Opening balance: January 2006					
Gross amount	13.6	31.5	613.0	104.6	762.7
Write-down	(3.3)	(17.6)	(22.7)	(5.5)	(49.1)
Carrying amount	**10.3**	**13.9**	**590.3**	**99.1**	**713.6**
Net change of the period	(0.3)	22.8	12.3	20.7	55.5
Write-down	(0.1)	0.8	1.7	(4.9)	(2.5)
Changes in the scope of consolidation	0.8	-	15.2	3.0	19.0
Exchange rate differences	(0.2)	(1.2)	(16.2)	(4.1)	(21.7)
Other	0.8	(17.4)	11.4	(0.1)	(5.3)
Opening balance: January 2007					
Gross amount	14.6	34.5	634.4	122.4	805.9
Write-down	(3.3)	(15.6)	(19.7)	(8.7)	(47.3)
Carrying amount	**11.3**	**18.9**	**614.7**	**113.7**	**758.6**
Net change of the period	0.4	31.9	10.5	(3.1)	39.7
Write-down	0.2	0.5	(1.1)	(4.6)	(5.0)
Changes in the scope of consolidation	3.2	0.2	19.0	10.1	32.5
Exchange rate differences	(0.3)	(2.8)	(20.6)	(4.2)	(27.9)
Other	(3.5)	(1.9)	0.9	21.4	16.9
Closing balance: December 2007					
Gross amount	13.4	62.1	642.0	141.4	858.9
Write-down	(2.1)	(15.3)	(18.6)	(8.1)	(44.1)
Carrying amount	**11.3**	**46.8**	**623.4**	**133.3**	**814.8**

23.4 Management of risks arising from financial assets

Credit risk

The credit risk is the risk that a debtor does not reimburse his debt at the due date. This risk, that mainly has an impact on the category of loans and receivables, is followed at the level of each entity under the supervision of business group controllers. This follow up mainly bases on the analysis of past due receivables and can be extended to a more detailed investigation of some debtor's solvency. According to the business group controllers' assessment, entities may hedge the credit risk through credit insurance contracts or warranties. These warranties are disclosed in *Note 35*. At the balance sheet date, partially or fully irrecoverable loans and receivables are reduced to their recoverable amount through a write-down measured on an individual basis. As of December 31, 2007, loans and receivables are written-down by €44.1 million (€47.3 million as of December 31, 2006). The Group's maximum exposure to credit risk before credit insurance and warranties thus amounts to €814.8 million as of December 31, 2007 (€758.6 million as of December 31, 2006). The table hereafter presents the change in write-down of loans and receivables.

(€ millions)	*Other non-current financial assets*	*Other non-current receivables*	*Trade receivables*	*Other current receivables*	***Total***
Opening balance: January 2005	**(2.3)**	**(1.1)**	**(18.1)**	**(4.6)**	**(26.1)**
Increases	(0.6)	(15.2)	(5.9)	(4.5)	(26.2)
Utilizations	0.1	-	6.6	0.1	6.8
Changes in the scope of consolidation	(0.7)	(0.8)	(3.8)	(0.2)	(5.5)
Exchange rate differences	(0.2)	(0.9)	(1.2)	(0.7)	(3.0)
Other	0.4	0.4	(0.3)	4.4	4.9
Opening balance: January 2006	**(3.3)**	**(17.6)**	**(22.7)**	**(5.5)**	**(49.1)**
Increases	(0.1)	(0.1)	(4.9)	(5.3)	(10.4)
Utilizations	-	0.9	6.6	0.4	7.9
Changes in the scope of consolidation	-	-	(0.1)	-	(0.1)
Exchange rate differences	0.1	1.7	0.8	0.6	3.2
Other	-	(0.5)	0.6	1.1	1.2
Opening balance: January 2007	**(3.3)**	**(15.6)**	**(19.7)**	**(8.7)**	**(47.3)**
Increases	-	-	(5.7)	(5.3)	(11.0)
Utilizations	0.2	0.5	4.6	0.7	6.0
Changes in the scope of consolidation	-	(0.5)	0.9	0.1	0.5
Exchange rate differences	-	1.6	0.6	0.8	3.0
Other	1.0	(1.3)	0.7	4.3	4.7
Closing balance: December 2007	**(2.1)**	**(15.3)**	**(18.6)**	**(8.1)**	**(44.1)**

Trade receivables do not bear interest and are generally due between 30 to 90 days. At the balance sheet date, some trade receivables outlined hereafter may be past due without being impaired, for example where they are hedged by a credit insurance contract or a warranty.

(€ millions)	*2007*	*2006*	*2005*
Past due trade receivables that are not impaired			
- since less than 30 days	56.9	62.3	51.3
- since 30 to 89 days	16.6	13.7	9.6
- since 90 days and more	10.2	9.4	7.5
Total of undue trade receivables and past-due and impaired trade receivables	539.7	529.3	521.9
Trade receivables	**623.4**	**614.7**	**590.3**

Transactional currency 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 Euro. In the assets, the transactional currency risk has an impact on trade receivables within the category of loans and receivables. The Group recommends that the entities have their sales contracts stated in the currencies in which they prepare their respective financial statements so as not to be exposed to the transactional currency risk. Where they are not in a position to follow that recommendation, the entities may but are not required to use hedging instruments. In that case, they are required to rely upon the Group Treasury Department that proposes instruments adapted to their transactions. The entities have to provide the Group Treasury Department with the amounts and dates of their future sales transactions up to 18 months. These future transactions have to be highly probable. Subscribing to hedging instruments directly from third parties is formally proscribed.

24 - CAPITAL

Management principles

The management of capital presents three main fields: consolidated shareholders' equity, share options and share repurchases. The management of consolidated shareholders' equity pursues the objective to maintain a stable financial structure so as to generate dividends for shareholders through a regular and steady growth of results. The share options granted to certain key employees aim at contributing to that growth. The objective of share repurchases is to foster the liquidity of transactions and regularity of quotation of the Imerys share, to make share-based payments and to perform the cancellations necessary to offset the share option grants.

Consolidated shareholders' equity corresponds to the capital and premiums of Imerys SA and consolidated income and reserves. There are no hybrid instruments combining the characteristics of liabilities and equity instruments. As of December 31, 2007:

- consolidated shareholders' equity amounts to €1,663.6 million (€1,646.4 million as of December 31, 2006) on the basis of which the Board of Directors proposes a dividend per share of €1.90 (€1.80 as of December 31, 2006);
- 3,103,391 share options, representing 4.69% of the capital of Imerys SA after dilution, are attributed (2,989,870 share options, i.e. 4.51% of the capital after dilution, as of December 31, 2006);
- the Group holds at the end of the purchase, sale and cancellation transactions of the period 200,000 Imerys shares (0 as of December 31, 2006).

The capital of Imerys SA is subject to several mandatory requirements of the French Code of Commerce. These requirements do not have any significant impact on the financial statements. However their compliance is subject to specific verifications whose conclusions are disclosed in the statutory auditors' report. Furthermore, part of the Group's financing is ensured through liabilities instruments whose external issuers impose the compliance to ratios, some of which using the amount of consolidated shareholders' equity. These ratios as well as their amounts at the balance sheet date are presented in *Note 26.5*.

Period activity

- On December 18, 2007, the Board of Directors cancelled 606,543 treasury shares bought directly on the market by the Company during the 2007 period and assigned them in their entirety for cancellation under the share buyback program approved by the Ordinary Shareholders' General Meeting of May 2, 2006 and the Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2007. This cancellation of treasury shares led to a reduction in the Company's capital by a nominal amount of €1,213,086.

- On January 14, 2008, the Chairman of the Board of Directors noted that, on December 31, 2007, the share capital had been increased by a nominal amount of €797,558 as a result of the exercise in 2007 of 398,779 subscription options giving the right to the same number of Imerys shares.

As a result of those operations, Imerys' fully-paid up share capital as on December 31, 2007 totaled €126,253,712; it was made up of 63,126,856 shares with €2.00 par value of which 34,121,643 enjoyed double voting rights pursuant to article 22 of Imerys' by-laws. Finally, the total number of voting rights attached to existing shares was 97,048,499.

Share capital did not change and the number of voting rights did not change significantly between December 31, 2007 and the date of the present Annual Report.

Taking into account the 3,103,391 share subscription options granted to certain employees and executives and not yet exercised on December 31, 2007, Imerys' potential share capital – with all rights exercised – was €132,460,494 as on January 1, 2008.

No directly registered shares have been pledged by the Company.

25 - PROVISIONS

25.1 Provisions for employee benefits

(€ millions)	*2007*	*2006*	*2005*
Retirement plans	144.7	175.3	212.5
Medical plans	13.9	15.7	18.8
Other long-term benefits	5.7	5.8	4.7
Termination benefits	1.3	2.4	1.1
Total	**165.6**	**199.2**	**237.1**

The main actuarial assumptions used for the measurement of defined benefit plans (retirement and medical plans as well as other long-term benefits) are indicated hereafter. These data represent the weighted average of the amount of obligations or assets, depending on whether the assumptions enter the calculation of obligations or assets.

Countries	*France*		*Other European countries*		*North America*		*Asia - Oceania*		*Other*	
(in %)	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*
Discount rates	5.5	4.5	5.7	5.2	6.0	6.0	5.0	3.0	8.1	9.2
Expected rates of return on plan assets	4.1	4.0	5.8	6.0	8.2	8.2	6.5	1.6	7.5	9.8
Expected rates of return on reimbursement rights	-	-	4.0	4.0	-	-	-	-	-	-
Expected rates of salary increases	3.0	3.4	3.6	3.3	4.1	4.0	4.1	3.7	6.8	4.0
Medical cost trend rates	-	-	-	-	9.0	9.0	-	-	6.7	7.5

The amounts contributed to external institutions to finance some defined benefit plans are invested as indicated hereafter:

(in %)	*2007*	*2006*	*2005*
Shares	37.2	69.1	69.8
Bonds	54.4	30.4	28.4
Monetary	4.2	0.2	1.6
Real estate	4.2	0.3	0.2
Total	**100.0**	**100.0**	**100.0**

Net expense

(€ millions)	Retirement			Medical			Other long-term employee benefits			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Interest cost	51.3	51.2	47.3	0.9	1.1	1.1	0.3	0.2	0.2	52.5	52.5	48.6
Current service cost	13.9	14.2	14.4	0.1	0.3	0.3	0.4	0.3	0.4	14.4	14.8	15.1
Assets' expected return	(54.6)	(55.4)	(49.2)	-	-	-	-	-	-	(54.6)	(55.4)	(49.2)
Reimbursement rights' expected return	(0.2)	0.1	-	-	-	-	-	-	-	(0.2)	0.1	-
Plan assets ceiling	0.3	(1.5)	0.7	-	-	-	-	-	-	0.3	(1.5)	0.7
Past service cost	-	0.7	0.7	-	(0.2)	0.2	0.1	-	(0.3)	0.1	0.5	0.6
Actuarial (gains) and losses	-	(0.2)	-	-	-	-	(0.3)	1.1	(0.3)	(0.3)	0.9	(0.3)
Curtailments and settlements	(0.9)	(13.6)	(2.2)	0.1	(1.5)	-	-	(0.1)	-	(0.8)	(15.2)	(2.2)
Recognized net expense	**9.8**	**(4.5)**	**11.7**	**1.1**	**(0.3)**	**1.6**	**0.5**	**1.5**	**-**	**11.4**	**(3.3)**	**13.3**
Effective return of:												
- plan assets	*(61.9)*	*(64.4)*	*(117.8)*	-	-	-	-	-	-	*(61.9)*	*(64.4)*	*(117.8)*
- reimbursement rights	*(0.1)*	*(0.1)*	-	-	-	-	-	-	-	*(0.1)*	*(0.1)*	-

Change in the discounted value of obligations

(€ millions)	Retirement			Medical			Other long-term employee benefits			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Opening obligations	**1,000.5**	**1,060.3**	**820.7**	**15.3**	**21.2**	**16.7**	**5.8**	**4.7**	**4.5**	**1,021.6**	**1,086.2**	**841.9**
Incoming entities	27.1	1.3	85.2	-	0.6	0.4	-	0.1	1.4	27.1	2.0	87.0
Outgoing entities	(0.1)	-	(0.8)	-	-	-	-	-	-	(0.1)	-	(0.8)
Interest cost	51.3	51.5	47.6	0.9	1.1	1.1	0.3	0.2	0.2	52.5	52.8	48.9
Current service cost	13.9	14.8	14.7	0.1	0.2	0.2	0.4	0.3	0.4	14.4	15.3	15.3
Benefit payments	(60.8)	(54.9)	(46.5)	(1.3)	(1.4)	(1.9)	(0.6)	(0.5)	(0.2)	(62.7)	(56.8)	(48.6)
Employee contributions	3.2	3.5	3.5	-	-	-	-	-	-	3.2	3.5	3.5
Plan amendments	1.6	1.0	12.5	-	(0.1)	0.4	0.1	-	-	1.7	0.9	12.9
Curtailments and settlements	(1.2)	(15.9)	(2.4)	0.4	(1.6)	-	-	(0.1)	(0.3)	(0.8)	(17.6)	(2.7)
Actuarial (gains) and losses	(5.7)	(56.0)	88.0	(0.4)	(2.5)	1.8	(0.3)	1.1	(0.3)	(6.4)	(57.4)	89.5
Reclassification	4.8	-	1.1	-	-	-	-	-	(1.0)	4.8	-	0.1
Exchange rate differences	(84.2)	(5.1)	36.7	(1.6)	(2.2)	2.5	-	-	-	(85.8)	(7.3)	39.2
Closing obligations	**950.4**	**1,000.5**	**1,060.3**	**13.4**	**15.3**	**21.2**	**5.7**	**5.8**	**4.7**	**969.5**	**1,021.6**	**1,086.2**
of which:												
- obligations funded by plan assets	*886.9*	*937.7*	*993.9*	-	-	-	-	-	-	*886.9*	*937.7*	*993.9*
- obligations funded by reimbursement rights	*18.0*	*20.6*	*21.2*	-	-	-	-	-	-	*18.0*	*20.6*	*21.2*
- unfunded obligations	*45.5*	*42.2*	*45.2*	*13.4*	*15.3*	*21.2*	*5.7*	*5.8*	*4.7*	*64.6*	*63.3*	*71.1*

Change in fair value of plan assets and reimbursement rights

(€ millions)	Retirement			Medical			Other long-term employee benefits			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Opening assets	**875.6**	**834.0**	**649.3**	**-**	**-**	**-**	**-**	**-**	**-**	**875.6**	**834.0**	**649.3**
Incoming entities	22.6	-	49.5	-	-	-	-	-	-	22.6	-	49.5
Plan assets' expected return	54.6	55.4	49.2	-	-	-	-	-	-	54.6	55.4	49.2
Reimbursement rights' expected return	0.2	0.1	-	-	-	-	-	-	-	0.2	0.1	-
Benefit payments	(56.2)	(54.9)	(46.5)	-	(1.4)	(1.9)	-	(0.5)	(0.2)	(56.2)	(56.8)	(48.6)
Employer contributions	31.1	34.2	16.8	-	1.4	1.9	-	0.5	0.2	31.1	36.1	18.9
Employee contributions	3.2	3.5	3.5	-	-	-	-	-	-	3.2	3.5	3.5
Plan amendments	-	-	13.4	-	-	-	-	-	-	-	-	13.4
Curtailments and settlements	(0.3)	(3.1)	(0.2)	-	-	-	-	-	-	(0.3)	(3.1)	(0.2)
Actuarial (gains) and losses	7.2	9.0	69.3	-	-	-	-	-	-	7.2	9.0	69.3
Reclassification	4.8	-	-	-	-	-	-	-	-	4.8	-	-
Exchange rate differences	(78.9)	(2.6)	29.7	-	-	-	-	-	-	(78.9)	(2.6)	29.7
Closing assets	**863.9**	**875.6**	**834.0**	**-**	**-**	**-**	**-**	**-**	**-**	**863.9**	**875.6**	**834.0**
of which fair value:												
- of plan assets	*858.6*	*870.2*	*828.7*	-	-	-	-	-	-	*858.6*	*870.2*	*828.7*
- of reimbursement rights	*5.3*	*5.4*	*5.3*	-	-	-	-	-	-	*5.3*	*5.4*	*5.3*

The expected amount of contributions for 2008 is of €38.1 million.

Transition from funded status to assets (provisions) in the balance sheet

(€ millions)	Retirement			Medical			Other long-term employee benefits			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Obligations funded by plan assets	(886.9)	(937.7)	(993.9)	-	-	-	-	-	-	(886.9)	(937.7)	(993.9)
Fair value of plan assets	858.6	870.2	828.7	-	-	-	-	-	-	858.6	870.2	828.7
Funded status	**(28.3)**	**(67.5)**	**(165.2)**	**-**	**-**	**-**	**-**	**-**	**-**	**(28.3)**	**(67.5)**	**(165.2)**
Unfunded obligations	(45.5)	(42.2)	(45.2)	(13.4)	(15.3)	(21.2)	(5.7)	(5.8)	(4.7)	(64.6)	(63.3)	(71.1)
Obligations funded by reimbursement rights	(18.0)	(20.6)	(21.2)	-	-	-	-	-	-	(18.0)	(20.6)	(21.2)
Fair value of reimbursement rights	5.3	5.4	5.3	-	-	-	-	-	-	5.3	5.4	5.3
Unrecognized past service cost	0.9	(0.6)	(1.0)	-	-	(0.1)	-	-	-	0.9	(0.6)	(1.1)
Closing unrecognized actuarial differences	(49.1)	(39.9)	24.5	(0.5)	(0.4)	2.5	-	-	-	(49.6)	(40.3)	27.0
Unrecognized assets due to a limit on prepaid assets	(3.0)	(2.8)	(4.1)	-	-	-	-	-	-	(3.0)	(2.8)	(4.1)
Assets (provisions) in the balance sheet	**(137.7)**	**(168.2)**	**(206.9)**	**(13.9)**	**(15.7)**	**(18.8)**	**(5.7)**	**(5.8)**	**(4.7)**	**(157.3)**	**(189.7)**	**(230.4)**
of which:												
- provisions	*(144.7)*	*(175.3)*	*(212.5)*	*(13.9)*	*(15.7)*	*(18.8)*	*(5.7)*	*(5.8)*	*(4.7)*	*(164.3)*	*(196.8)*	*(236.0)*
- plan assets	*1.7*	*1.7*	*0.3*	-	-	-	-	-	-	*1.7*	*1.7*	*0.3*
- reimbursement rights	*5.3*	*5.4*	*5.3*	-	-	-	-	-	-	*5.3*	*5.4*	*5.3*

Change in assets (provisions) in the balance sheet

(€ millions)	Retirement			Medical			Other long-term employee benefits			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Opening assets (provisions) in the balance sheet	(168.2)	(206.9)	(185.8)	(15.7)	(18.8)	(16.3)	(5.8)	(4.7)	(4.5)	(189.7)	(230.4)	(206.6)
Incoming entities	(4.5)	(1.6)	(19.8)	-	(0.6)	(0.3)	-	(0.1)	(1.4)	(4.5)	(2.3)	(21.5)
Outgoing entities	0.1	0.3	1.0	-	-	-	-	-	-	0.1	0.3	1.0
Recognized net expense	(9.8)	4.5	(11.7)	(1.1)	0.3	(1.6)	(0.5)	(1.5)	-	(11.4)	3.3	(13.3)
Credit to reimbursement rights	(0.1)	0.1	0.3	-	-	-	-	-	-	(0.1)	0.1	0.3
Contributions	35.9	32.7	16.5	1.3	1.4	1.9	0.6	0.5	0.2	37.8	34.6	18.6
Transfers	-	-	(1.1)	-	-	-	-	-	1.0	-	-	(0.1)
Exchange rate differences	8.9	2.7	(6.3)	1.6	2.0	(2.5)	-	-	-	10.5	4.7	(8.8)
Closing assets (provisions) in the balance sheet	(137.7)	(168.2)	(206.9)	(13.9)	(15.7)	(18.8)	(5.7)	(5.8)	(4.7)	(157.3)	(189.7)	(230.4)
of which:												
- obligations	*(144.7)*	*(175.3)*	*(212.5)*	*(13.9)*	*(15.7)*	*(18.8)*	*(5.7)*	*(5.8)*	*(4.7)*	*(164.3)*	*(196.8)*	*(236.0)*
- plan assets	*1.7*	*1.7*	*0.3*	*-*	*-*	*-*	*-*	*-*	*-*	*1.7*	*1.7*	*0.3*
- reimbursement rights	*5.3*	*5.4*	*5.3*	*-*	*-*	*-*	*-*	*-*	*-*	*5.3*	*5.4*	*5.3*

Change in employee benefits aggregates

(€ millions)	Retirement				Medical				Other long-term employee benefits			
	2007	2006	2005	2004	2007	2006	2005	2004	2007	2006	2005	2004
Obligations funded by plan assets	(886.9)	(937.7)	(993.9)	(771.9)	-	-	-	-	-	-	-	-
Fair value of plan assets	858.6	870.2	828.7	644.4	-	-	-	-	-	-	-	-
Funded status	**(28.3)**	**(67.5)**	**(165.2)**	**(127.5)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Unfunded obligations	(45.5)	(42.2)	(45.2)	(31.0)	(13.4)	(15.3)	(21.2)	(16.7)	(5.7)	(5.8)	(4.7)	(4.5)
Obligations funded by reimbursement rights	(18.0)	(20.6)	(21.2)	(17.8)	-	-	-	-	-	-	-	-
Fair value of reimbursement rights	5.3	5.4	5.3	-	-	-	-	-	-	-	-	-
Actuarial (gains) losses of the period												
- on obligations	*5.7*	*56.0*	*(88.0)*	*(23.3)*	*0.4*	*2.6*	*(1.8)*	*(0.6)*	*0.3*	*(1.1)*	*0.3*	*(0.6)*
- on assets	*7.2*	*9.0*	*69.3*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- on reimbursement rights	*(0.1)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*

25.2 Other provisions

(€ millions)	2007	2006	2005
Other non-current provisions	162.6	200.3	161.0
Other current provisions	14.8	18.4	12.8
Total	**177.4**	**218.7**	**173.8**

The other provisions can be broken down as follows:

(€ millions)	Provisions for management risks	Environmental provisions and provisions for site restoration	Provisions for restructuring	Other provisions	Total
Opening balance: January 2005	**49.6**	**71.5**	**22.4**	**18.5**	**162.0**
Increases	6.0	0.5	14.3	10.7	31.5
Utilizations	(12.6)	(7.6)	(10.7)	(8.1)	(39.0)
Non-utilized decreases	(0.2)	(0.4)	(5.3)	(3.3)	(9.2)
Changes in the scope of consolidation	3.3	8.6	0.2	4.2	16.3
Unwinding expense	-	3.0	-	(0.2)	2.8
Exchange rate differences	3.4	4.0	1.3	1.9	10.6
Reclassification and other	(0.1)	6.9	(5.0)	(3.0)	(1.2)
Opening balance: January 2006	**49.4**	**86.5**	**17.2**	**20.7**	**173.8**
Increases	5.6	13.7	48.1	15.4	82.8
Utilizations	(4.9)	(7.9)	(13.5)	(12.1)	(38.4)
Non-utilized decreases	(2.0)	(0.1)	(2.6)	(2.0)	(6.7)
Changes in the scope of consolidation	1.9	5.7	-	5.1	12.7
Unwinding expense	-	3.2	-	-	3.2
Exchange rate differences	(2.2)	(2.6)	(0.2)	(1.5)	(6.5)
Reclassification and other	(2.8)	0.2	(3.6)	4.0	(2.2)
Opening balance: January 2007	**45.0**	**98.7**	**45.4**	**29.6**	**218.7**
Increases	13.0	(4.0)	1.6	12.2	22.8
Utilizations	(9.1)	(7.0)	(24.0)	(12.5)	(52.6)
Non-utilized decreases	(6.3)	(0.2)	(1.9)	(1.1)	(9.5)
Changes in the scope of consolidation	0.6	1.1	-	2.3	4.0
Unwinding expense	-	3.7	-	-	3.7
Exchange rate differences	(1.7)	(5.4)	(1.3)	(1.6)	(10.0)
Reclassification and other	(1.6)	4.2	(5.5)	3.2	0.3
Closing balance: December 2007	**39.9**	**91.1**	**14.3**	**32.1**	**177.4**

The Group is exposed to litigation and claims arising from its ordinary activities. These risks relate to allegations of personal or financial injury caused by third parties implicating the civil liability of the Group's entities, the potential breach of some of their contractual obligations or employee, property and environmental law issues. The Group also has certain contractual indemnity obligations attributable to disposals of assets in the past. The provisions recognized with respect to such management risks amount to €39.9 million as of December 31, 2007 (€45.0 million as of December 31, 2006). These provisions have a probable maturity between 2008 and 2012.

In addition, Imerys records provisions intended to cover environmental risks resulting from the Group's industrial activity as well as provisions for the restoration of mine sites at the end of their exploitation. These provisions amount to €91.1 million as of December 31, 2007 (€98.7 million as of December 31, 2006). The corresponding obligations have probable maturities between 2008 and 2012 for €38.9 million, between 2013 and 2022 for €48.0 million and for €4.2 million from 2023 onwards.

The Group may conduct restructuring actions, i.e. integrated sets of measures planned, announced and controlled by Management and conceived to change the nature, importance or conducting of its entities or businesses. In 2007, the Group recognized €1.6 million of additional provisions in this respect whose counterpart was recognized against other operating revenue and expenses *(Note 11)*. The other provisions mainly relate to legal and social litigation. As of December 31, 2007, they amount to €32.1 million (€29.6 million as of December 31, 2006). Provisions recognized for the restructuring of Group activities and other provisions have a probable maturity between 2008 and 2012.

26 - FINANCIAL LIABILITIES

26.1 Categories of financial liabilities

The tables hereafter enable to evaluate the significance of financial instruments for the Group's consolidated liabilities. The categories of financial instruments used in this analysis are described in *Note 12*.

As of December 31, 2007

The table hereafter discloses the carrying amounts of the categories of financial instruments as of December 31, 2007.

		Financial liabilities within the scope of standard IAS 39 on financial instruments				*Liabilities excluded from the scope of standard IAS 39 on financial instruments*
			Financial liabilities at fair value through profit or loss			
(€ millions)	*2007*	*Financial liabilities at amortized cost*	*Fair value hedge derivatives*	*Derivatives not eligible to hedge accounting*	*Cash flow hedge derivatives*	
NON-CURRENT LIABILITIES						
Loans and financial debts	1,021.1	1,015.0	-	-	-	6.1
Other debts	23.0	17.1	-	-	-	5.9
Derivative financial liabilities	12.5	-	12.7	0.1	(0.3)	-
CURRENT LIABILITIES						
Trade payables	321.5	321.5	-	-	-	-
Other debts	240.3	130.7	-	-	-	109.6
Derivative financial liabilities	2.8	-	0.5	(0.4)	2.7	-
Loans and financial debts	388.0	386.2	-	-	-	1.8
Bank overdrafts	102.6	102.6	-	-	-	-

In the table hereafter, the carrying amount of financial liabilities is representative of their fair value except for the bonds included in the loans and financial debts whose market value is inferior to their carrying amount by €29.8 million. For listed bonds, the fair value is equal to the market value at the balance sheet date. For unlisted bonds, the market value is obtained by discounting the future flows at risk-free market rates. The measurement presented hereafter includes accrued interest.

(€ millions) *Description of the bond*					*listed / unlisted*	*Effective tax rate*	*Market value in €*	*Carrying amount*
Bond	JPY7 billion	3.40%	maturity	9/16/2033	unlisted	3.47%	51.4	42.9
Bond	USD140 million	4.88%	maturity	8/6/2013	unlisted	4.98%	98.2	97.0
Bond	USD30 million	5.28%	maturity	8/6/2018	unlisted	5.38%	21.5	20.8
Bond	€300 million	5.13%	maturity	4/25/2014	listed	5.42%	307.3	310.6
Bond	€500 million	5.00%	maturity	4/18/2017	listed	5.09%	480.8	517.7

As of December 31, 2006

The table hereafter discloses the carrying amounts of the categories of financial instruments as of December 31, 2006.

(€ millions)	2006	Financial liabilities within the scope of standard IAS 39 on financial instruments				Liabilities excluded from the scope of standard IAS 39 on financial instruments
		Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss		Cash flow hedge derivatives	
			Fair value hedge derivatives	Derivatives not eligible to hedge accounting		
NON-CURRENT LIABILITIES						
Loans and financial debts	892.8	885.1	-	-	-	7.7
Other debts	27.1	20.6	-	-	-	6.5
Derivative financial liabilities	13.5	-	14.2	-	(0.7)	-
CURRENT LIABILITIES						
Trade payables	296.8	296.8	-	-	-	-
Other debts	217.9	112.2	-	-	-	105.7
Derivative financial liabilities	5.9	-	0.5	-	5.4	-
Loans and financial debts	360.7	358.1	-	-	-	2.6
Bank overdrafts	44.7	44.7	-	-	-	-

In the table hereafter, the carrying amount of financial liabilities is representative of their fair value except for the bonds included in the loans and financial debts whose market value exceeds their carrying amount by €16.9 million. For listed bonds, the fair value is equal to the market value at the balance sheet date. For unlisted bonds, the market value is obtained by discounting the future flows at risk-free market rates. The measurement presented hereafter includes accrued interest.

(€ millions) Description of the bond					listed / unlisted	Effective tax rate	Market value in €	Carrying amount
Bond	JPY7 billion	3.40%	maturity	9/16/2033	unlisted	3.47%	54.2	44.8
Bond	USD140 million	4.88%	maturity	8/6/2013	unlisted	4.98%	106.8	115.1
Bond	USD30 million	5.28%	maturity	8/6/2018	unlisted	5.38%	23.4	24.6
Bond	€300 million	5.13%	maturity	4/25/2014	listed	5.42%	314.1	301.6
Bond	€309.7 million	6.00%	maturity	5/7/2007	listed	6.04%	325.5	321.0

As of December 31, 2005

The table hereafter discloses the carrying amounts of the categories of financial instruments as of December 31, 2005.

		Financial liabilities within the scope of standard IAS 39 on financial instruments				Liabilities excluded from the scope of standard IAS 39 on financial instruments
			Financial liabilities at fair value through profit or loss			
(€ millions)	2005	Financial liabilities at amortized cost	Fair value hedge derivatives	Derivatives not eligible to hedge accounting	Cash flow hedge derivatives	
NON-CURRENT LIABILITIES						
Loans and financial debts	943.1	935.6	-	-	-	7.5
Other debts	33.2	23.7	-	-	-	9.5
Derivative financial liabilities	14.9		14.2	0.6	0.1	-
CURRENT LIABILITIES						
Trade payables	313.1	313.1	-	-	-	-
Other debts	222.8	121.0	-	-	-	101.8
Derivative financial liabilities	8.2	-	3.8	0.5	3.9	-
Loans and financial debts	423.0	420.7	-	-	-	2.3
Bank overdrafts	13.6	13.6	-	-	-	-

In the table hereafter, the carrying amount of financial liabilities is representative of their fair value except for the bonds included in the loans and financial debts whose market value exceeds their carrying amount by €23.2 million. For listed bonds, the fair value is equal to the market value at the balance sheet date. For unlisted bonds, the market value is obtained by discounting the future flows at risk-free market rates. The measurement presented hereafter includes accrued interest.

(€ millions) Description of the bond					listed / unlisted	Effective tax rate	Market value in €	Carrying amount
Bond	JPY7 billion	3.40%	maturity	9/16/2033	unlisted	3.47%	61.6	51.0
Bond	USD140 million	4.88%	maturity	8/6/2013	unlisted	4.98%	121.1	114.6
Bond	USD30 million	5.28%	maturity	8/6/2018	unlisted	5.38%	26.8	24.9
Bond	€300 million	5.13%	maturity	4/25/2014	listed	5.42%	344.3	345.0
Bond	€309.7 million	6.00%	maturity	5/7/2007	listed	6.04%	322.2	317.3

26.2 Financial debt

The net financial debt is an indicator used in the management of the Group's financial resources. 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 26.5)*. The link between this indicator and the consolidated balance sheet is the following:

(€ millions)	2007	2006	2005
Derivative financial assets	(5.0)	(41.6)	(66.7)
- less hedging instruments on energy	*0.5*	*1.4*	*5.8*
Marketable securities and other financial assets	(5.3)	(4.1)	(61.0)
Cash and cash equivalents	(173.4)	(181.2)	(134.7)
Loans and financial debts - non-current	1,021.1	892.8	943.1
Derivative financial liabilities	15.3	19.4	23.1
- less hedging instruments on energy	*(0.8)*	*(6.0)*	*(6.2)*
Loans and financial debts - current	388.0	360.7	423.0
Bank overdrafts	102.6	44.7	13.6
Net financial debt	**1,343.0**	**1,086.1**	**1,140.0**

26.3 Other debts

The table hereafter analyzes other non-current debts.

(€ millions)	*2007*	*2006*	*2005*
Income taxes payable	2.9	4.6	6.7
Tax debts	-	2.6	5.1
Social debts	1.2	0.6	0.9
Other	18.9	19.3	20.5
Total	**23.0**	**27.1**	**33.2**

The table below analyzes other current debts.

(€ millions)	*2007*	*2006*	*2005*
Capital expenditure payables	52.3	48.1	45.8
Tax debts	30.3	21.6	25.1
Social debts	108.0	104.0	99.3
Other	49.7	44.2	52.6
Total	**240.3**	**217.9**	**222.8**

26.4 Derivative instruments

As of December 31, 2007, all hedging derivative instruments were measured on the basis prices at the balance sheet date provided by third parties active on financial markets. The fair value by type of derivative is as follows:

	Balance sheet market value including accrued interest								
	2007			*2006*			*2005*		
(€ millions)	*Assets*	*Liabilities*	*Net*	*Assets*	*Liabilities*	*Net*	*Assets*	*Liabilities*	*Net*
Interest rate instruments									
Forward contracts	5.5	14.1	(8.6)	40.7	13.5	27.2	56.9	12.6	44.3
Options	0.1	(1.6)	1.7	0.6	(0.1)	0.7	3.5	2.3	1.2
Foreign exchange instruments									
Forward contracts	(0.2)	3.5	(3.7)	(1.2)	(0.3)	(0.9)	0.1	1.8	(1.7)
Options	(0.9)	(1.5)	0.6	-	0.1	(0.1)	0.4	0.2	0.2
Energy risk instruments									
Forward contracts	-	0.5	(0.5)	3.0	0.2	2.9	-	3.4	(3.4)
Options	0.5	0.3	0.2	(1.6)	5.9	(7.5)	5.8	2.8	3.0
Total	**5.0**	**15.3**	**(10.3)**	**41.6**	**19.4**	**22.2**	**66.7**	**23.1**	**43.6**
Of which:									
- non-current	5.6	12.5	(6.9)	41.3	13.5	27.8	60.4	14.9	45.5
- current	(0.6)	2.8	(3.4)	0.3	5.9	(5.6)	6.3	8.2	(1.9)

Fair value hedges

As of December 31, 2007, the Group holds interest rate swaps intended to hedge the exposure to changes in fair value of the different loans. These swaps hedge the risk of change in the risk-free rate and not the differential corresponding to the credit risk of the issuer. The hedged loans as well as the interest rate swaps 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	4.29%	Euribor 3 months
Euro	75	4.30%	Euribor 3 months
Euro	75	4.30%	Euribor 3 months
Euro	200	4.32%	Euribor 3 months
Euro	100	4.33%	Euribor 3 months
US Dollar	140	4.88%	Libor USD 3 months
US Dollar	30	5.28%	Libor USD 3 months

Cash flow hedges

As of December 31, 2007, the Group held a certain number of derivative instruments intended to hedge some of its future purchases or sales, a portion of its debt at floating rate and its gas consumption in the United States and in Great Britain. The following table discloses the cash flow hedges recognized in equity as well as those reclassified to the income statement.

(€ millions)	*Exchange rate risk*	*Interest rate risk*	*Energy risk*	***Total***
Opening balance: January 2005	**0.8**	**(0.9)**	**0.3**	**0.2**
Revenue and expenses recognized in shareholders' equity	(1.2)	0.8	(0.7)	(1.1)
Revenue and expenses recycled to the income statement	0.4	0.6	(1.2)	(0.2)
Opening balance: January 2006	**-**	**0.5**	**(1.6)**	**(1.1)**
Revenue and expenses recognized in shareholders' equity	(0.5)	3.2	(3.3)	(0.6)
Revenue and expenses recycled to the income statement	-	1.1	1.7	2.8
Opening balance: January 2007	**(0.5)**	**4.8**	**(3.2)**	**1.1**
Revenue and expenses recognized in shareholders' equity	1.9	(8.1)	2.3	(3.9)
Revenue and expenses recycled to the income statement	0.4	5.2	1.1	6.7
Closing balance: December 2007	**1.8**	**1.9**	**0.2**	**3.9**
of which reclassification to profit or loss expected in 2008	*1.8*	*1.9*	*0.2*	*3.9*

Net investment hedging in foreign entities

Imerys hedges part of its net investments in foreign entities by loans or exchange rate swaps. These transactions aim at hedging the Group's exposure to the exchange rate risks on these investments. Exchange rate gains or losses on these transactions are recognized in shareholders' equity together with exchange rate gains or losses of net investments in these entities.

As of December 31, 2007, the main loans and exchange rate swaps hedging net investments in foreign entities are the following: USD281.4 million, JPY2,182.3 million and CHF45.0 million.

26.5 Management of risks arising from financial liabilities

Transactional currency 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 Euro. In the liabilities, the transactional currency risk has an impact on trade payables within the category of liabilities at amortized cost. The management of that risk presents characteristics that are identical to that of the transactional currency risk related to financial assets *(Note 23.4)*.

Liquidity risk

- **Borrower's liquidity**

As a borrower, the Group faces a liquidity risk to that extent that it has to meet the repayment obligations of its financial liabilities. As of December 31, 2007, the maturity of financial liabilities on issue is analyzed as follows:

	2008		*2009 - 2013*		*2014 and later*	
(€ millions)	*Capital*	*Interests*	*Capital*	*Interests*	*Capital*	*Interests*
Eurobond / EMTN	-	43.1	50.5	202.0	828.2	87.4
Private placements (EMTN and others)	-	7.2	96.9	34.0	63.6	33.4
Bond issues	**-**	**50.2**	**147.4**	**236.0**	**891.9**	**120.8**
Commercial paper issues	368.3	2.5	-	-	-	-
Miscellaneous facilities due within one year	11.5	-	-	-	-	-
Total gross financial debt	**379.8**	**52.7**	**147.4**	**236.0**	**891.9**	**120.8**
Net cash and cash equivalents	(76.1)	-	-	-	-	-
Total net financial debt	**303.7**	**52.7**	**147.4**	**236.0**	**891.9**	**120.8**
Trade payables	321.5	-	-	-	-	-
Other debts	240.3	-	23.0	-	-	-
Total operating debts	**865.5**	**52.7**	**170.4**	**236.0**	**891.9**	**120.8**

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)	*2008*	*2009 - 2013*	*2014 and later*	*Total*
Debt at fixed rate on issue	11.5	96.9	891.9	1,000.3
Swap fixed rate into floating rate on issue	738.8	(96.9)	(641.9)	-
Debt at floating rate on issue	368.3	50.5	-	418.8
Net cash and cash equivalents	(76.1)	-	-	(76.1)
Total net financial debt	**1,042.5**	**50.5**	**250.0**	**1,343.0**

To date, Imerys did not legally update its Euro Medium Term Note program (EMTN). The transposition of the European directive on prospectuses into Luxemburgian law having been carried out recently, Imerys intends to update this program in 2008. However, the total amount of the program is €1.0 billion. Subject to its legal update, it would be used to issue notes considered as ordinary bonds under French law of a minimum maturity of 1 month and a maximum maturity of 30 years. As of December 31, 2007, outstanding securities total €454.3 million.

As of December 31, 2007, Imerys also has a French commercial paper program limited to €800.0 million. The program is rated P-2 by Moody's. As of December 31, 2007, outstanding securities total €365.8 million. As of December 31, 2007, Imerys has access to €1,321.0 million of available bank facilities, part of which secures the €365.8 million commercial paper issue in accordance with the financial policy of the Group.

The various bilateral bank credit facilities, the June 2004 syndicated credit as well as certain bond issues in the form of private placements contain the following terms and conditions:

- purpose: general corporate financing requirements;
- obligations in terms of financial ratio compliance:
  - net Financial Debt / Consolidated Equity ratio below 1.75 (for bond issues under private placements), 1.60 (for bilateral bank credit facilities and syndicated credit of July 2005) at each half-yearly closing of consolidated financial statements (the ratio as of December 31, 2007 was 0.81);
  - net Financial Debt / Consolidated EBITDA ratio below 3.80 at each half-yearly closing of consolidated accounts, the consolidated EBITDA being calculated for the last 12 months (the ratio as of December 31, 2007 was 2.08);
- absence of any lien in favor of lenders.

The failure to comply with the obligations of each loan would lead to the cancellation of its available amount and make outstanding advances and bonds under the contract immediately callable.

Medium-term financial resources provided by bilateral or syndicated bank credit facilities may be used for very short drawing periods (3 months) while remaining available for longer maturities (5 years). As a consequence, the Group is exposed to the market liquidity risk.

- **Market liquidity**

Financial resources are the main adjustment variable of the financing capacities available to the Group. These capacities exist either as drawn financial debt or as financing commitments granted by first rank banking institutions. The tables below list resources by their maturity date and nature.

(€ millions)	*2007*	*2006*	*2005*
Maturity less than one year	-	359.7	-
Maturity from one to five years	621.0	1,375.0	989.1
Maturity beyond five years	1,707.9	473.7	1,244.5
Total financial resources	**2,328.9**	**2,208.4**	**2,233.6**
Average life span (years)	*6.4*	*4.6*	*5.5*

(€ millions)	*2007*	*2006*	*2005*
Eurobond / EMTN	800.0	609.7	609.7
Private placements (EMTN and others)	207.9	273.7	294.5
Bond resources	**1,007.9**	**883.4**	**904.2**
Average life span (years)	*8.4*	*5.3*	*6.4*
June 2004 / July 2005 syndicated credit	750.0	750.0	750.0
Miscellaneous bilateral facilities	571.0	575.0	579.4
Bank resources	**1,321.0**	**1,325.0**	**1,329.4**
Average life span (years)	*4.9*	*3.9*	*4.9*
Total financial resources	**2,328.9**	**2,208.4**	**2,233.6**
Average life span (years)	*6.4*	*4.6*	*5.5*

Over the past three years, Imerys has sought to maintain the amount of its financial resources at approximately €2.0 billion (€2,233.6 million as of December 31, 2005, €2,208.4 million as of December 31, 2006 and €2,328.9 million as of December 31, 2007) and to lengthen their maturity. As of December 31, 2007, Imerys has a long-term rating of Baa2 by Moody's (Baa2 as of December 31, 2006). 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. The table below measures the amount of available financial resources after the repayment of financing from uncommitted resources. It measures the Group's real exposure to an illiquidity crisis on both financial and banking markets.

	2007			2006			2005		
(€ millions)	*Resources*	*Utilization*	*Available*	*Resources*	*Utilization*	*Available*	*Resources*	*Utilization*	*Available*
Bonds	1,007.9	1,007.9	-	883.4	883.4	-	904.2	904.2	-
Commercial papers	-	365.8	(365.8)	-	320.0	(320.0)	-	380.2	(380.2)
Committed bank facilities	1,321.0	-	1,321.0	1,325.0	-	1,325.0	1,329.4	-	1,329.4
Bank facilities and accrued interests	-	33.9	(33.9)	-	23.3	(23.3)	-	37.6	(37.6)
Other debts and availabilities	-	11.5	(11.5)	-	-	-	-	-	-
Resources, utilizations and available amounts	**2,328.9**	**1,419.1**	**909.8**	**2,208.4**	**1,226.7**	**981.7**	**2,233.6**	**1,322.0**	**911.6**

As of December 31, 2007, available financial resources, after repayment of uncommitted resources, total €909.8 million (€981.7 million as of December 31, 2006), which gives the Group substantial room to maneuver and is a guarantee of financial stability.

Balance sheet currency risk

The balance sheet currency risk is the risk generated by the conversion in Euro of assets and liabilities of entities in foreign currencies, mainly in US Dollar and Brazilian Real. The objective of Imerys is to manage the balance sheet currency risk through the proportion of its financial debts stated in foreign currencies. To that extent, any exchange rate fluctuation affecting net assets in foreign currencies is, to a certain extent, offset by a symmetrical effect resulting from the exchange rate fluctuation concerning its financial debts in the corresponding foreign currencies.

In that framework, Imerys carried out foreign currencies swaps for a notional amount remeasured at €352.1 million as of December 31, 2007. The table below describes the financial debt before and after the impact of these rate swaps.

	2007			2006			2005		
(€ millions)	*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	1,219.2	(261.5)	957.7	1,032.1	(39.7)	992.4	1,101.1	(249.7)	851.4
US Dollar	122.8	(90.6)	32.2	132.5	(5.8)	126.7	151.8	186.1	337.9
Japanese Yen	53.1	9.8	62.9	46.3	26.0	72.3	52.1	26.9	79.0
Other foreign currencies	24.0	342.3	366.3	15.8	19.5	35.3	17.0	36.7	53.7
Total	**1,419.1**	**-**	**1,419.1**	**1,226.7**	**-**	**1,226.7**	**1,322.0**	**-**	**1,322.0**

As of December 31, 2007, the portion of the financial debt in each foreign currency, before swaps, is as follows:

(€ millions)	*Euro*	*US Dollar*	*Japanese Yen*	*Other foreign currencies*	*Total*
Gross financial debt	1,219.2	122.8	53.1	24.0	1,419.1
Net cash and cash equivalents	33.0	(34.5)	(11.8)	(62.8)	(76.1)
Net financial debt	**1,252.2**	**88.3**	**41.3**	**(38.8)**	**1,343.0**

An increase of + 5.0% of the US Dollar against the Euro would improve the shareholders' equity by + 2.2%, the current operating income by + 0.9% and the net income from current operations, i.e. the net income before other operating revenue and expenses, by + 1.0%. A decrease of - 5.0% of the US Dollar against the Euro would deteriorate the shareholders' equity by - 2.2%, the current operating income by - 0.9% and the net income from current operations by - 1.0%.

An increase of + 5.0% of the Brazilian Real against the Euro would improve the shareholders' equity by + 0.1%, the current operating income by + 0.1% and would not have a significant impact on the net income from current operations. A decrease of - 5.0% of the Brazilian Real against the Euro would deteriorate the shareholders' equity by - 0.1%, the current operating income by - 0.1% and would not have a significant impact on the net income from current operations.

Interest rate 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. The interest rate risk is managed for the Group's consolidated net financial debt with the primary objective of guaranteeing its medium-term cost. To do so, Imerys manages this risk centrally, based on trends in the Group's consolidated net financial debt. Knowledge of this debt is provided by a regular reporting that describes the financial debt of each entity and indicates its various components and characteristics. Every year, the Group Treasury Department draws up a management policy document approved by the Financial Department and the Board of Directors. Reporting is reviewed monthly by the Financial Department and quarterly by the Board of Directors. This enables the situation to be monitored and the management policy to be adjusted as necessary. As part of that management process, the Group Treasury Department works with leading banks and obtains data from leading financial information providers.

The Group's policy is to obtain financing mainly in Euro, the most accessible and least costly financial resource, at a fixed rate. Medium-term fixed-rate bond issues are converted to floating rates using interest rate swaps. In the framework of its general management policy, the Group defined the various derivative instruments to be used solely to hedge risks on firm and highly probable commitments. These products include interest rate swaps, options - including caps, floors, swaptions and futures. The Group does not authorize the use of derivatives for speculative purposes. Finally, given anticipated trends in interest rates in 2007, the Group fixed the interest rate for part of its future financial debt (2007-2017) on various terms.

The table hereafter provides a breakdown of the financial net debt between floating and fixed rate by currency as of December 31, 2007.

(€ millions)	*Euro*	*US Dollar*	*Japanese Yen*	*Other foreign currencies*	*Total*
Debt at fixed rate on issue	828.2	117.7	42.9	11.5	1,000.3
Swap fixed rate into floating rate	(550.0)	(115.5)	(42.4)	-	(707.9)
Total debt at fixed rate	**278.2**	**2.2**	**0.4**	**11.5**	**292.4**
Debt at floating rate on issue	652.4	95.8	0.5	(329.8)	418.8
Net cash and cash equivalents	33.0	(34.5)	(11.8)	(62.8)	(76.1)
Swap fixed rate into floating rate	550.0	115.5	42.4	-	707.9
Exchange rate swap	(261.5)	(90.6)	9.8	342.3	-
Total debt at floating rate	**973.9**	**86.1**	**40.9**	**(50.4)**	**1,050.6**
Total net financial debt	**1,252.2**	**88.3**	**41.3**	**(38.8)**	**1,343.0**

The table hereafter provides a breakdown of interest rate hedging operations December 2007 - December 2008 by foreign currency.

(€ millions)	*Euro*	*US Dollar*	*Japanese Yen*	*Other foreign currencies*	*Total*
Exposure at floating rate before hedging	**973.9**	**86.1**	**40.9**	**(50.4)**	**1,050.6**
Fixed rate hedges	(120.0)	(115.5)	-	-	(235.5)
Swap at average rate of:	*4.47%*	*3.79%*	-	-	4.14%
Capped rate hedges	(730.0)	(13.6)	-	-	(743.6)
Cap at average rate of:	*3.87%*	*4.86%*	-	-	3.89%
Exposure at floating rate after hedging	**123.9**	**(42.9)**	**40.9**	**(50.4)**	**71.6**

The table hereafter provides a breakdown of interest rate hedging operations in 2007 and subsequently by maturity dates.

(€ millions)	*2008*	*2009-2013*	*2014 and later*
Total exposure before hedging	**1,050.6**	**1,050.6**	**1,050.6**
Fixed rate hedges	(235.5)	(235.5)	-
Swap at average rate of:	*4.14%*	*4.14%*	-
Capped rate hedges	(743.6)	(513.6)	-
Cap at average rate of:	*3.89%*	*4.45%*	-
Total exposure after hedging	**71.5**	**301.5**	**1,050.6**

A rise of 100 basis points of interest rates would increase the net financial debt expense by €0.7 million, assuming a stable amount of debt and that every fixed-rate debt is replaced at its term by a floating-rate debt. A fall of 100 basis points of interest rates would decrease the net financial debt expense by €8.2 million, assuming a stable amount of debt and that every floating-rate debt is replaced at its term by a fixed-rate debt.

Energy price risk

The energy price risk is the risk whereby the cash flow due by an entity in relation to an energy purchase may be subject to a deterioration caused by a rise in the market price of that energy source. 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. The Group's geographical locations and supply sources are diversified. However a change in energy prices has an impact on the operational profitability. Hence, an increase of €1.00 in the price of the MWH (Megawatt-hour) of natural gas, i.e. €0.29 per MMBTU (million de British Thermal Unit), i.e. 4.0% of the price observed as of December 31, 2007, would deteriorate the current operating income by €4.9 million. An increase of €1.00 in the price of the MWH of electricity, i.e. 1.7% of the price observed as of December 31, 2007, would deteriorate the current operating income by €3.1 million. An increase of €1.00 in the price of the MWH of coal would deteriorate the current operating income by €0.9 million.

Confronted with the energy price risk, the Group makes important efforts 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. In May 2007, a Group Energy Supervisor has been appointed to coordinate the analysis, monitoring and control programs on energy consumption. From 2008, energy managers will be designated at site level as well as at division and/or business unit levels. Each site will have to prepare an energy savings plan and energy audits will be carried out on the main facilities. The sharing of good practices will be fostered by the implementation of appropriate systems.

In the United States, the Group consumes slightly over 5.7 million MMBTU (BTU: British Thermal Unit) of natural gas with supply contracts based on the NYMEX Henry Hub index listed in New York. As part of the management of its natural gas risk in the United States, the Group had as of December 31, 2007 various hedging transactions covering 2008.

All transactions on natural gas in the United States as of December 31, 2007 are described in the table below:

		Net notional amount in MMBTU	*Maturity*
Underlying position		**5,690,000**	< 12 months
Management transactions			
Options	Sales of Puts	2,360,000	< 12 months
	Purchases of Calls	2,360,000	< 12 months

In Great Britain, the Group consumes approximately 43.2 million therms with supply contracts based on the UK Natural Gas IPE index listed in London and electricity contracts. As of December 31, 2007, no transactions on natural gas were concluded in Great Britain.

	Amount in therms	*Maturity*
Underlying position	**43,200,000**	< 24 months

In France, the Group consumes approximately 1,699.0 MWH of natural gas with supply contracts based on the barrel price of Brent listed in London (equivalent of 765,169 barrels). The 2008 supply contracts have been concluded at fixed price with the various suppliers.

		Amount in Mwh	*Maturity*
Underlying position		**1,699,291**	< 12 months
Management transactions			
Options	Sales of Puts	466,369	< 12 months

27 - INCOME TAXES

Breakdown of the net deferred tax position

(€ millions)	*2007*	*2006*	*2005*
Deferred tax assets	59.4	49.3	34.6
Deferred tax liabilities	(53.9)	(52.4)	(76.4)
Net deferred tax position	**5.5**	**(3.1)**	**(41.8)**

In the consolidated balance sheet of Imerys, deferred tax assets and liabilities are offset by tax entity (legal entity or tax consolidation group).

Change in deferred taxes

(€ millions)	*2007*	*Income*	*Translation*	*Scope*	*2006*
Deferred tax assets	59.4	21.3	(13.7)	2.5	49.3
Deferred tax liabilities	(53.9)	(11.9)	9.9	0.5	(52.4)
Net deferred tax position	**5.5**	**9.4**	**(3.7)**	**3.0**	**(3.1)**

Deferred tax breakdown by nature

The breakdown by temporary differences of deferred tax assets and liabilities and deferred income taxes is as follows:

	Income	Balance sheet		
(€ millions)	*Deferred tax expense 2007*	*2007*	*2006*	*2005*
Deferred tax assets				
Provision for retirement	(6.8)	36.0	45.5	55.0
Other provisions	6.2	31.1	36.3	32.0
Property, plant and equipment	3.1	38.2	42.7	48.5
Intangible assets	(0.5)	1.4	1.9	2.1
Financial assets	(1.2)	4.3	6.1	5.2
Current assets and liabilities	2.6	19.6	18.1	7.5
Tax losses carried forward	3.0	14.0	12.3	9.5
Other	(4.9)	15.6	19.7	27.2
Total	**1.5**	**160.2**	**182.6**	**187.0**
Deferred tax liabilities				
Property, plant and equipment	4.6	(138.1)	(154.5)	(197.2)
Intangible assets	(0.4)	(0.8)	(0.6)	(0.1)
Financial assets	0.3	(6.1)	(7.0)	(10.4)
Current assets and liabilities	(0.6)	(4.5)	(4.5)	(4.3)
Other	4.0	(5.2)	(19.1)	(16.8)
Total	**7.9**	**(154.7)**	**(185.7)**	**(228.8)**
Net deferred tax position		**5.5**	**(3.1)**	**(41.8)**
Net deferred tax revenue	**9.4**			

Deferred tax assets are recognized as carried forward tax losses when they are assessed as being recoverable. As of December 31, 2007, these deferred tax assets amount to €14.0 million and mainly correspond to the recoverable losses of the entity IRCC in Brazil. On the other hand, tax losses and credits not having been recognized as deferred tax assets due to their uncertain recovery, amount to respectively €103.9 million and €22.5 million as of December 31, 2007, of which €81.3 million and €22.0 million expire after 2012 or can be carried forward without any time limit. Deferred taxes are calculated by using effective rates over the period in question in accordance with the tax laws in force in each concerned country.

No deferred tax liability is recognized with respect to temporary taxable differences between the accounting and tax values of investments, where the Group is in a position to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not reverse in a foreseeable future. The Group assesses that the related unrecognized deferred tax liability amounts to €4.4 million.

4. Notes to the consolidated cash flow statement

The following notes reconcile aggregates of the consolidated cash flow statement with operational management indicators used within the Group but not defined by IFRSs.

28 - RECONCILIATION CURRENT OPERATING INCOME / CURRENT OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES

(€ millions)	*2007*	*2006*	*2005*
Current operating income, Group share	**316.7**	**308.3**	**287.6**
Operating amortization, depreciation and impairment losses	197.4	206.7	185.3
Net change in operating provisions	(29.0)	(22.1)	(22.4)
Depreciation of leased assets	-	(3.1)	(3.4)
Provisions for mining assets	0.5	0.3	(0.3)
Financial impairment losses and unwinding of the discount	4.4	4.4	6.0
Current operating deferred taxes	(10.5)	(4.4)	2.3
Minority interests on current income	2.7	2.6	2.7
Share in net income of associates	(6.9)	(5.2)	(4.6)
Dividends received from associates and other	2.4	2.1	1.8
Current operating cash flow before working capital changes	**477.7**	**489.6**	**455.0**

29 - OPERATING CASH FLOW BEFORE TAXES (EBITDA)

(€ millions)	*2007*	*2006*	*2005*
Current operating income	478.3	458.8	434.0
Operating amortization, depreciation and impairment losses	197.4	206.7	185.3
Net change in operating provisions	(29.0)	(22.1)	(22.4)
Operating cash flow before taxes (EBITDA)	**646.7**	**643.4**	**596.9**
Depreciation of leased assets	-	(3.1)	(3.4)
Provisions for mining assets	0.5	0.3	(0.3)
Notional taxes on current operating income	(124.6)	(118.5)	(113.4)
Effective tax rate on current operating income	*26.0%*	*25.8%*	*26.1%*
Current net operating cash flow	**522.6**	**522.1**	**479.8**

30 - CURRENT FREE OPERATING CASH FLOW

(€ millions)	*2007*	*2006*	*2005*
Current net operating cash flow *(Note 29)*	**522.6**	**522.1**	**479.8**
Intangible assets	(34.0)	(5.2)	(3.3)
Property, plant and equipment [1]	(299.4)	(189.9)	(202.9)
Overburden mining assets	(33.6)	(31.0)	(23.3)
Debts on acquisitions	14.4	9.1	(21.5)
Paid capital expenditures	**(352.6)**	**(217.0)**	**(251.0)**
Increases in asset amortization and depreciation	*197.2*	*203.1*	*180.5*
Recognized capital expenditures / asset depreciation ratio [2]	*186.1%*	*111.3%*	*127.1%*
Carrying amount of current asset disposals	**9.0**	**7.5**	**8.7**
Change in the operational working capital requirement	**(4.9)**	**(66.8)**	**(18.1)**
of which:			
- Inventories	*(21.2)*	*(25.8)*	*(42.4)*
- Trade accounts receivable	*(11.6)*	*(23.7)*	*(20.2)*
- Trade accounts payable	*27.9*	*(17.3)*	*44.5*
Current free operating cash flow	**174.1**	**245.8**	**219.4**

[1] *of which acquisition of assets under finance lease* *(0.7)*

[2] *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*

31 - CURRENT FREE CASH FLOW

(€ millions)	*2007*	*2006*	*2005*
Current free operating cash flow	**174.1**	**245.8**	**219.4**
Financial income (loss)	(55.7)	(46.7)	(47.3)
Financial impairment losses and unwinding of the discount	4.4	4.4	6.0
Change in interest paid / received	5.2	(2.3)	(13.0)
Income taxes on financial income (loss)	14.5	12.1	12.4
Change in income tax debt	2.6	3.8	(6.8)
Change in deferred taxes on current operating income	(10.5)	(4.4)	2.3
Change in other items of working capital	(22.7)	(26.4)	15.6
Change in fair value	3.1	10.6	4.7
Dividends received from associates and other	2.4	2.1	1.8
Current free cash flow	**117.4**	**199.0**	**195.1**

(€ millions)	*2007*	*2006*	*2005*
Current operating cash flow before working capital changes *(Note 28)*	**477.7**	**489.6**	**455.0**
Paid capital expenditures *(Note 30)*	(352.6)	(217.0)	(251.0)
Change in the working capital requirement	*(27.6)*	*(93.2)*	*(2.5)*
Change in interest paid / received	*5.2*	*(2.3)*	*(13.0)*
Change in income tax debt	*2.6*	*3.8*	*(6.8)*
Working capital requirement sub-total	***(19.8)***	***(91.7)***	***(22.3)***
Change in fair value	3.1	10.6	4.7
Carrying amount of current asset disposals	9.0	7.5	8.7
Current free cash flow	**117.4**	**199.0**	**195.1**

5. Segment information

32 - PRIMARY SEGMENT INFORMATION

■ Consolidated income statement by segments

As of December 31, 2007

(€ millions)	Performance Minerals & Pigments	Materials & Monolithics	Ceramics, Refractories, Abrasives & Filtration	Holdings	Inter-segment eliminations	Total Imerys group
External sales	1,102.3	1,025.3	1,273.9	0.4	-	3,401.9
Inter-segment sales	0.8	0.4	23.3	29.2	(53.7)	-
Revenue	**1,103.1**	**1,025.7**	**1,297.2**	**29.6**	**(53.7)**	**3,401.9**
Current operating income	**105.0**	**235.3**	**172.7**	**(34.7)**	**-**	**478.3**
Operating income	80.9	230.8	150.0	(29.4)	-	432.3
Financial income (loss)						(55.7)
Share in net income of associates	3.8	1.2	1.9	-	-	6.9
Income taxes						(96.6)
Net income						**286.9**

Other items included in the income statement

(€ millions)	Performance Minerals & Pigments	Materials & Monolithics	Ceramics, Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Operating amortization, depreciation and impairment losses	(87.2)	(37.1)	(70.7)	(2.4)	(197.4)
Net change in operating provisions	16.1	(3.3)	15.4	0.8	29.0
Impairment losses on goodwill	(0.1)	-	-	-	(0.1)
Reversal of negative goodwill	-	-	-	-	-

Headcount

	Performance Minerals & Pigments	Materials & Monolithics	Ceramics, Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Production and logistics	3,264	3,444	6,839	4	13,551
Sales and research	382	833	511	13	1,739
Administration and support	569	438	1,050	205	2,262
Headcount	**4,215**	**4,715**	**8,400**	**222**	**17,552**

As of December 31, 2006

(€ millions)	Performance Minerals & Pigments	Materials & Monolithics	Ceramics, Refractories, Abrasives & Filtration	Holdings	Inter-segment eliminations	Total Imerys group
External sales	1,137.2	934.5	1,214.9	1.5	-	3,288.1
Inter-segment sales	1.1	0.6	24.0	27.7	(53.4)	-
Revenue	**1,138.3**	**935.1**	**1,238.9**	**29.2**	**(53.4)**	**3,288.1**
Current operating income	**103.7**	**214.4**	**170.8**	**(30.1)**	**-**	**458.8**
Operating income	(38.3)	198.2	147.4	(24.3)	-	283.0
Financial income (loss)						(46.7)
Share in net income of associates	4.1	0.7	0.4	-	-	5.2
Income taxes						(51.5)
Net income						**190.0**

Other items included in the income statement

(€ millions)	Performance Minerals & Pigments	Materials & Monolithics	Ceramics, Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Operating amortization, depreciation and impairment losses	(99.1)	(38.6)	(66.5)	(2.5)	(206.7)
Net change in operating provisions	16.0	(4.4)	10.1	0.4	22.1
Impairment losses on goodwill	-	-	(0.2)	-	(0.2)
Reversal of negative goodwill	-	-	2.1	-	2.1

Headcount

	Performance Minerals & Pigments	Materials & Monolithics	Ceramics, Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Production and logistics	3,549	3,084	5,457	3	12,093
Sales and research	514	746	408	10	1,678
Administration and support	670	392	838	105	2,005
Headcount	**4,733**	**4,222**	**6,703**	**118**	**15,776**

As of December 31, 2005

(€ millions)	Performance Minerals & Pigments	Materials & Monolithics	Ceramics, Refractories, Abrasives & Filtration	Holdings	Inter-segment eliminations	Total Imerys group
External sales	1,106.2	965.6	972.2	1.2	-	3,045.2
Inter-segment sales	1.0	2.1	18.9	23.3	(45.3)	-
Revenue	**1,107.2**	**967.7**	**991.1**	**24.5**	**(45.3)**	**3,045.2**
Current operating income	**107.4**	**205.8**	**151.8**	**(31.0)**	**-**	**434.0**
Operating income	47.2	194.9	124.2	65.0	-	431.3
Financial income (loss)						(47.3)
Share in net income of associates	3.4	0.6	0.6	-	-	4.6
Income taxes						(76.5)
Net income						**312.1**

Other items included in the income statement

(€ millions)	Performance Minerals & Pigments	Materials & Monolithics	Ceramics, Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Operating amortization, depreciation and impairment losses	(89.1)	(39.6)	(53.8)	(2.8)	(185.3)
Net change in operating provisions	11.5	3.2	6.2	1.5	22.4
Impairment losses on goodwill	-	0.1	(5.2)	-	(5.1)
Reversal of negative goodwill	-	0.1	0.5	-	0.6

Headcount

	Performance Minerals & Pigments	Materials & Monolithics	Ceramics, Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Management, employees, technicians, supervisors	1,589	1,722	1,881	110	5,302
Workers	3,723	2,577	4,332	-	10,632
Headcount	**5,312**	**4,299**	**6,213**	**110**	**15,934**

■ Consolidated balance sheet by segments

As of December 31, 2007

(€ millions)	Performance Minerals & Pigments	Materials & Monolithics	Ceramics, Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Intangible assets, property, plant and equipment and financial assets	1,065.3	535.7	982.3	7.2	2,590.5
Inventories	131.1	118.9	252.0	-	502.0
Trade receivables	151.1	237.3	234.2	0.8	623.4
Other receivables - current and non-current	79.8	20.1	59.4	20.8	180.1
Capital employed - Assets	***1,427.3***	***912.0***	***1,527.9***	***28.8***	***3,896.0***
Cash and cash equivalents	36.0	42.5	73.8	21.1	173.4
Segment assets	**1,463.3**	**954.5**	**1,601.7**	**49.9**	**4,069.4**
Investments in associates	30.7	5.5	6.7	-	42.9
Unallocated assets	-	-	-	-	90.0
Total assets					**4,202.3**
Trade payables	93.6	115.9	120.8	(8.8)	321.5
Other debts - current and non-current	81.6	102.3	75.1	4.3	263.3
Capital employed - Liabilities	***175.2***	***218.2***	***195.9***	***(4.5)***	***584.8***
Provisions for employee benefits	31.5	34.4	44.7	56.2	166.8
Other provisions	69.4	32.7	55.8	18.3	176.2
Bank overdrafts	1.2	1.9	12.7	86.8	102.6
Segment liabilities	**277.3**	**287.2**	**309.1**	**156.8**	**1,030.4**
Income taxes payable (capital employed)	-	-	-	-	30.0
Unallocated liabilities	-	-	-	-	1,478.3
Total current and non-current liabilities					**2,538.7**
Acquisitions of property, plant and equipment and intangible assets	(181.8)	(54.3)	(116.0)	0.2	(351.9)
Total capital employed	***1,252.1***	***693.8***	***1,332.0***	***33.3***	***3,281.2***

As of December 31, 2006

(€ millions)	*Performance Minerals & Pigments*	*Materials & Monolithics*	*Ceramics, Refractories, Abrasives & Filtration*	*Holdings*	*Total Imerys group*
Intangible assets, property, plant and equipment and financial assets	1,074.8	463.3	883.0	7.6	2,428.7
Inventories	145.3	106.0	239.3	-	490.6
Trade receivables	163.2	223.9	226.9	0.7	614.7
Other receivables - current and non-current	57.7	18.1	40.6	16.2	132.6
Capital employed - Assets	***1,441.0***	***811.3***	***1,389.8***	***24.5***	***3,666.6***
Cash and cash equivalents	35.0	38.4	71.7	36.1	181.2
Segment assets	**1,476.0**	**849.7**	**1,461.5**	**60.6**	**3,847.8**
Investments in associates	26.4	4.6	3.1	-	34.1
Unallocated assets	-	-	-	-	119.1
Total assets					**4,001.0**
Trade payables	86.7	105.6	112.4	(7.9)	296.8
Other debts - current and non-current	81.0	91.2	68.4	4.3	244.9
Capital employed - Liabilities	***167.7***	***196.8***	***180.8***	***(3.6)***	***541.7***
Provisions for employee benefits	35.9	36.3	46.9	82.3	201.4
Other provisions	91.8	36.2	58.1	30.4	216.5
Bank overdrafts	1.3	3.6	26.8	13.0	44.7
Segment liabilities	**296.7**	**272.9**	**312.6**	**122.1**	**1,004.3**
Income taxes payable (capital employed)	-	-	-	-	24.9
Unallocated liabilities	-	-	-	-	1,325.3
Total current and non-current liabilities					**2,354.5**
Acquisitions of property, plant and equipment and intangible assets	(86.8)	(46.9)	(80.1)	(3.2)	(217.0)
Total capital employed	***1,273.3***	***614.5***	***1,209.0***	***28.1***	***3,100.0***

As of December 31, 2005

(€ millions)	*Performance Minerals & Pigments*	*Materials & Monolithics*	*Ceramics, Refractories, Abrasives & Filtration*	*Holdings*	*Total Imerys group*
Intangible assets, property, plant and equipment and financial assets	1,225.0	456.4	934.8	8.7	2,624.9
Inventories	135.8	101.6	238.8	(0.4)	475.8
Trade receivables	157.1	213.0	218.9	1.3	590.3
Other receivables - current and non-current	40.3	18.6	42.1	12.0	113.0
Capital employed - Assets	***1,558.2***	***789.6***	***1,434.6***	***21.6***	***3,804.0***
Cash and cash equivalents	38.5	33.5	54.7	8.0	134.7
Segment assets	**1,596.7**	**823.1**	**1,489.3**	**29.6**	**3,938.7**
Investments in associates	-	-	-	-	31.9
Unallocated assets	-	-	-	-	188.6
Total assets					**4,159.2**
Trade payables	103.8	106.1	108.3	(5.1)	313.1
Other debts - current and non-current	98.6	99.9	68.1	(10.6)	256.0
Capital employed - Liabilities	***202.4***	***206.0***	***176.4***	***(15.7)***	***569.1***
Provisions for employee benefits	6.5	35.2	54.3	141.4	237.4
Other provisions	61.1	25.1	48.2	39.1	173.5
Bank overdrafts	2.4	2.7	1.4	7.1	13.6
Segment liabilities	**272.4**	**269.0**	**280.3**	**171.9**	**993.6**
Income taxes payable (capital employed)	-	-	-	-	13.8
Unallocated liabilities	-	-	-	-	1,465.6
Total current and non-current liabilities					**2,473.0**
Acquisitions of property, plant and equipment and intangible assets	(124.5)	(59.9)	(62.8)	(3.8)	(251.0)
Total capital employed	***1,355.8***	***583.6***	***1,258.2***	***37.3***	***3,221.1***

33 - SECONDARY SEGMENT INFORMATION

Revenue by geographical destination

The revenue presented below is analyzed according to the customers' geographical location.

(€ millions)	*2007*	*2006*	*2005*
France	682.4	668.1	670.6
Other European countries	1,394.5	1,304.8	1,180.6
North America	727.8	780.8	718.2
Asia-Oceania	370.0	330.4	302.1
Other countries	227.2	204.0	173.7
Total	**3,401.9**	**3,288.1**	**3,045.2**

Segment assets

(€ millions)	*2007*	*2006*	*2005*
France	931.0	927.1	788.7
Other European countries	1,344.7	1,299.8	1,427.0
North America	869.7	918.1	1,085.4
Asia-Oceania	431.2	265.0	237.9
Other countries	492.8	437.8	399.6
Total	**4,069.4**	**3,847.8**	**3,938.6**
Investments in associates	42.9	34.1	31.9
Unallocated assets	90.0	119.1	188.7
Total assets	**4,202.3**	**4,001.0**	**4,159.2**

Acquisitions of property, plant and equipment and intangible assets

(€ millions)	*2007*	*2006*	*2005*
France	(65.3)	(50.5)	(65.5)
Other European countries	(97.7)	(60.3)	(88.7)
North America	(66.4)	(59.7)	(59.8)
Asia-Oceania	(32.2)	(14.0)	(8.4)
Other countries	(90.3)	(32.5)	(28.6)
Total	**(351.9)**	**(217.0)**	**(251.0)**

Headcount

	2007	*2006*	*2005*
France	3,486	3,666	3,433
Other European countries	5,675	5,314	5,600
North America	3,174	3,042	3,192
Asia-Oceania	3,069	1,834	1,648
Other countries	2,148	1,920	2,061
Total	**17,552**	**15,776**	**15,934**

6. Other information

34 - 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 and an indirect investment in the Belgian group GBL; in this respect, Pargesa is a related party. The GBL group is a related party as it exercises a direct significant influence on Imerys. The amount recognized as an expense in 2007 as a compensation for the strategic assistance services provided by the Pargesa group totals €0.8 million (€0.8 million in 2006). The amount remaining as a liability as of December 31, 2007 totals €0.4 million (€0.4 million as of December 31, 2006).

Key management personnel of Imerys

Since the management mode was changed in 2005, the members of the key management personnel qualifying as related parties are the members of the Board of Directors and the 8 members of the Executive Committee (9 in 2006 and 2005), including the Chief Executive Officer who is also member of the Board of Directors.

Remuneration and assimilated benefits granted to the main executives which have been recognized as expenses for the concerned period are the following:

(€ millions)	*Notes*	*2007*	*2006*	*2005*
Short-term benefits	1	4.3	3.6	3.2
Long-term benefits		-	-	-
Directors' fees	2	0.6	0.6	0.6
Defined benefit plans	3	0.7	0.7	0.5
Contributions to defined contribution plans		0.3	0.3	0.3
Termination benefits		-	-	-
Share option-based payments	4	1.9	2.0	1.5
Total		**7.8**	**7.2**	**6.1**

1) Short-term benefits – These amounts include the fixed part of the remuneration paid for the period as well as the variable one owed for the period but paid the following period.

2) Directors' fees – These amounts correspond to the amount of directors' fees paid to the members of the Imerys Board of Directors.

3) Post-employment benefits – These amounts correspond to the defined retirement benefit plan existing for the main executives of the Group's French entities who meet the required conditions. They represent the total expenses recognized for the period for the whole of the beneficiaries of this benefit plan, among which the chief executive officer as well as some of the main executives mentioned above (6 from 2005 to 2007).

The maximum amount of the life annuity which can be paid to the beneficiaries of this plan as from the liquidation of their retirement rights is calculated in order to guarantee:

- a life annuity of a total gross annual amount (after recognition of pensions from obligatory and complementary pension plans) of 60.0% of their salary of reference, this salary of reference being limited to 8 times the annual limit of the French national health and pensions organization;
- subject to a payment limit of 25.0% of the above mentioned salary of reference of the last 12 calendar months preceding the withdrawal from the Group's headcount.

4) Share option-based payments – This amount corresponds to expenses recognized as Imerys share options attributed to the concerned main executives.

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 2007 totals €31.3 million (€27.8 million in 2006), of which €24.7 million (€21.2 million in 2006) to Imerys UK Pension Fund Trustees Ltd. / ECC Combined Investment Fund (Great Britain) and €2.7 million (€3.4 million in 2006) to Sun Trust Bank (United States).

FCPE Imerys Shares

The FCPE Imerys Relais 2006 was created to collect the employee subscriptions for the Employee Shareholding Plan 2006. The FCPE Imerys Relais 2006 was merged into the FCPE Imerys Actions on February 20, 2007. It is managed by BNP Paribas Asset Management SAS. The management of the FCPE Imerys Actions 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 2007 for the FCPE Imerys Actions are insignificant.

35 - COMMITMENTS GIVEN

The Group's off balance sheet commitments include asset securities (mortgages, pledges etc.) given on the Group's assets and the guarantees granted by Imerys and its entities, net of recognized liabilities.

The main commitments given by the Group are as follows:

(€ millions)	*2007*	*2006*	*2005*
Assets given as guarantee	11.0	18.6	29.0
Avals, sureties, guarantees	44.6	30.1	16.4
Other commitments	273.2	243.8	96.8
Total off balance sheet commitments	**328.8**	**292.5**	**142.2**

Among the other commitments, two commitments of a total amount of €172.9 million (a chartering and a storage and handling contract) aim at guaranteeing the shipping logistics of the Group.

Additionally, some of the Group's entities have operating lease commitments, in particular for offices, rail cars and lorries. Commitments for future rent payments amount to €21.3 million for 2008, €63.8 million from 2009 to 2012 and €101.7 million beyond.

36 - COMMITMENTS RECEIVED

(€ millions)	*2007*	*2006*	*2005*
Assets received as guarantee	5.4	6.4	6.5
Avals, sureties, guarantees	1.0	0.6	1.1
Other commitments	26.8	30.4	51.5
Total	**33.2**	**37.4**	**59.1**

37 - COUNTRY RISKS

Due to their mining activity and the variety of their final markets, the Group's entities are located in numerous countries. Imerys thus can be exposed to certain risks peculiar to these countries which may have in the future a certain impact on its financial situation, its financial performance and its cash flow.

In order to identify high-risk countries, Imerys uses the grading system @rating of the Coface, the main French insurance company specialized in export credit insurances, which measures to what extent an economic and financial commitment of an entity is influenced by the economic, financial and political prospects of the concerned countries.

The grading system of the Coface consists of 7 categories from A1 to D, with an increasing order of importance of the assessed risks. The last two categories corresponding to the highest risks include notably Argentina, Ukraine, Venezuela and Zimbabwe where the Group is present. The revenue of the entities located in these countries represent 1.12% of the Group revenue (0.77% in 2006) and 1.04% of the current operating income (0.20% in 2006). The balance sheet total of these entities represents 0.45% of the consolidated balance sheet total of Imerys and 0.19% of the consolidated shareholders' equity, Group share (0.03% as of December 31, 2006).

The fact that most of the Group's supply sources and final markets are located in developed countries limits the exposure to these country risks.

38 - EVENTS AFTER THE BALANCE SHEET DATE

The annual consolidated financial statements as of December 31, 2007 were closed by the Board of Directors on February 13, 2008. On February 5, 2008, the Group completed the acquisition of Astron China, a major producer of zircon-based products, for an amount of €115.0 million. At the closing of its last period on June 30, 2007, this entity showed sales of €110.0 million. Furthermore, on February 13, 2008, it was decided to change the operational organization of the Group into four business groups: Minerals for Ceramics, Refractories & Abrasives; Performance Minerals; Pigments for Paper and Materials & Monolithics. Thus, the new business group Performance Minerals groups together the activities of Performance Minerals and Minerals for Filtration.

2 - STATUTORY FINANCIAL STATEMENTS

Financial commentary

The financial statements of Imerys (the "Company") are those that are submitted to the Shareholders' General Meeting for approval. However, they provide a very partial view of the Group's economic and financial position, which is reflected only in the consolidated financial statements.

In 2007, the net income of the Company comes to €50.2 million whereas the 2006 net income reached €113.4 million.

The main factors for the period were:

- The evolution of Group investment securities held directly or indirectly by the Company through the subscription to the capital increase of Mircal China for an amount of €6.0 million.
- The evolution of financial resources:

The financial debts of Imerys SA which decreased slightly by €8.0 million in 2006 increase by €359.9 million in 2007 in order to finance the acquisitions of the Group. A new bond of €500.0 million was subscribed in 2007 and thus took over from two bonds of €309.7 million and €50.0 million which have come to maturity this year.

Receivables from investment securities also increase significantly by €283.4 million, thus financing the new acquisitions of the Group in 2007.

The structure of financing means has not been modified compared to 2006.

- The increase of the operating loss:

The operating expenses of the Company increase by €7.7 million in 2007. This increase can mainly be explained by the creation in early 2007 of the Innovation department. Similarly, sales and other revenue increase by €2.2 million and reach €29.3 million. This difference can be mainly explained by a decrease in sales of €1.5 million and the collection of an insurance indemnity of €5.0 million related to a technical hitch in one of the Brazilian subsidiaries.

Income statement

(€ thousands)	*Notes*	*2007*	*2006*	*2005*
Operating revenue		**29,345**	**27,145**	**26,997**
Rendering of services		23,536	25,059	25,665
Other revenue, decreases in provisions and transfer of expenses		5,809	2,086	1,332
Operating expenses		**(58,422)**	**(50,707)**	**(52,887)**
Purchases and external services		(37,061)	(31,547)	(35,933)
Taxes and duties		(851)	(1,163)	(1,469)
Staff expenses		(16,452)	(13,595)	(12,829)
Amortization, depreciation and provisions		(2,870)	(2,868)	(2,013)
Other expenses		(1,188)	(1,534)	(643)
Operating income		**(29,077)**	**(23,562)**	**(25,890)**
Financial income	10	**54,284**	**99,261**	**72,646**
Revenue from subsidiaries and affiliates		109,765	136,775	121,175
Net financial expenses		(29,848)	(25,435)	(31,803)
Increases and decreases in provisions		(10,175)	(4,511)	11,026
Exchange rate gains and losses		(15,458)	(7,568)	(27,752)
Current income		**25,207**	**75,699**	**46,756**
Exceptional income (loss)	11	**(2,367)**	**15,538**	**29,004**
Exceptional revenue		3,846	127,044	190,672
Exceptional expenses		(6,213)	(111,506)	(161,668)
Income taxes	12	**27,400**	**22,162**	**24,236**
Net income		**50,240**	**113,399**	**99,996**

Balance sheet

(€ thousands)	*Notes*	*2007*	*2006*	*2005*
ASSETS				
Intangible assets	13	6,147	4,533	3,313
Accumulated amortization	13	(3,720)	(2,379)	(1,416)
Net intangible assets		**2,427**	**2,154**	**1,897**
Property, plant and equipment	13	5,330	4,974	8,671
Accumulated depreciation	13	(2,372)	(1,602)	(3,577)
Net property, plant and equipment		**2,958**	**3,372**	**5,094**
Investments	14	2,648,733	2,642,733	2,473,432
Provisions	14 - 20	(3,003)	(3,003)	(3,003)
Net investments		**2,645,730**	**2,639,730**	**2,470,429**
Loans related to investment securities	15 -17	1,145,463	862,650	1,005,561
Provisions	20	0	(613)	(613)
Loans related to investment securities - net value		**1,145,463**	**862,037**	**1,004,948**
Other financial investments	16 - 17	2,907	2,962	41,065
Non-current assets		**3,799,485**	**3,510,255**	**3,523,433**
Other receivables	17	31,084	24,985	32,307
Derivative financial assets		2,855	6,121	6,904
Marketable securities	18	23,455	26,294	59,900
Cash and cash equivalents		3,940	2,488	1,953
Current assets		**61,334**	**59,888**	**101,064**
Regularization accounts	17	16,919	13,314	7,445
TOTAL ASSETS		**3,877,738**	**3,583,457**	**3,631,942**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital		126,254	126,669	127,944
Additional paid-in capital		131,704	158,944	219,453
Reserves		956,678	956,679	956,678
Retained earnings		419,498	420,285	425,113
Net income for the period		50,240	113,399	99,996
Shareholders' equity	19	**1,684,374**	**1,775,976**	**1,829,184**
Provisions for risks and charges	20	**34,024**	**23,683**	**25,483**
Financial debts	21	2,091,881	1,732,009	1,740,098
Other debts	21	17,853	21,435	17,981
Derivative financial liabilities	21	837	347	3,487
Debts		**2,110,571**	**1,753,791**	**1,761,566**
Regularization accounts	21	48,769	30,007	15,709
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,877,738**	**3,583,457**	**3,631,942**

Cash Flow Statement

(€ thousands)	*2007*	*2006*	*2005*
Cash flow from operating activities			
Net income	50,240	113,399	99,996
Expenses and revenue with no impact on cash flow			
Amortization and depreciation	2,788	2,885	2,549
Provisions	9,740	(1,792)	(10,600)
Income on disposal of assets	2,475	(10,502)	(30,361)
Operating cash flow before working capital changes	**65,243**	**103,990**	**61,584**
Change in working capital requirement	(9,490)	11,865	5,054
Cash flow from operating activities	**55,753**	**115,855**	**66,638**
Cash flow from investing activities			
Acquisitions of assets			
Intangible assets and property, plant and equipment	(1,620)	(2,189)	(3,792)
Financial (investments and related assets)	(5,945)	(275,554)	(124,202)
Disposals of assets			
Intangible assets and property, plant and equipment	400	9,510	7,573
Financial (investments and related assets)	0	145,770	181,342
Cash flow from investing activities	**(7,165)**	**(122,463)**	**60,921**
Cash flow from financing activities			
Change in financial debts	378,381	(2,768)	453,823
Change in loans and other financial assets	(286,516)	142,911	(532,590)
Cash flow from financing activities	**91,865**	**140,143**	**(78,767)**
Capital operations			
Capital increase	14,444	21,672	15,624
Capital reduction by cancellation of treasury shares	(42,099)	(83,456)	-
Dividends paid	(114,185)	(104,824)	(94,961)
Cash flow from operations on equity	**(141,840)**	**(166,607)**	**(79,337)**
Change in cash and cash equivalents	**(1,387)**	**(33,071)**	**(30,545)**
Cash and cash equivalents at the beginning of the period [(1)]	28,782	61,853	92,398
Cash and cash equivalents at the end of the period [(1)]	27,395	28,782	61,853
Change in cash and cash equivalents	**(1,387)**	**(33,071)**	**(30,545)**

Detail of movements on treasury shares

(€ thousands)	*2007*	*2006*	*2005*
Gross amount of treasury shares booked as investments as of January 1	**0**	**38,159**	**0**
Purchases of treasury shares	42,099	45,297	38,159
Sales of treasury shares	-	-	-
Treasury shares allocated to the Employee Shareholding Plan	-	-	-
Capital reduction by cancellation of treasury shares	(42,099)	(83,456)	-
Gross amount of treasury shares booked as investments as of December 31	**0**	**0**	**38,159**

[(1)] The cash is composed of marketable securities and cash and cash equivalents in the assets of the balance sheet.

Notes to the financial statements

Unless otherwise indicated, all values in the tables are in thousands of Euros.

1. Accounting principles and policies

The annual accounts are established in accordance with the current French accounting regulations. The methodology generally used is the historical cost method for the items recognized in the books.

1 - INTANGIBLE ASSETS

Intangible assets are valued at original cost. Software is depreciated over 3 years using the straight-line method.

2 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are assessed at original cost or at their contribution value.

The depreciation methods used, straight-line or degressive, are representative of economic depreciation; therefore, no excess tax depreciation was recognized under liabilities in the balance sheet.

Depreciation methods and periods are as follows:

• Machinery and equipment	straight-line method	over 10 years
• Other property, plant and equipment		
– Equipment and office furniture	straight-line method	over 5 and 10 years
– Office equipment	straight-line method	over 5 years
– IT equipment	straight-line method	over 3 years

3 - LONG TERM INVESTMENTS

The long term investments are valued at original cost, excluding ancillary expenses.

Investment securities and other long-term investments are estimated at their value in use. The value in use is evaluated according to the value of the company, based notably on its previous results, its profitability prospects, to the portion of converted equity owned for these investments and to the net asset value. When this value is higher than the carrying amount recognized in the balance sheet, the latter is not modified. On the contrary, a provision for depreciation of the investment is recognized.

Unrealized losses generated from the fluctuations of foreign currencies in which the long term investments are denominated are not aimed to realize. Therefore, unrealized exchange losses do not constitute in themselves sufficient criteria to justify systematically a provision for depreciation.

4 - RECEIVABLES AND DEBTS IN FOREIGN CURRENCIES

Receivables and debts in foreign currencies are converted at closing rate.

5 - FOREIGN CURRENCY EXPOSURE

When transactions in foreign currencies result in the symmetrical recognition of an asset and a liability presenting close maturities, the related exchange rate impacts cancel out over the maturity of the transactions. In this case, the exchange rate risk cannot realize and assets and liabilities contribute to a global foreign exchange position that is compensated. The amount of the provision for the unrealized exchange rate losses is limited to the portion of unrealized losses exceeding unrealized gains.

6 - MARKETABLE SECURITIES

Their value in use is assessed at their average market price of the last month of the period for listed stocks, at the last known redemption price for the SICAVs (money market funds) and at their net asset value for the FCPs (equity funds). Unrealized losses of value are subject to a provision for depreciation, unrealized gains are not recognized.

7 - PROVISIONS

Provisions for risks

Provisions for risks cover identified risks and are determined in accordance with the following method:

- provisions for operational risks include mainly litigation in progress related to the current activities;
- provisions for restructuring relate to reorganization plans officially decided and initiated before the end of the period;
- provisions pertaining to changes in the value of certain equity interests, determined in accordance with the last financial information available and the evolution prospects.

Provisions for charges

They mainly include:

- provisions for supplementary pension plans and pensions for former employees;
- retirement indemnities expense calculated in accordance with the retrospective method.

Imerys applies the recommendation no. CNC 2003-R01 applicable to the valuation and accounting for pension commitments and similar advantages.

8 - RISKS PERTAINING TO FINANCIAL MARKETS

As a holding company and head of the Group, the Company implements the management of financial market risks identified within the Group (exchange rate risk, interest rate risk, energy price risk).

The main instruments and risks are described hereafter:

- The derivative instruments used to cover the exchange rate risk are mainly forward buying and selling foreign currency contracts as well as change options. A global foreign exchange position is established when transactions in foreign currencies (hedged items and hedging instruments) result in the symmetrical recognition of an asset and a liability presenting close characteristics. For those options complying with the Group's risk management policy, but not qualified as hedging options, a provision for risks and charges is recognized where the market value is inferior to the original contractual value. Unrealized gains are not recognized.
- The Company implements swaps and options in order to cover the exchange rate risk. The expenses and revenues related to the hedging instruments are recognized symmetrically in the income statement to the expenses and revenues of hedged items.
- In order to cover energy price risks which affect its subsidiaries, the Company uses option contracts as well as forward buying and selling contracts. The expenses and revenues related to hedging instruments are recognized symmetrically in the income statement to the expenses and revenues of hedged items. For those options complying with the Group's risk management policy, but not qualified as hedging options, a provision for risks and charges is recognized where the market value is inferior to the original contractual value. Unrealized gains are not recognized.

9 - TAX CONSOLIDATION

Since 1993, the Imerys company and some of its French subsidiaries have been assessed under Article 223 A of the French Tax Code in respect of group taxation. 8 entities left the tax consolidation perimeter in 2007: Celite France, Ceradel Socor, Cératéra SAS, César, Denain-Anzin Minéraux SA , Harborlite France, Quartz de Pierre Blanche, Sétac and 4 entities joined the tax consolidation perimeter: AGS, Céramiques de la Méditerranée, Imerys Ceramics France, Parnasse 25. The tax consolidation perimeter included 29 entities as of December 31, 2007 mentioned below:

- AGS
- Ardoisières d'Angers
- Calderys France
- Celite Europe
- Céramiques de la Méditerranée
- Charges Minérales du Périgord
- Damrec
- Imerys
- Imerys Ceramics France
- Imerys Kiln Furniture France
- Imerys Minéraux France
- Imerys Services
- Imerys Tableware France
- Imerys TC
- KPCL KVS
- Marcel Rivereau
- Minemet Holding
- Mircal
- Mircal Brésil
- Mircal Chine
- Mircal Europe
- Parimetal
- Parnasse 16
- Parnasse 21
- Parnasse 22
- Parnasse 23
- Parnasse 25
- PLR Réfractaires SAS U
- World Minerals France

Within the fiscal group headed by Imerys, the relationships are governed by a convention whose principles are summarized below:

- the tax consolidated entities benefit from a situation identical to the one that they would have had in the absence of tax consolidation;
- all additional expenses are recognized at Imerys which benefits in counterpart from any potential savings generated by this system.

2. Notes to the income statement

10 - FINANCIAL INCOME

(€ thousands)	*2007*	*2006*	*2005*
Financial revenue			
Revenue from subsidiaries and affiliates [1]	109,765	136,775	121,175
Other investment income - net [1]	118,357	116,044	88,738
Decreases in provisions and transfer of expenses	10,367	3,814	16,790
Exchange rate gains	31,889	46,768	44,232
	270,378	**303,401**	**270,935**
Financial expenses			
Financial interest and expenses on financial instruments [2]	148,205	141,479	120,541
Increases in financial amortization and provisions	20,542	8,325	5,765
Exchange rate losses	47,347	54,336	71,983
	216,094	**204,140**	**198,289**
Financial income	**54,284**	**99,261**	**72,646**
of which:			
[1] - revenue related to controlled entities	*169,242*	*192,177*	*150,959*
[2] - expenses related to controlled entities	*25,064*	*22,152*	*7,240*

In 2007, the Company received €109.7 million of dividends.

As a holding company, Imerys manages its balance sheet exchange rate risk, notably linked to the foreign net assets held directly or indirectly by the Company and also resulting from the loans and advances granted to the subsidiaries and entities controlled by the Company in accordance with the intra-group treasury contracts. Therefore, the proportion of the financial indebtedness drawn in foreign currencies is adjusted. In relation to this adjustment, Imerys recognized in 2007 a net exchange loss of €15.5 million (a loss of €7.6 million was realized in 2006 and a loss of €27.8 million in 2005) mainly due to the hedging of foreign investments by Imerys.

For the record, at the same time, assets held by subsidiaries are not subject to revaluation of investment securities in the balance sheet.

11 - EXCEPTIONAL INCOME (LOSS)

(€ thousands)	*2007*	*2006*	*2005*
Gains and losses on disposals of assets	(2,475)	10,501	30,360
Other non-current revenue	152	175	1
Decreases in provisions and transfer of expenses	2,467	8,492	1,234
Increases in provisions	(2,190)	(2,232)	(1,996)
Other non-current expenses	(321)	(1,398)	(595)
Exceptional income (loss)	**(2,367)**	**15,538**	**29,004**

The disposal of the Imerys Argentina loan to Mircal Argentina generates a loss of €2.5 million.

The decreases in provisions as of December 31, 2007 relate to a provision for Group restructuring (€1.1 million), a provision for headquarter restructuring (€1.3 million) and a provision for exceptional expenses (€0.1 million).

The increases in 2007 relate to a provision for risks (€1.9 million) and a provision for headquarter restructuring (€0.3 million).

12 - INCOME TAXES

(€ thousands)	*2007*	*2006*	*2005*
Taxes on long-term capital gains	-	-	-
Income taxes	27,400	22,162	24,236
Total	**27,400**	**22,162**	**24,236**

Breakdown of the tax expense of the Company

(€ thousands)	*Result before taxes*	*Taxes*	*Result after taxes*
Current income	25,207	-	25,207
Exceptional income (loss)	(2,367)	-	(2,367)
Impact of the tax consolidation	-	27,400	27,400
Total	**22,840**	**27,400**	**50,240**

In accordance with the terms of the tax conventions signed by each company of the Group, the tax expense or credit recognized in the accounts of Imerys is composed of:

- the tax expense of the Company, calculated as if it was not fiscally consolidated;
- the net amount of additional expenses and credits resulting from the tax consolidation.

In this context, Imerys recognized a credit of €27.4 million for the 2007 period.

As regards Imerys, the Company recognizes in 2007 a loss of €54.5 million that has been used by the consolidated group in accordance with the rules of tax consolidation. At the end of 2007, the balance of carried forward short-term losses amounts to €260.8 million.

Change in deferred taxes (deferred tax basis)

(€ thousands)	*As of December 31, 2007*		*As of December 31, 2006*		*As of December 31, 2005*	
Description	*Assets*	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*
Temporary differences						
Deductible next year	-	19,237	-	9,509	-	5,136
Deductible later	-	10,816	-	10,990	-	10,887
Deducted expenses or taxed revenue not yet recognized	9,444	48,766	7,391	30,005	1,514	15,405
Total	**9,444**	**78,819**	**7,391**	**50,504**	**1,514**	**31,428**
Potentially taxable items						
Special reserve for long-term capital gains [(1)]	-	273,471	-	273,471	-	273,471
Others	-	-	-	-	-	-
Total	**-**	**273,471**	**-**	**273,471**	**-**	**273,471**

[(1)] In accordance with article no. 39 of the Financial Rectification Law 2004 ("Loi de Finance Rectificative"), an amount of €200.0 million was transferred from the special reserves of long-term gains to an account of ordinary reserves after approval of the Shareholders' General Meeting of May 3, 2005. This transfer was already taken into account in the potential taxation elements published in the 2004 Annual Report.

3. Notes to the balance sheet

13 - CHANGE IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(€ thousands)	*Gross amount 12.31.2006*	*Acquisitions*	*Disposals*	*Gross amount 12.31.2007*
Intangible assets	4,533	1,614	-	6,147
Property, plant and equipment	4,974	356	-	5,330
Total gross intangible assets and property, plant and equipment	**9,507**	**1,970**	**-**	**11,477**

(€ thousands)	*Amortization and depreciation as of 12.31.2006*	*Increases*	*Decreases*	*Amortization and depreciation as of 12.31.2007*
Amortization of intangible assets	2,379	1,341	-	3,720
Depreciation of property, plant and equipment	1,602	770	-	2,372
Total amortization and depreciation of intangible assets and property, plant and equipment	**3,981**	**2,111**	**-**	**6,092**

14 - CHANGES IN THE VALUE OF INVESTMENT SECURITIES

The Company subscribed to the capital increase of Mircal China, thus increasing the gross amount of equity interest by €6.0 million.

Depreciation allowances remain unchanged since 2005. They come to €3.0 million.

15 - LOANS RELATED TO INVESTMENT SECURITIES

The amount of loans related to investment securities increases by €282.8 million. These receivables from investment securities correspond to intra-group credit agreements aimed at optimizing the cash management.

16 - OTHER FINANCIAL INVESTMENTS

The other financial investments mainly include 19,797 QUADREM securities for a gross amount of €2.1 million.

17 - OTHER RECEIVABLES

(€ thousands)	*Gross amount*	*Maturity less than one year*	*Maturities from one to five years*	*Maturities beyond five years*
Receivables from investment securities	**1,145,463**	**855,453**	**240,340**	**49,670**
Other financial investments	**2,907**	**2**	**53**	**2,852**
Other receivables				
Operating receivables	28,728	28,328	400	-
Bond issuance premium	2,356	307	1,529	520
Total other receivables	**31,084**	**28,635**	**1,929**	**520**
Regularization account				
Prepaid expenses	3,984	2,367	1,617	-
Expenses to be amortized over several periods	3,491	455	2,076	960
Unrealized exchange rate losses	9,444	9,444	-	-
Total regularization account	**16,919**	**12,266**	**3,693**	**960**
Total	**1,196,373**	**896,356**	**246,015**	**54,002**

18 - MARKETABLE SECURITIES – NET VALUES

(€ thousands)	*2007*	*2006*	*2005*
SICAVs and mutual funds **(1)**	10,363	26,294	59,405
Treasury shares **(1)**	13,092	-	495
Total	**23,455**	**26,294**	**59,900**

As of December 31, 2007, the gross amount of marketable securities amounts to €25.1 million. An impairment loss of €1.7 million was recognized.

(1) Measurement of marketable securities as of December 31, 2007

Nature	*Quantity*	*Average cost price per unit (€)*	*Average rate December 2007 (€)*
SICAV Dresdner Eurocash	1,872	6,423.74	6,454.62
Imerys shares (liquidity provider contract)	200,000	65.46	57.12

19 - BREAKDOWN IN CHANGES OF SHAREHOLDERS' EQUITY

(€ thousands)	Number of shares	Capital	Premiums	Reserves [1] Legal	Regulated	Other	Retained earnings	Income for the year	Total
Shareholders' equity as of 01/01/05									
before allocation of net income	63,450,020	126,900	204,873	12,725	473,471	475,470	232,633	282,616	1,808,688
Allocation of 2004 income	-	-	-	-	-	-	187,655	(282,616)	(94,961)
Movements of the period:									
Subscription of 521,845 shares									
by exercise of options	521,845	1,044	14,580	-	-	-	-	-	15,624
Reclassification of regulated reserves	-	-	-	-	(200,000)	200,000 [2]	-	-	-
Tax on regulated reserves (long-term gains)	-	-	-	-	-	(4,988)	4,988 [2]	-	-
Change in accounting method CRC 04-06	-	-	-	-	-	-	(163) [3]	-	(163)
63,971,865 shares of €2.00	63,971,865	127,944	219,453	12,725	273,471	670,482	425,113	-	1,729,188
Net income as of 12/31/05		-	-	-	-	-	-	99,996	99,996
Shareholders' equity as of 01/01/06									
before allocation of net income	63,971,865	127,944	219,453	12,725	273,471	670,482	425,113	99,996	1,829,184
Allocation of 2005 income	-	-	-	-	-	-	(4,828)	(99,996)	(104,824)
Movements of the period:									
Cancellation of 640,000 shares of €2.00	(640,000)	(1,280)	(36,879)	-	-	-	-	-	(38,159)
Cancellation of 685,000 shares of €2.00	(685,000)	(1,370)	(43,927)	-	-	-	-	-	(45,297)
Capital increase reserved for employees									
50 000 shares of €2.00	50,000	100	2,607	-	-	-	-	-	2,707
Subscription of 637,755 shares									
by exercise of options	637,755	1,276	17,689	-	-	-	-	-	18,965
63,334,620 shares of €2.00	63,334,620	126,669	158,944	12,725	273,471	670,482	420,285	-	1,662,576
Net income as of 12/31/06		-	-	-	-	-	-	113,399	113,399
Shareholders' equity as of 01/01/07									
before allocation of net income	63,334,620	126,669	158,944	12,725	273,471	670,482	420,285	113,399	1,775,975
Allocation of 2006 income	-	-	-	-	-	-	(787)	(113,399)	(114,186)
Movements of the period:									
Cancellation of 606,543 shares of €2.00	(606,543)	(1,213)	(40,886)	-	-	-	-	-	(42,099)
Subscription of 398,779 shares									
by exercise of options	398,779	798	13,646	-	-	-	-	-	14,444
63,126,856 shares of €2.00	63,126,856	126,254	131,704	12,725	273,471	670,482	419,498	-	1,634,134
Net income as of 12/31/07		-	-	-	-	-	-	50,240	50,240
Shareholders' equity as of 01/01/08									
before allocation of net income	63,126,856	126,254	131,704	12,725	273,471	670,482	419,498	50,240	1,684,374
Proposition for allocation of income [4]	63,126,856	-	-	-	-	-	(69,701)	(50,240)	(119,941)
Shareholders' equity as of 01/01/08									
with proposition for allocation of income	63,126,856	126,254	131,704	12,725	273,471	670,482	349,797	-	1,564,433

[1] Imerys' shareholders' equity does not include revaluation differences.

[2] According to article no. 39 of the Financial Rectification Law 2004 ("Loi de Finance Rectificative") applicable to special reserves of long-term gains, Imerys recognized on December 31, 2004 the exceptional tax on special reserves and thus reduced the position "retained earnings" by an amount of €4.9 million. By decision of the Shareholders' General Meeting of May 3, 2005, this amount has been allocated to reserves and €200.0 million have thus been transferred from special reserves of long-term gains to ordinary reserves.

[3] In accordance with the CRC regulation no. 2004-06, the cost of trademark registering included in the assets of January 1, 2005 have been recognized for their value net of taxes by reducing retained earnings.

[4] Proposed to the Shareholders' General Meeting on April 30, 2008.

The Shareholders' General Meeting on May 3, 2004 approved the proposition to reduce the nominal of the Imerys share to €2.00 per share. Since then, the nominal of the Imerys share is of €2.00.

For 2007, the capital movements are the following:

On December 18, 2007, the Company's Board of Directors approved of the capital reduction by cancellation of 606,543 treasury shares held on December 14, 2007.

Finally, the Chairman of the Board authorized on January 14, 2008 the capital increase as of December 31, 2007 by creation of 398,779 shares further to exercised options.

Detailed information is available in paragraph 5.2 of the Annual Report.

Stock option subscription plans in force as of December 31, 2007

		Position as of 12/31/2006	*Grant of options*	*Exercised options*	*Cancellations, regularizations*	*Position as of 12/31/2007*
Plan	1999 [(1)]	-	-	-	-	-
Plan	2000	58,940	-	16,380	-	42,560
Employee Shareholding Plan	2000	29,984	-	4,420	-	25,564
Plan	2001	101,920	-	29,140	-	72,780
Employee Shareholding Plan	2001	37,164	-	8,000	-	29,164
Plan	2002	175,800	-	48,800	-	127,000
Employee Shareholding Plan	2002	49,608	-	11,978	-	37,630
Plan	2003	453,000	-	138,320	-	314,680
Employee Shareholding Plan	2003	36,284	-	3,796	-	32,488
Plan	2004	766,700	-	137,800	4,400	624,500
Plan	2005	600,100	-	-	21,400	578,700
Plan	2006	636,600	-	-	16,900	619,700
Employee Shareholding Plan	2006	38,770	-	145	-	38,625
Plan	2007	-	560,000	-	-	560,000
		2,984,870	**560,000**	**398,779**	**42,700**	**3,103,391**
Number of potential ordinary shares by exercise of share options						**3,103,391**

(See the more detailed table in paragraph 6.4.3 of the Annual Report.)

[(1)] The 1999 plan of 5,000 shares came to maturity on January 1, 2007.

Number of shares

Position as of 12.31.2006	**63,334,620**
Number of shares created in 2007 by exercise of options with a nominal amount of €2.00	398,779
Cancellation of shares in 2007 with a nominal amount of €2.00	(606,543)
Position as of 12.31.2007	**63,126,856**
Number of potential shares to be created	3,103,391
Total number of potential ordinary shares as of 12.31.2007	**66,230,247**

As of December 31, 2007, the exercise of all granted share options would dilute the share capital by 4.69%.

20 - PROVISIONS

(€ thousands) Type of provisions	Amount at the beginning of the period	Increases			Decreases [1]			Amount at the end of the period
		Operating	Financial	Exceptional	Operating	Financial	Exceptional	
Provisions for depreciation of assets								
Investments	3,003	-	-	-	-	-	-	3,003
Trade receivables	12	11	-	-	-	-	-	23
Receivables from investment securities	613	-	-	-	-	(613)	-	-
Non-consolidated investments	-	-	-	-	-	-	-	-
Bond issuance premium	572	-	274	-	-	-	-	846
Marketable securities	-	-	1,668	-	-	-	-	1,668
Total	**4,200**	**11**	**1,942**	**-**	**-**	**(613)**	**-**	**5,540**
Provisions for risks								
Management risks	3,416	-	-	1,948	(24)	(58)	(1,237)	4,045
Provisions for exchange rate losses	7,391	-	9,444	-	-	(7,391)	-	9,444
Staff-related risks	1,530	-	-	242	-	-	(1,230)	542
Environmental risks	7,014	-	-	-	-	(739)	-	6,275
Financial instruments	-	-	8,754	-	-	-	-	8,754
Risks on subsidiaries and investments	670	-	-	-	-	-	-	670
Subtotal	**20,021**		**18,198**	**2,190**	**(24)**	**(8,188)**	**(2,467)**	**29,730**
Provisions for charges								
Pensions	1	-	-	-	(1)	-	-	-
Future employee benefits	3,661	748	-	-	(115)	-	-	4,294
Other social contributions and tax expenses	-	-	-	-	-	-	-	-
Subtotal	**3,662**	**748**			**(116)**			**4,294**
Total	**23,683**	**748**	**18,198**	**2,190**	**(140)**	**(8,188)**	**(2,467)**	**34,024**
Grand Total	**27,883**	**759**	**20,140**	**2,190**	**(140)**	**(8,801)**	**(2,467)**	**39,564**

[1] *Provisions decreased in accordance with used amounts for €1,494 thousand.*

As head of the Group, Imerys recognizes management risk and environmental provisions. They specifically relate to environmental liability guarantees following the disposal of some investments.

As of December 31, 2007, a provision for financial risks of €8.8 million has been recognized. This provision relates to hedging transactions on foreign currencies and on energy prices.

Some of these instruments, in accordance with the Group's financial risk management policy, are not recognized as hedging instruments at Imerys SA. The financial instruments held as of December 31, 2007 are described in *Note 25* and following.

The provision for future employee benefits is calculated in accordance with the following assumptions:

	Retirement France	Other long-term employee benefits
Discount rates	5.5%	5.5%
Expected rates of return on plan assets	4.0%	-
Expected rates of salary increases	3.5%	3.5%

Actuarial differences are recognized according to the corridor method.

Net expense

(€ thousands)	Retirement 2007	Retirement 2006	Retirement 2005	Other long-term employee benefits 2007	Other long-term employee benefits 2006	Other long-term employee benefits 2005	Total 2007	Total 2006	Total 2005
Interest cost	173	195	183	10	2	-	183	198	183
Current service cost	491	466	351	28	2	-	519	468	351
Assets' expected return	48	28	(37)	-	-	-	48	28	(37)
Past service cost	12	(12)	(4)	-	-	-	12	(12)	(4)
Actuarial (gains) and losses	6	(30)	12	(20)	195	-	(14)	165	12
Recognized net expense	**730**	**648**	**505**	**18**	**199**	**-**	**748**	**847**	**505**
Assets' effective return	*(20)*	*(81)*	*(211)*	*-*	*-*	*-*	*(20)*	*(81)*	*(211)*

Change in the discounted value of obligations

(€ thousands)	Retirement 2007	Retirement 2006	Retirement 2005	Other long-term employee benefits 2007	Other long-term employee benefits 2006	Other long-term employee benefits 2005	Total 2007	Total 2006	Total 2005
Opening obligations	**5,894**	**5,248**	**4,610**	**239**	**47**	**47**	**6,133**	**5,295**	**4,657**
Interest cost	173	195	183	10	2	-	183	197	183
Current service cost	491	466	351	28	2	-	519	468	351
Benefit payments	(82)	(19)	-	(34)	(7)	-	(116)	(26)	-
Plan amendments	150	165	-	-	-	-	150	165	-
Reclassification [1]	4,824	-	-	-	-	-	4,824	-	-
Actuarial (gains) and losses	304	(162)	104	(20)	195	-	284	33	104
Closing obligations	**11,754**	**5,894**	**5,248**	**223**	**239**	**47**	**11,977**	**6,133**	**5,295**
of which:									
- funded obligations	*10,875*	*5,400*	*4,804*	*-*	*-*	*-*	*10,875*	*5,400*	*4,804*
- unfunded obligations	*879*	*494*	*444*	*223*	*239*	*47*	*1,102*	*733*	*491*

Change in fair value of plan assets

(€ thousands)	Retirement 2007	Retirement 2006	Retirement 2005	Other long-term employee benefits 2007	Other long-term employee benefits 2006	Other long-term employee benefits 2005	Total 2007	Total 2006	Total 2005
Opening assets	2,107	2,026	1,279	-	-	-	2,107	2,026	1,279
Assets' expected return	(48)	(28)	37	-	-	-	(48)	(28)	37
Benefit payments	-	(19)	-	-	(7)	-	-	-	-
Employer contributions	-	19	536	-	7	-	-	26	536
Reclassification [1]	4,824	-	-	-	-	-	4,824	-	-
Actuarial (gains) and losses	68	109	174	-	-	-	68	109	174
Closing assets	**6,951**	**2,107**	**2,026**	**-**	**-**	**-**	**6,951**	**2,133**	**2,026**

[1] *The valuation of an existing plan was obtained with the obligation and the plan asset presented separately, as a result this plan is disclosed as such for clarity purposes.*

Assets / liabilities in the balance sheet

(€ thousands)	Retirement 2007	Retirement 2006	Retirement 2005	Other long-term employee benefits 2007	Other long-term employee benefits 2006	Other long-term employee benefits 2005	Total 2007	Total 2006	Total 2005
Funded obligations	(10,875)	(5,400)	(4,804)	-	-	-	(10,875)	(5,400)	(4,804)
Assets' fair value	6,951	2,107	2,026	-	-	-	6,951	2,107	2,026
Funded status	**(3,924)**	**(3,293)**	**(2,778)**	**-**	**-**	**-**	**(3,924)**	**(3,293)**	**(2,778)**
Unfunded obligations	(879)	(494)	(444)	(223)	(239)	(47)	(1,102)	(733)	(491)
Unrecognized past service cost	261	124	(28)	-	-	-	261	124	(28)
Closing unrecognized actuarial differences	471	240	841	-	-	-	471	240	841
Assets (provisions) in the balance sheet	**(4,071)**	**(3,423)**	**(2,409)**	**(223)**	**(239)**	**(47)**	**(4,294)**	**(3,662)**	**(2,456)**
of which:									
- provisions for retirement	*-*	*(1)*	*(1)*	*-*	*-*	*-*	*-*	*(1)*	*(1)*
- provisions for future employee benefits	*(4,071)*	*(3,422)*	*(2,408)*	*(223)*	*(239)*	*(47)*	*(4,294)*	*(3,661)*	*(2,455)*

21 - DEBTS AND REGULARIZATION ACCOUNTS AS OF DECEMBER 31, 2007

(€ thousands)	*Amount*	*Maturity less than one year*	*Maturities from one to five years*	*Maturities beyond five years*
Financial debts	2,091,881	1,083,957	50,000	957,924
Other debts	18,690	18,690	-	-
Deferred revenue	3	3	-	-
Unrealized exchange rate gains	48,766	48,766	-	-
Total	**2,159,340**	**1,151,416**	**50,000**	**957,924**

The various bank overdrafts and the syndicate loan do not include any grants or guarantees from the Company to the benefit of the lending banks.

The financial debts by foreign currency share out as follows:

(€ thousands)	*Amount*
Euro	1,756,780
US Dollar	251,443
Pound Sterling	25,462
Japanese Yen	43,709
Other foreign currencies	14,487
Total	**2,091,881**

The analysis of the external net debt by nature and maturity is the following:

(€ thousands)	*Amount*	*Maturity less than one year*	*Maturities from one to five years*	*Maturities beyond five years*
Bonds	1,007,924	-	50,000	957,924
Commercial papers	365,800	365,800	-	-
Group financial current accounts	618,342	618,342	-	-
Bank overdrafts and accrued interest	99,815	99,815	-	-
Total	**2,091,881**	**1,083,957**	**50,000**	**957,924**

22 - ACCRUED RECEIVABLES AND PAYABLES

The following items are included in “other receivables” and “other debts”:

(€ thousands)	*Accrued receivables*	*Accrued payables*
Operating	2,014	2,847
Financial	18,226	1,791 [(1)]
Total	**20,240**	**4,638**

[(1)] accrued interests on swaps.

4. Other information

23 - OFF BALANCE SHEET COMMITMENTS

The significant off balance sheet commitments of the Company are detailed in *Notes 24 to 28*.

The syndicated credit renewed on March 15, 2007 for an authorized amount of €750.0 million is not guaranteed by the Company. It was not used as of December 31, 2007.

The amount of bilateral multi-currencies credit lines confirmed, unutilized and available for the benefit of Imerys, is €537.0 million as of December 31, 2007.

Other commitments given

	For the benefit of				
(€ thousands)	*Subsidiaries*	*Equity interest*	*Other controlled entities*	*Other*	*Total*
Avals, sureties, guarantees	55,878	-	65,878	23,286	**145,042**

Other commitments received

	Received from				
(€ thousands)	*Subsidiaries*	*Equity interest*	*Other controlled entities*	*Other*	*Total*
Avals, sureties, guarantees	-	-	1,810	-	**1,810**

The off balance sheet commitments received from controlled entities consist in redemption clauses which were included in the debt abandonments consented by the Company in 2005.

The off balance sheet commitment received from Calderys France has been totally reimbursed for an amount of €2.1 million.

The off balance sheet commitment received from PLR Réfractaires SAS U has been reduced by €0.7 million correlative to the debt abandonment consented in 2005.

24 - OTHER COMMITMENTS IN RELATION TO SUBSIDIARIES

Considering the commitments which came to maturity in 2007, the amount of the global commitment comes to €52.4 million as of December 31, 2007.

25 - COMMITMENTS ON EXCHANGE RATE RISKS

As of December 31, 2007, the Company had net commitments regarding forward purchases and sales against Euros divided up by foreign currencies as follows:

Foreign currency (in thousands)	*Forward purchases (foreign currency)*	*Forward sales (foreign currency)*	*Forward purchases (€)*	*Forward sales (€)*
Australian Dollar	4,300	683	2,566	408
Canadian Dollar	-	11,515	-	7,969
Swiss Franc	-	53,643	-	32,418
Pound Sterling	2,200	20,460	3,000	27,899
Japanese Yen	2,783,500	1,182,300	16,877	7,168
Mexican Peso	181,950	-	11,431	-
Norwegian Krone	1,670	-	210	-
New Zealand Dollar	794	-	417	-
Swedish Krona	-	258,200	-	27,347
Thai Baht	-	333,850	-	7,622
US Dollar	2,700	132,916	1,834	90,290
South African Rand	20,950	-	2,089	-
Czech Koruna	-	10,030	-	377
Danish Krone	6,361	-	853	-
Hungarian Forint	-	1,042,500	-	4,109
Singapore Dollar	-	193,895	-	91,620
Total			**39,277**	**297,227**

These transactions have been carried out in order to hedge the exchange rate risk generated by intra-group financing and investments in foreign currencies.

26 - COMMITMENTS ON INTEREST RATE RISK

In accordance with its policy to manage natural gas risks in the United States, the Group has implemented different hedging transactions covering 2008 as of December 31, 2007.

All hedging instruments in place correspond to identified risks as of December 31, 2007 at Imerys.

27 - ELEMENTS RELATED TO ENERGY PRICE RISKS

In accordance with its policy to manage centrally energy price risks which affect its subsidiaries, the Company has implemented different hedging options related to the identified risks as of December 31, 2007 at Imerys:

Hedging of energy price risks in the United States

In the United States, the Group consumes slightly over 5.7 million MMBTU (BTU: British Thermal Unit) of natural gas with supply contracts based on the NYMEX Henry Hub index listed in New York. As part of the management of its natural gas risk in the United States, the Group had as of December 31, 2007 various hedging transactions covering 2008.

All transactions on natural gas in the United States as of December 31, 2007 are described in the table below:

		Net notional amount in MMBTU	*Maturity*
Underlying position		**5,690,000**	< 12 months
Management transactions			
Options	Sales of Puts	2,360,000	< 12 months
	Purchases of Calls	2,360,000	< 12 months

Hedging of energy price risks in Great Britain

In Great Britain, the Group consumes approximately 43.2 million therms with supply contracts based on the UK Natural Gas IPE index listed in London and electricity contracts. As of December 31, 2007, no transactions on natural gas were concluded in Great Britain.

	Amount in therms	*Maturity*
Underlying position	**43,200,000**	< 24 months

Hedging of energy price risks in France

In France, the Group consumes approximately 1,699.0 MWH of natural gas with supply contracts based on the barrel price of Brent listed in London (equivalent of 765,169 barrels). The 2008 supply contracts have been concluded at fixed price with the various suppliers.

		Amount in Mwh	*Maturity*
Underlying position		**1,699,291**	< 12 months
Management transactions			
Options	Sales of Puts	466,369	< 12 months

The above-mentioned transactions mainly cover natural gas risks for 2008.

28 - ELEMENTS RECOGNIZED UNDER MORE THAN ONE BALANCE SHEET ITEM (NET VALUE)

(€ thousands)	*Total*	*Of which controlled entities* [1]
Investment securities	2,645,730	2,645,380
Receivables from investment securities	1,145,463	1,144,925
Other investments	2,907	-
Operating receivables	28,728	11,639
Financial debts	2,091,881	618,342
Other debts	18,690	5,248

[1] *The controlled entities are those that can be consolidated by full integration into the same group.*

29 - MAIN SHAREHOLDERS

As of December 31, 2007	*Number of shares*	*% of interest*	*% of voting rights* [1]
Pargesa Netherlands BV	17,246,462	27.32%	35.38%
Belgian Securities BV [2]	16,898,778	26.77%	34.67%
Prudential Pic [3]	5,110,441	8.10%	5.27%
Group employees	228,311	0.36%	0.32%
Owned by the Group	200,000	0.32%	0.00%
Public	23,442,864	37.13%	24.36%
Total	**63,126,856**	**100.00%**	**100.00%**

[1] Total voting rights: 97,048,499.

[2] A 100% subsidiary of the Bruxelles Lambert group.

[3] Prudential Pic, represents, for the needs of this table, the total number of shares held by the subsidiaries of its group.

The consolidated financial statements of Imerys are included in the consolidation structure of the companies Pargesa Holding SA and the Bruxelles Lambert group, which are respectively the parent companies of Netherlands BV and Belgian Securities BV.

30 - HEADCOUNT AS OF DECEMBER 31, 2007

Employees of the entity	*Non-executives*	*Executives*	*Total*
Full-time	24	78	102
Part-time	2	1	3
Total	**26**	**79**	**105**

31 - INDIVIDUAL TRAINING RIGHTS AS OF DECEMBER 31, 2007

As of December 31, 2007, the total number of training hours corresponding to the acquired rights in the framework of the individual training right amounts to 4,575 hours.

The number of hours not having been requested amounts to 3,321 hours.

32 - REMUNERATION OF SENIOR MANAGEMENT

(€ thousands)	*2007*	*2006*	*2005*
Board of Directors [1] [2]	616	625	624
General management [3]	1,647	758	1,092
Total	**2,263**	**1,383**	**1,716**

[1] Directors' fees.

[2] Supervisory Board until May 3, 2005 and Board of Directors as of May 3, 2005.

[3] Including the only corporate representatives, i.e. the members of the Managing Board until May 3, 2005 and the Managing Director as of May 3, 2005.

33 - POST CLOSING EVENTS

On February 5, 2008, the Group completed the acquisition of Astron China for a total amount of €115.0 million.

34 - TABLE OF SUBSIDIARIES AND EQUITY INTERESTS AS OF DECEMBER 31, 2007

	Local units (thousands)			
	Capital as of 12.31.2007	Shareholders' equity other than share capital as of 12.31.2007	Number of shares held by Imerys	Type of securities
1 - Subsidiaries				
(at least 50% of equity held by Imerys)				
Imerys TC	161,228	729,825	80,613,850	shares of €2
Mircal	669,115	188,161	44,607,681	shares of €15
Imerys USA	367,005	505,745	1,000	shares of USD1
Imerys Services	38	(659)	2,499	shares of €15
Mircal Europe	56,365	583,434	56,365,195	shares of €1
Mircal China	6,037	(165)	603,700	shares of €10

		(€ thousands)							
	% of interest held by Imerys	Gross amount of securities held	Net amount of securities held	Loans and advances granted by Imerys and not repaid	Borrowings taken up by Imerys and not repaid	Sureties avals given by Imerys	Dividends collected by Imerys in 2007	2007 sales	2007 net income or loss
1 - Subsidiaries (at least 50% of equity held by Imerys)									
Imerys TC	100.00	758,369	758,369	-	123,111	-	109,635	510,953	119,255
Mircal	100.00	801,692	801,692	316,287	-	-	-	1	52,121
Imerys USA	100.00	513,530	513,530	149,033	-	55,878	-	-	(11,688)
Imerys Services	99.96	38	38	2,142	-	-	-	17,489	130
Mircal Europe	100.00	565,483	565,483	-	11,431	-	-	-	771
Mircal China	100.00	6,037	6,037	6,836	-	-	-	-	(148)
2 – Equity interests (10 to 50% of equity held by Imerys)									
	-	10	10	-	-	-	131	-	-
3 – Miscellaneous equity interests (in non-significant French entities)									-
		3,574	570	538	136	-	-	-	-
Total		**2,648,733**	**2,645,729**	**474,836**	**134,678**	**55,878**	**109,766**	**528,443**	**160,441**

3 - AUDIT FEES

Terms of service of auditors

The Shareholders' General Meeting of May 3, 2004 approved the renewal of the term of office of Ernst & Young Audit and Deloitte & Associés (formerly Deloitte Touche Tohmatsu) for another 6 years.

Organization of the audit of Imerys subsidiaries

For numerous years, the Group has primarily asked, in an equal standing, the two Imerys Statutory Audit firms to conduct the audit of the subsidiaries throughout the world. However, for practical or historical reasons, other audit firms intervened; the quantitative details were as follows:

Periods	*2007*	*2006*	*2005*
Audit fees *(€ millions)*	6.9	6.7	6.2
Hours	54,969	46,101	43,645
Distribution			
Ernst & Young Audit	53%	52%	59%
Deloitte & Associés	43%	44%	34%
Other firms	4%	4%	7%

Fees as of December 31, 2007:

The total fees paid in 2007 to the two Statutory Audit firms of the parent company Imerys are as follows:

	Ernst & Young Audit			Deloitte & Associés		
(€ millions)	*2007*	*2006*	*2005*	*2007*	*2006*	*2005*
Audit						
> Certification and auditing of individual and consolidated accounts	3.6	3.4	3.5	2.9	2.9	2,4
- Imerys SA	*0.9*	*0.7*	*1.3*	*0.8*	*0.6*	*0,8*
- fully integrated subsidiaries	*2.7*	*2.7*	*2.2*	*2.1*	*2.3*	*1,6*
> Other duties and services directly related to the audit mission	0.1	0.1	0.1	-	0.1	-
- Imerys SA	*0.1*	-	*0.1*	-	-	-
- fully integrated subsidiaries	-	*0.1*	-	-	*0.1*	-
Sub-total	**3.7**	**3.5**	**3.6**	**2.9**	**3.0**	**2.4**
Other services rendered by the network to fully integrated subsidiaries						
> Legal, fiscal, social	0.2	0.1	-	-	0.1	-
> Other (to specify if > 10% of audit fees)	-	-	0.1	-	-	-
Sub-total	0.2	0.1	0.1	**-**	**0.1**	**-**
Total	**3.9**	**3.6**	**3.7**	**2.9**	**3.1**	**2.4**

4 The Group's activity

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1 - HISTORY AND STRATEGY

1.1 History

Established in 1880, the Imerys group had its origins in mining and metallurgy. Its core business was then the extraction and processing of non-ferrous metals.

In 1974, federated under the name Imetal, the Group acquired the French company Huguenot Fenal, an event which marked its entry into the clay roof tiles market. The following year, it purchased Copperweld Corporation (United States), a company specialized in steel production and metals processing. The first significant investment in refractories and ceramics was made in 1985, with the acquisition of Damrec (France).

The Group then structured its business around three sectors: Building Materials, Industrial Minerals and Metals Processing. This reorganization was carried out as part of the Group's prior withdrawal from non-ferrous metallurgy.

From 1990 onwards, the Group put a strong development emphasis on industrial minerals[1]. It acquired significant positions in white pigments: kaolin (Dry Branch Kaolin Company, United States), then calcium carbonate (Georgia Marble, United States). The Group also expanded into minerals for refractories (C-E Minerals, United States) then their conversion (Plibrico, Luxembourg), clays (Ceratera, France) and ceramic bodies (KPCL, France). Finally, it entered the graphite (Stratmin Graphite, Canada then Timcal, Switzerland) and technical ceramics markets.

In 1999, with the acquisition of English China Clays plc (ECC, Great Britain), one of the world's foremost specialists in industrial minerals, the Group became a global leader [2] in white pigments. By increasing its stake in Rio Capim Caulim S.A. (Brazil) from 49.7% to almost 100%, the Group optimized its ability to realize its great potential in kaolin. In parallel, the Group continued to extend its industrial base in minerals for refractories (Transtech and Napco in the United States; Rhino Minerals in South Africa).

Through the acquisition of ECC and the correlating divestment of Copperweld (United States) and ECC's specialty chemicals business (Calgon, United States), the Group focused on Minerals Processing exclusively. To reflect that development, Imetal changed its name to Imerys.

The Group completed the refocusing process by withdrawing from activities that no longer corresponded to its core business, including dimension stones (Georgia, United States) and trading. The specialty chemicals distribution business (CDM AB, Sweden) was divested in 2004, followed in 2005 by trading in mainly basic refractories (American Minerals, Inc, USA) and roofing products distribution (Larivière, France).

Since 2000, the Group has developed by leveraging its unique know-how. From a varied portfolio of rare resources, Imerys turns industrial minerals into specialties with high added value for its customers. Organized into business groups that correspond to the sectors its serves, the Group constantly broadens its product range, extends its geographic network in high-growth zones and enters new markets.

- The Minerals for Refractories activity expanded its offering for the refractory and sanitaryware markets and enhanced its global geographic network with the acquisition of AGS (2006 – France) and Vatutinsky (2007 – Ukraine), both companies specializing in calcined clays. The purchase of a 65% stake in Yilong (Xinjiang) in April 2007 gave Imerys access to an excellent quality andalusite reserve developed to serve the Chinese refractories market.
- The Minerals for Abrasives activity was created in 2000 with the takeover of the world's leading producer of corundum (fused alumina and bauxite), the Treibacher Schleifmittel group (Austria), of which the remaining shares were acquired in July 2002. A succession of corundum acquisitions were made in the Czech Republic (2001), Germany (2001), Brazil (2002) and China, where a third joint venture was created in 2007 with ZAF, a producer of brown corundum for the Asian abrasives market. In 2007, Imerys added zircon to its portfolio. The Group became the world leader in this mineral - used in the refractories, technical ceramics and automotive sectors - with the successive acquisitions of

[1] *Industrial minerals: non-metallic and non-combustible rocks or minerals, mined and transformed for industrial purposes.*

[2] *Throughout the Annual Report, information on market positions corresponds to evaluations made by Imerys on the basis of its market knowledge, or is derived from trade publications such as Roskill and Industrial Minerals, or from reports drawn up by Kline & Company, Inc.*

UCM Group PLC (Great Britain), the European leader in fused zircon, and Astron China[1], the foremost zircon product manufacturer. The Minerals for Abrasives division was renamed Fused Minerals.

- Minerals for Filtration joined the Group in 2005 with the acquisition of the world leader in the sector, World Minerals (United States). This acquisition contributed new minerals (diatomite and perlite), while following a model that is consistent with Imerys' business and skills. Perlite capacities were bolstered in South America in 2007 with the consolidation of Perfiltra (Argentina). With the acquisition in April 2007 of 65% of Xinlong (Xinjiang), China's leading vermiculite producer, Imerys is now the world number two in vermiculite.
- New Minerals for Ceramics were added to the portfolio, particularly halloysite (New Zealand China Clays, New Zealand - 2000) and fine ceramic clays and feldspar (K-T, United States and Mexico – 2001; Denain-Anzin Minéraux, Europe - 2005). The Group increased its Asian market presence for applications that mainly serve the sanitaryware industry (MRD-ECC and MRD, Thailand – 2002). In 2007 it developed its reserves of feldspar, an essential component in ceramics manufacturing alongside clays and kaolins, in India (Jumbo Mining), the United States (The Feldspar Corporation) and Turkey.
- Performance Minerals developed with the extension of calcium carbonate capacities in Central and South America (Quimbarra, chiefly Brazil – 2000), Asia (Honaik, mainly in Malaysia – 2000) and France (AGS-BMP's carbonates activities – 2000). The Group strengthened its positions in Southern Europe (Gran Bianco Carrara, Italy and Blancs Minéraux de Tunisie, Tunisia – 2005) and Turkey (70% stake in Mikro Mineral – 2006).
- In Pigments for Paper, development focused on ground (GCC) and precipitated (PCC) calcium carbonates, which now account for more than half the Group's sales to the paper industry. Six new production units have been built since 2004, mainly in the Asia-Pacific zone: India (Imerys Newquest (India) Private Ltd, a joint venture with Ballarpur Industries Ltd, India's leading papermaker – 2004; a new production unit is under construction and should start up in the 1st half of 2008), China (supply of UPM-Kymmene, a major global papermaker, for its new paper mill in Changshu, Jiangsu province – 2005), Sweden (supply of the Husum plant of M-real, a leading European papermaker – 2005), Indonesia (joint venture with April, an Asian papermaker, upstream of its Sumatra production unit – 2006) and Japan, where a new plant was built in 2007 under a joint venture with Hokuetsu (the Japanese leader in coated paper). To support the development of local activities, extensive reserves of high quality white marble (GCC) have been acquired in China in recent years.
- The Group's Building Materials was strengthened in bricks in France with the acquisition of Marcel Rivereau (2004) and, in 2007, a development plan launched in clay bricks to meet high market demand. Clay roof tiles and bricks activities in Spain and Portugal were divested in 2007.
- In Refractory Solutions, the acquisition of Lafarge Refractories (2005) made Imerys the European leader in the sector and gave it a foothold in Asia. The merger of this activity with Imerys' existing businesses in the sector (Plibrico) led to the creation of a new entity, Calderys. ACE, the Indian leader in monolithic refractories, joined the Group in 2007, giving it a new dimension in this fast-growing country and consolidating Imerys' world leadership in monolithic refractories. In 2007, Calderys also developed in South Africa with the acquisition of B&B, a refractory product fitter for the local steel industry. Moreover, Imerys has gained leadership in refractory Kiln Furniture in both Asia (Siam Refractory Industry Co, Ltd, Thailand – 2002) and Europe (Burton Apta, Hungary – 2004).

[1] *Acquisition of Astron China, completed on February 5, 2008.*

1.2 Strategy

Imerys' strategy is based on disciplined management of its activities, reinvesting cashflow into the Group's development and sharing value creation with its shareholders.

These principles are continuously implemented and enable Imerys to post regular significant rises in profits. In 2007, this led to growth in net income from current operations for the 16th year running (+ 2.7% vs. 2006)[1].

The Group's development combines internal growth – based on the ability to create new products, optimize the existing base and selectively extend capacities – and external growth through its ability to integrate new activities that fit well with existing units.

- **Internal growth**

In addition to the capital expenditure needed to keep its production assets in perfect working order, the Group improves the performance of its manufacturing base, increases production capacities to support growth on selected markets, establishes footholds in new countries and develops new products. To do so, Imerys invests 80-130% of its depreciation expense in organic growth. Imerys is able to mobilize its cash flows to carry out strategic projects.

Reflecting the Group's confidence in its strategy, capital expenditure efforts were especially firm in 2007, totaling €367[2] million, i.e. 186%[3] of depreciation expense.

Production capacities were increased to support growth on the Group's markets and develop new products: production bottleneck removal in Minerals for Refractories where high sales volumes stretched existing facilities; start-up towards the end of the year of a calcium carbonate line in Japan; modernization of a clay roof tiles unit in France and construction of a new abrasive powder unit in Italy.

Another highlight of the year was the rollout of major programs designed to improve industrial performance in kaolin for paper and Minerals for Filtration. From 2008, these plans will lead to a substantial decrease in these activities' cost base. In parallel, some production capacities were reduced in kaolin for Performance Minerals in response to a downturn in demand resulting from the crisis on the United States real estate sector.

- **External growth**

The Group develops in three ways through external growth: acquiring minerals that enrich its product portfolio; penetrating new markets supported by its existing range or through new minerals; and supporting its customers in their international development to benefit from dynamic markets in high-growth regions such as Asia. This development model is particularly based on Imerys' ability to integrate its acquisitions profitably by calling additional skills into play – whether in reserve appraisal and mining, industrial mineral conversion or distribution and marketing – and improve their performance quickly.

The Group was particularly active in its acquisitions policy in 2007 with 11 operations closed for a total of €233 million. With Astron China, acquisition of which was completed on February 5, 2008 for a total enterprise value of €115 million, Imerys has acquired 12 companies since the beginning of 2007. 10 of them are located in emerging countries, significantly increasing the Group's exposure to these high-growth zones. After consolidation of all these acquisitions, emerging countries will represent more than 23%[4] of Imerys' sales, compared with 17% in 2006.

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[1] *Financial items and highlights for 2007 are developed in the Management Report given in Chapter 2 of the present Annual Report.*

[2] *Recorded capital expenditure.*

[3] *Recorded capital expenditure divided by depreciation expense.*

[4] *Pro forma 2007 basis, including Astron China.*

- **Financial structure**

Capital expenditure and acquisition projects are carried out with the same profitability criteria and contribute to the regular generation of substantial cash flow. The Group has constant access to extensive financial resources that are well balanced between bank and debenture resources and with repayment dates that are spread out over time. Imerys constantly strives to extend the average maturity of its resources and optimize their cost. In that respect, Imerys' long-term Moody's rating has been unchanged at Baa2 (stable) since 2002.

As on December 31, 2007, Imerys has €2.3 billion in financial resources with an average maturity of 6.4 years. With a debt-to-equity ratio of 80.7% as on the same date, the Group has the robust, sustainable financial flexibility to seize any new opportunities that arise.

At the Shareholders' General Meeting on April 30, 2008, Imerys will propose a dividend of €1.90 per share with respect to 2007, which represents a + 5.6% increase.

Over the past five years, dividend per share has risen + 77% on aggregate. This increase reflects the Group's constant concern to share the value created with its shareholders.

2 - THE GROUP' S GENERAL STRUCTURE

The Imerys Group is organized into operating activities that are centered on clearly identified markets. Activities form the basic management units of Imerys' decentralized management principle. Beyond legal structures, a market and business-focused rationale is favored. This customer-oriented approach fosters the implementation of consistent policies within each activity.

In 2007, operating activities were grouped together in three business groups under the following organization.

› Performance Minerals & Pigments business group	• Performance Minerals • Pigments for Paper
› Materials & Monolithics business group	• Building Materials • Refractory Solutions
› Ceramics, Refractories Abrasives & Filtration business group	• Minerals for Ceramics • Minerals for Refractories • Fused Minerals • Minerals for Filtration • Graphite & Carbon

As the industrial reorganization programs begun in 2006 are nearing completion, the Group is accelerating the setup of sales synergies between its activities by adjusting its operating organization from February 13, 2008 as follows:

- The Minerals for Ceramics, Refractories, Abrasives & Foundry business group, comprised of the Minerals for Ceramics, Minerals for Refractories, Fused Minerals and Graphite activities;
- The Performance & Filtration Minerals business group, comprised of Performance Minerals and Minerals for Filtration activities;
- The Pigments for Paper business group;
- The Materials & Monolithics business group.

The Executive Committee, chaired by Gérard Buffière, implements Imerys' strategy. On February 13, 2008, Jérôme Pecresse was appointed Delegate Chief Executive Officer to assist Gérard Buffière in defining and managing the Group's strategy and the examination of major reorganization and capital expenditure projects.

The Executive Committee, comprised of the Group's main line and support managers, monitors every business group's activity, defines cross-Group action policies and fosters know-how sharing between business groups *(for more information on the role, composition and workings of the Executive Committee, see section Chapter 6, Corporate Governance, section 2.3.).*

The role of business group and operating activity heads is to manage and develop their actions in line with the Group's strategic orientations. These are centered on a multi-year plan that includes internal and external growth objectives.

3 - MINERAL RESERVES AND RESOURCES

In order to supply its processing plants with a broad range of raw materials to meet its customers' requirements, Imerys operates mines and quarries in various countries around the world.

IMERYS' PORTFOLIO OF MINERALS

The geological origins, specific properties, final applications and ore body locations of each mineral mined or processed by Imerys are presented below.

Minerals mined by Imerys

- **Ball clays**

Ball clay is a very fine-grained sedimentary material with high plasticity properties used in ceramic applications.

After extraction, the raw component clays are selected, processed and blended to provide the desired performances. These include good rheological stability for casting applications or high plasticity and strength for tableware, sanitaryware and tile applications. Ball clays also have applications in the rubber industry.

Imerys' main ball clay deposits are found in France at numerous locations (Charentes, Tournon St Martin, Allier and Provins basins), in Great Britain (Devon and Dorset), the United States (Kentucky, Mississippi and Tennessee) and Thailand (Lampang Province). The Group is also present in Ukraine (Donbas).

- **Carbonates**

Ground calcium carbonate (GCC) includes chalk, limestone and marble. It is a white pigment derived from sediments of shellfish and other marine fauna remains. Marble is the result of the exposure of these carbonate sediments to heat and pressure transformation over time. GCC is mined from various chalk, limestone and marble quarries, with further processing applied to develop certain properties that improve the physical characteristics of finished products. GCC is especially renowned for its whiteness.

GCC is used mainly in the paper industry. It also has applications in performance mineral applications such as paint and coatings, plastics, sealants and air purification.

The Group directly owns or has long-term supply contracts for extensive calcium carbonate reserves in Brazil, China, France, Great Britain, Greece, Italy, Malaysia, North America, Tunisia, Turkey and Vietnam for paper and performance mineral applications.

- **Red clays**

A sedimentary plastic clay mineral assemblage developing a red color when fired. It is used to make building materials (roof tiles, bricks) and must meet specific requirements in terms of color, plasticity and workability before firing, as well as good performance during drying and firing.

Extensive reserves of clay with sought-after properties are located close to the Building Materials activity's various production units in France.

- **Feldspar**

Feldspar is a natural mineral composed of a silicate of aluminum, potassium, sodium or lithium. Different categories of feldspar impart various properties to a wide range of final products but mainly find applications for the vitrification of ceramic bodies. In powder form, it finds applications in making plastics harder and is also used in paints, coatings and rubber.

The Group has feldspar deposits in France (Burgundy, Allier, Pyrénées Orientales), Germany (Sarre, Bavaria), India (Hyderabad, Andrah Pradesh), Spain (Caceres - Estremadura, Salamanca and Valencia regions) and the United States (North Carolina).

- **Kaolin**

Kaolin is a white alumina-silicate clay derived from the geologic alteration of granite or similar rock types. Also known as china clay, it is mined in open cast mines or quarries by wet processes or by dry extraction.

For a number of applications, kaolin is calcined and then further processed. Calcination transforms kaolin at high temperature (700 –1,200°C) into an inert mineral that imparts specific properties to end applications. These include paper (where properties such as whiteness and opacity, as well as gloss, smoothness and printability, are specifically sought after by producers); performance minerals (in paint, rubber, plastics, sealants) and ceramics, ranging from superwhite tableware to the ever-increasing technical demands of the sanitaryware and floor tile industries.
Mines are located in various regions. For Pigments for Paper, high-quality kaolin occurs in three regions around the world. Imerys is the only producer that is active in all three locations, each of which offers unique and specific geological characteristics: Great Britain (Cornwall) for filler kaolins; United States (Georgia) for all coating applications and opacifying effects; and Brazil (the Amazon basin) for coating applications due to its fine and steep particle size distribution. For Performance Minerals and Ceramics, Imerys mines outstanding kaolin reserves located in Australia (Victoria), France (Brittany and Allier), Great Britain (Cornwall and Devon), New Zealand (Matauri Bay), Thailand (Ranong Province), Ukraine (Donetsk) and in the United States (South Carolina, Georgia and Florida).

- **Minerals for Filtration**

Diatomite is a special silica mineral resulting from the accumulation of skeletal remains of microscopic freshwater or marine plants called diatoms.

Perlite is a volcanic rock that contains between 2% and 5% natural combined water. When heated, the contained water converts instantaneously to steam and the perlite ore explodes like popcorn, expanding up to 20 times its original volume and creating a multi-cellular material with large surface area and corresponding low density.

These two naturally occurring raw materials have exceptional qualities: low density, high contact surface area and high porosity. Their unique properties mean that Imerys' products are sought after in many applications, particularly as filtration aids but also as additives in Performance Mineral applications and paint.

Imerys' diatomaceous earth mines are located in Chile, China, France (Murat), Mexico (Almeira), Peru, Spain (Eliche), and the United States (Lompoc, California; Quincy, Washington; Fernley, Nevada). Perlite mines are located in Argentina (Salta, Tucaman) and the United States (No Agua, New Mexico; Superior, Arizona; Black Springs, Utah).

- **Minerals for Refractories**

Minerals for refractories offer properties such as high resistance to degradation in extreme temperatures and harsh conditions, as well as resistance to mechanical failure and corrosion.

Imerys supplies a wide range of high-quality acid refractory products with high alumina content, including the following:
Andalusite is a natural alumina-silicate mineral containing up to 60% alumina that turns into mullite when it reaches a temperature of 1,350°C. The division mines very high-quality alumino-silicate deposits located in France (Glomel), China and South Africa.

Bauxite and bauxitic kaolin are minerals found in sedimentary deposits and Imerys products have the unique characteristic of being low in iron content. They are used in a wide range of refractory products. Deposits are located in the United States (Alabama, Georgia).

Refractory flint clay occurs as a hard and often carbon-rich fine kaolin that, following calcination, gives a high-density refractory material commonly called “chamotte” which has specialized ceramic applications. Refractory flint clay deposits are located in South-Africa. Special refractory clay for chamotte deposits are located in France and Ukraine.

- **Other minerals**

Bentonite is an alumino-silicate sedimentary clay having high rheological and absorbent properties. After processing, bentonite can be used in cement, sealants, adhesives, clay and ceramic bodies, cosmetics, but also in drilling, foundry and steelmaking industries. Deposits occur in South Africa.

Colored sandstone ("Grès de Thiviers") is a natural mineral pigment used as body stain for ceramics. Colored sandstones are mined in the French region of Dordogne. In recent years, a broad range of colors has been developed to widen the market for the red pigment "Grès de Thiviers". These include ranges of pinks and browns as well as grays that are available with or without metallic effects.

Graphite is one of the crystalline forms of carbon, with a specific micaceous aspect. Natural graphite is produced from the Lac-des-Iles, Canada mine – the largest graphite mine in North America – to supply customers worldwide in the mobile energy, engineering materials, additives for polymers, lubricants, refractories and metallurgy sectors. It is also used as a raw material for high performance value-added products.

Halloysite is a high-quality, very white clay, especially sought after by the fine porcelain industry worldwide for its translucent effect. New Zealand is the only producer.

Mica and Muscovite mica: the term "mica" covers a group of alumino-silicate minerals with a platy structure, each with its own physical and chemical characteristics. It is distinguished from other minerals by qualities including insulation and elasticity. These benefits are used in plastics and films. Imerys mines muscovite mica as a by-product of kaolin and feldspar mining. Imerys' mica deposits are located in France (Brittany and Morvan) and in the United States (North Carolina).

Quartz is the most common mineral on earth. It is present in almost all mineral environments and is an essential component of many rocks. It is an important mineral with multiple applications including metallurgical, refractories and decorative. Imerys produces high-purity quartz in two forms: block (quartz veins) and gravels. The two forms offer similar properties including strength, refractoriness and resistance to wear. Quartz is also available in a range of colors to supply a variety of markets. Imerys produces quartz, either when mining kaolin or feldspar, or from pure quartz deposits in France (Lot, Dordogne) and Sweden.

Slates are extracted from underground mines in Angers, France. This operation is highly specialized in the extraction and processing of natural high quality slate, which is prized for roofing, particularly for prestigious buildings

Vermiculite is a hydrated micaceous mineral which expands considerably when heated. Applications are essentially in the horticulture and heat insulation. It is produced from the Group's deposits in Australia (Alice Spring), China (Korla) and Zimbabwe (Shawa).

■ Derived mineral products

- **Precipitated calcium carbonate (PCC)**

PCC is produced chemically from natural limestone, which is burned to form lime and then re-precipitated by adding carbon dioxide. This controlled process delivers a pigment with well-defined shape and size parameters and excellent optical properties. PCC is mainly used in the paper industry (filling and coating applications) as well as in performance applications such as paint, coatings and plastics.

The business group produces PCC-based filler and coating pigments in its plants in the United States, Europe, Indonesia, Argentina and Brazil.

- **Synthetic corundum**

Bauxite is transformed by fusion in an electric arc furnace into synthetic corundum for the production of powders for abrasive applications. Plants are located in China and Austria.

- **Silicon carbide**

Silicon carbide is a by-product of graphite production that imparts abrasion resistance and ceramic properties. Silicon carbide is used in kiln furniture. Imerys' production facilities are in Brazil and Switzerland.

- **Synthetic graphite**

Imerys develops its high-quality synthetic graphite through a complex process of baking petroleum coke at very high temperatures. The plant is located in Switzerland.

- **Carbon black**

Carbon black is an ultra-fine carbon powder produced in Belgium from selected very high-quality, externally procured sources of carbon raw materials.

- **Zircon**

Zircon belongs to the group of neo-silicate minerals, derived from the primary geologic alteration of granite or alkaline rocks. Zircon's main characteristics are its very high fusion temperature (above 1,800°C) and hardness. After transformations such as grinding, classification or fusion in an electric arc furnace, zircon-based products are sold in various grades: zircon flour and zirconium silicate, used in high-temperature industries such as casting, refractories, ceramics and glass. Fused and chemical zirconias are specialties with applications in the ceramics, electronics, paper, leather and paint industries as well as in chemical catalysts, vehicle exhausts, catalytic converters, heat-resistant and abrasive coatings and advanced ceramics. Plants are located in China and Great Britain.

- **Magnesium oxide**

Electrical grade magnesia is produced from magnesium oxide, a white solid mineral. Electrical grade magnesia has high electrical resistance properties, depending on calcination's temperature, and good heat conductivity, making it suitable for insulation material in the manufacture of domestic and industrial sheathed heating elements. Plants are located in Great Britain and in the United States.

MINERAL REPORTING PRINCIPLES APPLIED BY IMERYS

- **Imerys mining organization and regulatory framework**

Imerys' team of geologists ensures long-term access to quality deposits by conducting the necessary exploration work on deposits owned by Imerys or secured under long-term leases in order to establish a long-term vision at each operation.

Imerys' reporting on mineral reserves and resources is conducted by "Competent Persons" who are duly appointed and responsible for reporting in compliance with the "Code for Reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves (Reporting Code) October 2001."

Similar codes, including JORC (Australia), Samrec (RSA), SEG Industry Guide 7 for the US, the Canadian Institute of Mining's definitions as required under N143-101 and the Certification Code (Chile), all in compliance with CRIRSCO's[1] International Reporting Template, form best practices adopted as reporting standards by the mining industry in the Western world.

A central register of Competent Persons is kept at Group level. A written declaration from each Competent Person at Imerys authorizing the compilation of the estimates reported for public reporting is kept in the register.

In order to ensure Group-wide consistency in reporting and compliance with Reporting Code requirements, internal and external audits are conducted on a 3-4 year cycle. Audits are carried out by an experienced Group geologist having no subordination connection to the audited sites and are designed to ensure compliance with the "Reporting Code" and to provide best practice for continuous improvement in the management and operation of the Groups' mineral deposits.
Finally, the Audit Committee and the Executive Committee both examine the results of Imerys' reporting on mineral reserves and resources.

[1] *CRIRSCO: Committee for Mineral Reserves International Reporting Standards.*

- **Definitions**

The **Mineral Reserve** is the economically exploitable part of an ore deposit previously defined as a Measured or Indicated Resource under realistically assumed present and forecast economic, market, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that exploitation is justified. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves.

A **Probable Mineral Reserve** is the economically mineable part of an Indicated and in some circumstances a Measured Mineral Resource, whereas a Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource.

Proven Mineral Reserves represent the highest confidence level of the estimates.

A **Mineral Resource** is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, grade, continuity and other geological characteristics are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided in order of increasing geological confidence into Inferred, Indicated and Measured.

An **Inferred Mineral Resource** is that part of a Mineral Resource for which quantity and grade can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which is limited or of uncertain quality and reliability.

An **Indicated Mineral Resource** is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A **Measured Mineral Resource** is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

- **Risks and uncertainties**

Mineral Reserves and Resources are estimates of the size and quality of ore deposits based on currently available technical, economic, market and other parameters. Due to unforeseen changes in these parameters and the uncertainty inherently associated with resource evaluation, no assurance can be given that the estimates of Mineral Reserves and Resources shown in the table below will be recovered as anticipated by the Group.

With continued geological exploration and evaluation Mineral Reserves and Resources may change significantly, either positively or negatively.

To date, there are no known environmental, authorization, legal, ownership, political or other relevant issues that could materially adversely affect the estimates in these tables.

MINERAL RESERVES (estimates as on 12/31/2007 vs. 12/31/2006)

In line with the special conditions relating to the “Reporting of industrial minerals, stone and aggregates” in the “Reporting Code,” categories of minerals in which mineral types have been grouped together to protect commercially sensitive information have been created for the purpose of Imerys' public reporting of its reserves and resources. From 2007, Slates and Graphite are included in the "Other minerals" category due to the specificity of these minerals. 2006 figures have been restated with the same grouping.

Due to aggregation, it is not possible to give the lifespan of each mine. However, based on the geological work done and modifying factors applied, the Group foresees that its mineral reserves and resources will be adequate to sustain long-term operation of its activities at the current annual rate, using existing technology and under present and forecast market conditions.

Reserves are quoted in addition to Resources as on December 31, 2007 and are stated on the basis of thousands of metric tons of dry sellable product. Estimates for 2006 are shown for the sake of comparison.

Ongoing exploration work, geological assessments and mining activities as well as changes in ownership of certain mineral rights due to acquisitions or sales are reflected in the movements of the estimates reported for 2007 against those reported for 2006.

MINERAL RESERVES ESTIMATES as on 31/12/2007 vs. 31/12/2006

Product	*Region*	*2007*			*2006*		
		Proved (Kt)	*Probable (Kt)*	*Total (Kt)*	*Proved (Kt)*	*Probable (Kt))*	*Total (Kt)*
Ball Clays	**Europe** (& Africa)	15,949	4,672	20,621	6,847	10,093	16,940
	North America	5,374	740	6,114	5,517	1,000	6,517
	Asia	998	0	998	1,018	0	1,018
	Total	**22,321**	**5,412**	**27,733**	**13,382**	**11,093**	**24,476**
Carbonates (Calcite, Marble, Chalk, Limestone)	**Europe**	4,136	9,460	13,596	3,982	6,359	10,341
	North America	185,082	45,419	230,501	185,187	43,481	228,668
	South America	8,127	30	8,157	7,680	0	7,680
	Asia	2,750	12,152	14,902	0	4,776	4,776
	Total	**200,095**	**67,061**	**267,156**	**196,849**	**54,616**	**251,465**
Clays (Brick & Roof Tile raw materials)	**Europe**	**67,909**	**22,797**	**90,706**	**74,189**	**21,363**	**95,552**
Feldspar (Feldspathic sand & Pegmatite)	**Europe**	24,727	12,736	37,462	24,834	13,735	38,569
	North America	1,958	0	1,958	1,558	0	1,558
	Asia	935	200	1,135			
	Total	**27,620**	**12,936**	**40,555**	**26,392**	**13,735**	**40,127**
Kaolin	**Europe** (& Africa)	14,514	30,983	45,497	16,638	33,087	49,725
	North America	32,705	5,995	38,699	32,972	6,317	39,289
	South America	25,166	0	25,166	21 216	0	21,216
	Asia	474	3,474	3,949	439	3,541	3,979
	Total	**72,859**	**40,452**	**113,310**	**71,264**	**42,945**	**114,209**
Minerals for Filtration (Diatomite & Perlite)	**Europe**	266	568	834	326	616	942
	North America	4,901	3,940	8,841	4,696	3,642	8,338
	South America	0	1 393	1,393	0	1,088	1,088
	Asia	53	148	201	93	149	243
	Total	**5,220**	**6,049**	**11,270**	**5,116**	**5,495**	**10,611**
Minerals forrefractories (Andalusite & Quartzite, Bauxite, Bauxitic Kaolin, Flint Clays, Refractory Kaolin)	**Europe** (& Africa)	3,783	2,292	6,075	3,411	1,652	5,064
	North America	5,713	0	5,713	5,835	0	5,835
	South America	0	0	0	0	0	0
	Asia	0	397	397			
	Total	**9,496**	**2,689**	**12,185**	**9,246**	**1,652**	**10,898**
Other Minerals (Bentonite, Graphite, Grès de Thiviers, Quartz, Slate, Vermiculite)	**World**	**2,146**	**1,221**	**3,367**	**2,370**	**1,259**	**3,629**

Notes:

- 2007 changes in perimeter were related to acquisitions in Argentina (Perlite), China (Andalusite, Carbonates, Vermiculite), India and United States (Feldspar), Ukraine (Refractory clays for Chamotte), Turkey (GCC) and divestments or closures in Spain and Portugal (red clays and kaolin), Sardinia (Feldspar) and Mexico (GCC);

- Estimates are quoted on a contained dry sellable kilo-metric ton equivalent basis. Clay estimates are quoted as dry processable metric tons.

MINERAL RESOURCES ESTIMATES as on 31/12/2007 vs. 31/12/2006

Product	Region	2007				2006			
		Measured (Kt)	Indicated (Kt)	Inferreds (Kt)	Total (Kt)	Measured (Kt)	Indicated (Kt)	Inferred (Kt)	Total (Kt)
Ball Clays	**Europe** (& Africa)	1,952	75	2,971	4,998	788	75	6,462	7,325
	North America	6,751	17,075	9,502	33,328	6,762	17,142	12,539	36,443
	Asia	187	0	0	187	187	0	0	187
	Total	**8,890**	**17,150**	**12,473**	**38,513**	**7,737**	**17,217**	**19,001**	**43,955**
Carbonates (Calcite, Marble, Chalk, Limestone)	**Europe**	3,537	10,205	69,000	82,742	3,720	11,027	0	14,747
	North America	69,359	101,807	139,224	310,390	92,644	108,852	167,781	369,277
	South America	11,085	10,900	22,983	44,968	11,785	10,900	22,983	45,668
	Asia	0	17,893	28,956	46,849	0	25,000	18,200	43,200
	Total	**83,981**	**140,805**	**260,163**	**484,949**	**108,149**	**155,779**	**208,964**	**472,892**
Clays (Brick & Roof Tile raw materials)	**Europe**	**11,439**	**15,198**	**757**	**27,394**	**12,380**	**15,372**	**1,351**	**29,103**
Feldspar (Feldspathic sand & Pegmatite)	**Europe**	2,641	4,340	24,093	31,074	3,016	4,251	25,302	32,569
	North America	3,102	14,279	2,536	19,918	2,542	450	2 430	5 422
	Asia	0	50	20	70				
	Total	**5,743**	**18,669**	**26,649**	**51,062**	**5,558**	**4,701**	**27,732**	**37,991**
Kaolin	**Europe** (& Africa)	3,230	7,068	63,806	74,104	2,847	9,094	80,678	92,618
	North America	16,816	12,904	33,431	63,151	24,487	13,169	33,025	70,681
	South America	3,014	122	10,475	13,611	1,717	0	12,027	13,744
	Asia	0	5,241	3,178	8,419	0	5,265	3,178	8,443
	Total	**23,060**	**25,336**	**110,890**	**159,286**	**29,051**	**27,529**	**128,908**	**185,487**
Minerals for Filtration (Diatomite & Perlite)	**Europe**	291	3,722	324,228	328,241	224	4,419	356,060	360,703
	North America	1,923	41,256	50,800	93,980	1,613	40,662	50,684	92,959
	South America	0	30	75,702	75,732	0	30	75,702	75,732
	Asia	0	0	322	322	0	0	0	0
	Total	**2,214**	**45,008**	**451,052**	**498,275**	**1,837**	**45,111**	**482,446**	**529,394**
Minerals for Refractories (Andalusite & Quartzite, Bauxite, Bauxitic Kaolin, Flint Clays, Refractory Kaolin)	**Europe** (& Africa)	1,632	1,187	5,579	8,398	1,149	1,262	4,774	7,185
	North America	11,883	0	0	11,883	11,803	0	0	11,803
	South America	0	1,539	0	1,539	0	1,539	0	1,539
	Asia	0	980	2,072	3,052				
	Total	**13,515**	**3,706**	**7,651**	**24,872**	**12,951**	**2,801**	**4,774**	**20,526**
Other Minerals (Bentonite, Graphite, Grès de Thiviers, Quartz, Slate, Vermiculite)	**World**	**1,957**	**2,389**	**1,162**	**5,508**	**1,483**	**1,136**	**2,873**	**5,492**

Notes:

- *2007 changes in perimeter were related to acquisitions in Argentina (Perlite), China (Andalusite, Carbonates, Vermiculite), India and United States (Feldspar), Ukraine (Refractory clays for Chamotte), Turkey (GCC) and divestments or closures in Spain and Portugal (red clays and kaolin), Sardinia (Feldspar) and Mexico (GCC);*
- *Estimates are quoted on a contained dry sellable kilo-metric ton equivalent basis. Clay estimates are quoted as dry processable metric tons.*

4 - PERFORMANCE MINERALS & PIGMENTS

In 2007, the Business Group was organized around the two following activities:

- Performance Minerals,
- Pigments for Paper.

As from February 13, 2008, Pigments for Paper will operate as an autonomous business group, whereas the new Performance Minerals & Filtration business group will be comprised of Performance Minerals and Minerals for Filtration activities *(please refer to section 2 of the present Chapter for further information on changing operating organization)*.

Performance Minerals and Pigments for Paper activities both pursue a multi-pigment strategy based upon kaolin and carbonates, the two main processed minerals.

The Performance Minerals activity provides customers with tailor-made solutions in a highly technical field, based on the processing of kaolins, carbonates, feldspar, mica and ball clays. The development of partnerships with customers is essential on the value-added markets for performance minerals, i.e. plastics, rubber, coatings, adhesives, caulks and sealants, health, beauty & nutrition and building materials.

The Pigments for Paper activity is comprised of the kaolin and calcium carbonate operations for the paper industry. Its structure is designed to serve the needs of the changing global paper market. The Pigments for Paper business supplies more than 350 paper mills worldwide. 26% of these are in North America, 45% in Europe and 29% in the rest of the world, mainly Asia-Pacific, the region driving growth in the paper industry.

The Performance Minerals & Pigments business group's sales for the year ending December 31, 2007 totaled €1,103 million, which represents 32% of Imerys' consolidated sales.

The Business Group has 80 industrial sites in 21 countries.

2007 sales: €1,103 million

33%	Performance Minerals
67%	Pigments for Paper

4,215 employees

43%	Performance Minerals
57%	Pigments for Paper

4.1 Business group overview

Activity	*Products*	*Applications*	*Markets*	*Brands*	*Market positions* [1]
PERFORMANCE MINERALS	Kaolin GCC PCC Dolomite Mica Feldspar Ball Clays	Additives for: Sealants Adhesives Paints Plastics Catalyst substrates Rubber Construction materials	Agriculture Food Construction Automotive Pharmacy & Personal care	**Kaolins** Eckalite™, InFilm™, Kaopolite™, MetaStar™, Neogen™, Opacilite™, Polestar™, Polsperse™, Polwhite™, Polarite™, Pool Mix™, Speswhite™, Stockalite™, Supreme™ **Ground Calcium Carbonate (GCC)** Brasmite ™, Camel-Wite™, Carbital™, Drikalite™, Filmlink™, Gamaco™, HeliCal™, Honcal™, Imercarb ™, Imerseal™, Infusion™, Lumicarb™, Mar'blend™, Marblemite™, Micronic™, Micro-White™, Polcarb™, Queensfil™, Snowflake P.E.™, Supercoat.™ **Precipitated Calcium Carbonate (PCC)** Barralin™, Barraleve™, **Feldspar**: Minspar™; **Mica**: Mica Mu™	**World #1** in minerals for breathable polymer films
PIGMENTS FOR PAPER	Kaolin	Fillers	**Graphic papers** - Printing & writing Coated woodfree Coated mechanical Uncoated woodfree Uncoated mechanical - Newsprint	**Kaolins** ACME™, Alphatex™, Capim™, Intrafill™, Intramax™, Opacitex™ **GCC** Carbital™, G400™, Intracarb™ **PCC** Opti-Cal™	**World #1** in kaolin for paper
	GCC	Coatings	**Packaging** - Coated packaging Coated bleached board Coated unbleached kraft Coated recycled board	**Kaolins** Astra-Cote™, Astra-Glaze™, Astra-Gloss™, Astra-Jet™, Astra-Plate™, Astra-Plus™, Capim™, Contour™, Deltatex™, KCS™, Premier™, SPS™, Supragloss™, Supramatt™, Suprasmooth™, Suprawhite™	**World #2** in GCC for paper
	PCC		- Uncoated packaging Container board Liner board Corrugated medium	**GCC** Carbilux™, Carbital™, Carboflex™, Carbopaque™ **PCC** Opti-Cal™	**World #3** in PCC for paper

(1) Source: Imerys data

4.2 Performance Minerals

PRODUCTS

The Performance Minerals activity has access to many high-quality raw materials with differentiated chemical composition, particle size distribution, shape and exceptional properties such as outstanding whiteness, high mechanical strength and excellent rheology.

Based on in-depth knowledge of these industrial minerals' properties, conversion processes are adapted to the requirements of specific applications, in order to satisfy the ever-changing needs of their markets.

Raw materials (Functional fillers & Additives)

The main functional fillers and additives produced and marketed by the Performance Minerals activity are kaolin, ground calcium carbonate (GCC) and precipitated calcium carbonate (PCC). The division also processes feldspar, mica and ball clays.

For a detailed presentation of these minerals, please refer to section *4.3 Mineral reserves and resources*.

Applications

Performance Minerals are processed and marketed worldwide. They are added to finished or intermediary products to deliver higher functionality and processibility, and to reduce total raw material costs. Applications include:

- Paints & coatings: Imerys has an extensive range of kaolins, calcium carbonates, mica and feldspar, used as extenders to improve paint quality and opacity.
- Plastic & films: the development of more and more sophisticated applications for plastics and film materials means that increasingly demanding requirements are placed on fillers and the specific properties they impart. To meet this challenge, Imerys has an excellent range of high-quality mineral extenders at its disposal including calcium carbonates, kaolins and micas.
- Rubber: kaolins, ball clays, calcium carbonates and feldspars are used in many rubber applications. Imerys' range of kaolins delivers good processibility, chemical resistance and barrier properties, together with good whiteness and strength dependent on their particle size. Ball clays offer the same properties but with a darker color.
- Sealants & adhesives: kaolins impart good barrier effects and rheology control to adhesives and sealants. The low surface hydroxyl content of kaolins leads to low moisture pick-up, resulting in excellent performance in moisture-sensitive sealant applications. Kaolins are effective as structure-building elements. Finely ground calcium carbonates are also used in a wide range of sealants and adhesive applications to improve rheological properties and reduce the water or volatile content of the compound. Some products are hydrophobized with stearate coating to reduce moisture pick-up, make handling easier and improve dispersion.
- Industrial and consumer products: Imerys has a wide range of minerals that enhance the properties of products used everyday in construction, landscaping, drilling mud and personal care products. These include white marble aggregates used in coatings for swimming pools and limestone products for lawn care. Calcium carbonates are used in water treatment systems, air purification, the energy sector and personal care products such as toothpaste and soap.

INNOVATION

In 2007, the Performance Minerals activity continued to focus efforts on innovation and new product development in partnership with its market-leading customers. The main development areas are functional additives, nano-composites and new minerals. Key drivers are environmental requirements and high energy and raw material prices.

Sustainability is becoming a central topic in many industries, with customers seeking novel ways to maintain or improve their product quality while reducing their usage of oil-based resources and making their processes more efficient. Imerys has extensive knowledge of engineered minerals, their environmental footprints and the performance benefits that can

be achieved in physical properties and process efficiency. By using such materials, Imerys helps customers make optimum choices, allowing them to reduce the usage of raw materials while maintaining or increasing output.

In particular, new developments in Europe for packaging applications have taken advantage of Supercoat™ Calcium Carbonate to help customers improve process efficiency while reducing their use of oil-based resins.

In addition, a new nano-kaolin product range is offering packaging producers the opportunity to improve barrier properties and increase recyclability in a range of different packaging materials.

In other polymer applications, Imerys is exploiting a technology for extending titanium dioxide that was previously developed for the coatings industry. Opacilite™ flash-calcined kaolin is proving particularly effective in this field.

In North America, innovation activities have focused on two main areas:

- Plastics, where considerable progress has been made in the use of minerals in 'spun-bond' and 'melt-blown' non-woven fiber products. Moreover, Filmlink™ 3120, a new generation calcium carbonate, was launched, with the aim of improving the performance of disposable film applications (trash bags, grocery sacks, etc.), injection-molded products and extruded-sheet products;
- Developing new products to meet customers increasing demand for recycled products. In this area, Imerys obtained certification for two products from pre-consumer recycled waste feeds. These products are aimed at the building market and allow end-users to achieve credit for recycled materials in programs such as LEED[1].

Recent acquisitions in both North America and Turkey have enhanced Imerys' range of ground calcium carbonates and introduced Imerys technologies in rapidly growing markets.

In Performance Minerals, Helia Cal™ 3000 and Lumicarb™ 395 pigments, used as additives in paint and plastics, deliver equivalent brightness for lower energy consumption.

MARKETS

In 2007, Performance Mineral markets were healthy overall in Europe, with a slightly higher growth rate than in 2006. Business remained difficult throughout the year in North America, with a further downturn on the construction segment during the second half of 2007.

Trends by geographic zone were as follows.

- Europe: the Performance Minerals business in Europe is partly linked to activity in the construction industry. Following strong growth on construction markets in 2006, business was firm in 2007. The construction sector in Western Europe is estimated to have grown 1.7% in 2007[2].
- North America: a significant downturn in new residential construction adversely affected Performance Minerals' business in a number of key markets (joint compound, roofing and PVC[3] siding and, to a lesser extent, paints and coatings). The decline on construction markets was partly offset by growth in polyolefin and coating applications.
- South America: the Brazilian economy's growth in 2007 was its highest for the last five years, although still below the other BRIC[4] economies. Internal demand increased due to higher imports as a consequence of the Real's appreciation against major hard currencies. In Argentina, strong growth continued for the sixth year in a row. The main growth market for the activity was decorative paints, as the construction materials market continued to benefit from lower interest rates and credit availability.
- Asia-Pacific continued to enjoy healthy business trends in its main market segments.

[1] *LEED: Leadership in Energy and Environmental Design is a program of the United States Green Building Council.*

[2] *Euroconstruct statistics.*

[3] *PVC: PolyVinyl Chloride.*

[4] *BRIC: Brazil, Russia, India, China.*

Main competitors

Sibelco group (Belgium); AKW and Dorfner (Germany); Goonvean (Great Britain); Reverte (Spain); Omya (Switzerland); Burgess, BASF, Franklin Industrial Minerals, J.M. Huber, Specialty Minerals (United States).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Performance Minerals activity has the following industrial facilities:

	Europe & Africa	*Americas*	*Asia-Pacific*
Kaolin	Lee Moor, Devon *(Great Britain)* Marsh Mills, Devon *(Great Britain)* Other sites in Cornwall *(Great Britain)*	Embu Guaçu, SP *(Brazil)* Dry Branch, Georgia *(United States)* Sandersville, Georgia *(United States)*	
GCC	Lixhe *(Belgium)* Axat *(France)* Villers sous Saint-Leu *(France)* Beverley, Yorkshire *(Great Britain)* Massa di Carrara *(Italy)*[1] Feriana[3] *(Tunisia)* Gebze *(Turkey)*	Cachoeiro do Itapemirim, ES *(Brazil)* Sertaozinho, Maua, SP *(Brazil)* Denganthza *(Mexico)* Cockeysville, Maryland *(United States)* Dalton, Georgia *(United States)* Gouverneur, New York *(United States)* Marble Hill, Georgia *(United States)* Sahuarita, Arizona *(United States)* Sylacauga, Alabama *(United States)* Tucson, Arizona *(United States)* Whitestone, Georgia *(United States)*	Dalian[2], Liao Ning *(China)* Nanling, Anhui *(China)* Ipoh *(Malaysia)*
PCC		Capitan Bermudez *(Argentina)* Ledesma, Jujuy *(Argentina)* Los Berros, San Juan *(Argentina)* Limeira, São Paulo *(Brazil)* Santanésia Pirai, Rio Janeiro *(Brazil)* Cuautitlan *(Mexico)*	

(1) Gran Bianco Carrara, a joint venture 60% owned by Imerys.

(2) Dalian Jinsheng Fine Chemicals Co. Ltd, a joint venture 50% owned by Imerys.

(3) Imerys Minéraux de Tunisie, a joint venture 68% owned by Imerys.

Quality

The Performance Minerals activity is strongly committed to quality improvement.

- Europe: all activities in Great Britain are ISO 9001:2000 certified.
- North America: all plants are ISO 9001:2000 certified.
- South America: Cachoeiro and Limeira (Brazil) plants are certified ISO 9001:2000.

Sales Organization

The Performance Minerals activity has strategic bases worldwide and products are marketed either by their own sales teams or by networks of independent agents or distributors.

4.3 Pigments for Paper

PRODUCTS

The Pigments for Paper activity offers a wide range of kaolins, ground calcium carbonates (GCC) and precipitated calcium carbonates (PCC), which are used in the paper industry as fillers and coatings. These products are differentiated by their chemical composition, particle size distribution, shape, whiteness and viscosity.

Based on extensive know-how of their chemical characteristics, Imerys products deliver all the properties required by the customer: not only whiteness, gloss, opacity and printability, but also high mechanical strength and excellent rheology, which help to optimize manufacturing processes.

This unique know-how, combined with the great diversity of its products, allows the division to deliver a multi-pigment response to the customer's formulation needs, through the most effective use of pigments. Imerys offers the world's broadest range of pigments for the paper industry.

Raw materials

- Kaolin: The world's largest producer of kaolin for paper, Imerys is the only group to be active in all three regions containing high quality kaolin for paper applications. Each location offers specific, unique geological characteristics. Imerys' kaolin mines and plants are ideally located near specialized ports with optimized logistical facilities in Brazil (Barcarena), the United States (Savannah, Georgia) and Great Britain (Fowey, Cornwall).
- GCC: (Ground Calcium Carbonate): Imerys is the world's second-largest producer of GCC for paper. Its GCC processing plants are located close to customers' mills to ensure high service quality and logistical flexibility.
- PCC: (Precipitated Calcium Carbonate): Imerys is the world's third-largest producer of PCC. It produces PCC-based filler and coating pigments in its plants in the United States, Europe, Asia and South America.

Applications

Each geological site naturally consists in a unique ore with specific characteristics suitable for dedicated applications.

From 2008, Great Britain (Cornwall) will provide only filler kaolins that are especially suited to European supercalendered paper; United States (Georgia) kaolins are predominately used for coating applications in the global paper market requiring high gloss and printability; Brazilian (Amazon delta) kaolins are particularly appreciated for coating applications due to particle size distribution that delivers outstanding whiteness and opacity. Brazilian coating clays give excellent printability and runnability for lightweight coated (LWC) papers.

In addition, Imerys processes all its raw minerals to obtain the properties required by customers:

- Calcination transforms kaolin at high temperature, resulting in a more inert mineral that imparts different qualities to end applications such as whiteness and opacity as well as gloss, smoothness and printability.
- GCC pigment improves the physical characteristics of finished products, especially renowned for its whiteness.
- PCC, produced artificially from natural limestone, delivers a pigment with well-defined shape and size and excellent optical properties.

Finally, kaolin, GCC and PCC are used in the paper industry as filling and coating pigments:

- Fillers are added to the paper fiber mixture at the beginning of the papermaking process, just prior to the formation of the paper web. These mineral fillers are designed to impart texture, opacity, whiteness and printability. Filler pigments have an increasingly important role in the success of uncoated woodfree, newsprint and supercalendered paper, as expectations in terms of print performance are constantly rising. The rapidly rising cost of papermaking fiber further highlights the need for filler kaolin, for both its technical benefits and as a cost-saving measure.
- Coating products are used in sophisticated formulations containing different pigment and chemical components to achieve high levels of brightness, gloss and print performance. They are applied to the paper surface in a thin, even film to produce opaque, white, smooth and glossy paper with no increase in weight.

INNOVATION

The Pigments for Paper activity's technical expertise and ability to constantly improve manufacturing efficiency enable it to adapt its product portfolio to customers' specific, evolving needs.

Over 100 technology specialists work worldwide, enabling the division to hold over 183 granted and 134 pending patents, with patents filed for 7 new technologies in 2007.

Imerys' unique formulating know-how and Research & Development capabilities, together with the activity's comprehensive range of pigments, make it an ideal partner for papermakers around the world. Specifications required by papermakers are increasingly precise and stringent, not only to meet paper quality criteria but also to achieve optimum machine performance in terms of speed and utilization rates. The scale of capital expenditure for a modern paper mill (e.g. around €500 million for a machine producing approx. 350,000 – 400,000 metric tons of paper per year) is an increasingly important economic issue for paper manufacturers. The investment cannot be profitable without full-capacity production of top quality paper. The choice of pigment – or pigment blend – has a major impact on paper quality, machine efficiency and the number of production defects per manufacturing day.

Imerys customers' efficiency is consequently the key driver for Research & Development teams. The sustainable onsite carbonate offering, together with the complete kaolin portfolio, gives Imerys pole position as a supplier for the new paper machines in the rapidly growing Asian market.

A new carbonate brand, Carboflex™ utilizes Imerys' state of the art PCC technology together with standard GCC to provide enhanced paper quality in top-coating applications. Launched in January 2006, it replaces the combination of a market-leading ground calcium carbonate and expensive glossing additives in a technically demanding fine paper grade. Carboflex™ provides for significant cost savings as well as improved runnability and paper quality. Further market opportunities are being explored for Carboflex™.

The kaolin-based product offering has also been broadened. Since the launch of a new Brazilian kaolin for lightweight coated rotogravure papers, initial product sales have been achieved and further growth is expected for this new technology. Sales have also continued to grow for a North American engineered glossing kaolin in both fine paper and packaging grades.

From 2008, a new energy-saving, 'low dust' granulate form of Capim™ kaolins will be supplied to European customers. This pre-dispersed kaolin is specifically designed to improve product handling, during both transportation and usage in the paper mill.

In addition, Cornwall will produce filler grade kaolins from a new sustainable, cost-effective production base. The new filler product portfolio will consist of a multi-purpose filler grade, Intrafill™ 60, and a comprehensive range of Intramax™ branded products for more specialized filler applications.

MARKETS [1]

In Pigments for Paper, global production of printing and writing paper grew at an estimated + 1.4% in 2007, supported by dynamic growth in Asia-Pacific. European and North American markets continue to restructure with selected paper machine or mill closures, leading to higher utilization rates at the remaining paper production facilities and a better balance between supply and demand.

Trends by geographic zone were as follows.

- In Europe, production of printing and writing grades fell by - 0.2% in 2007 as a consequence of weakening demand. The effect of capacity closures has resulted in an increase in utilization rates across key segments;
- In North America, paper production slightly decreased (- 3.1%) in 2007, compared to a flat market in 2006. This trend reflects weak overall demand, particularly for wood-free grades;
- In Asia, printing and writing paper markets enjoyed healthy growth in 2007 (+ 6.1%) with an increase in local production. Major production capacities continued to start up in 2007, especially in the wood-free paper segment.

[1] *Source: RISI (Resources Information System, Inc.).*

Main competitors

On a global market, the following competitors have international presence:

- Kaolin: PPSA and Cadam (Brazil); AKW (Germany); BASF, Huber and Thiele (United States);
- GCC: Omya (Switzerland) and various local competitors;
- PCC: Minerals Technologies (United States); Omya (Switzerland).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Pigments for Paper activity has the following industrial facilities:

	Europe	*Americas*	*Asia-Pacific*
Kaolin	St Austell, Cornwall *(Great Britain)*	Barcarena, Para *(Brazil)* Deep Step Road, Georgia *(United States)* Dry Branch, Georgia *(United States)* [1] Sandersville, Georgia *(United States)*	Pittong *(Australia)*
GCC	Lixhe *(Belgium)* Ste Croix de Mareuil *(France)* Salisbury, Wiltshire *(Great Britain)* Avenza *(Italy)* Avezzano *(Italy)* Massa *(Italy)* Köping *(Sweden)* Sundsvall *(Sweden)* Canakkale *(Turkey)*[4]	Cockeysville, Maryland *(United States)*[1] Kimberly, Wisconsin *(United States)* Sylacauga, Alabama *(United States)*[1]	Burnie *(Australia)* Changshu, Jiangsu *(China)* Nanling, Anhui *(China)* Qingyang, Gansu *(China)* Bhigwan *(India)*[2] Kerinci *(Indonesia)*[3] Fuji *(Japan)* Miyagi *(Japan)* Niigata *(Japan)*[5] Ipoh *(Malaysia)* Kaohsiung *(Taiwan)* Yen Bai *(Vietnam)*
PCC	Husum *(Sweden)*	Capitán Bermúdes, Santa Fé *(Argentina)*[1] Ledesma, Jujuy *(Argentina)*[1] Santanésia Pirai, Rio de Janeiro *(Brazil)*[1] Limeira, São Paulo *(Brazil)*[1] Bennettsville, South Carolina *(United States)* Canton, North Carolina *(United States)* Sandersville, Georgia *(United States)* Somerset, Maine *(United States)*	Kerinci *(Indonesia)*[3]
Slurry make-down	Antwerp *(Belgium)* Kotka *(Finland)* Vlaardingen *(Netherlands)* Falkenberg *(Sweden)* Gävle *(Sweden)* Uddevalla *(Sweden)*	Bras Cubas, Mogi das Cruzes, SP *(Brazil)*[1]	

[1] Mainly serving the Performance Minerals market, but also the Paper market.

[2] Imerys NewQuest (India) Private Limited, a joint-venture 74% owned by Imerys.

[3] PT. Esensindo Cipta Cemerlang, a joint venture 51% owned by Imerys.

[4] Assos Mermer, a joint venture 50% owned by Imerys.

[5] The Niigata GCC Company Ltd, a joint venture 60% owned by Imerys.

Quality

- Europe: all British and Belgian plants, as well as Köping and Sundsvall (Sweden), Massa and Avezzano (Italy) are ISO 9001:2000 certified.
- Americas: Brazilian plants and US plants in Alabama, Georgia and Maryland are ISO 9001:2000 certified.
- Asia-Pacific: The Australian kaolin plant as well as Chinese and Taiwanese GCC plants are certified ISO 9001:2000.

Sales organization

Pigments for Paper products are marketed through the activity's own sales force specializing in paper applications.

5 - MATERIALS & MONOLITHICS

The business group is organized around the following two activities:

- Building Materials,
- Refractory Solutions.

In both these activities, the Materials & Monolithics business group has strong market positions that it continues to develop through substantial capital expenditure and an active innovation policy.

With high-quality deposits and high-performance industrial assets, the Building Materials activity is France's largest producer of clay roof tiles, bricks and chimney blocks and of high-quality natural slate. With the sale of its production units in Spain and Portugal in mid-2007, the Building Materials activity refocused on France.

Through Calderys, the world leader in alumino-silicate monolithic refractories, the Refractory Solutions activity provides services and products to the steelmaking, casting, aluminum, cement, energy, petrochemicals and incineration industries. In 2007, Calderys consolidated its global leadership and strengthened its geographic coverage with the acquisition of ACE Refractories (India) and B&B (South Africa). The Kiln Furniture activity's products are mainly used to make clay tiles and ceramics.

The Materials & Monolithics business group's sales to December 31, 2007 totaled €1,026 million, which represents 30% of the Group's consolidated sales.

The business group has 44 industrial sites in 16 countries.

2007 sales: **€1,026** million

52 %	Building Materials
48 %	Refractory Solutions

4,715 employees

42 %	Building Materials
58 %	Refractory Solutions

5.1 Business group overview

Activity		*Products / Applications*	*Markets*	*Brands*	*Market Positions* [1]
BUILDING MATERIALS	**CLAY ROOF TILES & BRICKS**	**Roof tiles and accessories**	Roofing renovation & new housing	**Roof tile:** *Umbrella brand:* Imerys Toiture™ *7 regional labels:* Gelis™, Huguenot™, Jacob™, Ste-Foy™, Sans™, Phalempin™, Poudenx™	
		Structure materials Structure bricks *(walls and partitions)*	New housing	**Bricks:** *Umbrella brand:* Imerys Structure™ *Product brands:* Monomur, Optibric™	
			New housing	**Partitions:** *Umbrella brand:* Imerys Structure™ *Product bands:* "Carrobric" system	**French #1** for clay roof tiles bricks and chimney blocks
		Chimney blocks &	New housing	**Chimney blocks:** *Umbrella brand:* Imerys Structure™ *Product bands:* Conduits Ceramys™ "Tereco™" system	
		Concrete products	New housing	**Concrete products:** *Umbrella brand:* Imerys Structure™ *Product bands:* Planchers Fabre "Bétoconcept" system	
	SLATE	**Natural slates**	Historical monuments	**Historique H1, H2, Armor and Armen ranges** Angers-Trélazé ®	
			Public buildings	**Traditionnelles, Extra-Fort and Cottage ranges** Angers-Trélazé ®	**French #1** for natural slates
			Single-family housing	**Azur, Angevine, Domaniale, Citadine and Manoir ranges** Angers-Trélazé ®	

(1) Source: Imerys data

Activity	Applications	Produits	Markets	Brands	Market position [1]
REFRACTORY SOLUTIONS	**MONOLITHIC REFRACTORIES (CALDERYS)**	**Monolithic refractories** Cast/vibrated castables Gunning materials Ramming mix **Prefabricated shapes** Dry mix Taphole clays	Iron & Steel Foundry Aluminum Cement Incineration Power generation Petrochemicals Iron & Steel Kiln construction	Alkon®, Calde™, Kercast®, Kerex®, Monrox®, Plicast®, Pliflow®, Pligun®, Pliline®, Pliram®, Plistix®, Phlocast, Phlox®, Rodarox®, Spraycast®, Ultracast®	**World # 1** in alumino-silicate monolithic refractories
	KILN FURNITURE	Kiln furniture and components in, Cordierite mullite	Roof tiles Fine ceramics Floor and wall tiles Thermal applications Kiln construction	Imerys Kiln Furniture™, Refral™, Diceron™, Lomba™, Refractarios Cedonosa™, Apta™, Cordiertie Light™ Imerys Kiln Furniture™,	**World # 1** in kiln furniture for ceramic applications

(1) Source: Imerys data

5.2 Building Materials

The Building Materials activity primarily makes clay products. These are intended for the construction market and mostly used to build or renovate single-family housing.

In the third quarter of 2007, Imerys divested its activities in Spain and Portugal that were previously part of Clay Roof Tiles & Bricks International. The Building Materials activity is now entirely focused on France.

PRODUCTS

The activity operates substantial clay and slate reserves located near its various production units where minerals are processed (for a detailed presentation of these minerals, please refer to section *4.3 Mineral reserves and resources)*. Management policy for these quarries includes the purchase or exchange of land. This allows clay reserves to be constantly reconstituted, thus ensuring the durable operation of existing production units, while providing for future site restoration or remediation. In 2007, for example, two new permits were obtained in Saint Marcellin (Loire) to open the Trémoulin quarry and in Léguevin (Haute-Garonne) to renew the extension of the Lengel quarry.

The business group's customers and partners are mainly traders in building materials.

Clay Roof Tiles & Bricks

The Clay Roof Tiles & Bricks activity is specialized in the production and sale of clay roof tiles and roofing accessories, structure bricks, chimney blocks and prestressed concrete accessory products. All these activities are grouped together in a single legal entity, Imerys TC.

- **Roof tiles and accessories**

With over 60 models and 100 colors of flat tiles, Roman tiles and large and small interlocking tiles, the activity meets the requirements of local traditions and specificities. Tiles are marketed under an umbrella brand, Imerys Toiture™, and 7 regional labels with high customer awareness for different tile models: Gélis™, Huguenot™, Jacob™, Phalempin™, Poudenx™, Sans™ and Ste Foy™. The activity also markets a wide range of accessories (approx. 700 models), forming a comprehensive offering for roofers. The range includes roofing elements that are fitted without mortar or seal, freeing roofers from the finishing work previously carried out on building sites. With thermal and photovoltaic tiles, Imerys provides a whole range of healthy roofing solutions allowing for energy savings.

- **Clay bricks**

Imerys Structure's clay bricks (Monomur and Optibric™) are used to build exterior walls and interior linings and partitions (terracotta bricks, "Carrobric" system). Their load-bearing or insulating function differentiates them from facing bricks which serve an essentially decorative purpose.

- **Chimney blocks**

Clay chimney blocks (Ceramys™) are used to evacuate smoke from boilers or chimneys. The wide range offered by the department meets the specific requirements of the different energy sources used for housing boilers, inserts and traditional open-hearth fires. It also includes a range of clay chimney caps that are adapted to the architectural specificities of every region.

- **Prestressed concrete products**

Prestressed concrete products (Planchers Fabre), mainly joists, are used for floor construction. Filler blocks are placed between each joist. These can be made from a variety of materials, including clay, which is Imerys Structure's specificity. In addition to joists, the range also includes structural beams that are adapted to each use and allow for quicker installation at the construction site

■ Slate

Ardoisières d'Angers operates two underground slate quarries in Trélazé (Maine et Loire, France). The slate's exceptional purity is guaranteed as it is mined at depths of 350 to 500 meters (for further information, please refer to section *4.3 Mineral Reserves and Resources*).

Angers Trélazé® natural slate enjoys almost 90% unassisted awareness with roofing professionals, through the company's long history and its presence on the finest jewels in France's architectural heritage (Versailles, Chambord, Chenonceaux, the Louvre, etc.). While historical monuments only account for a small proportion of sales, they are an outstanding showcase for the company, as the prestige of the roofed buildings reflects on all marketed ranges, including upscale single-family houses.

The advantages of natural slate are that it withstands harsh weather, particularly frost, and is waterproof, stable and flexible, which makes it easy to use. Slates are especially suited to steeply sloping roofs.

INNOVATION

Thanks to a dynamic innovation policy supported by perfect knowledge of the entire trade and of the technical constraints of contractors and end customers, the Building Materials activity constantly renews its products.

Innovation efforts are mainly focused on developing increasingly functional and attractive products that combine technical performance with speed of fitting and on improving customer services. Moreover, Imerys has developed and enhanced its product range to propose a global offering that is compatible with new environmental and energy-saving standards and anticipate changes in those norms.

On the regulatory side, following the coming into force in 2006, in France, of thermal regulations RT 2005[1], aiming for an approximately 15% improvement in buildings' energy performance, a highlight of 2007 was the *Grenelle de l'Environnement*[2]. The conclusions of the debates on housing bore out the advantages of clay: a healthy construction solution that meets HQE standards,[3] is sturdy and long-lasting and has undisputed qualities in terms of heat insulation and airtightness. For the same size, clay bricks provide three times more heat insulation than concrete blocks.

[1] *RT 2005: Thermal regulations applying to new individual and public buildings with construction permits filed after September 1, 2006.*

[2] *Grenelle de l'Environnement: French national meeting on October 24 and 25, 2007 attended by French government organizations and representatives of civil society to create the conditions needed to create the conditions for a shift towards more environment-friendly, energy-saving practices.*

In that context, Imerys Structure has developed Label Home, a clay housing construction range that combines robust construction with energy and resource savings. This HQE construction has the Bâtiment Basse Consommation (low consumption building) label as a minimum. In addition, by combining clay structure and roofing components with photovoltaic sensors, the housing has a positive energy balance. Designed for collective housing and single- and multi-family units, the Label Home range is Imerys' response to the issues identified at the Grenelle de l'Environnement as regards energy efficiency in new housing.

More generally, many innovations were developed across all business segments in 2007.

■ Roof tiles

Several innovative models launched in 2006 met with market success in 2007.

- Rhôna 10 was awarded the Silver Design Trophy at Batimat 2007 construction trade fair. This contemporary tile stands out through the original design of a 10/m2 format that suits both new buildings and renovations and through its technical qualities. Its easy fitting satisfies project owners and influencers alike;
- "Sérac" color Alpha 10 was highly successful in mountain areas as an alternative to lauze.

In parallel, in response to growing demand for new tiles with the appearance of old tiles, new colors enhanced existing lines this year.

- In the Plein Sud Gélis range, "Ventoux," a color designed for southern France, stands out through an original monochrome and destructuring;
- "Rethaise", a blend of ochre and red, was added to the Canal Gironde Roman tile line.

New colors were also launched in contemporary ranges: "Vieux Nord", a mixture of brown, straw and in some cases white slips on a red shard, was launched in the Monopole n°1 line for roofing in Northern France. A new addition to the Oméga 10 Ste Foy line was "Terre d'Adhemar," a color designed for the specificities of the southern Rhône-Alpes area. Finally, two new models were developed for the Canal Gélis Roman tile line: "Ampurda" and "Vieux Piémont," intended for export to Spain and Italy.

Another highlight of 2007 was the extension of the solar product range.

- In Photovoltaic Tiles, innovation primarily concerned styling. Tuiles Petits Moules and Tuiles Plates versions fit perfectly into roofing without overlapping. This development means that a relevant photovoltaic solution now exists for 100% of the roof tile types on the French market.
- The 2nd generation Thermal Tile broadens the range of solar products. By offering hot sanitary water from solar power, the Thermal Tile meets demands in terms of clean energy, attractiveness, comfort, economy and protection of the environment.

■ Bricks

Sharp growth in the Imerys Structure™ activity is supported by a wider offering of clay construction systems that meet three essential needs voiced by businesses: quick laying, building site ergonomics and added value.

• Wall bricks

The efficiency of narrow-join products, based on easy use and fast laying, has driven the success of this new product type with professionals. These products are highly suited to the new energy saving standards that are becoming widespread.

- Monomur narrow-join (30 and 37.5 cm), a distributed insulating construction system, also cuts laying time and makes the bricklayer's task easier by improving finishing quality. Insulating, healthy and durable, the brick improves quality of life and reduces costs. The new profiles marketed in 2007 offer superior thermal performance that is as high or higher than the benchmarks in the RT 2005 regulations.
- Following narrow-join Optibric™, the first large brick of its kind, and vertical-perforation Optibric™, Imerys Structure added new products to its range in 2007. Optibric™ PV 15, used to build 15 cm-thick walls in single-family housing in Northern France, is nicknamed "the Northern wall". Optibric™ PV 3+ is the other key innovation in the line. Its higher performance in fire protection and mechanical and thermal strength meet the demands of collective buildings and HPE (high energy performance) single-family housing.

- **Wall brick accessories**

The development of Clay accessories enhances the clay product offering. Particularly suited to clay structure products, the accessories prevent heat loss at junctions (thermal points) and provide a uniform, consistent solution. Accessories are designed with the same concern for laying ergonomics as primary products. They are also fitted by the same professionals. Two major innovations were launched in 2007.

- Clay shutter cases for Monomur 30 and 37.5 cm bricks deliver efficient integrated insulation and easy fitting. The case for Monomur 37.5 is the only Clay solution on the market.
- The floor butt corner (height 20cm) encases intermediate slab floors. This innovative solution is compatible with the 20cm-thick structure brick range. It makes concrete pouring more secure and resolves thermal bridge issues while making bricklaying easier and project design simpler.

- **Partition bricks**

The new models launched in 2006 continued their growth in 2007.

- Carrée® 40x40, a large partition brick marketed since 2006 in Western France, developed across all of France in 2007.
- Carroflam®, the only uncoated, quick-laying, fire-resistant clay partition on the market, continued to develop through public buildings such as hospitals and catering kitchens.
- In partition bricks, the RectiGuide® System was the main innovation of 2007: this unique patented concept combines large partition bricks (Carrée® or Maxibric) with a laying assistance facility. This product solution is a revolution in clay tiles as it improves partition quality, cuts laying time, makes the partition start-up phase safer and provides a regulatory system that is compliant with DTU 20.1[1].

- **Chimney blocks**

In accordance with new French regulations[2], Imerys Structure offers a 23cm-diameter “Loi sur l’Air” chimney block for simple implementation and optimum security while meeting the demand for reversible heating.

■ Slate

In early 2007, Les Ardoisières d’Angers relaunched a range of slate landscaping products, comprised of paving, low wall stones, riprap blocks and slate flake.

› MARKETS

The Building Materials activity is predominantly linked to the development of the single-family housing construction and renovation market.

■ Clay Roof Tiles & Bricks

The new single-family housing market experienced a slight decline over 2007 (- 1%), the upturn in construction start-ups from the beginning of the second half of 2007 offset the cyclical slow-down of the first half.

- **French clay roof tiles market**

The roofing segment was stable over 2007.

[1] *DTU 20.1: standard defining procedures for work with small masonry items.*

[2] *Loi sur l’Air: French regulations that apply to all new single-family housing with construction permits filed after September 1, 2006, requiring the construction of a provisional conduit providing for the later installation of any form of heating system.*

- **French clay bricks market**[1]

Clay bricks for outside walls and interior partitions mainly concern the single-family house building market, where their share is now approximately 27%. In wall bricks clay products won new market share to grow + 2.7% in 2007. Monomur is now recognized as a building solution (5.2% market share) that continues to grow year-on-year in housing, with influencers playing an important role with private customers, and in service buildings where its high environmental quality is greatly appreciated.

In parallel, clay bricks are enjoying strong growth in the new sectors of multi-family housing and services. They still account for a very low market share compared with concrete blocks and framed concrete solutions[2], but are developing substantially.

To support high growth on the French clay bricks market, in June 2007 Imerys announced the launch of a major capital expenditure program (€100 million by 2011). The goals are to extend existing capacity, implement new facilities and build new plants in Southeastern and Northern France (for more details see *chapter 2. Management Report*).

- **French clay chimney block market**

On the clay chimney blocks market, against competition from metal conduits and the development of flueless heating methods (e.g. vent chimneys), sales decreased in 2007. However, clay remains the most widely used material for building open-hearth chimney blocks.

Slate

The French natural slate market is characterized by oversupply and competition from Spanish slate on ranges intended for single-family housing. Uprange and renovation segments (public buildings, monuments) continue to favor superior quality French slate.

Main competitors

- Clay Roof Tiles & Bricks: Wienerberger (Austria) and Bouyer-Leroux, Lafarge Couverture and Terreal (France);
- Slate: La Canadienne (Canada) and Cupa Pizarras, Samaca (Spain).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Building Materials activity has the following manufacturing and sales locations in France:

	Roof Tiles	*Structure Bricks*	*Chimney Blocks*	*Concrete Products*
Clay Roof Tiles & Bricks	Blajan *(Haute-Garonne)*	Bessens *(Tarn & Garonne)*	Vergongheon *(Haute-Loire)*	Pibrac *(Haute-Garonne)*
	Commenailles *(Jura)*	Colomiers *(Haute-Garonne)*	Vihiers *(Maine et Loire)*	
	Damiatte *(Tarn)*	Gironde-sur-Dropt *(Gironde)*		
	Grossouvre *(Cher)*	La Boissière du Doré *(Loire Atlantique)*		
	Léguevin *(Haute-Garonne)*	Mably *(Loire)*		
	Pargny-sur-Saulx *(Marne)*	Saint-Marcellin *(Loire)*		
	Phalempin *(Nord)*			
	Quincieux *(Rhône)*			
	Sainte-Foy-l'Argentière *(Rhône)*			

[1] *Source: FFTB (French bricks and roof tiles federation) and Batimetudes 2007 on markets as on 2006.*

[2] *Framed concrete is concrete that is cast into metal cases and used for its high mechanical performance in wall construction.*

	Roof Tiles	*Structure Bricks*	*Chimney Blocks*	*Concrete Products*
Clay Roof Tiles & Bricks	Saint-Geours-d'Auribat *(Landes)* Saint-Germer-de-Fly *(Oise)* Wardrecques *(Pas de Calais)*			
Slate	Trélazé – Les Fresnais *(Maine et Loire)* Trélazé – Les Grands Carreaux *(Maine et Loire)*			

Given the essentially local nature of its markets, the Building Materials activity's industrial and commercial network ensures that it has optimum coverage of the French market.

■ Quality

• Clay Roof Tiles & Bricks

All Imerys Clays activities' sites have been certified ISO 9001 since November 2004 and all the products manufactured by the company comply with the relevant standard (NF).

French NF standards certify the following characteristics:

- for roof tiles – appearance, geometry, bending strength, impermeability and frost resistance. The new NF Montagne label for mountain areas sets even higher quality standards, particularly for frost resistance. Imerys TC is currently the only French manufacturer to have undertaken a certification process in that respect. Omega 10, Standard 14, Standard 9, HP 10, Alpha 10 and Delta 10 are the only French roof tiles with the NF Montagne label;
- for bricks: dimensions, physical characteristics, compressive strength, humidity dilation and frost resistance;
- for chimney blocks: dimensions, compressive strength, heat shock resistance, gas impermeability after heat shock, corrosion resistance, sweeping resistance, condensation resistance and heat resistance.

As of 2007, 12 industrial sites and the headquarters of Imerys TC (Limonest, Rhône, France) are certified ISO 14001 following the setup of an environmental management system.

• Slate

Angers-Trélazé® natural slate was the first state to be awarded the NF-Ardoises label by AFNOR in March 2005. Angers-Trélazé brand products meet the most stringent French standard.

■ Sales organization

• Clay Roof Tiles & Bricks

To meet its customers' needs as closely as possible, the sales organization of the Clay Roof Tiles & Bricks activities is structured by regional market and product range – roof tiles, bricks, concrete products and chimney blocks.

The sales teams' closeness to their customers is the key factor. For optimal business relations, a single sales contact, in charge of all stages from ordering through to delivery, is dedicated to every customer and sales regions are precisely defined. A sixth sales region, created in late 2006, consolidates the national network and supports Imerys Structure's development in Western France.

This goal of close customer relations is also supported by a dynamic communication strategy and a wide offering of services adapted to customers' needs.

- By communicating on a partnership with Fondation Sylvain Augier, which works to protect beautiful landscapes; particularly through the magazine Regards & Découvertes, the brands Imerys Toiture™ and Imerys Structure™ are increasing consumer awareness.
- Imerys Toiture publishes a twice-yearly magazine with regional editions for its trade customers (L'Observatoire de la Tuile) to support new product launches while informing professionals of market opportunities.

- Imerys Structure has created the "Négoce Expert Terre Cuite" label to support traders with expertise in its products who contribute to the spread of the narrow-join technique. Almost 300 trading outlets now have the label.
- The internet service offering continues with both trade and private audiences. Imerys Toiture is supported by a brand website www.imerys-toiture.com, a website dedicated to solar products www.tuile-photovoltaique.fr and a portal www.e-toiture.com. As of 2007, a new section for private customers offers original applications including a unique database, decision guidance procedures, a module for finding professionals and exhaustive content on all aspects of roofing. Imerys Structure also has interactive tools that support its local services. With five trade zones and a private individual zone, www.imerys-structure.com provides specific content for every profession as well as unique product selection guidance tools. New tools went online in 2007 including a search engine for expert clay traders and instruction films on narrow-join brick laying.
- Training is, of course, a priority in terms of the service provided to roofer and bricklayer customers. After setting up in Saint Germer (Oise), Quincieux (Rhône) and Léguevin (Haute-Garonne) tile fitting training centers have been developed in the South of France in Saint-Geours d'Auribat (Landes) and Salon de Provence (Bouches-du-Rhône). Similarly, to support national development strategy, after the first approved training center for narrow-join product laying was opened in Saint Marcellin (Loire), two new centers were created in Colomiers (Haute-Garonne) and La Boissière-du-Doré (Loire-Atlantique). Finally, Imerys Structure facilitates "Le Club Poseurs" which now includes almost 400 fitting companies.

- **Slate**

In 2007, Ardoisières d'Angers kept up its efforts to gain the loyalty of partner roofing companies through "Le Club de la Bleue." Furthermore, site renovations by the French historical monuments office (Fontainebleau and Versailles Chateaux, Hospices de Beaune, Hautecombe Abbey) added to the long list of prestigious references for Ardoisières d'Angers products. The sales team was also bolstered in line with the launch of the landscaping product line.

5.3 Refractory Solutions

Refractory Solutions consists of two activities: Calderys and Kiln Furniture.

- **Calderys**

Calderys is the world leader in alumino-silicate monolithic refractories as well as the European leader in monolithic refractories. The division's technical expertise enables it to offer complete refractory solutions (products, engineering and supervision).

In 2007, Calderys completed the acquisition of ACE, the leader on Indian monolithic refractories market. ACE serves the steelmaking, cement and thermal power plant sectors, which are enjoying rapid growth in this country. With two plants located in central India and five sales agencies in the country's major cities, ACE benefits from high-quality structures and technical teams. The company employs almost 550 people and achieves annual sales of over €50 million. Integration of ACE Refractories gave Calderys a firm base in the Indian market, with a leading industrial position as well as comprehensive commercial presence. This should allow Calderys to benefit from the strong growth expected on the Indian monolithic refractories market and also reach Middle East customers.

In South Africa, Calderys took control in September 2007 of B&B Refractories Services Ltd, a company that installs refractories for large steelmaking sites, strengthening its know-how and market position in the Iron segment.

- **Kiln Furniture**

The Kiln Furniture activity develops, designs, produces and globally markets firing supports and components for industrial kiln construction, mainly for roof tile production and fine ceramics (tableware, sanitaryware and wall and floor tiles). Its products are also used in other thermal applications such as metal sintering[1] and ferrites[2], etc.

[1] *Sintering: parts manufacturing process consisting of heating powder without melting it. The heat welds the grains together, making the part cohesive.*

[2] *Ferrite: ferromagnetic ceramic derived from iron oxide.*

PRODUCTS

- **Calderys**

Monolithic refractories are materials that are used for building or repairing refractory linings applied at high temperatures and in severe conditions. In addition, they are used to make prefabricated refractories, also called ready shapes.

Monolithic refractories are formulated with natural and/or synthetic mineral raw materials, including chamottes, andalusite, mullite, bauxite, tabular or fused alumina (alumino-silicate monolithics) and spinel, magnesia, dolomite ("basic" monolithics). Refractory cements, clays and chemicals are incorporated as binders. Monolithics can be installed by casting, gunning and/or ramming.
ACE's product ranges will allow Calderys to serve the fast-growing Middle Eastern market, especially with the supply of bricks manufactured at Indian franchisees that will enable Calderys to offer full package for turn-key project:

The value added by monolithics, their usefulness for many applications and their relative ease of use are driving slow but steady market share gain at the expense of shaped refractories (bricks) in all industries.

Calderys is revising its brand portfolio. This new, optimized offering should be phased in throughout 2008.

- **Kiln Furniture**

The division offers its customers a wide and diversified range of kiln furniture products specifically designed to cover all production conditions (temperature, firing cycles, loading and handling systems). Kiln furniture products are shaped items made from refractory materials such as cordierite, mullite or silicon carbide and support the final product during the production process. Kiln furniture must be strong enough to resist mechanical and thermal shocks and be as lightweight as possible to ensure lower energy consumption and more efficient firing.

Applications

- **Calderys**

The activity's technical solutions are found in every industry where high temperatures are necessary, such as iron & steel, ferrous and non-ferrous casting (including aluminum), power plants, incinerators, cement and petrochemicals.

Products deliver technical solutions to industrial customers and meet their precise requirements. As well as the monolithic refractories produced by Calderys, solutions may include ready shapes, insulating products, anchor systems and accessories. Calderys also offer services such as design, engineering and supervision of product installation as well as training for installers and customers. ACE Refractories will provide Calderys in-depth knowledge and considerable experience in installation techniques in Asia, whereas B&B Refractories Services Ltd will enhance Imerys' know-how in South Africa.

- **Kiln Furniture**

The activity designs and markets kiln car, walls and structures made from a cordierite-mullite blend or from silicon carbide. These materials optimize available firing capacity and protect products from any deformation or contact reactions. Furthermore, they significantly extends the lifespan of consumables such as kiln furniture.

The activity has a design unit that visualizes, models, develops and optimizes kiln furniture products using a computer-aided design system that incorporates state-of-the-art simulation programs. The cutting-edge equipment models thermal-mechanical performance and behavior under mechanical shock. This crucial stage in the development process enables the activity to meet the needs of the most demanding customers.
The activity's main products are used on the following markets.

- Roof tile industry

  The Kiln Furniture activity manufactures "H" and "U" type firing supports that are placed on kiln cars to support roof tiles during the long period in traditional tunnel or intermittent kilns. The activity produces and markets superstructures and construction parts for extremely flexible and very lightweight firing tray systems.

- Fine ceramics

For the fine ceramics markets, the activity produces pressed, cast or extruded, individual or stackable furniture for firing tableware and sanitaryware, as well as cast or pressed furniture for floor tiles. Floor and wall tiles are now mainly fired in roller hearth kilns on extruded and machined mullite-based rollers.

INNOVATION

- **Calderys**

Innovative products and solutions are developed by industrial segment to meet our customers' specific needs. Calderys has developed different products or solutions to improve refractory service life, meet customers' new health and safety issues and allow customers to use raw materials of varying quality more easily.

The research program begun in 2006 to cut product drying times has led to the launch of several products. It enables customers to reduce facility downtimes during refractory relining for casthouse blast furnaces and foundries. In 2008, this technology will be extended to other markets.

Calderys is involved in leading research programs such as DRUIDE (four year program – durability for refractory in incinerators) and FIRE (international studies and research activities on refractories, training young international engineers in refractories).

The soluble bore-free silica (SBF) range mix was launched for foundry applications. Easy to cast, this innovation also eliminates environmental and health issues resulting from customers' use of bore, including toxic air emissions, production of toxic waste and health hazards for users. The working conditions of product users are improved as a result.

New Kercast GU 2303 and 2308 are castable refractories with longer life at high temperature and better resistance, used to manufacture cast iron. The new products allow customers to save resources.

- **Kiln Furniture**

To develop new materials, shapes and production processes, the Kiln Furniture activity is supported by two Research & Development laboratories in Spain and Hungary.

The Kiln Furniture activity has developed a light cordierite composition used to mage H-shaped kiln furniture that weighs approximately 15% less, saving energy for tile makers. Tests are in progress to verify the new furniture's mechanical and thermal strength.

In 2007, new silicon carbide and zircon kiln furniture was developed and patented. These products have been proposed to electronic component manufacturers and are currently in the qualification testing phase in Europe and Asia.

MARKETS

- **Calderys**

Monolithic refractory markets remained buoyant in 2007, supported by an overall rise in steel production in Europe, including CIS (+ 2.8%). The investment rate in fast-growing regions such as the Middle East and Asia also raised the demand for refractories where steel production increased significantly. Indian market steel production where the activity now holds a leading position also went up + 7.3%. Overall increases of glass and cement productions worldwide as well as new projects in aluminum have also contributed to a steady demand of monolithic refractories.

- **Kiln Furniture**

In 2007, the Kiln Furniture activity's markets remained highly competitive.

In Europe, the arrival of new players affected the H-shaped kiln furniture market, especially in the first half of the year. The market improved, however, in the second half.

In Southeast Asia, the environment remains marked by the difficulties encountered by fine ceramics makers, who are mainly affected by Chinese imports.

The activity's main competitors

- **Calderys**

RHI (Austria), Vesuvius (Belgium).

- **Kiln Furniture**

Saint-Gobain (France), Burton GmbH & Co. KG (Germany), HK – Ceram LTD (Hungary) and Beijing Trend (China).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The activity has the following industrial sites.

	Europe	*Americas*	*Asia-Pacific & Africa*
Calderys	Sézanne *(France)*	Puerto Ordaz *(Venezuela)*	Unanderra *(Australia)*
	Hangelar *(Germany)*		Zhanjiagang *(China)*
	Neuwied *(Germany)*		Katni *(India)*
	Leeds *(Great Britain)*		Nagpur *(India)*
	Györ *(Hungary)*		Kaoshu *(Taiwan)*
	Fiorano *(Italy)*		Vereeniging *(South Africa)*
	Oosterhout *(Netherlands)*		
	Amäl *(Sweden)*		
	Höganäs (*Sweden)*		
	Vladimirovka *(Ukraine*)		
Kiln Furniture	Cuntis, Galicia *(Spain)*		Saraburi *(Thailand)*
	La Guardia, Galicia *(Spain)*		
‘	Hódmezövársárhely *(Hungary)*		

Quality

Except for Zhanjiagang (China), Vladimirovka (Ukraine) and Puerto Ordaz (Venezuela) for which the certification process is ongoing, all the activity's industrial sites are ISO 9001:2000 certified.

Sales organization

- **Calderys**

In order to guarantee a market-oriented approach and offer its customers complete refractory solutions, the activity has sales offices or subsidiaries in all its major markets, i.e. more than 30 countries. ACE Refractory's five Indian sales agencies considerably strengthened Calderys' platform in this country.

- **Kiln Furniture**

The Kiln Furniture activity's products are marketed through an integrated sales organization organized into four geographic zones and supported by an international network of agents and distributors.

6 - CERAMICS, REFRACTORIES, ABRASIVES & FILTRATION

In 2007, the business group was organized around 5 activities that conduct their respective businesses autonomously and have their own central resources:

- Minerals for Ceramics;
- Minerals for Refractories;
- Fused Minerals (the former Minerals for Abrasives activity – Treibacher Schleifmittel – was renamed Fused Minerals, following the acquisition of UCM in March 2007 as well as Astron China since early 2008);
- Minerals for Filtration;
- Graphite & Carbon.

As from February 13, 2008, Minerals for Filtration activities will comprise a new business group: Performance & Filtration Minerals *(please refer to section 2 of the present Chapter for further information on the new operating organization)*.

The business group has a wide range of extensive, high quality mineral reserves. With expertise in all the techniques needed for transformation, it offers a great variety of products that meet the specific requirements of the industries it serves, especially in terms of chemical composition, mechanical properties, thermal and chemical resistance and edible liquid filtration. Relevant collaboration and resource-sharing takes place across these activities on a case-by-case basis.

In 2007, the Ceramics, Refractories, Abrasives & Filtration business group completed acquisitions, particularly in the emerging markets, within its five activities *(for more details on these acquisitions, please refer to the relevant sections hereafter 6.2. to 6.6)*:

- Minerals for Ceramics acquired two feldspar producers, Jumbo Mining Ltd in India and The Feldspar Corporation in the United States and also purchased strategic feldspar reserves in Turkey;
- In Minerals for Refractories, two new companies are now consolidated, Yilong in China (andalusite) and Vatutinsky (Vatutinsky Kombinat Vognetryviv) in Ukraine (chamottes). Vatutinsky is integrated with the AGS' chamottes and Molochite™ activities.
- Fused Minerals completed the acquisition of UCM (Great Britain) in fused zirconia and fused magnesia, and ZAF in fused alumina (China);
- The Minerals for Filtration activity grew with the purchase of Perfiltra (perlite, Argentina) and Xinlong (vermiculite, China);
- The Graphite & Carbon activity acquired Baotou in China.

Each activity is organized in order to facilitate the integration of these newly–acquired companies and relevant cooperation in the industrial and commercial fields.

The Ceramics, Refractories, Abrasives & Filtration business group's sales to December 31, 2007 totaled €1,297 million, which represents a 38% contribution to the Group's consolidated sales.

The business group has 137 industrial sites in 29 countries.

2007 sales: €1,297 million

29%	Minerals for Ceramics
22%	Minerals for Refractories
25%	Fused Minerals
19%	Minerals for Filtration
5%	Graphite & Carbon

8,400 employees

23%	Minerals for Ceramics
29%	Minerals for Refractories
19%	Fused Minerals
23%	Minerals for Filtration
6%	Graphite & Carbon

6.1 Business group overview

Activity	*Products*	*Main sapplications*	*Markets*	*Brands*	*Market Positions* [1]
MINERALS FOR CERAMICS	Clays Feldspar Halloysite Kaolin Pegmatite Quartz Ceramic bodies & glazes Ground silica “Grès de Thiviers” Natural colors Derived colors	Ceramics Electro-Ceramics Glazes Sandstone Raw materials for bodies Raw materials for glazes & engobes Stains for porcelain tiles Raw materials	Sanitaryware Tableware Fiberglass Electro-metallurgy Floor & wall tiles Flat glass & container	**Tableware** SSP™, SSP05 ™, SP™, Grolleg™, Regal™, Treviscoe™, Premium™, BIP™ kaolins, Hymod Prima™,Hymod Blue™, Hymod KC™, M&D™, KPCL, NZCC (Premium) **Sanitaryware** Hycast Forza™, Hycast LR™, Hycast Rapide™, Hycast VC™, Hycast Veloce™, Hycast Zodiac™, Kernick™, KT Cast™, KTS-Classic™, Martin #5™, MaxiCast™, Minspar 200™, NSC™, Old Mine #4™, OptiKas T™, Remblend™, Sancast™, Standard Porcelain™, SuperCast™, Thaicast S1™, Thaicast S2™, MRD-Turbocast ™, XtraCast™ **Tiles** Imerys Tiles Minerals, Cesar, Ceratera, DAM, Kaolinor 1C	**European #1** in raw materials and ceramic bodies for porcelain **World #1** in ceramic bodies for sanitaryware **European #2** in raw materials for floor tiles
MINERALS FREFRACTOROR IES	Chamottes Andalusite Calcined kaolin Alumina Silica Bauxite Bentonite Clays Metakaolins	Refractories	Steel, glass and aluminum industries Casting Electronics Ceramics Construction Cement Drilling mud	Alpha Star®, Andamul™, Argical™, Argirec™ , Clayrac™, Durandal™, Ecca Chamottes™, Kerphalite™, Kersand™, Krugerite™, Molochite™, Mulcoa®, Purusite™, Randalusite™, Teco-Sil®, Teco-Sphere®	**World #1** in silico-aluminous minerals for refractories
FUSED MINERALS	Fused aluminum oxides Electrocast mullites Silicon carbides Electrocast spinels Fused zirconia Fused magnesium oxides	Surface treatment Sand blasting Refractories Advanced ceramics Refractories Heating elements & friction	Automotive Machinery Aerospace Construction Steel production Domestic appliances Industrial applications	Alodur®	**World #1** in minerals for abrasives

[1] *Source: Imerys data*

Activity	*Products*	*Main sapplications*	*Markets*	*Brands*	*Market Positions* [1]
MINERALS FOR FILTRATION	Diatomite	Filter aids	Beer, fruit juice Edible oils Food Chemistry Pharmaceuticals Sweeteners Water, Wine	Celite®, DiaFil®, Diactive®, Primisil®, Kenite® Micro-Cel®, Celpure®, Chromosorb®, Cla-flo®, Silasorb™, Celkate®, Fibra-Cel®	**World #1** in minerals for filtration
		Functional additives	Agriculture Polymers Rubber, Polishes Paint Cosmetics Insulation Paper Plastic films	CelTix™ R-Series™	**World #1** in diatomite- based products
	Perlite	Filtration Horticulture	Food Agriculture	Harborlite®, Europerl®	
	Expanded perlite	Insulation and soundproofing Construction Refractories Coatings, Roofing	Construction	ActivBlock™	**World #1** in perlite- based products for filtration
	Structured alumino-silicate	Coatings	Paint Polishes	OpTiMat™	
	Vermiculite	Insulation materials Brake linings Coatings Composites	Agriculture Construction Automotive	Imerys Vermiculite™	**World #2** in vermiculite
GRAPHITE & CARBON	Natural graphite Synthetic graphite Carbon black Cokes Dispersions Silicon carbide	Powders Blends Aqueous dispersions Additives	Mobile energy Engineering materials Carbon additives for polymers Metallurgy Hot metal forming	MC-Composite, Rollit®, Timrex®, Timroc®, Timworld®, Ensaco™, Super P™	**World #1** in high performance graphite powders

[1] *Source: Imerys data*

6.2 Minerals for Ceramics

Through an extensive and varied portfolio of raw materials and ceramic bodies, the Minerals for Ceramics activity provides customers with tailor-made solutions. In a highly technical field, developing partnerships with customers is essential in the tableware, sanitaryware, floor and wall tiles, glass (including fiberglass), electro-porcelain and electrometallurgy markets.

In 2007, Minerals for Ceramics completed the acquisition of Jumbo Mining Ltd (India) in June, The Feldspar Corporation in September (United States) and feldspar reserves in Turkey in December. These new operations are an effective addition to the portfolio of resources and plants.

Minerals for Ceramics activities supply solutions to the Tableware, Sanitaryware and Tiles Minerals markets, which have their own specificities.

PRODUCTS

In order to address and satisfy the ever-changing needs of its markets, the Minerals for Ceramics activity has access to many high-quality raw material reserves from its operations all over the world. A number of these raw materials have exceptional properties such as outstanding whiteness, high mechanical strength and excellent rheology. Their conversion processes are adapted to the requirements of specific applications.

Raw materials & ceramic bodies

The main raw materials produced and marketed by the Minerals for Ceramics activity are ball clay, kaolin, feldspar, quartz and natural colors for ceramics. For a detailed presentation of these minerals, please refer to *section 4.3 Mineral reserves and resources*.

The activity also produces ready-to-use ceramic bodies, glazes and engobes in spray-dried granulate and slurry[1] form. Product formulations are prepared with a combination of different raw materials in accordance with the specific needs of the customer.

Applications

The activity offers premium-quality raw materials and ceramic bodies marketed primarily in Europe, Middle East, North Africa, Asia and North America.

Applications include:

- **Tableware**

The activity offers a comprehensive range of raw materials, ceramic bodies and glazes suitable for all types of tableware applications, including SSP™, Standard Porcelain™, Grolleg™, Premium™ and BIP™ kaolins. Body types include porcelain, bone china, vitreous china, and aluminous porcelain, for which properties such as fired color, translucency and plasticity are crucial. The product portfolio also includes bodies and raw materials for electro-porcelain, including Hymod Blue™, Hymod KC™ and M&D™. In North America, the acquisition of The Feldspar Corporation assets adds a potassium feldspar, which is widely used in electro-porcelain, to the portfolio.

- **Sanitaryware**

The activity is the only producer to offer a complete range of products to the global Sanitaryware industry. Investment continues in Research & Technology to develop its product portfolio of kaolins, ball clays, feldspars, chamottes and ceramic bodies. The activity is also a major supplier of prepared bodies for sanitaryware with a strong presence in Mexico and Italy. Applications for these products include vitreous china and fine fireclay, produced by conventional or pressure casting techniques. Pressure casting production is increasing, especially in mature markets where labor costs are higher as it provides a faster, more automated casting process. Conventional casting is still a widely used technique, as it allows greater flexibility for the production of shorter runs involving complex shapes.

[1] *Slurry: A mixture of water ceramic powder and various additives (e.g., dispersant) used in the processing of ceramics.*

Some of the activity's kaolins are used as high performance raw materials for the manufacture of insulating or reinforcing materials such as glass wool or fiberglass. Their benefit lies in their alumina content, the low amount of iron, titanium or other impurities they contain and their specific particle size distribution.

- **Tiles Minerals**

The activity offers a large range of raw materials for tile bodies, frits[1], glazes and engobes.

Manufacturing floor or wall tile bodies requires primarily ball clays, feldspars, sands, feldspathic sands and high white kaolins. Imerys supplies all these products to the main tile manufacturers around the world.

With blending plants strategically located essentially in Castellón (Spain), Modena, Ravenna (Italy), and Guangzhou (China), Imerys offers its customers innovative solutions with tailor-made body formulations based on raw materials sourced, among others, in France, Spain, Portugal, Great Britain, Ukraine, and, more recently, Turkey.

In glazed tile applications, tile are decorated by adding glazes and engobes to the surface of the body. These products require a variety of high-value raw materials: ground silica and ground fluxes[2], kaolins and ball clays. Most of these raw materials are produced by Imerys and marketed under world-renowned brand names. With the acquisition of Jumbo Mining in India, these now include potassium feldspar for frits. At the end of 2007, Imerys also acquired mining rights to a high-quality sodic feldspar deposit in Turkey.

Natural colors are used to stain floor and wall tiles. Imerys offers the widest range of pure or blended natural colors for use in body stains. Over some 30 years, Imerys has built up great experience and know-how, particularly through working with "Grès de Thiviers" sandstone and its naturally red color. Imerys Tiles Minerals is also developing other coloring solutions based on existing colors to rival synthetic products.

Imerys' feldspars improve manufacturing processes for flat and container glass. Their properties make it possible to melt quartz at a lower temperature and to control the viscosity of glass during manufacturing. In addition, feldspar's alumina content gives the finished products firmness, flexibility, cohesion and chemical resistance.

In addition to supplying raw materials, Imerys Tiles Minerals also offers grinding solutions for industrial minerals processing at its European production sites: in France (Feldspaths du Sud and Provins) and Spain (Castellón) for hard and soft minerals and in Germany (Türkismühle) for hard minerals.

- **Quartz**

Imerys mines high-purity quartzes (> 99.8% silica) that are intended for the production of ferroalloys, whether silicon, for which quartz is the basic raw material, or ferro-silicon. Silicon, an essential component of aluminum-based alloys, is also the basic material for silicone and silane chemistry. Ferrosilicon is used in special steel alloys.

INNOVATION

An innovation team has been set up for ceramics, focusing on developing new minerals and new applications. Operational since July 2007, Imerys Ceramics Centre is based in Limoges, France, where the official European Ceramics Centre (launched by the European Community) will also be located by mid 2009. Imerys Ceramics Centre's role is to support the development of Minerals for Ceramics business by focusing on new mineral resources and new applications to expand the activities' raw materials offering.

Tableware

Efforts continued to enhance and broaden the product portfolio, with new technical ceramic bodies and electrical porcelain bodies for which demand remains strong. Innovation work included studies on atomization parameters and the pressability of bodies for isostatic pressing.

[1] *Frits: Sintered product: Sintering is a part manufacturing process consisting of heating powder without melting it. The heat welds the grains together, making the part cohesive.*

[2] *Fluxes: Feldspar family product.*

Sanitaryware

The industry continued to show considerable interest in pressure casting. A range of ball clays and kaolins has been developed for this market with demonstrated improvements in yield and productivity.

In the light of rising energy prices, current innovation work includes examining the effects of various flux systems to reduce firing temperatures. High strength clays also remain critical for customers' specific needs. In the fine fireclay market, Imerys Sanitaryware achieved leadership in tailor-made fine fireclays solutions with the full integration of AGS' chamottes and specific R&D developments in ball clays. In the United States, attention continues to be focused on higher production of porcelain tiles.

Tiles Minerals

The world leading products range has been enhanced with specific technical kaolins and by mixes of different types of kaolins and clays.

Imerys under the brand name of Cesar has expanded its offering in natural stains. In addition to its Grès de Thiviers product, tile and color makers can now enjoy different shades of red, pink, yellow, brown and grey with matt or metallic effects. The derived colors range, a blend of natural colors and synthetic body stains, is comprised of ready-to-use products with high coloring properties at a very competitive price.

MARKETS

The ceramics markets grew slightly in Europe in 2007 after a decline the previous year. North American markets decreased, especially since the 4th quarter of 2006 in the United States, as they are partly related to the construction sector.

Tableware

The tableware market in 2007 showed distinct stabilization compared with previous years in Europe. While production continues to move to China, the trend has slowed, as Western manufacturers differentiated their products successfully through design, innovation, quality and service levels. The market has been boosted by very strong demand in the hotelware sector, with a drive to higher quality products designed to last longer while remaining at the forefront of design. The weak US Dollar nevertheless remains a concern to those producers with significant exports to the United States billed in that currency.

Sanitaryware

The sanitaryware market remains highly competitive in manufacturing regions such as Western Europe, where the trend towards greater automation continues in order to reduce production costs and increase yields.

Lower-cost production areas such as the Middle East, Eastern Europe and North Africa continued their volume growth, while Southeast Asian and Chinese manufacturing zones remained dynamic as a result of the new production capacities started up by major customers.

Further rationalization of the Sanitaryware segment in North America is ongoing, while production capacity expansion in Mexico, Latin America continues.

Tiles minerals

The upper and medium range glaze tile sectors, in which Imerys Tiles Minerals has extensive presence, was particularly healthy in Spain where white body tiles are replacing red bodies. However, overall growth on the floor and wall tiles market slowed down in Western Europe.

Eastern Europe, the Middle East, Turkey, Southeast Asia, India, China and South America, are growing regions in floor and wall tile production. Italian and Spanish tile manufacturers, which are traditionally exporters, suffered from the euro's appreciation against the US Dollar. Significant porcelain tile growth continues for end markets, together with investment in local production in the United States, Mexico and Turkey.

Main competitors

Sibelco group (Belgium); Kaolin AD (Bulgaria); Lasselberger and Sedlecky Kaolin (Czech Republic); Soka (France); AKW, Stephan Schmidt (Germany); Goonvean (Great Britain); Gruppo Minerali Maffei (Italy); Mota (Portugal); Burella and Ecesa (Spain); Unimin and Chemical Lime (United States) and various local feldspar (Turkey) or clay (Ukraine) producers.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Minerals for Ceramics activity has the following industrial facilities:

	Europe	*Americas*	*Asia-Pacific*
Kaolin	Beauvoir, Allier *(France)*	Edgar, Florida *(United States)*	Kerikeri *(New Zealand)*
	Berrien, Finistère *(France)*	Langley, South Carolina *(United States)*	Ranong *(Thailand)*
	Ploemeur, Morbihan *(France)*	Sandersville, Georgia *(United States)*	
	Western Area Cornwall *(Great Britain)*		
	Belaya Balka *(Ukraine)*		
Clays	Beaulon, Allier *(France)*	Crenshaw, Mississippi *(United States)*	Jiangmen, Guangdong *(China)*
	Charolais, Saône et Loire *(France)*	Gleason, Tennessee *(United States)*	Lampang *(Thailand)*
	Littry, Calvados *(France)*	Mayfield, Kentucky *(United States)*	
	Nançay, Cher *(France)*		
	Neuvy St Sépulchre, Indre *(France)*		
	Provins/Beaujard, Seine et Marne *(France)*		
	St Pierre le Moutier, Nièvre *(France)*		
	Tournon St Martin, Indre *(France)*		
	Bovey Tracy, Devon *(Great Britain)*		
	Wareham, Devon *(Great Britain)*		
	Popanianska *(Ukraine)*		
Ceramic bodies	Karlovy Vary *(Czech Republic)*	Dolores *(Mexico)*	Cong Hua, Guangdong *(China)*
	Aixe sur Vienne, Haute Vienne *(France)*	Monterrey *(Mexico)*	Jiangmen, Guangdong *(China)*
	Juriol, Haute Vienne (*France)*		
	Marcognac, Haute Vienne *(France)*		
	Kahla *(Germany)*		
	Neustadt bei Coburg *(Germany)*		
	Schmelitz *(Germany)*		
	Wiesendorf *(Germany)*		
	Civita Castellana (*Italy)*		
	Ilhavo *(Portugal)*		
"Grès de Thiviers" sandstone	St Sulpice de Mareuil, Dordogne *(France)*		
Feldspar & feldspathic sands	Etang sur Arroux, Saône et Loire *(France)*	Monticello, Georgia *(United States)*	Kadthal, Hyderabad *(India)*
	Lansac, Pyrénées Orientales *(France)*	Spruce Pine, North Carolina *(United States)*	Kotha Kota, Hyderabad *(India)*
	Montebras, Creuse *(France)*		
	Salvezines, Aude *(France)*		
	Nohfelden *(Germany)*		

	Europe	*Americas*	*Asia-Pacific*
Feldspar & feldspathic sands	Acehuche, Caceres *(Spain)* Alberto *(Spain)* Milas *(Turkey*		
Mica	Etang sur Arroux, Saône et Loire *(France)* Ploemeur, Morbihan *(France)*	Spruce Pine, North Carolina *(United States)*	
Quartz	La Chapelle Agnon, Puy de Dôme *(France)* Ploemeur, Morbihan *(France)* Saint Jean de Cole, Dordogne *(France)* Thédirac, Lot *(France)*	Spruce Pine, North Carolina *(United States)*	
Milling Plants	Caudiès, Pyrénées Orientales *(France)* Port la Nouvelle, Aude *(France)* Turkismuhle *(Germany)* Stoke on Trent *(Great Britain)* Castellon (*Spain*)		
Blending Plants	Modena *(Italy)* Ravenna *(Italy)* Castellon (*Spain*)		

Quality

The Minerals for Ceramics activity is strongly committed to quality improvement.

- Europe: all activities in Great Britain are ISO 9001:2000 certified, as well as Civita Castellana (Italy) and all European ceramic body sites. In France, the Imerys Ceramics France sites of Feldspaths du Sud, Feldspath du Morvan and Kaolins de Bretagne (Ploemeur and Berrien) are certified ISO 9001:2000. 2006 saw the St Sulpice de Mareuil and Châteauroux units both achieve ISO 9001:2000 accreditation. The certification process is nearing completion for Tiles Minerals sites.
- North America: the Minerals for Ceramics Americas plants in Crenshaw, Langley, Spruce Pine (United States) and Monterrey (Mexico) are certified ISO 9001:2000.

Sales Organization

The Minerals for Ceramics has strategic bases worldwide and its products are marketed either by its own sales teams or by their networks of independent agents or distributors.

6.3 Minerals for Refractories

The Minerals for Refractories results from a series of acquisitions made by Imerys over the past 20 years in this field. It is comprised of all the Group's activities in the production and conversion of raw materials for acid and basic refractories, in which the Group has a front-rank global position.

In 2007, the activity enlarged its business and its geographical presence by completing two strategic acquisitions.

- In China (Xinjiang), Imerys took a 65% stake in Yilong Andalusite in April 2007. This operation gives the activity access to a high-quality andalusite reserve that is being developed to serve the Chinese refractories market. This new agreement also attests to Imerys' will to diversify its sources of andalusite raw materials and its commitment to supply its customers in all parts of the world with high quality products over the long term. The Yilong reserves will allow the Group to increase its

andalusite production capacity and, over time, to face the strong increase in demand in its traditional and new markets.

- In Ukraine, Imerys took control of the company named Vatutisnky (Vatutinsky Kombinat Vognetryviv) by raising its interest from 26% to 86% in July 2007. As a specialist in low and medium alumina content chamottes (calcined clays) for refractory sectors, Vatutinsky serves mainly Eastern European markets including Ukraine and Russia. The operation strengthens the Group's chamottes production base, beyond its existing facilities in the United States (C-E Minerals) and France (AGS).

Since January 1, 2008, AGS, Vatutinsky and Molochite™ activities are consolidated in a new business unit, European Chamottes. This new structure will help to improve efficiency and cost effectiveness by pooling various entities' expertise in terms of production, logistic and commercial issues.

PRODUCTS

The products made by the Minerals for Refractories result from the transformation of silico-aluminous minerals. They are used by the refractory industry for their mechanical strength, chemical resistance and thermal properties. For a detailed presentation of these minerals, please refer to *section 4.3 Mineral Reserves and Resources*.

Raw materials

Raw materials for acid refractories contain alumina and silica. The Minerals for Refractories activity has several very high quality silico-aluminous deposits around the world:

- andalusite in Glomel (France), South Africa and Xinjiang (China);
- kaolins from Cornwall (Great Britain), Georgia and Alabama (United States);
- clays and metakaolin in Clérac (France);
- chamottes in Clérac (France) and Vatutinsky (Ukraine).

The activity offers the widest range of quality refractory raw materials, some of which are produced by other Imerys activities: mullite from Georgia (United States), chamottes (France, Ukraine), calcined kaolin (Molochite™), andalusite, clays (France), fused silica and fused alumina, fused zirconia, spherical silica, tabular alumina, bauxite and silicon carbide.

Applications

Refractory materials are natural or synthetic raw materials that resist extreme temperatures (> 1,500°C) under harsh physical and chemical conditions.

The main applications for refractory minerals are:

- refractories for the steel, glass, cement and aluminum industries;
- kiln furniture for the ceramics industry;
- investment casting[1];
- electronic components.

Demand is evolving towards products with increasingly stringent technical requirements for which the Minerals for Refractories activity can draw full benefit from its specific strengths. Imerys can bring its technical and formulation expertise into play for the very high-precision products with flawless quality required in segments such as minerals for electronic component manufacturing and investment casting (e.g. fused or spherical silica).

Each entity in the Minerals for Refractories activity specializes in the production and marketing of specific minerals, with global coordination:

- C-E Minerals, Inc. (United States) is the world leader in the production and supply of industrial refractory minerals, including Mulcoa®, a mullite with high alumina content, white fused alumina, Teco-Sil® fused silica, Teco-Sphere® spherical silica,

[1] *Investment casting: metal-forming technique used for very small or highly complex components which offers an extremely good surface finish. Molds are made from refractory products.*

Alpha Star® high density refractory bauxite, brown fused alumina, silicon carbide and tabular alumina for refractory products, electronic components and investment casting;

- European Chamottes is the new business unit consolidating the following activities :
  - AGS (France), the European leader in calcined clay production. The wealth and variety of Charentes basin clays (France), together with conversion processes, result in a wide product range (clays, pulverized clays, calcined clays, metakaolins and chamottes) sold to many sectors of business, including refractories, sanitaryware, floor tiles, glue, rubber, fertilizer and concrete.
  - Vatutinsky (Ukraine) is the specialist in low and medium alumina content chamottes (calcined clays) for refractory sectors, serving mainly Eastern European markets (including Ukraine and Russia).
  - Molochite™, produced by Imerys Minerals Ltd (Great Britain), is a unique abrasion-resistant alumino-silicate refractory aggregate obtained by calcining specially selected kaolins. Molochite™ is used predominately in kiln furniture, investment casting and special refractory products.
- Damrec (France) is the world's largest producer of andalusite, a silico-aluminous mineral used primarily in steelmaking but also in the aluminum, glass and cement industries. Damrec offers a complete line of products under the brands Durandal™, Kerphalite™, Kersand™, Krugerite™, Purusite™ and Randalusite ™;
- Ecca Holdings (Pty) Ltd and Cape Bentonite (Pty) Ltd are South African producers of chamottes, ceramic clays and bentonite. Bentonite is used primarily in the casting, pelletizing, drilling mud and environmental fields. Ceramic clays are sold to the local South African market, chiefly for floor tiles.

INNOVATION

The activity continues to work on refractory and non-refractory applications in close cooperation with C.A.R.R.D., the Imerys Center for Abrasives & Refractories Research & Development in Austria. This research will lead to both the marketing of new products based on the activity's raw materials (Andalusite – Foundry markets) and to the development of new applications.

Moreover, AGS manages its energy costs by diversifying its sources of fuel. Its range of fuels, which already includes saw dust, fats and recycled fuel oil, have been broadened diversified by commissioning a biogas recovery plant. As a result, AGS will not only make some primary energy savings but will also reduce its CO_2 emissions. Energy savings projects are also ongoing at C-E Minerals, Inc (United States).

MARKETS

Refractory markets grew significantly in 2007, thanks to a dynamic steel market, with an overall rise in steel production in the 27 European countries (+ 1.7%)[1] and Asia (+ 11.7%), and several new projects in aluminum. The overall rise in global glass and cement production also helped to uphold demand in minerals for refractories. Moreover, the greater scarcity of some Chinese raw materials resulted in additional growth for Western minerals.

Main competitors

Various producers in China, Central Europe and South Africa.

[1] *Source: IISI*

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Minerals for Refractories activity has the following facilities:

	Europe	*Americas*	*Asia-Pacific & Africa*
Clays	Clérac *(France)*		Cyferfontein *(South Africa)*
Fused silica		Greeneville, Tennessee *(United States)*	Guiyang, Guizhou *(China)*
Sizing of bauxite		Newell, West Virginia *(United States)*	Zhanjiang, Guangdong *(China)*
Andalusite	Glomel *(France)*		Korla, Xinjiang *(China)*
			Apiesdoring *(South Africa)*
			Annesley *(South Africa)*
			Krugerpost *(South Africa)*
			Thabazimbi *(South Africa)*
Bentonite			Heidelberg *(South Africa)*
Chamottes	Clérac *(France)*		Bronkhorstpruit *(South Africa)*
	Vatutinsky *(Ukraine)*		
Mullite		Andersonville, Georgia *(United States)*	
Molochite™	St Austell, Cornwall *(Great Britain)*		

Quality

The Andersonville and Greeneville sites (United States), as well as all the Andalusite sites in France and South Africa, AGS Clérac (France) and Molochite™ activities are certified ISO 9001:2000.

ISO Certification implementation will be studied for the companies which have been recently integrated in the activity: Xinlong (Xinjiang, China) and Vatutinsky (Ukraine).

Sales organization

The Minerals for Refractories various entities are supported by common sales and distribution networks in order to serve refractories markets worldwide as well as possible.

Europe Commerce Refractory (Luxembourg) sells the Group's products on European refractories markets. In the United States, products are sold directly through C-E Minerals. In Japan, Imerys Refractory Minerals Japan KK is now acting as the sole sales channel to Japanese refractory producers for C-E Minerals, Damrec and Molochite™.

Special attention is currently being given to emerging markets (CIS, Asia, South America). The commercial organization of the recently acquired companies in China and Ukraine will be used as a base to set up a common sales network to serve refractory producers in those countries.

These networks also generally market the products of other Imerys activities that are sold in the refractories industry (for example fused alumina and fused zirconia).

6.4 Fused Minerals

Through the acquisitions of the UK company UCM Group plc in April 2007 and the Chinese company Astron China on February 5, 2008 the former Minerals for Abrasives activity expanded its activity worldwide, leveraging its management expertise and strong technical knowledge of the fusion and further processing of various minerals. This expansion led to it being renamed Fused Minerals and strengthened the activity and, more generally, Imerys by:

- cross-technical communication and enhanced know-how in fusion, milling and sizing;
- the ability to share R&D expertise and applications;
- improved refractory products portfolio and wider market opportunities.

PRODUCTS

Raw materials

- **Fused Aluminum and Bauxite Oxide**

Conducted through the Treibacher Schleifmittel group of companies, this activity converts calcined bauxite and alumina into high-performance materials (fused aluminum oxide grains) that offer superior hardness, mechanical strength, thermal stability and chemical resistance.

These products, also known as corundum, are obtained by fusing alumina or bauxite in an electric arc furnace. During fusion, the physical and chemical characteristics of aluminum oxide are transformed, resulting in higher density and different crystal structure and size.

The main bauxite-based product is brown fused alumina with high or low titanium oxide content.

White fused alumina is by far the most commonly used alumina-based product. Other products in this group include mono-crystalline grain and various alumina grains containing performance-enhancing additives such as titanium, chromium or zirconium oxides.

- **Fused Zirconia**

The activity converts naturally occurring zircon sand into various grades of fused zirconia. Zircon sand is fused in an electric arc furnace to produce fused zirconia. The product takes the form of accurately sized grains and powders in sizes from several millimeters down to less than one micron.

- **Magnesium Oxide**

The activity converts magnesite into high purity magnesium oxide mixes, to meet the specific requirements of the electrical heating element and, to a lesser extent, automotive and refractories industries.

Calcined magnesite is fused and blended with selected additives to produce materials with characteristics that ensure low electrical leakage, good thermal performance and physical properties for filing heating elements. Calcined magnesites are fused in an electric arc furnace. During fusion, the physical characteristics of magnesite are transformed, resulting in higher density and an optimum crystal structure that results in the ideal particle size when processed.

For a detailed presentation of these minerals, please refer to *section 4.3 Mineral Reserves and Resources*.

Applications

- **Fused Aluminum and Bauxite Oxide**

Because of its wear resistance and thermal properties, Fused Aluminum Oxide is widely used in applications in the abrasive and, to a lesser extent, refractory industries. Minerals for Abrasives products are differentiated by their chemical composition and particle size distribution. A distinction is made between macro-grains and micro-grains (bigger or smaller than 70 microns, respectively). Demand trends in recent years have been in favor of micro-grains, in which growth is likely to continue.

Markets for fused aluminum oxide products cover the following applications:

- bonded abrasives such as grinding and cutting wheels, segments, honing stones, etc.;
- coated abrasives such as sand paper, fiber discs, grinding belts, etc.;
- sand-blasting;
- monolithic refractories and shaped refractory products, used for their superior mechanical performance and chemical corrosion resistance;
- various other applications such as laminates, ceramics, lapping and surface treatment.

- **Fused Zirconia**

Fused zirconia is used in a variety of applications as a high-value raw material in the refractories, friction, advanced ceramics and various other industries that make use of its unique properties.

- Refractories: the principal refractory application for fused zirconia is in the continuous casting process for the production of steel. Zirconia is used for the critical areas of the tubes and valves used to control the flow of the liquid steel into the mold at temperatures in excess of 1,600°C.
- Friction and automotive brake pads: micron-sized zirconia is used as an additive to brake pads where it helps to modify friction characteristics and reduce brake pad and rotor wear.
- Advanced ceramics: sophisticated grades of zirconia in very fine sizes, typically with an average particle size of less than one micron, have applications in a range of advanced ceramics for example oxygen sensors for engine management systems and for Solid Oxide Fuel Cells.

- **Magnesium Oxide**

Electrical grade magnesium oxide is widely used in applications in both the domestic and industrial heating element industries because of its electrical and thermal properties.

Markets for electrical grade magnesium oxide products cover the following applications:

- Heating elements used in domestic appliances such as cookers, dishwashers, washing machines, etc.;
- Heating elements for industrial applications such as galley products, railway heating, industrial boilers, etc.;
- Automotive applications in diesel engine glow plugs and friction products;
- Refractories applications for induction furnace linings.

INNOVATION

In 2007, C.A.R.R.D. (Center for Abrasives and Refractories Research & Development – Villach, Austria) finalized the development of a cylindrical sintered abrasive obtained by extruding an alumina mix. This development was carried out with the Group's Kiln Furniture activity, and the new product is named:

- Alodur™ Rod 96, alumina based;
- Alodur™ Rod 92, bauxite based.

Specifically adapted for large grinding wheels, these two products improve the quantity of metal removed with limited auto-consumption. A dedicated production line is currently in construction under Domodossola (Italy). This new facility will enhance the ability of the activity to develop sintered materials.

Additionally, the Minerals for Abrasives activity benefited from two new developments in grain coatings:

- AFC (patented), which improves the cutting ability of grits for bonded abrasives;
- a special coating that improves the reactivity of abrasive grains in electrostatic fields for the coated abrasives Industry.

C.A.R.R.D. has also been working closely with other Imerys activities to develop new products and applications, such as new solutions for the investment casting industry.

C.A.R.R.D. filed 5 new patents, 2 of which were developed in cooperation with other Group activities.

MARKETS

Fused mineral markets were dynamic in both Europe and North America, mainly driven steady steel production and by the industrial equipment sector because of high demand, particularly in emerging economies.

Main competitors

- Fused Aluminum and Bauxite Oxides: Alcan (France); Motim (Hungary); Zaporozhye Abrasives (Ukraine); Washington Mills (United States); Almatis (Europe, United States) and various Chinese producers.
- Fused zirconia: AFM (Australia); and Tosoh (Japan); Foskor (South Africa); Saint-Gobain (United States, China); and various Chinese producers.
- Magnesium Oxide: Tateho (Japan); Penoles (Mexico) and various Chinese producers.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Fused Minerals activity has the following industrial facilities:

	Europe	*Americas*	*Asia*
Fused Aluminum and Bauxite Oxides	Villach *(Austria)* Sokolov *(Czech Republic)* Laufenburg *(Germany)* Zschornewitz *(Germany)* Domodossola *(Italy)* Ruse *(Slovenia)*	Salto *(Brazil)* Niagara Falls, New York *(United States)* Puerto Ordaz *(Venezuela)*	Guiyang, Guizhou *(China)* Kaili, Guizhou *(China)* Zhengzhou, Henan *(China)*
Fused Zirconia[1]	Stafford *(Great Britain)*	Greeneville, Tennessee (*United States*)	
Magnesium oxide	Hull *(Great Britain)*	Cherokee, Alabama (*United States*)	

Quality

Fused Aluminum and Bauxite Oxides: the Villach (Austria), Sokolov (Czech Republic), Laufenburg and Zschornewitz (Germany), Domodossola (Italy) and Ruse (Slovenia) sites, as well as C.A.R.D.D., are certified ISO 9001:2000; the Salto (Brazil) site is certified ISO 9002.

Fused Zirconia: both sites are certified ISO 9001:2000. In addition, Unitec Ceramics in Stafford (Great Britain) is certified to automotive quality standard TS16949.

Magnesium Oxide: both sites are certified ISO 9001:2000.

Sales organization

Minerals for Abrasives products are marketed through the activity's network of sales units located in its main markets. Products for the European refractory industry are sold through the Minerals for Refractories network.

Fused Zirconia is sold by direct sales and through agents and distributors located in its main markets, including Imerys' distribution channels into refractories.

Magnesium Oxides are sold by direct sales and through agents and distributors located in its main markets.

[1] *Excluding Astron China plants.*

6.5 Minerals for Filtration

The Minerals for Filtration activity, created with the acquisition of the World Minerals group (United States) in July 2005, is the world's leading supplier of diatomite and expanded perlite-based products for filtration. These two natural raw materials have exceptional qualities: low density, chemical inertness, high contact surface and high porosity. Their unique properties mean that the Minerals for Filtration's products are sought after in many applications, particularly as filtration aids and functional fillers.

The Imerys Vermiculite activity joined Minerals for Filtration in 2006. After the acquisition, in April 2007, of 65% of Xinlong Vermiculite, the number one vermiculite ore supplier in China (Xinjiang), Imerys is now the world's second leading supplier of vermiculite ore. Its activities consist of mining and processing vermiculite from the Group's deposits in Zimbabwe, Australia, and more recently in China. Vermiculite properties complement Minerals for Filtration products in some source construction and insulation applications.

In May 2007, the activity acquired Perfiltra S.A (Argentina). With one mine and two production facilities, Perfiltra is the number one perlite supplier in South America. This acquisition reinforces Minerals for Filtration's presence in this high growth region.

PRODUCTS

Raw materials

The main raw materials produced by Minerals for Filtration's activity are:

- Diatomite: a siliceous mineral that offers properties that are related to its unique shape and structure.
- Perlite: a volcanic rock. When heated, perlite ore explodes like popcorn, expanding up to 20 times its original volume and creating a multi-cellular material with large surface areas and corresponding low density. The resulting structure enables perlite to become an ideal product for filtration and functional fillers.
- Vermiculite: a mineral that resembles mica in appearance and, when heated rapidly, expands or "exfoliates" up to 30 times its original size. The resulting material is light weight, heat-resistant, highly absorptive and low-density.

The Minerals for Filtration activity also supplies other products such as calcium silicate-based and magnesium silicate-based products for specialty applications.

For a detailed presentation of these minerals, please refer to *section 4.3 Mineral reserves and resources*.

Applications

Diatomite products are used as filtration aids in many industrial applications. They are used particularly in the food (beer, sweeteners, water, wine, edible oils), pharmaceutical and chemical sectors. As functional fillers, their main applications are in the paint and plastic film industries. They are also used in agriculture, cosmetics, polish and rubber.

Perlite and expanded perlite products contain unique properties that make them suitable for a wide range of industries and applications, including filtration, horticulture, heat and cryogenic insulation, soundproofing, building materials, lightweight refractories, coatings (e.g. for swimming pools), roofing and dentistry.

Vermiculite is sold worldwide, mainly to the heat insulation, soundproofing, fire protecting, agriculture, automotive, construction and building industries.

The high surface area and absorption capabilities of calcium silicate-based and magnesium silicate-based products are valuable properties for converting liquid, semi-solid or sticky ingredients into dry, flee-flowing powders used to make rubber, sweeteners, flavorings and pesticides.

INNOVATION

The Minerals for Filtration activity puts great effort into developing new innovative products.

In 2007, a state-of-the-art research and applications laboratory was set up in Lompoc, California (United-States), necessary to test and develope functional fillers for the plastics and coatings markets. The Minerals for Filtration activity is the only supplier of natural silica and alumino silicate functional fillers with these in-house testing capabilities.

The new testing laboratory has been instrumental in support of the broad market launch of our new product lines for coatings, CelTiX™ and OpTiMat™. These lines continued to gain customer acceptance in 2007. CelTiX™ offers formulators excellent concealing power and OpTiMat™ provides exceptional flatting efficiency versus traditional fillers in paints.

Minerals for Filtration activity also launched new functional fillers products in 2007 for fluoroelastomer strengthening, (with heat ageing resistance suitable for electric cable elastomers) and for the reduction of plate out occuring PVC production.

MARKETS

Filtration markets benefited from higher demand in emerging economies.

Main competitors

CECA (France); S&B Minerals (Greece); Showa (Japan); Palabora (South Africa); Eagle Picher Minerals, Grefco (United States).

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial Facilities

The Minerals for Filtration activity has the following industrial facilities:

	Europe	*Americas*	*Asia-Pacific & Africa*
Diatomite	Murat, Cantal (*France*)	Arica *(Chile)*	Changbai *(China)*
	Alicante *(Spain)*	Guadalajara *(Mexico)*	Linjiang *(China)*
		Arequipa *(Peru)*	
		Fernley, Nevada *(United States)*	
		Lompoc, California *(United States)*	
		Quincy, Washington *(United States)*	
Perlite	Wissembourg, Bas Rhin (*France*)	Salta *(Argentina*)	
	Corsico *(Italy)*	Tucaman (*Argentina*)	
	Alicante *(Spain)*	Paulinia (*Brazil*)	
	Barcelona *(Spain)*	Santiago *(Chile)*	
	Dikili *(Turkey*)	Antonito, Colorado *(United States)*	
		Escondido, California *(United States)*	
		Green River, Wyoming *(United States)*	
		La Porte, Texas *(United States)*	
		Quincy, Florida *(United States)*	
		Superior, Arizona (*United States)*	
		Vicksburg, Michigan (*United States)*	
		Youngsville, North Carolina (*United States*)	
Vermiculite			Alice Springs *(Australia)*
			Korla *(China)*
			Shawa *(Zimbabwe)*

Quality

In 2007 the global quality organization continued its focus on improving quality and consistency of its products at each plant around the world. At all plants, crude ore is engineered to carefully controlled specifications which enables the activity to provide industry leading product performance, consistency and reliability. This focus on quality and process control has enabled the activity's plants to operate more efficiently, schedule production demands more effectively, and enhance product reliability and availability to customers.

The Arica (Chile), Changbai and Linjiang (China), Murat (France), Corsico (Italy), Guadalajara (Mexico), Alicante and Barcelona (Spain), Escondido, Lompoc, Quincy–Florida, Quincy–Washington, Vicksburg–Michigan and Youngsville–North Carolina (United States) facilities are certified ISO 9001:2000.

Sales Organization

To achieve excellent responsiveness in its customer service, the activity has sales offices in its main markets and is supported by an international network of agents and distributors. The activity's global and regional marketing professionals provide further technical and strategic support for the sales organization. The activity is always focused on adding value to its customers businesses through cost-effective, qualitatively superior products delivered through an efficient and reliable supply chain.

6.6 Graphite & Carbon

Through its subsidiary Timcal, Imerys' Graphite & Carbon activity is a world leader in technical applications for high-performance graphite and carbon black, providing its global markets with a full range of carbon-based solutions and related services.

In February 2007, the Graphite & Carbon activity acquired Baotou, a Chinese producer of high–quality graphite. This operation enables the activity to offer its global customers based in China an efficient supply of the relevant raw materials.

PRODUCTS

Timcal's main product families are:

- Synthetic Graphite, produced in Bodio (Switzerland) through a complex process of baking petroleum coke at very high temperatures;
- Conductive Carbon Black, produced in Willebroek (Belgium), sold as powder or as granules;
- Natural Graphite Flakes, produced in Lac-des-Îles (Canada), the largest graphite mine in North America;
- Processed Natural Graphite, produced in Terrebonne (Canada) and in Baotou (China) through processing of natural graphite from Lac-des-Îles or from selected high-quality external sources;
- Graphite Dispersions, produced in Bodio (Switzerland), Changzhou (China) and Fuji (Japan), sold in various forms such as additives, powders, blends or aqueous dispersions;
- Silicon Carbide, produced in Bodio (Switzerland).

For a detailed presentation of these minerals, please refer to *section 4.3 Mineral reserves and resources*.

Applications

The Graphite & Carbon activities are strictly market-driven, ensuring high-quality products and services for its customers in every application field.

- **Mobile energy**

This sector covers alkaline batteries, Zn-C batteries, Lithium-ion rechargeable batteries, fuel cells, super-capacitors and can coatings. In the fiercely contested portable energy market, Timcal is the world leader due to the variety of its products, which range from graphite and carbon black powders to conductor coatings for battery cans. The use of an electrode containing graphite or carbon black makes lithium-ion batteries safer and more efficient. These lithium-based hi-tech rechargeable batteries are used for mobile telephones, laptop computers and video cameras.

Fuel cells (systems for converting chemical energy into electricity through a continuous fuel supply) are still in the development process and require new graphites, carbon blacks and technically advanced graphite dispersions.

- **Engineering materials**

This sector includes, for the automotive industry, friction pads, clutch facings, seals, iron powder metallurgy, carbon brushes and foils. Other applications include sintered ceramics, hard metals, pencil leads, powders for lubricants, catalysts and synthetic diamonds. In the engineering market, Timcal's success is ensured by cutting-edge graphite processing facilities that enable the company to satisfy customers' strict requirements in terms of service as well as the physical and chemical characteristics of products. Through its unique combinations of synthetic and natural graphite, Timcal is able to provide its customers with tailor-made solutions.

- **Additives for polymers**

With the highly conductive carbon black and synthetic graphite product families, Timcal is able to offer a unique and comprehensive range of products in the niche market of conductive polymers. Applications include conductive coatings, plastics & resins, PTFE (Polytetrafluorethylne) elastomers, rubber, cables and flame retardants.

- **Hot metal forming**

In a sector that is heavily dependent on the oil drilling business, Timcal's continued leadership is based on its reputation and experience in this field and, more specifically, on its extensive knowledge of graphite dispersions. Applications include hot metal forming, descaling agents[1], casting and related application systems.

- **Refractories and metallurgy**

In the natural graphite processing sector, the refractories industry represents a significant outlet for the activity in volume. Applications include bricks, monolithics, carbon raisers and hot metal topping.

INNOVATION

In 2007, the Research & Development department put effort into the development of fullerene production via a new technology.

Moreover, Timcal improved its position on products launched in the previous years such as a new generation of synthetic graphite powders (T-SLC) used in Lithium-ion batteries as an active material in the negative electrode.

Development of other graphite materials suitable for power-oriented large-size lithium batteries continues and innovative natural graphite-based products designed for powder metallurgy have entered in the promotion stage.

A new application project for the use of graphite as a thermal conductive additive in polymers was launched.

[1] *Descaling agents: products used for treating scale in shell interiors (of hot metal forming processes). They reduce mandrel or plug wear, improve internal surface and avoid scaling*

MARKETS

Markets were dynamic in 2007 but with contrasting trends: stability at a high level for mobile energy, hot metal forming and additives for polymers; growth in refractories and metallurgy; significant increase in business in engineering materials.

Main competitors

Cabot (Belgium); Nacional de Grafite (Brazil); Degussa, Kropfmuehl (Germany); Nippon Kokuen, Chuetsu (Japan); Asbury, Columbian, Superior Graphite (United States) and many Chinese producers.

INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Graphite & Carbon activity has the following industrial facilities:

Europe	*North America*	*Asia*
Willebroek *(Belgium)*	Lac-des-Iles *(Canada)*	Baotou, Inner Mongolia *(China)*
Bodio (*Switzerland)*	Terrebonne *(Canada)*	Changzhou *(China)*
		Fuji *(Japan)*

Quality

The Changzhou operation is certified ISO 9002. Lac-des-Iles, Baotou, Willebroek and Bodio are certified ISO 9001:2000.

Willebroek and Baotou are also ISO 14000 certified.

Sales organization

Timcal is well represented around the globe by its own experienced sales and technical teams, which are organized by geographic region. In areas where Timcal does not have its own representation, selected agents are in regular customer contact. This global representation provides customers with constant support, ensuring that adequate product solutions can be found quickly to meet their requirements.

7- INNOVATION

7.1 Research & Technology

As an essential partner in its customers' performance, Imerys provides them with technical solutions that improve their manufacturing processes, reduce their costs and enhance the quality of their products. This transformation calls on complex, often exclusive know-how and processes that are constantly optimized, giving the Group a decisive market advantage. The Group commits substantial resources to research and is stepping up its in-house development projects.

DEVELOPING PRODUCTS AND SOLUTION'S PORTFOLIO

Thanks to its unique portfolio of minerals, in-depth knowledge of their properties and its industrial expertise, Imerys designs solutions that meet its customers' expectations for their products and processes. The Group's ability to combine different mineral properties enables it to improve several parameters at once.

Imerys works in partnership with its customers to help them make better products more cheaply. Many new products developed in 2007 achieve those goals.

This is the case for the new graphite TSC30™, used in lithium-ion batteries to extend their absolute and reversible capacity and make them easier to produce.

In Performance Minerals, Helia Cal™ 3000 and Lumicarb™ 395 pigments, used as additives in paint and plastics, deliver equivalent brightness for lower energy consumption.

The Kiln Furniture activity has developed a light cordierite composition used to mage H-shaped kiln furniture that weighs approximately 15% less, saving energy for tile makers. Tests are in progress to verify the new furniture's mechanical and thermal strength.

In Monolithics, a new refractory, Kermag® Dry 6001 and 8010, improves sanitary and working conditions as it does not give off odors or steam. Rodarox™ Dry 8015, a monolithic refractory that is efficient from 1,350°C to 1,700°C is designed for foundries with a diverse production range.

Parkaolin, a new kaolin for sanitaryware that is perfectly suited to emerging industries, and Optibric PV, a rectified brick with superior insulation and faster laying for small collective housing units, are more examples of new products that add value every day for many Imerys customers.

For a high number of markets, Imerys develops technical solutions on a multi-mineral, multi-expertise basis. Major projects were realized in this area in 2007.

In Building Materials, for example, Label Home is one of Imerys' responses to the demand for greater energy efficiency in new housing. This range of HQE[1] housing products developed by Imerys Structure combines the Group's clay roof tile and brick offerings and guarantees optimum insulation for low-consumption housing. The addition of photovoltaic roof tiles further reduces the house's greenhouse gas impact.

UCM[2] zircon's activity already took advantage of Imerys know-how in the field of surface treatment: New zircon abrasive grains, Zircone Zr 40 UM, are given a surface treatment that makes it easier to spray them onto substrates, resulting in more efficient and longer-lasting tools.

In another field, refractories for large industrial furnaces, the Group's products and services provide a complete turnkey solution for relinings and upgrades. The range of refractories it has developed has been enhanced with specific products for high and low temperatures that are especially convenient for repairs.

[1] *High environmental quality label.*

[2] *UCM: acquisition was completed in April 2007.*

CUTTING-EDGE KNOW-HOW, EXCLUSIVE PROCESSES

Imerys' refining and conversion processes are used to obtain, on an industrial scale, the particle purity, size, shape and distribution that will best deliver the properties needed for a given application. Whether directly or through research partnerships with renowned institutes and universities, the Group has developed a great many processes and so has exclusive technologies and equipment.

Imerys also has cutting-edge expertise in the grinding, particle sizing, surface chemistry, calcination, high-temperature melting and packaging of its products. Several Group activities may share technological advances. Newly acquired companies quickly gain access to this knowledge. Databases, exchange networks and specific seminars speed up the dissemination of innovations and best practices in key sectors.

Imerys is highly attentive to energy-saving innovations allowing for improvement of energy efficiency. The energy directly used in manufacturing processes represents an important share of the Group's production costs. In 2007, new equipment rolled out in Cornwall (Great Britain) make substantial energy savings possible: the wet processes based on the high pressure water cannons traditionally used to mine kaolin are being replaced by dry methods in the Western side of the deposit.

For kaolin, energy consumption can vary fourfold depending on the drying process. Efficient mechanical processes have been rolled out in Europe and Brazil to improve energy efficiency.

For synthetic graphite, which calls for temperatures of 3,000°, process improvements have led to a reduction in energy consumption in 20 years as part of an ongoing trend.

Roles are being developed for biogas, biomass, cogeneration and alternative energies. In 2007, biogas feeds came on stream for clay calcinations and brick firing in France and for kaolin conversion in South Carolina. Use of biomass to produce clay products and chamottes has also continued to grow.

GREATER INVESTMENT IN RESEARCH

Imerys' ongoing innovation drive is supported by a decentralized yet coordinated Research & Technology (R&T) structure with 270 scientists and technicians. It is built around seven main centers with the latest analysis and conversion facilities:

- Par Moor (Great Britain);
- Sandersville, Georgia, and Lompoc, California (United States);
- Bodio (Switzerland);
- Villach (Austria);
- St-Quentin Fallavier and Limoges (France).

Set up in 2007, the new ceramic laboratory in Limoges focus on new applications, particularly in technical ceramics. It works in synergy with the European ceramic competitiveness center, two engineering schools and two specialized university laboratories.

18 regional laboratories focus on the development of relevant solutions for every customer.

The Group's activities are responsible for managing their own Research & Development. They demonstrate great ability in designing specific innovations for their areas of business and expertise. Considerable potential for further innovations exist at the crossroads between several activities. Identifying those opportunities and turning them into new businesses for the Group is the mission of the new Innovation Department created in early 2007. Around 20 research projects have already been identified and are being gradually implemented in nanomaterials, ceramics and functional additives for building materials.

In 2007, 1% of Imerys' turnover was ploughed back into R & T.

7.2 Intellectual Property

Imerys innovation capital being essential to its performance, its protection is closely associated in the product development process of each division.

An active campaign continues with the Intellectual Property experts of Legal Department raising the awareness among all employees involved of the need for strict confidentiality of the work and innovation resulting from Research and Technical assistance teams within Imerys. In 2007, several meetings were organized around the world by in-house intellectual property legal specialists with research and marketing teams to bolster legal protection of the Group's rights on its products and processes.

The Group's policy with regard to intellectual property is to continuously enrich and extend the protection of its essential assets. The Group therefore has a broad, diversified portfolio of pending and registered trademarks and patents. It holds more than 3,350 trademark registrations and applications, 984 issued or pending patents, 179 industrial designs, and 3 utility models.

To ensure effective legal protection for its name, the "Imerys" brand name has been registered in over 90 countries. Furthermore, the Imerys Group has registered or filed for 866 domain names.

The Group also continues to evaluate and optimize the cost/benefit ratio of its intellectual property portfolio. This involves selecting the most appropriate and cost effective IP rights for the technology involved to maximize the resulting competitive advantage from its innovations (e.g. patent filing, publication, secrecy). In addition, the Group periodically rationalizes its patent, industrial design, and trademark portfolios to ensure its resources are applied to the technologies, product designs, and brands that continue to have the most value to Imerys.

Imerys also intends to defend its intellectual property rights aggressively to maintain the competitive advantages they provide. The Group strives to protect its intellectual property in all areas and on every continent.

To the best of Imerys' knowledge, no patent, license, trademark, brand name, industrial design or model has a decisive bearing on the Group's overall business or profitability. In addition, to the best of Imerys' knowledge, there is no intellectual property litigation or opposition that could either individually or in the aggregate have a material adverse effect on the Group's activities or its financial position.

8 - SUSTAINABLE DEVELOPMENT

8.1 Imerys' Sustainable Development process

STRATEGY AND IMPLEMENTATION

As a global organization, Imerys has a long-term commitment to operate in a responsible manner for employees, shareholders, the communities in which the Group works and the environment. As a consequence, environmental and social performance is a key component of the Group's performance. Imerys Sustainable Development strategy is set by a Sustainable Development Steering Committee (the "SD Steering Committee"). The SD Steering Committee meets quarterly and brings together several corporate departments including Research & Technology, internal & external Communications, Human Resources, Environment Health & Safety, and Legal. Three members of the Imerys Executive Committee are on the SD Steering Committee. The SD Steering Committee is supported by a Sustainable Development Working Group (the "SD Working Group") consisting of EHS, SD and HR professionals from throughout the Imerys operations. The Group Vice President Environment, Health & Safety is responsible for coordinating Sustainable Development efforts.

The Board of Directors is also increasingly attentive to Sustainable Development risks and issues, which are examined by the Strategic Committee and the Audit Committee. The Group's Sustainable Development policy and results are now the subject of a comprehensive regular report to the Board of Directors. In 2008, they will be covered by the Group's third Sustainable Development report.

THIRD SUSTAINABLE DEVELOPMENT REPORT

The Third Edition of the Imerys Sustainable Development Report will be published in June 2008 referring to the 2007 figures. As with the previous reports, this document gives an overview of the Group's environmental and social aspects, its impact on the environment, the actions taken in favor of its employees and its Sustainable Development objectives. Designed to complement the Annual Report as an information tool, this document is written for a broad spectrum of audiences: the communities where the Group operates in, employees, shareholders, public authorities, financial analysts, customers, suppliers, etc.

The perimeter for the 2003 Sustainable Development Report included the Imerys operations in France, Great Britain, the United States and Brazil (approximately 60% of the total Imerys perimeter). This perimeter and the number of performance indicators have systematically increased, and data on the full global perimeter are now accumulated using an internet-based consolidation system. The global indicators used by Imerys are defined by in-house experts with the intent to report in alignment with the principles of GRI G3 Guidelines [(1)]. Imerys fulfills the requirements of the C+. application level, as the Group currently reports on greater than ten of the G3 performance indicators and at least one indicator from each category: social, environmental and economic. The processes used to accumulate the data are verified by the Group auditors (Ernst & Young Audit and Deloitte & Associés). A comprehensive discussion of Imerys Sustainable Development reporting perimeter and methodology will be provided in the 2007 Imerys Sustainable Development Report.

(1) GRI is a Collaborating Centre of the United Nations Environment Program. Their vision is to encourage an environment in which "reporting on economic, environmental, and social performance by all organizations becomes as routine and comparable as financial reporting" Excerpts from the GRI Website on January 23, 2007 - http://www.globalreporting.org/Home. They utilize a consensus-seeking process and most recently have published the G3 Reporting Guidelines. In February 2005, GRI also published the "GRI Mining and Metals Sector Supplement, Pilot Version 1.0."

THIRD IN-HOUSE SUSTAINABLE DEVELOPMENT CHALLENGE

The Imerys Sustainable Development Challenge rewards local line management teams for implementing proactive SD programs in their local operations or communities. Since 2005, when the Sustainable Development Challenge was launched, 87 projects have been entered in different categories, including Environment (reduction of energy consumption, site rehabilitation), Innovation, Human Resources and Community Relations. Each year, the jury, has been comprised of a representative from each of Imerys' business groups and the members of the SD Steering Committee. In 2007, the jury singled out five initiatives with significant environmental or community impact, awarding €140,000 in prize money.

SUSTAINABLE DEVELOPMENT CRITERIA FOR SUPPLIERS

The Group has made progress towards including Sustainable Development criteria into its supplier selection process. In 2007, internal and external benchmarking studies were completed to identify best SD practices with suppliers. In 2008, a Supplier Qualification System will be rolled out to all purchasing managers within the Group.

8.2 Environment

ENERGY USE AND CARBON EMISSIONS

Twenty-two Imerys operations participate in European Union Emissions Trading Scheme. Over the initial period of the scheme (2005-2007), the emissions from these operations have been below their allocated emissions allowances.

The key source of greenhouse gases (GHG) from the operations is the use of fuel, gas and electricity as well as other energies. The main use of energy is to physically transform raw materials or products (grinding, heating, drying, classifying, refining, fusing, sintering, calcining, etc.). In addition, a few sites generate carbon dioxide emissions from the process, for instance from the firing of clay to produce tiles and bricks when the clay contains calcium carbonate.

Actions launched in 2006 and at the beginning of 2007 were aimed at improving the energy productivity by 2 to 3%. At constant perimeter, the energy consumption decreased 1.2%, whilst the production volume increased 2.2% (2007 vs 2006). This gives an energy efficiency improvement of 3.4%

In May 2007, a new Group Energy Manager was appointed, whose role is focused on coordinating energy management at the Group level and making sure that energy efficiency and carbon reduction action plans are developed and implemented by the operational activities within the Group.

For 2008, the action plans and investments that have already been implemented are expected to lead to a further global 4% energy efficiency improvement. Further actions will be required to enable Imerys to meet its corporate goal of 5%.

Imerys strategy to reduce GHG emissions is primarily focused on improving energy efficiency of its operations although the Group also investigates opportunities to replace fossil fuels by cleaner alternatives. Actions taken to date include:

- Reducing the energy intensity of processes and equipment (e.g. dry mining instead of wet mining, pressure filtration instead of heat for drying purposes);
- Considering energy efficiency at the design stage;
- Using biogas from municipal landfills as a partial substitution for fossil fuels.

Changes recently agreed as a result of the review of the overall strategy include:

- Development of systems to encourage sharing of information and good practices;
- Identification of individuals responsible for energy at each site and at an activity or business unit level. In December 2007, all the energy responsible people met for the third year in a row;
- From 2008, each site will develop and implement an Energy Saving Action Plan. Energy audits of major equipment will be conducted;
- Energy performance indicators will be reported internally by each division every quarter, rather than on an annual basis.

Total CO_2 emissions related to energy consumption and process

In thousand of tons	CO_2 from energy use in 2006	CO_2 from energy use in 2007	CO_2 from process in 2006	CO_2 from process in 2007	Total CO_2 emissions in 2006	Total CO_2 emissions in 2007
Total	**2,909**	**2,966**	**191**	**201**	**3,100**	**3,167**

Energy use

In thousand of Gj	*Total direct energy consumption*	
	2006	*2007*
Total	**38,620**	**39,500**

In thousand of Gj	Total direct energy consumptionin 2007	of which electricity	of which natural gas	of which other conventionalf ossil fuel	of which biomass (wood powder)
Total	**39,500**	**11,110**	**17,964**	**9,028**	**1,398**

The slight increases in carbon emission and energy use reflect an increase in the volume of the Group's business both from internal and external growth. When adjustment is made to account for this growth, the Group shows an improvement in both carbon and energy efficiency. A discussion of the Groups efficiency improvements will be provided in the Imerys Sustainable Development Report.

WATER USE

To access minerals below the water table, Imerys pumps large quantities of water from the ground to surface impoundments. Some water is also used in the Imerys operations for separating minerals and miscellaneous cleaning operations.

In addition, some water is incorporated into final products such as kaolin slurry for paper manufacturers. Many of the Imerys operations perform dry minerals processing only. These operations use only small quantities of water.

In 2007, Imerys began collecting data on water use:

In thousand of liters	*2007*
Water obtained from water suppliers	**7,007,108**
Water withdrawn from groundwater	**38,916,517**
Water withdrawn from surface water	**20,888,533**
Water obtained from other sources	**4,823,825**

Many Imerys operations transfer water from one location to another location without ever using the water in its products or processes. Water transferred in this manner will not be quantified by Imerys.

In its kaolin operations, Imerys transports large quantities of kaolin slurry in pipelines and stores large quantities of kaolin slurry in impoundments. Releases from these pipelines and impoundments are very rare. In June 2007, there was an accidental release of a process water containing approximately 5% kaolin from its processing plant, Imerys Rio Capim Caulim (RCC), in Brazil. There was a visibly white impact to the local waterways, but water quality quickly returned to its natural state. Imerys immediately advised the local authorities of the incident and cooperated fully with their response.

WASTE

The Imerys operations generate minimal industrial waste, because Imerys processes minerals mostly by mechanical (e.g., crushing) and physical (e.g., density separation) means.

In tons	*2007*
Hazardous industrial waste	**1,563**
Recycled Hazardous industrial waste	**128,657**
Non-hazardous industrial waste	**270,505**
Recycled Non-Hazardous industrial waste	**73,613**

In its processes, Imerys separates minerals that are valuable to its customers from minerals that have no current market value. The minerals that currently have no perceived market value are typically stored on or near Imerys sites, as they have potential uses in the future as a result of technological innovations or new market opportunities. In many cases, these materials are also used in mine restoration. For these reasons, these unused minerals are not quantified as "waste" by Imerys.

SITE RESTORATION

Almost all of the Imerys mines are surface quarries. In order to extract its mineral resource from these surface quarries, Imerys must remove the top layer of earth. Typically, the top layer is later restored to backfill the mined area. To manage the environmental impacts of this activity, Imerys requires its operations to maintain a mining rehabilitation plan. The mining rehabilitation plan also describes the rehabilitation methodologies to be implemented during the operational phase as well as during the time of closure. To support the mining rehabilitation plan, Imerys requires its operations to conduct an environmental impact assessment consisting of three important elements: (1) a baseline assessment of existing environmental conditions, (2) a description of the potential impacts of the Imerys operations on existing environmental conditions, and (3) recommendations for minimizing the potential impacts of the Imerys operations.

ENVIRONMENTAL MANAGEMENT SYSTEMS (EMS)

The Group is committed to continual improvement of EHS performance through management systems. A self assessment process has been developed that covers the key elements of an effective management system. Imerys actively encourages and supports each of its industrial sites to fulfill these requirements. While certification to ISO 14001 is also encouraged, certification to ISO 14001 is not a Group requirement. The following data characterizes the Imerys operations in terms of both ISO 14001 and EMAS certifications.

	Number of ISO 14001 or EMAS certified sites	
	2006	*2007*
Total	**65**	**84**

ENVIRONMENTAL IMPROVEMENT INITIATIVE

In November 2007, Imerys launched a new Environmental Improvement Initiative. It is designed in many ways to mirror the safety initiatives of recent years *(see section 8.3 below)*. There are five aspects to the initiative: (1) a new key performance indicator for "environmental incidents", (2) a regional environmental training program, (3) a quarterly self assessment against five high priority protocols, (4) an evolution of the EHS audit plan to be more risk-based, and (5) an on-site support team critical operations.

8.3 Safety

Mining and minerals processing are environments requiring a strong safety culture to prevent worker injuries. The Imerys operations have always recognized the importance of safety, and have implemented safety programs for many years. Since 2005, a series of strategic safety initiatives have been implemented to supplement these efforts and provide operations with the tools and training needed to achieve continuous and sustainable improvement in workplace safety.

The following are the annual frequency and severity rates for the last three years:

	2005	*2006*	*2007*
Frequency rate [(1)]			
- Imerys employees	**11.79**	**7.96**	**5.76**
- Other employees [(2)]	**n/a**	**13.75**	**7.98**
Severity rate [(3)]			
- Imerys employees	**0.33**	**0.24**	**0.18**
- Other employees [(2)]	**n/a**	**0.24**	**0.14**

(1) Frequency rate: (number of lost-time accidents x 1,000,000) / number of work hours.

(2) Non-Imerys employees such as contractors or agency workers, who may be retained by the company to perform work or provide services.

(3) Severity rate: (number of lost days accidents x 1,000) / number of work hours.

The Group has made excellent progress in improving its overall safety performance, with Imerys employee frequency rate of accidents dropping over 100% since 2005. Unfortunately, in 2007, three contractors lost their lives in the course of work for Imerys. The Group is deeply saddened by these events and determined to continue to improve. To focus specifically on potential fatalities and serious injuries, the "Serious Six Initiative" were launched in January 2007. After benchmarking internally and externally, six protocols were identified covering the activities that are associated with the highest risk of serious injuries and fatalities in the mining industry: (1) electrical safety; (2) "Lockout/Tagout"; (3) machine guarding; (4) working at heights; (5) mobile equipment (bulldozers, forklifts, haul tricks, etc.); and (6) ground control. Each division is required to provide the Chief Executive Officer with a quarterly self assessment in each of these areas.

HEALTH

Imerys is implementing measures to continually improve the working environment for its employees. In 2005, the Group initiated an industrial hygiene program to supplement the actions of individual operations. Initially this program was focused on reviewing compliance with applicable local regulations. These efforts have continued and are being supplemented with programs directed at dust and noise exposure as well as product stewardship. In the non-metal extractive industry, dust and noise exposure are considered to be priority action areas.

Dust exposure assessment is performed on a regular basis across the Group. These assessments are focused mainly on employee exposure to mineral dust. Group standards and guidance documents have been created to support industrial sites in establishing an occupational dust management program (including risk assessment, exposure monitoring, control measures and health surveillance) and providing awareness to employees on the risks related to occupational dust exposure.

Imerys is a member of the European Industrial Minerals association, which had adopted and will implement a "Social Dialogue Agreement on Workers Health Protection through the Good Handling and Use of Crystalline Silica and Products Containing it". This agreement, signed on 25 April 2006, consists of 17 European Employer and Employee associations, representing 14 sectors handling, using or producing crystalline silica or products containing it. The first report on the application of the agreement will occur in June 2008.

REACH

The European Union Regulation on the Registration Evaluation and Authorization of Chemicals (REACh) requires all European manufacturers and importers of products to register, evaluate and obtain authorization for the substances present in the products. An exemption in the regulations covers "minerals which occur in nature" which significantly reduces the impact of these new regulations on Imerys operations. The Group has set up different REACh working groups that will incorporate the changes resulting from the REACh initiative into its business. There should be no material impacts on Imerys operations.

8.4 Global Compliance and Auditing

In every country where it operates, Imerys is subject to strict environmental, health and safety regulations. To ensure compliance, periodic auditing of the Imerys operations is mandated by the Imerys EHS Charter signed by the Chief Executive Officer. The Group Vice President Environment, Health & Safety is responsible for coordinating the EHS Auditing program subject to a specific policy and procedure. Beyond the regulations, the EHS Audit program also monitors compliance with a set of 25 global standards on air emissions, water quality, waste management, and noise pollution.

	Number of prosecutions		*Amount of fines in Euros*	
	2006	*2007 (1)*	*2006*	*2007 (1)*
Total	**19**	**16**	**50,648**	**64,483**

(1) Does not include Brazilian government action in response to June 2007 release of kaolin from Imerys Rio Capim Caulim discussed above.

8.5 Community

Imerys plant managers, who are in close contact with the communities in which they work are in the best position to address local issues and build partnerships with local organizations. Therefore, under a new community relations protocol adopted in 2007, Imerys formally delegates responsibility for community relations to the most senior employee with responsibility for day-to-day oversight of each facility. At all mining and production locations, this senior manager is specified as the plant manager, mine manager or equivalent. Under the community relations protocol, the senior manager is required to undertake a stakeholder assessment and create a plan for continuous improvement.

8.6 Human Resources

The Human Resources department's mission is to enable the Group to have the people needed for its external and organic growth, and to ensure that Imerys grows correctly as a Group whenever that is in its general interest.

In that context, Imerys' Human Resources department develops and implements principles and processes in phase with the Group's decentralized management method and in compliance with the relevant national legislation.

Human Resources professionals are responsible within their scope of responsibility – particularly their activity – for the entire function, reporting to the line manager for their entity.

The function is also coordinated on the level of each country or region in which the Group operates in order to manage employment or industrial relations, for example, but also to roll out Group programs.

HUMAN RESOURCES PRINCIPLES & MAIN AREAS OF ACTION

The Group has defined a Human Resources policy centered on the following principles:

- Meet its employees' expectations, particularly as regards working conditions and safety, benefits and personal development;
- Provide managers with management rules that comply with the Group's spirit and ethics, especially in terms of behavior, standards, dialogue and respect for other people;
- Foster harmonious integration with the environment through active involvement with local communities.

The Group is committed to complying with legislation in force in the countries where it is based, particularly in terms of health and safety, non-discrimination, privacy, child labor, compensation and working hours.

These principles and processes apply to a number of key areas including the following:

- **Recruitment**: attract the most suitable profiles both to support organic growth and to deploy new activities. A Young Graduates program is being launched to give the Group the resources needed for its long-term growth;
- **Mobility**: fill vacancies with existing skills within the Group. For that purpose, Imerys has set up common tools and processes for all divisions, including annual performance reviews and succession plans for its principal managers;
- **Training**: enable every employee to develop his or her talents and foster the sharing of best practices. In parallel to the initiatives taken by divisions, the Group carries out more targeted actions for senior managers, and to strengthen professional expertise in selected fields (e.g. finance, geology);
- **Compensation and benefits**: have coordinated, competitive systems that take into account both the results of the entity where employees work and their individual performance. While national competitiveness is favored, some of the systems set up are designed as the basis for a common approach to performance, especially for executives and senior managers (bonus system with identical choice and weighting of financial criteria across all activities). Finally, projects such as employee shareholding or changes to benefit systems are carried out on the initiative of the Group Human Resources Department.
- **Industrial relations**: the Group aims to build constructive relations with its employees and their representatives in accordance with local regulations.
  - European Works Council (EWC)**:** created in 2001, the EWC meets once a year in plenary session. 15 countries (Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Italy, Netherlands, Portugal, Slovenia, Spain, Sweden, United Kingdom) are represented by a 16-member employee delegation. The EWC's five officers meet at least twice a year. The agreement organizing the workings of the Council was renewed in late 2005 for four years by all employee representatives. It includes many points of progress on industrial dialog, including expert assistance for personnel representatives.
  - The need to improve the efficiency and productivity of the Group's activities may lead to internal restructuring plans and job cuts. In such situations, the Group's policy is for activities to give priority to finding in-house placement solutions for the employees concerned and to set up retraining programs and support measures in order to provide the help needed to look for a job or realize a personal project;
- **Internal Communications**: The Internal Communications department strives to provide all employees with information that can help them understand the Group's environment and activities. A network of local internal communication correspondents passes on information and circulates Group news;
  - Appointment or organizational announcements up to a certain level in the chain of command are made by the Group Internal Communications department through the Group intranet,
  - The company newspaper "Imerys News" is mainly designed to develop a feeling of belonging, share experience and provide information. Special issues may be produced in line with major events such as the Sustainable Development challenge,
  - Induction sessions are regularly organized for managers;
- **Human Resources Reporting:** monthly Human Resources reporting for the entire Group has been organized since June 2005. It includes highly detailed indicators (translated into five languages) concerning workforce by country, contract type and activity. New indicators are regularly added to the reporting - e.g. on professional training, disability, age structure or seniority.

A Group organizational chart is regularly published. It shows the main reporting and functional relations within Imerys and includes approximately 700 positions with the names of their incumbents. The chart is deliberately restricted to in-house circulation.

HUMAN RESOURCES KEY PERFORMANCE INDICATORS 2006 AND 2007

Employee headcount

	12/31/2007	*12/31/2006*	*12/31/2005*
Total Group	**17,552**	**15,776**	**15,934**

The Group's workforce grew approximately 11% in 2007. Imerys' development strategy in high-growth zones was implemented in 2007 through several acquisitions, particularly in Asia (e.g. ACE, India, 550 employees) but also South America (Perfiltra, Argentina, 80 employees) and Central and Eastern Europe (Vatutinsky, Ukraine, 800 people).

The net balance of jobs resulting from acquisitions offsets the workforce reductions relating to a few divestments (Ceradel Socor ceramics distribution activities in France, roof tile and brick manufacturing in Spain and Portugal). The effects of the industrial reorganization in Cornwall (Great-Britain) were also more significant this year.

The Group's average headcount for 2007 is 16,534 employees, of which 15,394 employees on open-ended contracts and 1,139 on fixed-term contracts. Fixed-term contracts are predominantly used in China (for 40% of Chinese headcount). Temporary and/or subcontracted personnel are also used in China, but also in the United States, South Africa (350 people), France (490) and Brazil.

Employees by business group

- **Organization as on 01/01/2007**

	12/31/2007	*12/31/2006*
Ceramics, Refractories, Abrasives & Filtration	8,400	6,703
Materials & Monolithics	4,715	4,222
Performance Minerals & Pigments	4,215	4,733
Holding companies	222	118
Total	**17,552**	**15,776**

Ceramics, Refractories, Abrasives & Filtration is the business group with the biggest change in employee numbers. This is the result of reorganization but also of the intensive external growth activity in 2007. The volume of jobs in Performance Minerals & Pigments decreased due to industrial reorganization carried out in Great Britain.

Employees by geographic zone

	12/31/2007	*12/31/2006*	*12/31/2005*
Western Europe	7,266	8,980	9,033
- of which France	3,486	3,666	3,433
- of which Great Britain	1,615	1,953	2,194
Central Europe	1,895	-	-
North America (inc. Mexico)	3,174	3,042	3,192
- of which United States	2,794	2,661	2,822
South America	1,315	1,223	1,316
- of which Brazil	867	895	979
Asia-Pacific	3,069	1,834	1,648
- of which China	1,672	1,088	974
- of which India	652	-	-
Africa	833	697	745
Total	**17,552**	**15,776**	**15,934**

Employees by function

The distribution of the Group's employees by function is very stable over time and from one business group to another.

	12/31/2007		*12/31/2006*	
Operations – Production – Manufacturing	12,906	73.53%	11,571	73.35%
Logistics – Supply Chain – Purchasing	645	3.67%	522	3.31%
Research & Development – Geology	516	2.94%	503	3.19%
Sales & Marketing	1,223	6.97%	1,175	7.45%
Support & Administration	2,262	12.89%	2,005	12.71%
Total	**17,552**	100.00%	**15,776**	100.00%

Personnel turnover

The turnover rate in 2007 for employees on open-ended contracts is 14.95% for the Group as a whole (13.2% in 2006). Turnover here means the number of departures during the year for whatever reason (fixed-term contracts excluded), compared with the number of employees for the previous year (as on 12/31/2006).

2,237 people left Imerys in 2007 (excluding the end of fixed-term contracts), which represents 13.5% of the average headcount for the year. Departures on economic grounds account for 42% of that figure, resignations 34% (mainly in China and the United States) and retirements 8.58%.

The net balance of jobs with respect to external growth, minus divestments, is approximately 2,500 employees in 2007.

Internal mobility

2,210 people were recruited (fixed-term and open-ended contracts). During the same period, 613 in-house moves filled vacancies within the Group.

Diversity

- **Percentage of women** by geographic zone

	12/31/2007		*12/31/2006*	
	All employees	*Salaried employees*	*All employees*	*Salaried employees*
Europe	15.68%	29.73%	14.40%	29.80%
North America	13.48%	32.27%	13.70%	32.40%
South America	10.19%	29.97%	11.30%	29.30%
Asia-Pacific	14.83%	25.65%	14.90%	30.90%
Africa	7.08%	11.97%	7.70%	11.30%
Total	**14.3%**	**29.2%**	**13.8%**	**29.8%**

The proportion of women in the Group's total workforce increased slightly compared with 2006, particularly in Europe. The proportion of women senior managers (members of support or line management teams) at Imerys was 9.5% in 2007 (vs. 11% in 2006).

- **Number of disabled employees**

According to the definition used in the Group (application of national law or regulations or, as the case may be, according to the International Labour Organization), Imerys employs 246 people with a disability who have declared themselves as disabled with their Human Resources department.

- **Age and seniority**

For the first year, we are reporting these two new indicators for permanent employees. This information can be used to adjust Human Resources policies in line with specific requirements.

While 59% of Group employees are in the "40-49" and "50 and over" brackets, there is wide geographic disparity. Employees in regions where the Group is developing or only established bases recently (South America, Asia-Pacific and Africa) are essentially aged 30-39.

Overall distribution of seniority is balanced (27% of employees have 4-10 years' seniority, 27% more than 20 years); nevertheless the same geographic differences should be noted. In Africa and Asia-Pacific, employees' seniority is generally less than 3 years; in South America, seniority is mainly between 4-10 years. In North America and Europe, more than one-third of employees have more than 20 years' seniority.

Initiatives to set up health insurance programs in China and Latin America in 2007 are intended to retain and secure employees.

Industrial relations

In 2007, 12,065 working hours were lost due to strikes (5,155 in 2006).

Since 2006, Imerys has reported the number of agreements signed with the various employee representative bodies in Group companies; 146 agreements were signed this year (124 in 2006).

Training

At least 220,000 training hours (with specific program and content) were given out during the year (up 15%). Technical expertise represented 49% of total hours, training to raise awareness of health & safety procedures and measures 41% and management training 10%.

Employee shareholding

While the Group did not carry out a new employee shareholding plan in 2007, it strengthened its administrative management procedures with its various suppliers. Employees residing in the United States, Brazil, South Africa and Great-Britain now receive the amounts of their transactions in local currency. Employee shareholder information was improved by providing multilingual internet services.

Employee shareholders as on December 31, 2007

	2007		*2006*		*2005*	
	Number of employee shareholders	*Percentage of shareholders among total employees as on 12/31/07*	*Number of employee shareholders*	*Percentage of shareholders among total employees as on 12/31/06*	*Number of employee shareholders*	*Percentage of shareholders among total employees as on 12/31/05*
France	1,375	39.44%	1,592	43.40%	1,006	29.30%
USA	702	25.12%	748	28.10%	351	12.44%
UK	389	24.08%	434	22.20%	328	14.95%
Brazil	332	38.29%	383	42.79%	192	19.61%
Germany	158	23.47%	168	25.57%	78	11.66%
South Africa	140	20.58%	131	23.60%	10	1.69%
Spain	56	17.07%	97	21.32%	48	10.02%
Sweden	64	20.57%	70	24.30%	35	10.84%
Portugal	6	85.70%	58	85.29%	23	27.38%
Austria	91	23.33%	66	16.38%	73	18.39%
Italy	59	20.84%	64	21.91%	47	14.69%
Switzerland	49	25.38%	49	26.77%	32	17.68%
Mexico	47	15.66%	47	15.56%	Na	
Belgium	44	21.59%	47	23.85%	27	14.59%
Malaysia	37	24.66%	38	27.53%	Na	
Canada	30	37.50%	38	48.10%	18	21.18%
Thailand	27	13.91%	31	15.73%	Na	
Netherlands	25	42.37%	24	40.00%	5	8.47%
Singapore	15	55.55%	15	57.69%	Na	
Slovenia	6	6.31%	6	5.94%	Na	
Hungary	2	0.67%	2	0.67%	Na	
Total	**3,653**	**20.81%**	**4,108**	**26.04%**	**2,273**	**14.27%**

The decrease in the number of employee shareholders from 2006 to 2007 is above all due to the divestment of companies in Europe, i.e. Building Materials activities in Spain and Portugal and the companies Ceradel Socor (France) and Potterycrafts (Great-Britain) in Ceramics.

8.7 Statutory Auditors' Report

on the application of reporting procedures for a selection of environmental, safety and human resources indicators published in the Imerys Group reference document

Fiscal year ended December 31, 2007

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

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris - La Défense Cedex

Deloitte & Associés
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex

At your request and in our capacity as the Company's statutory auditors, we have carried out the procedures described below regarding the reporting process for environmental, safety and human resources indicators published in section 8 of Chapter 4 of the reference document (document de reference) for fiscal year 2007.

This reporting process has been defined and applied by the Imerys Group and is formalized through environmental, safety and human resources procedures.

I. NATURE AND SCOPE OF OUR WORK

We have performed for the selected indicators:

- a review of a selection of indicators (frequency and severity rate, total staff, employee turnover, proportion of women, number of transfers between Group and sub-groups, number of shareholder employees, number of training hours, age pyramid, seniority, number of sites covered by an Environmental Management System, number of environmental non-compliance indicators related to a fine, total amount of fines related to non-compliance with environmental requirements , energy consumption, CO_2 emissions due to energy consumption, CO_2 emissions due to processes) of the organization implemented by Imerys Group for data collection, validation and consolidation, and of the reporting procedures based on the principles of relevance, completeness, reliability, neutrality and understandability of the reporting framework;
- interviews with Imerys correspondents and personnel responsible for the collection and consolidation of the selected indicators at Group, sub-group and division levels, and in a selection of Group industrial sites[1] in order to analyze the understanding and application of Group procedures;
- arithmetical tests, performed on a sampling basis, with respect to the indicator calculation methodology used for the sampled sites and consistency checks on the consolidation of indicators. These tests covered 4.0 to 8.3%[2] of published consolidated data.

In order to assist us with this work, we called on the services of our own in-house environmental and sustainable development experts.

The procedures we performed were not intended to provide moderate or reasonable assurance on the application of the reporting procedures or the indicators themselves, and therefore do not include all the verifications that would have been performed as part of an audit or a limited review; however, they have enabled us to report the following observations on the procedures.

[1] *The Imerys Kiln Furniture sites in Hungary and in Sainte Foy and Pargny, France for the "Materials and Monolithics" branch, the Imerys sites in Limeira Ripasa, Marble Hill and Sylacauga for the "Performance Minerals and Pigments" branch.*

[2] *Coverage rate calculated based on the following indicators: hours worked, total staff, number of training hours, energy consumption and CO_2 emissions.*

II. INFORMATION ON THE PROCEDURES

In 2007, the Imerys Group improved the process for calculating CO_2 emissions, in particular by using internationally recognized emission factors, and by improving the control process for "energy consumption" and "CO_2 emissions" data.

III. FINDINGS

As part of a continuous effort to improve the environmental, safety and human resources reporting of the Imerys Group, the quality of the published data reporting process could be enhanced by implementing the following actions:

- Increasing the awareness of the contributors and validators with the aim of achieving a better understanding of the reporting protocol, as it relates to the "training hours" and "internal mobility" indicators;
- Improving and reinforcing of the reported data control processes by the validators.

Paris-La Défense and Neuilly-sur-Seine, March 28, 2008

The Statutory Auditors

ERNST &YOUNG Audit
Jean-Roch VARON

Deloitte & Associés
Nicholas L.E. ROLT

LIST OF INDICATORS WHICH WERE COVERED BY OUR REVIEW PROCEDURES

Performance indicators	*Unit*	*2007*
SAFETY		
Frequency rate	Number of accidents for a million hours worked	5.76
Severity rate	Number of days leave for 1,000 hours worked	0.18

Performance indicators	*Unit*	*2007*
ENVIRONNEMENT		
Number of sites covered by an ISO 14001 or EMAS certified EMS	Number	84
Number of environmental non-compliance indicators related to a fine	Number	16
Total amount of fines related to environmental non-compliance indicators	€	64,483
Overall energy consumption	Thousands of GJ	39,499
Energy consumption by type		
electricity	Thousands of GJ	11,110
natural gas	Thousands of GJ	17,964
other fossil	Thousands of GJ	9,028
biomass	Thousands of GJ	1,398
CO_2 emissions due to energy consumption	Thousands of tons	2,966
CO_2 emissions due to processes	Thousands of tons	201

Performance indicators	*Unit*	*2007*
HUMAN RESOURCES		
Group total staff	Number	17,552
Staff by branch		
Performance Minerals & Pigments	Number	4,215
Materials & Monolithics	Number	4,715
Ceramics, Refractories, Abrasives & Filtration	Number	8,400
Holdings	Number	222
Age pyramid		
Number of employees less than 30	Number	2,083
Number of employees between 30 and 39	Number	4,426
Number of employees between 40 and 49	Number	5,376
Number of employees older than 50	Number	4,460
Seniority in the company		
Number of employees with less than 3 years seniority	Number	3,588
Number of employees with between 4 and 10 years seniority	Number	4,263
Number of employees with between 11 and 15 years seniority	Number	2,141
Number of employees with between 16 and 20 years seniority	Number	1,620
Number of employees with more than 20 seniority Number	Number	4,733
Overall employee turnover	%	14.95
Employee turnover by branch		
Performance Minerals & Pigments	%	5.29
Materials & Monolithics	%	2.61
Ceramics, Refractories, Abrasives & Filtration	%	6.84
Internal mobility (number of transfers between Group and sub-group)	Number	613
Proportion of women in Group	%	14.3
Proportion of women by geographical area		
Europe	%	15.68
North America	%	13.48
South America	%	10.19
Asia-Pacific	%	14.83
Africa	%	7.08
Overall number of training hours	Hours	220,295
Breakdown of training hours per type		
technical expertise	%	49
hygiene and safety	%	41
Management	%	10
Number of shareholder employees Number	Number	3,653

5 General information

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220 5 - Parent company/subsidiaries organization

221 6 - Dividends

222 7 - Shareholder relations

1 - INFORMATION CONCERNING THE COMPANY

CORPORATE NAME: IMERYS

This name was adopted by the Ordinary and Extraordinary Shareholders' Meeting of September 22, 1999. Until then, the Company's corporate name was Imetal.

REGISTERED OFFICE

154, rue de l'Université
75007 Paris - France
Telephone: +33 (0) 1 49 55 63 00
Fax: +33 (0) 1 49 55 63 01

LEGAL STATUS AND LAW OF INCORPORATION

Imerys is a French Limited Liability Company (*Société Anonyme*) with Board of Directors (*Conseil d'Administration*) governed by the provisions of articles L. 225-17 to L. 225-56 and R. 225-15 to R. 225-34 of the Code of Commerce and by its articles of association and by-laws.

The Company was incorporated in accordance with French law.

DATE AND TERM OF INCORPORATION

Imerys was incorporated on April 22, 1880. Its term of incorporation, initially set at fifty years, was extended until June 30, 2024 (article 5 of the by-laws).

CORPORATE PURPOSE

Imerys is the head company of an industrial and commercial group that is specialized in Minerals Processing.

Under the terms of article 3 of the by-laws, "The Company's purpose, in France and abroad, is as follows:

- the search for, the acquisition, the leasing, the sale and the operation of any mines and quarries, of any kind whatsoever;
- the processing and transformation of, and trading in, any minerals, metals, organic or non-organic materials and mineral substances, as well as their by-products and alloys;
- the manufacturing of any processed products in which minerals, metals, organic or non-organic materials and mineral substances are used;
- the purchase, obtaining, operation, concession and sale, in whole or in part, on a temporary or permanent basis, of any patents, certificates or licenses pertaining to the above-mentioned purposes;
- the creation, acquisition, sale, concession of any buildings and plants, of any means of transportation and energy sources;
- the participation in any country, in any mining, quarrying, commercial, industrial and maritime operations aimed at favoring or developing the Company's own industries and businesses, through the creation of new companies, alliances, holding companies or otherwise; and, generally, any mining, quarrying, commercial, industrial, maritime, real estate, personal property and financial operations relating directly or indirectly, in whole or in part, to any of the above-specified purposes or any other similar or related purposes."

REGISTER OF COMPANIES

562 008 151 R.C.S. Paris
A.P.E. (main activity): 7010Z
SIRET 562 008 151 00093

ACCESS TO CORPORATE DOCUMENTS

The by-laws, minutes of Shareholders' General Meetings, Company and consolidated financial statements, Auditors' reports and all documents provided for shareholders may be consulted at the Company's registered office.

FINANCIAL YEAR *(ARTICLE 28 OF THE BY-LAWS)*

The financial year is 12 months. It begins on January 1 and ends on December 31 of each year.

ALLOCATION OF PROFITS *(ARTICLE 30 OF THE BY-LAWS)*

Income for each financial year is determined in accordance with legal and regulatory provisions in force, as follows:

- at least 5% of net earnings for the financial year, minus any previous losses, are withheld to make up the legal reserve. This withholding ceases to be obligatory when such reserve is equal to 10% of the share capital;
- earnings for the financial year, minus the above and plus any earnings carried over, after deduction of any earnings retained or sums assigned to one or more reserves by the Shareholders' Meeting, are distributed among shares, without distinction;
- the Shareholders' Meeting may grant to each shareholder, for all or part of the dividend being distributed, or for advances on dividends, the option to be paid in cash or in shares.

IDENTIFIABLE BEARER SHARES *(ARTICLE 9 OF THE BY-LAWS)*

The Company is authorized, under the terms and conditions provided by current legal provisions, to ask Euroclear France for the information needed to identify the owners of bearer shares that grant, whether immediately or at a later date, voting rights in its Shareholders' Meetings, as well as the quantity of shares or other securities held by each owner and, as the case may be, any restrictions that may apply to such shares or other securities.

SHAREHOLDERS' GENERAL MEETINGS *(ARTICLES 21 AND 22 OF THE BY-LAWS)*

Convening

Shareholders' General Meetings are convened under the terms and conditions provided by current legal provisions and are held either at the registered office or in any other place specified on the Notice of Meeting.

Conditions for admission

All shareholders have the right to take part in Shareholders' General Meetings – whether in person, via a proxy or by correspondence – subject to the obligation to prove their identity and, in the case of holders of bearer shares, to deposit a certificate of holding justifying the recording of the bearers shares. Registration or deposit formalities must be completed three business days before the meeting at the latest.

Any shareholder may also, by decision of the Board of Directors as notified in the Notice of Meeting, take part in General Meetings and vote by data transmission and/or any other means of telecommunication, under the conditions provided by current legal provisions.

Conditions for exercise of voting rights

All documents provided by articles R. 225-81 and R. 225-83 of the Code of Commerce, including a mail or proxy voting form, are sent to shareholders on request. This form cannot be validly taken into consideration unless it is completed in accordance with current legislation and returned to the registered office or to the address given on the Notice of Meeting. Moreover, any shareholder may, by decision of the Board of Directors as notified in the Notice of Meeting, obtain and return the form for voting by mail or proxy, by data transmission or any other means of telecommunication, under the terms and conditions provided by current legal provisions.

Double voting rights

As of the Shareholders' General Meeting of July 2, 1968, shares registered in the name of the same shareholder for at least two years carry a double voting right. This right is authorized by law and provided by article 22 of the by-laws, and is intended to reward the Company's shareholders for their loyalty. The double voting right is also granted to new free shares granted to shareholders under a capital increase operation, on the basis of the old shares for which they already benefited from this right. The double voting right ceases ipso jure when a registered share is converted to a bearer share or is transferred, except in cases of collateral assignment or transfer as life interest or by inheritance or family bequest. Finally, the double voting right may be cancelled by decision of an Extraordinary Shareholders' General Meeting with prior authorization by the Special General Meeting of the holders of such right.

Restriction of voting rights: None

DISCLOSURE OF THRESHOLD CROSSINGS

Imerys' by-laws do not contain any clause imposing disclosure requirements in the case of holdings that cross certain thresholds, other than those set down by the law.

Any shareholder, whether acting alone or with others, whose holding comes to rise above or fall below one of the holding thresholds for the Company's capital and/or voting rights provided by legislation in force must comply with the provisions of articles L. 233-7 to L. 233-11 of the Code of Commerce and, more specifically, inform the Company or, as the case may be, any person that the Company may have designated for that purpose, within five days of their holding crossing the threshold in question. In the event of failure to comply with this obligation, the provisions of article L233-14 of the Code of Commerce shall apply.

2 - INFORMATION CONCERNING THE SHARE CAPITAL

2.1 Nominal amount of the share capital and number of voting rights

- On December 18, 2007, the Board of Directors cancelled 606,543 self-held shares bought directly on the market by the Company during financial 2007 and assigned them in their entirety for cancellation under the share buyback program approved by the Ordinary Shareholders' General Meeting of May 2, 2006 and the Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2007. This cancellation of self-held shares led to a reduction in the Company's capital by a nominal amount of €1,213,086.
- On January 14, 2008, the Chairman of the Board of Directors noted that, on December 31, 2007, the share capital had been increased by a nominal amount of €797,558 euros as a result of the exercise in 2007 of 398,779 subscription options giving the right to the same number of Imerys shares.

As a result of those operations, Imerys' fully-paid up share capital as on December 31, 2007 totaled €126,253,712; it was made up of 63,126,856 shares with €2 par value of which 34,121,643 enjoyed double voting rights pursuant to article 22 of Imerys' by-laws. Finally, the total number of voting rights attached to existing shares was 97,048,499.

Share capital did not change and the number of voting rights did not change significantly between December 31, 2007 and the date of the present Annual Report.

Taking into account the 3,103,391 share subscription options granted to certain employees and executives and not yet exercised on December 31, 2007, Imerys' potential share capital – with all rights exercised – was €132,460,494 as on January 1, 2008.

No directly registered shares have been pledged by the Company.

2.2 Changes in share capital over the past five years

Changes in the number of shares and in the Company's share capital over the past five years are as follows:

Year	*Operation*	*Nominal amount of change in capital (€)*	*Issue premium (€)*	*Number of securities created*	*Par value of securities (€)*	*Successive amounts of the Company's capital (€)*	*Number of shares that make up capital*
2003	Cancellation of shares	(1,229,112)	(21,265,612)	(153,639)	8	124,786,488	15,598,311
	Exercise of stock options	2,179,472	28,555,087	272,434	8	126,965,960	(*) 15,870,745
2004	Division of par value by 4	-	-	-	2	-	63,482,980
	Cancellation of shares	(1,280,000)	(29,963,700)	(640,000)	2	125,685,960	62,842,980
	Exercise of stock options	1,214,080	16,743,319	607,040	2	126,900,040	(*) 63,450,020
2005	Exercise of stock options	1,043,690	14,580,282	521,845	2	127,943,730	(*) 63,971,865
2006	Cancellation of shares	(2,650,000)	(80,805,619)	(1,325,000)	2	125,293,730	62,646,865
	Capital increases reserved for employees	100,000	2,607,402	50,000	2	125,393,730	62,696,865
	Exercise of stock options	1,275,510	17,689,386	637,755	2	126,669,240	(*) 63,334,620
2007	Cancellation of shares	(1,213,086)	(40,885,873)	(606,543)	2	125,456,154	62,728,077
	Exercise of stock options	797,558	13,645,455	398,779	2	126,253,712	(*) 63,126,856

(*) *As on December 31*

2.3 Financial authorizations

SECURITIES REPRESENTING SHARES IN CAPITAL

General authorizations

A set of financial authorizations, in accordance with the provisions of articles L. 225-129 et seq. of the Code of Commerce, was granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2007. These financial authorizations are intended to allow the Company, if necessary, to increase its permanent capital at the appropriate time either by capitalization of reserves, income and issue, share or other premiums or by the issue of various securities granting access, immediately or in the future, to Imerys' share capital with or without preemptive subscription rights.

The maximum nominal amount [(*)] of the capital increases that may be carried out in this way was set at:

- €80 million for the issues carried out with preferential subscription right or with cancellation of preferential subscription right, respectively;
- €110 million in total for all such issues.

Furthermore, the maximum nominal amount of loan securities that may be issued under these authorizations was set at €2.5 billion.

Moreover, the Board of Directors was authorized by the Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2007 to:

- set the issue price of the various securities that may be issued in the event of discontinuation of shareholders' preemptive subscription rights, within the limit of 10% of the Company's share capital per year and minus a possible 10% discount;
- carry out one or more capital increases, within the limit of 10% of the share capital, in order to compensate, except in the case of a public exchange offer, contributions in kind made to the Company and comprised of securities that give access to capital, including in a company of which the shares are not admitted for trading on a regulated market;
- issue, in one or more times, any compound securities representing debts of the Company, within the global limit of €2.5 billion, it being specified that the nominal amount of the debt securities to be issued pursuant to the authorizations mentioned previously shall be charged to that amount.

Pursuant to the power granted by the Shareholders' General Meeting, the Board of Directors delegated to the Chief Executive Officer the specific powers needed to carry out increases of the Company's capital by capitalization of reserves, income and issue, share or other premiums within the limit of a maximum nominal amount of €10 million.

These authorizations and the powers they offer are useful in giving Imerys access, within the best possible timeframe and in line with the best possibilities on the financial market, to any new financial resources that may be necessary when the time comes.

None of these general authorizations were used in financial 2007. To date, there are no securities issued by Imerys that grant access, immediately or in the future, to its share capital.

As on the date of the present Annual Report, the Managing Board does not, for the time being, intend to exercise any of the financial authorizations granted to issue securities representing shares in the Company's capital.

These authorizations will expire on July 1, 2009.

(*) To which amount shall be added, as the case may be, the additional mount of any shares to be issued to maintain, in accordance with the law, the rights of holders or securities or rights giving access to capital.

Specific authorizations in favor of the Group's employees or executives

• Capital increases reserved for Group employees

The Ordinary and Extraordinary Shareholders' General Meeting held on May 2, 2007 delegated to the Board of Directors the powers needed to carry out capital increases reserved for employees that join the Group Savings Plan adopted on September 1, 2000, as last amended on September 21, 2006. The maximum nominal amount of capital increases that may be carried out in this way by the issue of shares is set at €1.6 million, i.e. a maximum of 800,000 shares; the price of the shares to be issued must be determined in accordance with the provisions of article L. 443-5 of the Labor Code.

This authorization will expire on July 1, 2009.

This authorization was not used in financial 2007. As on the date of the present Annual Report, the Board of Directors does not plan to carry out a capital increase reserved for employees in 2008.

• Stock subscription or purchase options and free share grants

The Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2005 authorized the Board of Directors to grant to certain employees and executives of the Group:

- options for the subscription of new shares or the purchase of existing shares, and
- free shares of the Company.

The maximum nominal amount of the shares likely to be covered by the options granted under this authorization, combined with that of the shares granted under free allotments by the Company, is set at €5.5 million, i.e. a maximum number of 2,750,000 shares.

To date, the Board of Directors has used these two authorizations to grant 1,873,770 subscription options to Group employees and 9,750 free shares to a limited number of its executives. Taking these grants into account, the aggregate balance of the current authorizations given to the Board of Directors as on December 31, 2007, was €1,732,960, i.e. 866,480 share subscription options or free shares.

As these two authorizations expire on July 2, 2008, their renewal on similar terms to existing authorizations and their substitution for the previously granted authorizations will be proposed at the next Shareholders' General Meeting. To take into account the Group's larger scope, in particular, the maximum number of share subscription or purchase shares that the Company may grant, together with the number of free shares that may be granted, would be increased to 3,700,000, i.e. a maximum nominal amount of €7,400,000 *(for more details on the general policy for granting share subscription or purchase options and free shares, please refer to paragraph 4.1 and section 5, respectively, of chapter 6 of the Annual Report)*.

Share buyback authorization

The Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2007 renewed the authorization previously granted by the Ordinary Shareholders' General Meeting of May 2, 2006 to allow the Company to buy back its own shares, pursuant to the provisions of articles L. 225-209 et seq. of the Code of Commerce, within the limit of 10% of the total number of shares issued and outstanding on January 1, 2007, i.e. 6,333,462 shares, and within the limit of a total purchase volume of €696.7 million. At the same Shareholders' General Meeting, the maximum purchase price was set at €110 per share and the minimum selling price at €40 per share.

The objective of this authorization is to enable the Company to make purchases of its own shares:

- through an investment services firm acting in the name and on behalf of the company, in order to ensure the liquidity of the market under a liquidity contract in accordance with a code of conduct recognized by Autorité des marchés financiers ("AMF");

- for the purposes of granting stock purchase options or free shares to certain employees and executives of the Group;
- for the delivery or exchange of shares with respect to external growth operations;
- for the purposes of the subsequent cancellation of the shares acquired by reducing the Company's capital, in particular in order to compensate any capital increases likely to result from the exercise of granted stock subscription options.

For details of the operations carried out under the share buyback programs in force during the past financial year, please refer to *paragraph 2.4. of the present chapter*.

As the authorization granted by the Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2007 expires on November 1, 2008, its renewal on a similar basis will be proposed at the next General Meeting *(see chapter 8, paragraph 1.4. and section 4 of the Annual Report)*.

Cancellation of Company shares

The Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2007 granted the Board of Directors the authorization to cancel Company shares held with respect to the share buyback programs authorized by its shareholders, within the limit of 10% of capital per 24-month period and to reduce the share capital accordingly.

The Board of Directors used this authorization to cancel on December 18, 2007, 606,543 shares bought directly on the market by the Company in 2007.

This authorization will expire on May 2, 2009.

OTHER SECURITIES

The total nominal amount of ordinary bonds issued by the Company and outstanding as on the date hereof was €1,054.3 million on their date of issuance *(see note 26 to the consolidated financial statements)*.

Pursuant to the specific authorization granted to the Chief Executive Officer on February 14, 2007 by the Board of Directors, on April 18, 2007 the Company issued a debenture loan of €500 million at a fixed rate of 5.00% per annum and maturity at 10 years on the regulated market of the Luxembourg Stock Exchange, in order to refinance the bond issues maturing in May and June 2007.

Furthermore, as the decision to issue ordinary bonds is now within the competence of the Board of Directors, in accordance with article L. 228-40 of the Code of Commerce the Board of Directors delegated full powers to the Chief Executive Officer on May 2, 2007 for the purposes of carrying out such issues within the period of one year and the initial limit of a maximum annual nominal amount of €1.5 billion and a maximum nominal amount per operation of €350 million.

An overview of all the financial authorizations granted to the Board of Directors is set out in the table below.

TABLE SUMMARIZING EXISTING FINANCIAL AUTHORIZATIONS

Type of issue	*Date of authorization*	*Expiry of authorization (duration)*	*Nominal maximum amount of capital increase that may result, immediately or in the future, from the issue (excluding adjustments)*	*Maximum amount of issue of loan instruments* [1]	*Use of existing authorizations (amount)*	*Potential dilution that may result from the use of authorizations (%)* [2]
General authorizations						
All securities, with preemptive subscription rights	May 2, 2007	July 1, 2009 (26 months)	€80 million	€2,500 million	-	38.79%
All securities, without preemptive subscription rights and with, as the case may be, a priority period granted by the Board of Directors	May 2, 2007	July 1, 2009 (26 months)	€80 million	€2,500 million	-	38.79%
Capitalization of reserves, earnings and issue or share premiums	May 2, 2007	July 1, 2009 (26 months)	n / a	n / a	-	n / a
Compensation for contributions in kind made of securities representing shares in or giving access to capital	May 2, 2007	July 1, 2009 (26 months)	[3] €12.62 million	€2,500 million	-	9.09%
Overall limit of general authorizations			**€100 million**	**€2,500 million**	**-**	**46.56%**
Specific authorizations in favor of employees and executives						
Shares reserved for Group employees under the Group Savings Plan without preemptive subscription rights	May 2, 2007	July 1, 2009 (26 months)	€1.6 million	n / a	-	1.25%
Share subscription options[4] and free share grants	May 3, 2005	July 2, 2008 (38 months)	€5.5 million	n / a	€3.767 million	4.17%
Overall limit of specific authorizations in favor of employees and executives			**€7.1 million**	**n / a**	**€3.767 million**	**5.32%**
Authorized total			**€117.1 million**	**€2,500 million**	**€3.767 million**	**48.12%**

[1] Maximum nominal amount of securities representing debts of the Company that may give access to ordinary shares.

[2] Based on current par value of €2 per share and the amount of share capital as on December 31, 2007.

[3] i.e. 10% of share capital as on December 31, 2007.

[4] Potential dilution with respect to stock subscription options granted and not exercised as on the date of the present Annual Report is 4.69% (see chapter 6, section 4 of the Annual Report).

2.4 Share buyback programs

LEGAL FRAMEWORK OF SHARE BUYBACK PROGRAMS IMPLEMENTED IN 2007

As described in paragraph 2.3. of the present chapter, the Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2007 renewed, in favor of the Board of Directors and for a period of 18 months, i.e. until November 1, 2008, the authorization previously granted by the Ordinary Shareholders' General Meeting held on May 2, 2006 for the Company to buy back its own shares, in accordance with articles L. 225-209 et seq. of the Code of Commerce.

The Board of Directors, at its meeting of May 2, 2007, delegated to the Chief Executive Officer all powers for the purposes of making purchases or having purchases made of the Company's shares, in the conditions and within the limits set by the Shareholders' General Meeting. Pursuant to that delegation, in 2007 the Chief Executive Officer, in the framework of the programs authorized by the Shareholders' General Meeting, carried out the operations described below.

Furthermore, as from June 1, 2004, the Company appointed Rothschild & Cie Banque to implement a new liquidity contract, in compliance with the Association Française des Entreprises d'Investissement code of conduct, for a period of one year, renewable by tacit agreement. The total cash amount allocated by the Company to the implementation of this liquidity contract, initially set at €12 million, was increased to €24 million by an amendment entered into on September 28, 2005.

OPERATIONS CARRIED OUT IN 2007 (*)

The following operations were carried out with respect to the Company's share buyback programs in 2007:

Details of purchase and sale transactions made out in 2007

	Transactions made from January 1 to May 1, 2007		***Transactions made from May 2 to December 31, 2007***	
Date of Shareholders' Meeting authorizing the program	*May 2, 2006*		*May 2, 2007*	
	Aggregate gross flow		*Aggregate gross flow*	
	Purchase	*Sale*	*Purchase*	*Sale*
Transactions made by the Company				
Number of shares	3,000	-	603,543	-
Average price of transactions (€)	65.10	-	69.43	-
Total amount of transactions (€)	195,300	-	41,903,659	-
Transactions carried out via a liquidity contract				
Number of shares	565,733	504,733	814,369	675,369
Average price of transactions (€)	69.92	70.34	71.38	70.14
Total amount of transactions (€)	39,555,992	35,502,781	58,133,639	47,369,192

(*) *All prices and amounts are given excluding fees and commission.*

Overview of purchase and sale transactions carried out in 2007 and number of self-held shares as on December 31, 2007

	Transactions made from January 1 to December 31, 2007	
	Aggregate gross flow	*Aggregate gross flow*
	Purchase	*Sale*
Number of shares	1,986,645	1,180,102
Average price of transactions (€)	70.36	70.22
Total amount of transactions (€)	139,788,590	82,871,973

Taking into account the purchase and sale transactions made during the year *(see table above)* and the cancellation on December 18, 2007 of a total of 606,543 self-held shares, the balance of shares held by the Company in itself, directly or via the liquidity contract, as on December 31, 2007 was 200,000.

It is specified that all the Imerys shares acquired directly by the Company on the market in 2007 were assigned for the purpose of cancellation.

All transactions by the Company with respect to its share buyback programs, whether directly or via the liquidity contract, are made on a spot basis without any open purchasing or selling position being taken.

The bank fees relating to the purchase transactions made by the Company directly on the market in 2007 totaled €42.099.

OVERVIEW OF TRANSACTIONS MADE BY THE COMPANY FROM MARCH 1, 2007 TO FEBRUARY 29, 2008

In accordance with AMF recommendations, the period in question begins on the day after the date as on which the report on the previous program was drawn up *(see chapter 5, paragraph 2.4 of the Annual Report 2006)*.

	Transactions made from March 1, 2007 to February 29, 2008					
	Aggregate gross flow		*Open positions as on February 29, 2008*			
			Open purchasing positions		*Open selling positions*	
	Purchases	*Sales or transfers*	*Call options bought*	*Forward purchases*	*Call options sold*	*Forward sales*
Number of shares	2,211,138	1,322,595				
Average maximum term	n.a	n.a				
Average transaction price (€)	46.18	67.49	néant	néant	néant	néant
Average exercise price (€)	n.a	n.a				
Total amount of transactions (€)	102,113,282	89,259,525				

As on February 29, 2008, the results of the share buyback program in force were as follows:

- Percentage of capital directly or indirectly held by the Company itself: 0.76 %
- Number of securities held in portfolio: 482,000, among which 132,000 were assigned to the liquidity contract
- Number of shares cancelled in the past 24 months: 1,291,543
- Book value of portfolio: 23,290,825 euros
- Market value of portfolio: 26,779,920 euros.

The Company did not use any derivatives with respect to the share buyback program in force.

RENEWAL OF SHARE BUYBACK PROGRAM

As the authorization granted by the Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2007 expires on November 2, 2008, its renewal in favor of the Board of Directors for a further period of 18 months, i.e. until October 30, 2009, will be proposed at the General Meeting of April 30, 2008 *(see paragraph 1.4. and section 4 of chapter 8 of the Annual Report)*. The number of shares that may be acquired under the new authorization may not exceed 10% of the number of issued and outstanding shares as on January 1st, 2008, i.e. 6,312,685 shares. The maximum purchase price will be €110.

This new authorization will have the same objectives as previous programs, i.e. to enable the Company to make purchases of its own shares:

- through an investment services firm acting in the name and on behalf of the company, in order to ensure the liquidity of the market under a liquidity contract in accordance with a code of conduct recognized by AMF;
- with respect to employees' participation in shareholding plans set up by the Company or for the purposes of granting stock purchase options or free shares to certain employees and executives of the Group;
- for the delivery or exchange of shares with respect to external growth operations;
- for the purposes of the subsequent cancellation of the shares acquired by reducing the Company's capital, in particular in order to remunerate any capital increases likely to result from the exercise of granted stock subscription options.

In accordance with the provisions of article L. 225-209 of the Code of Commerce and articles 241-1 to 242-7 of AMF's General Regulations, the description of this new program will be available on the Company's website (www.imerys.com – our Group – Publications & Regulated Information section) and on the AMF website (www.amf-france.org). A copy of this description can also be obtained on request from the Company's head office.

2.5 Employee shareholder plans

As on December 31, 2007, 0.36% of capital and 0.32% of voting rights in the Company were held, either directly or through a company mutual fund, by Group employees under the Group Savings Plan *(for more information concerning the number of employee shareholders per country, see chapter 4, paragraph 8.6 of the Annual Report)*.

3 - DISTRIBUTION OF SHARE CAPITAL AND VOTING RIGHTS

3.1 Distribution of share capital and voting rights

Changes in the distribution of share capital and voting rights over the past three years are as follows:

	As on 12/31/2005				*As on 12/31/2006*				*As on 12/31/2007*			
	Number of shares held	*% of share capital*	*Voting rights attached*	*% of voting rights*	*Number of shares held*	*% of share capital*	*Voting rights attached*	*% of voting rights*	*Number of shares held*	*% of share capital*	*Voting rights attached*	*% of voting rights*
PARGESA	17,141,712	26.80	34,283,424	42.47	17,091,712	26.99	34,183,424	35.09	**17,246,462**	**27.32**	**34,338,174**	**35.38**
GBL[1]	16,744,028	26.17	16,744,028	20.74	16,744,028	26.44	33,488,056	34.38	**16,898,778**	**26.77**	**33,642,806**	**34.67**
Sub-total	33,885,740	52.97	51,027,452	63.21	33,835,740	53.43	67,671,480	69.47	**34,145,240**	**54.09**	**67,980,980**	**70.05**
Prudential Plc[2]	-	-	-	-	-	-	-	-	**5,110,441**	**8.10**	**5,110,441**	**5.27**
Group employees [3]	216,355	0.34	328,967	0.41	248,118	0.39	352,253	0.36	**228,311**	**0.36**	**313,192**	**0.32**
Held by the Company	648,170	1.01	-	-	-	-	-	-	**200,000**	**0.32**	**-**	**-**
Public	29,221,600	45.68	29,373,519	36.38	29,250,762	46.18	29,404,174	30.18	**23,442,864**	**37.13**	**23,643,886**	**24.36**
Total	63,971,865	100.00	80,729,938	100.00	63,334,620	100.00	97,427,907	100.00	**63,126,856**	**100.00**	**97,048,499**	**100.00**

[1] For the purposes of this table, GBL represents all the companies in Groupe Bruxelles Lambert. Shares in the Company have been held since December 15, 2004 by Belgian Securities BV, a subsidiary of Groupe Bruxelles Lambert.

[2] For the purposes of this table, Prudential Plc represents all the companies belonging to its group.

[3] In accordance with the provisions of article L. 225-102 of the Code of Commerce, only shares held by Group employees under the Groups Savings Plan appear in this table.

As on December 31, 2007 the members of the Board of Directors, including the Chief Executive Officer, held on a personal basis 0.10 % of the Company's capital and voting rights *(for more details, see chapter 6, paragraph 1.2 of the Annual Report)*.

3.2 Crossing of thresholds

By a letter dated February 28, 2007, M&G Investment Management Ltd notified the Company and declared to AMF that on February 22, 2007 it had exceeded the holding threshold of 5% of the Company's capital with 3,699,956 shares, representing 5.84 % of outstanding capital and 3.8 % of voting rights (AMF decision and notice 207C0401). Furthermore, M&G Investment Management Ltd notified the Company and declared to AMF on January 23, 2008 that it had exceeded the 5% threshold of voting rights in the Company following the acquisition on December 12, 2007 of new shares in the Company, increasing its interest to 5,110,441 shares, i.e. 8.02 % of outstanding capital and 5.22 % of voting rights existing on that date (AMF Decision and Notice #208C0178).

As of the date of the present Annual Report and to the best of Imerys' knowledge, no shareholder other than those mentioned in paragraph 3.1 above directly or indirectly holds more than 5 % of voting rights.

3.3 Shareholders' agreement

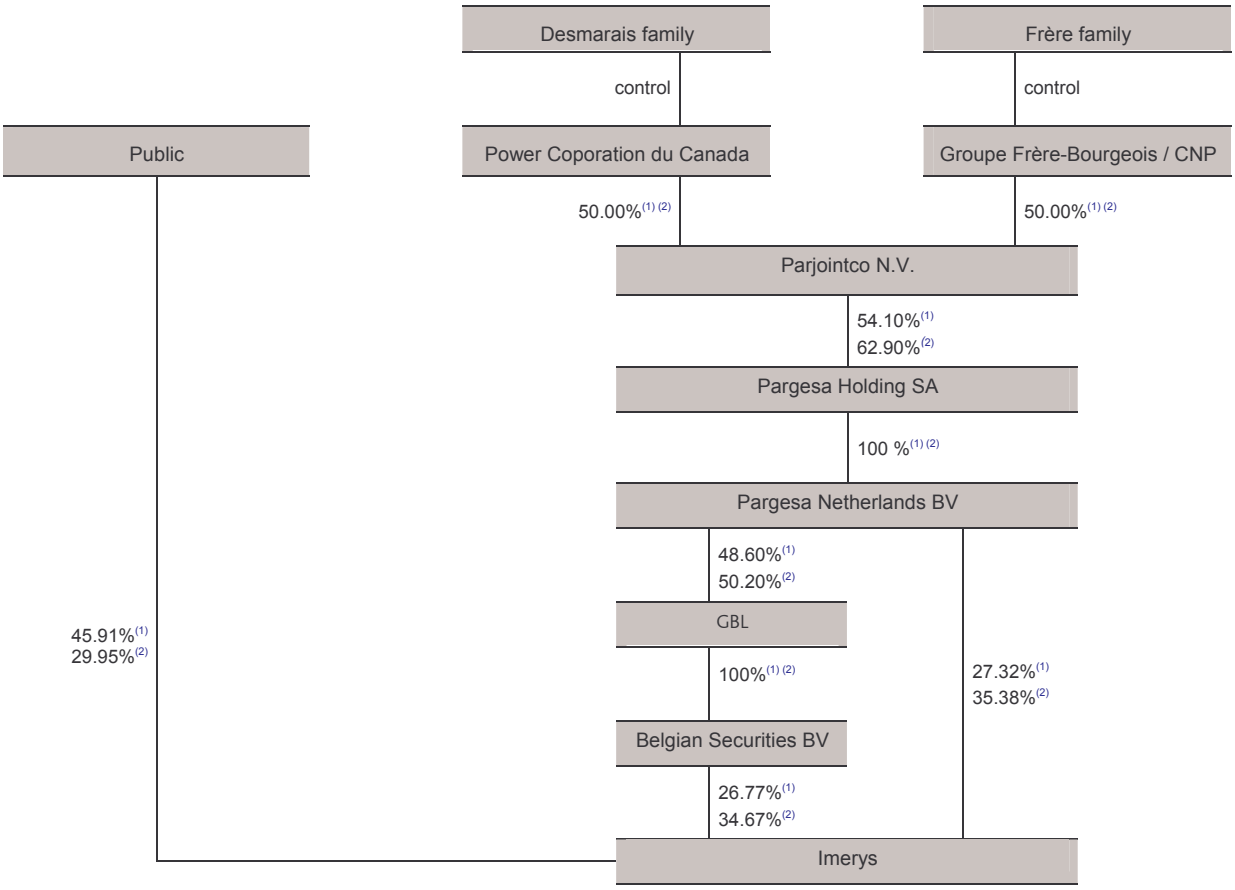
As of the date of the present Annual Report, the Company has not been informed of any agreement between the Company's shareholders.

3.4 Identification of bearer shareholders

Imerys asked Euroclear France to conduct a survey of identifiable bearer shares in the Company among financial intermediaries with holding thresholds over 300,000 shares. This survey identified 1,555 bearer shareholders with over 400 shares that together represented 40.36% of share capital as on November 30, 2007 (of which 205 professional investors holding 37.75% of share capital).

3.5 Group shareholding structure

The organizational chart showing relationships among Imerys shareholders with regard to share capital and voting rights as of December 31, 2007 may be presented as follows:



(1) Percentage of share capital

(2) Percentage of voting rights

Pargesa Holding SA is a company organized under the laws of Switzerland with registered offices located at 11 Grand-rue, CH 1204 Geneva (Switzerland). Pargesa Netherlands BV is a company organized under the laws of the Netherlands, with registered offices located at Herengracht 483, 1017 BT Amsterdam (Netherlands). Groupe Bruxelles Lambert (GBL) is a company organized under the laws of Belgium, with registered offices located at Avenue Marnix 24, 1000 Brussels (Belgium). Belgian Securities BV is a company organized under the laws of the Netherlands, with registered offices located at Herengracht 555, 1017 BW Amsterdam (Netherlands).

The direct tie-up of Imerys to the Pargesa-GBL group results from the merger of Parfinance into the Company, carried out on June 30, 1998. Parfinance was then, and had already been for several years, the Company's controlling shareholder.

Parjointco is a company organized under the laws of the Netherlands, with registered offices located at 3016 DE-Rotterdam, Veerkade 5, Netherlands. It is held equally by Power Group, a Canadian group controlled by the family of Mr. Paul Desmarais, Jr. and by Groupe Frère/CNP (Compagnie Nationale à Portefeuille), a Belgian group controlled by the family of Baron Albert Frère.

Following the merger of Parfinance into the Company, the Pargesa-GBL group, then the majority shareholder of Parfinance, declared on July 6, 1998 that, with respect to the concerted action that united them, it exceeded the thresholds of one-third and one-half of share capital and voting rights in the Company. "Conseil des Marchés Financiers" (CMF) acknowledged that said thresholds were exceeded as a result of the Company's merger with Parfinance and granted Pargesa-GBL group a dispensation from the obligation to file a take-over bid plan, pursuant to the provisions of article 5-4-6 of its General Rules (notice 198C0696 of July 23, 1998).

On December 20, 2006, the Pargesa-GBL group informed AMF that, following the allocation of double voting rights to the Imerys shares held by Belgian Securities BV resulting from their being held in a registered account for more than two years on December 15, 2006, the Pargesa-GBL group had exceeded the threshold of 2/3 voting rights in the Company and Belgian Securities BV had directly exceeded the threshold of 1/3 voting rights (AMF decision and notice 207C0012). On January 9, 2007, AMF, at the request of Belgian Securities BV and based on article 234-9 6° of its general regulations, granted the latter company a dispensation from the obligation to file a take-over bid plan for the Company, as provided by article 234-2 of said regulations (AMF decision and notice 207C0065).

4 - IMERYS STOCK EXCHANGE INFORMATION

Imerys shares are listed on the Euronext Paris and are eligible for the deferred settlement system (“Système à Règlement Différé” - SRD) (ISIN FR code 0000120859-NK). Imerys is part of the SBF 120, which represents the 80 biggest stocks (in terms of float and liquidity) after the 40 stocks in CAC 40 index. The Imerys share is also part of “Dow Jones Euro Stoxx 600,” the benchmark index for the euro zone, made up of 360 selected shares from the 11 countries in the zone.

Imerys shares are also included in the “FTSE4Good,”and "ASPI Eurozone®"[(*)] indexes that identify companies that are globally acknowledged for their good corporate citizenship in terms of sustainable development (respect for human rights and the environment, development of relationships with stakeholders). No shares in an Imerys subsidiary are traded on any stock exchange.

4.1 High and low prices from 2003 to 2007

(euros)

Year	*High*	*Low*	*Last price during financial year*
2003	42.95	23.25	41.73
2004	62.35	40.63	61.75
2005	65.00	54.15	61.10
2006	72.55	53.90	67.40
2007	78.30	52.65	56.24

(Source: Euronext)

(*) Advanced Sustainable Performance Indices – Index managed by the ranking agency Vigeo.

4.2 Trades since January 2006

			Total monthly trading volume		Average daily trading		
	Highest price (€)	*Lowest price (€)*	*Number of shares*	*Capital (M€)*	*Number of shares*	*Capital (M€)*	*Number of trades*
2006							
January	68.00	60.80	2,424,856	158.09	110,221	7.19	731
February	72.55	67.60	1,970,415	139.49	98,521	6.97	732
March	71.90	66.60	2,036,287	140.70	88,534	6.12	669
April	70.30	65.75	1,763,004	120.22	97,945	6.68	658
May	71.35	59.45	3,903,488	258.61	177,431	11.76	856
June	64.00	57.45	2,608,144	157.49	118,552	7.16	660
July	62.75	54.75	2,079,065	121.50	99,003	5.79	607
August	60.90	53.90	3,421,437	194.85	148,758	8.47	729
September	68.00	59.25	3,173,121	197.73	151,101	9.42	769
October	69.00	64.45	3,387,234	225.28	153,965	10.24	720
November	69.00	64.80	2,443,411	164.55	111,064	7.48	666
December	67.80	63.90	4,392,822	288.05	231,201	15.16	867
Total 2006			**33,603,284**	**2,166.56**			
2007							
January	73.45	66.60	3,182,448	222.68	144,657	10.12	895
February	75.20	64.75	3,724,988	264.47	186,249	13.22	1,171
March	70.30	64.90	4,011,284	272.17	182,331	12.37	1,229
April	72.07	68.91	2,950,493	208.03	155,289	10.95	1,176
May	74.60	70.35	3,721,567	270.33	169,162	12.29	1,212
June	78.30	72.72	3,693,739	277.51	175,892	13.21	1,334
July	76.63	70.70	3,117,022	230.70	141,683	10.49	1,066
August	71.85	62.55	5,266,703	352.17	228,987	15.31	1,637
September	70.57	61.10	3,378,452	219.28	168,923	10.96	1,160
October	68.66	63.42	2,980,169	197.25	129,573	8.58	973
November	67.28	52.65	5,536,295	319.41	251,650	14.52	1,684
December	60.43	53.37	2,692,538	153.09	141,713	8.06	1,053
Total 2007			**44,255,698**	**2,987.09**			

(Source : Euronext).

5 - PARENT COMPANY/SUBSIDIARIES ORGANIZATION

As on December 31, 2007, the Group was made up of 311 companies in 47 countries.

Imerys, in its capacity as the Group's head company, as well as some of its local holding companies (United States, Brazil, United Kingdom, Asia-Pacific), provides all its subsidiaries with general assistance and with expertise in the following areas: Purchasing; Insurance; Audit; Communication; Accounting & Financial Control; Environment, Health & Safety; Tax; Information Technology; Innovation; Legal; Intellectual Property; Research & Development; Human Resources; Strategy; Treasury.

These services include: assistance and advice in response to case-by-case requests from its subsidiaries, as well as more general studies and analyses and recommendations or proposals on preventive actions.

Compensation for these services is determined on the basis of the related costs incurred by Imerys and its local holding companies. These costs are allocated among the subsidiaries that benefit from the services, either in proportion to their sales in relation to the total sales of the division they belong to or in proportion to the number of their employees. In addition, external costs incurred specifically on behalf of a subsidiary and the cost of employees seconded to a subsidiary are allocated separately to that subsidiary.

The Company invoiced a total amount of €21.2 million in financial 2007 with respect to services provided to its subsidiaries.

The Group's main subsidiaries are listed in note 5.2 to the consolidated financial statements.

6 - DIVIDENDS

Imerys' policy with regard to distribution of dividends is based on earnings recorded for the financial year. Details of the proposed dividend payout with respect to financial year 2007 are given in paragraph 1.1 and section 4.1 of chapter 8 of the Annual Report.

The dividends distributed with respect to financial years 2002 to 2006 were as follows:

	2006	*2005*	*2004*	*2003*	*2002*
Weighted average number of outstanding shares	63,475,098	63,426,126	63,363,013	63,094,096	63,453,104
Group share of net income from current operations, per share	4.86 €	4.53 €	4.12 €	3.48 €	3.11 €
Net dividend per share	1.80 €	1.65 €	1.50 €	1.25 €	1.07 €
Gross dividend per share	1.80 €	1.65 €	1.50 €	1.87 €	1.61 €
Total net distribution	114.2 M€	104.5 M€	95.0 M€	79.4 M€	67.5 M€

Pursuant to articles 158-3 and 243 bis of the General Tax Code, the entire dividend proposed with respect to financial 2007 is eligible for the 40% discount from which private individuals domiciled in France for tax purposes may qualify. However, in accordance with the new tax provisions in force since January 1, 2008, private individuals domiciled in France for tax purposes may, prior to the dividend payment date, opt for an 18% withholding.

Imerys does not usually make interim distributions. Dividends are paid once a year following the Shareholders' General Meeting called upon to approve the management and financial statements for the financial year just ended.

The right to claim dividends lapses five years from the date of payment. Unpaid amounts are deposited with the French State in the first 20 days of January of the year following that lapse.

7 - SHAREHOLDER RELATIONS

Imerys seeks to establish a relationship of trust and openness with its shareholders and has created several communication tools for informing them about the Group's business, strategy, earnings and outlook, including:

- a corporate brochure, giving the key facts of the Annual Report about the Group's business, development during the financial year and financial results, published at the same time as the Group's Annual Report;
- an Annual Report served as Document de Référence (Reference Document) and registered with AMF;
- a half-yearly report on the financial statements to June 30;
- four times a year, a Letter to Shareholders reviewing the Group's news and financial performance;
- a Sustainable Development report, published every two years, that gives shareholders additional information on non-financial items.

All these documents are published in English and French and are sent regularly to every registered shareholder and to the bearer shareholders who so request.

The financial community and individual shareholders are also informed on the Company's business through financial notices in the press each time results are published, including quarterly figures, and when annual Shareholders' General Meetings are convened.

Meetings and conference calls are held on a regular basis with financial analysts, financial intermediaries and institutional investors in the leading financial markets in Belgium, Canada, Denmark, France, Germany, Italy, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States. In 2007, more than 300 meetings were organized with approximately 450 investors and analysts.

Finally, the website www.imerys.com which underwent a design, user-friendliness and technical overhaul in 2007, includes a specific section for private shareholders. It also presents the Group's activities and enables users to follow results presentation meetings and the annual General Shareholders Meeting live. The online financial library groups together the documents that provide regulated information and all the Group's publications (results presentations, press releases, annual brochures and reports, semi-annual reports, letters to shareholders and Sustainable Development reports).

Imerys also provides its registered shareholders with an online service for consulting their securities accounts through the secure Internet site www.ct.olisnet.com (entry olis@actionnaire). This site gives shareholders access to the value of their securities account, their latest security movements, the availability of their securities, their voting rights as well as the prices and characteristics of the securities in their portfolio. Finally, it enables them to obtain all documentation concerning the Company's General Meetings and to vote on line.

Financial Communications belongs to the Group Finance & Strategy Department:
Telephone: +33 (0) 1 49 55 66 55 / Fax: +33 (0) 1 49 55 63 98 / e-mail: actionnaires@imerys.com

Imerys shares are serviced by the following bank:
CACEIS Corporate Trust
14. rue Rouget de Lisle
92862 Issy les Moulineaux Cedex 9
Telephone: +33 (0) 1 57 78 34 44 / Fax: +33 (0) 1 49 08 05 80 / e-mail: ct-contact@caceis.com

CACEIS Corporate Trust is more specifically at the service of registered shareholders for the management of their Imerys shares.

6 Corporate Governance

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Since May 3, 2005, the Company has been organized as a Limited Liability Company (*Société Anonyme*) with a Board of Directors. On that date, it also opted to dissociate the duties of Chairman of the Board of Directors and of Chief Executive Officer, performed by Mr. Aimery Langlois-Meurinne and Mr. Gérard Buffière, respectively. This structure keeps supervisory and management bodies separate and enables the Company to continue applying best practices in terms of Corporate Governance, while simplifying the structure and internal workings of its line management bodies.

The Company complies with the French regulations to which it is subject with respect to Corporate Governance.

1 - BOARD OF DIRECTORS

1.1 Powers

Pursuant to legal and statutory provisions, the Board of Directors:

- Appoints and, as the case may be, dismisses the Chairman and the Chief Executive Officer and, as the case may be, on the Chief Executive Officer's proposal, one or more delegate Chief Executive Officers;
- Constantly controls the management of the Company by the Chief Executive Officer.

For the purposes of that control and in accordance with article 16 of the by-laws:

- The Board of Directors makes the checks and controls that it judges appropriate at any time of the year. It may obtain any documents that it judges useful for carrying out its mission;
- The Chief Executive Officer periodically presents a report to the Board of Directors on the status and running of Company affairs, which is drawn up in the conditions requested by the Board of Directors. The report includes the presentation of the Group's quarterly and half-yearly financial statements;
- Within three months of closing the financial year, the Chief Executive Officer presents the Company's annual financial statements, the Group's consolidated financial statements and his report on the financial year just ended to the Board of Directors for the purposes of checking and control. The Board of Directors settles those financial statements and the terms of its management report to be presented to the annual Shareholders' General Meeting;
- The Chief Executive Officer submits to the Board of Directors his annual operating objectives for the year ahead and, periodically, his long-term strategic projects.

Furthermore, pursuant to the provisions of the Board of Directors' Internal Charter, the Board examines and approves the following prior to their implementation and with respect to the general powers granted to it by the law:

- The strategic orientations of the Company and Group and any operations likely to influence significantly such orientations; it also examines periodically the long-term strategic plan (multiyear plan) drawn up or revised by the Chief Executive Officer;
- The following operations, for which the amount per operation is greater than the threshold of €75 million set by the Board of Directors:
  - Any operations likely to modify the financial structure and scope of business of the Company and the Group, and any commercial or industrial agreements that bind the future of the Company or the Group,
  - The acquisition of an interest in, takeover or disposal - and any operation that may be considered, from an economic point of view, as the acquisition of an interest, takeover or disposal - of any fixed asset;
- As the case may be, the allocation of management tasks between the various Delegate Chief Executive officers, as proposed by the Chief Executive Officer;
- The permanent delegation by the Chief Executive Officer of part of his or her powers in favor of a third party (i.e. not being a Director) with a view to carrying out one or more defined transactions;
- More generally, any commitment by the Company or the Group that may constitute a regulated agreement, in accordance with the law.

Finally, the Board of Directors grants any specific delegations of its powers to the Chief Executive Officer, within the limits and conditions set down by law, for the purposes of:

- The granting by the Company of any personal security (such as third-party guarantees and endorsements) or of any security on its assets, within the limit of a total amount determined in principle every year;
- Making, pursuant to the authorizations granted to the Board of Directors by the Shareholders' General Meeting, purchases by the Company of its own shares or certain capital increase operations;
- Carrying out issues of ordinary bonds in one or more times.

1.2 Composition

The Board of Directors is currently composed of fourteen members. Their term of office is three years and one third of members are renewed each year.

The composition of the Board of Directors is designed to allow the Group to benefit from the diverse and international professional experience of its members and to involve the representatives of Imerys' controlling shareholders in the definition and implementation of the Group's strategy.

CHANGES IN 2007

The Company's shareholders, at their Ordinary and Extraordinary General Meeting of May 2, 2007, approved the renewal for a further period of three years of the terms of office as Directors of Mr. Paul Desmarais, Jr., Mr. Grégoire Olivier, Mr. Robert Peugeot and Mr. Thierry de Rudder. At the same meeting, Mr. Jean Monville was appointed as a new Director of the Company for the same statutory period of three years, in succession to Mr. Yves-René Nanot whose term of office could not be renewed because of the age limit set by the by-laws.

COMPOSITION

On the date of the present Annual Report, the composition of the Board of Directors is as follows:

Name	*Age*	*Nationality*	*Position*	*Date of 1st appointment*	*Year of renewal of term of office* [1]	*Number of shares owned*	*Independent member*
Aimery LANGLOIS-MEURINNE	64	French	Chairman	09/22/1987	2008	30,000	[2] No
Paul DESMARAIS, Jr.	53	Canadian	Vice-Chairman	10/03/1991	2010	1,080	[2] No
Gérard BUFFIERE	63	French	Director and Chief Executive Officer	05/03/2005	2008	[3] 27,000	[4] No
Aldo CARDOSO	52	French	Director	05/03/2005	2008	700	Yes
Jacques DRIJARD	65	French	Director	09/25/1996	2009	600	[2] [5] No
Jocelyn LEFEBVRE	50	Franco-Canadian	Director	06/16/1994	2009	900	[2] No
Eric LE MOYNE de SERIGNY	61	French	Director	06/12/1996	2009	680	[6] Yes
Maximilien de LIMBURG STIRUM	36	Franco-Belgian	Director	05/03/2005	2008	600	[2] No
Gilbert MILAN	55	French	Director	05/02/2006	2009	600	Yes
Jean MONVILLE	63	French	Director	02/05/2007	2010	600	Yes
Grégoire OLIVIER	47	French	Director	05/06/2002	2010	600	Yes
Robert PEUGEOT	57	French	Director	11/04/2002	2010	600	Yes
Thierry de RUDDER	58	Franco-Belgian	Director	03/13/2000	2010	1,000	[2] No
Jacques VEYRAT	45	French	Director	05/03/2005	2008	600	Yes
Total						[7] 65,560	

[1] The exact date of the renewal will be the date of the General Meeting called to rule on the Company's financial statements for the previous year.

[2] Director representing a majority shareholder in the Company.

[3] Gérard Buffière also holds 56.287 units in FCPE Imerys Actions, created under employee shareholder plans (see chapter 5, paragraph 2.5 of the Annual Report); the assets of these funds are mainly invested in Imerys shares.

[4] Chief Executive Officer of the Company.

[5] Former executive of the Company.

[6] In June 2008, Mr. Le Moyne de Sérigny will loose his quality of independence because of the length of his successive terms of office within Imerys (more than 12 years).

[7] i.e. 0.10% of capital and voting rights as on December 31, 2007.

The minimum number of shares required to be a member of the Board of Directors is set at 100 by the by-laws. The Board's Internal Charter increased that number to 600. In that respect, the Company's controlling shareholder groups, which are represented on the Board of Directors by six members, together hold 34,145,240 shares *(see chapter 5, paragraph 3.1 of the Annual Report)*.

Pursuant to statutory provisions, the terms of office of Chairman and Vice-Chairman of the Board of Directors end ipso jure following the General Meeting that rules on the financial statements and management for the financial year during which the incumbent of either position reaches the age of 70.

Furthermore, four members of the Supervisory Board are not solely French nationals and seven are considered "independent." This proportion of independent members in the composition of the Board of Directors (7 out of 14) is greater than the one-third recommended by the consolidated AFEP-MEDEF report of October 2003 for companies with controlling shareholders.

The definition of independence retained by the Board of Directors at its meeting of May 3, 2005 on the proposal of its Appointments & Compensation Committee and confirmed at its meeting on February 13, 2008 is "the lack of any relationship between a member of the Board of Directors and Imerys, its Group or its management that could affect the exercise of his or her freedom of judgment."

In accordance with the recommendations of the consolidated AFEP-MEDEF report, the Board stated in its Internal Charter that the independence criteria used (*) were neither exclusive of independent status if none of them was met, nor necessarily sufficient for that status to be granted. A member's independence must be appraised according to his or her particular personal situation or that of the Company, with respect to his or her shareholding or for any other reason. On those basis, the Appointments & Compensation Committee has pointed out that in June 2008 Mr. Le Moyne de Sérigny will loose his quality of independence because of the length of his successive terms of office within Imerys (more than 12 years).

CHANGES PLANNED IN 2008

After the examination and opinion given by the Appointments & Compensation Committee, the Board will put to the Shareholders at the General Meeting of April 30, 2008 *(see chapter 8, sections 1 and 4 of the Annual Report)* the renewal of the terms of office as Directors of Mr. Aimery Langlois-Meurinne, Mr. Gérard Buffière, Mr. Aldo Cardoso, Mr. Maximilien de Limburg Stirum and Mr. Jacques Veyrat for a further period of three years, i.e. until the end of the General Meeting called in 2011 to rule on the financial statements for financial 2010.

In accordance with the principles used by the Company with respect to the qualification of its Directors as independent, and after examination of their personal situation, the Appointments & Compensation Committee granted that status to Mr. Cardoso and Mr. Veyrat, and refused it for Mr. Langlois-Meurinne and Mr. de Limburg Stirum as representatives of a controlling shareholder of the Company as well as for Mr. Buffière as Chief Executive Officer of the Company.

Subject to the renewal by the Shareholders at the General Meeting of April 30, 2008 of the terms of office as Directors of Mr. Langlois-Meurinne and Mr. Buffière, the Board intends to maintain the dissociation of the duties of Chairman of the Board and of Chief Executive Officer and renew the term of office as Chairman of the Board of Mr. Langlois-Meurinne and as Chief Executive Officer of Mr. Buffière.

(*) *For its application, the Board decided that their being in one or more of the following situations was likely to affect that freedom of judgment:*

- *an employee, corporate officer or Director (or similar) of a subsidiary of Imerys, of its controlling shareholders or major shareholders (i.e. with a share of over 10% of its capital) or having been one in the past five years;*
- *a corporate officer or Director (or similar) of a company in which Imerys, one of its employees or another corporate officer of Imerys (now or in the past five years) is a director (or similar);*
- *a significant customer, supplier or banker of Imerys or its Group;*
- *a close relation of a corporate officer of Imerys;*
- *an auditor of Imerys in the past five years;*
- *a Director (or similar) of Imerys for more than 12 years.*

1.3 Information on the Directors(*)

MAIN ACTIVITY AND OTHER RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS IN 2007

Aimery LANGLOIS-MEURINNE

Chairman of the Board of Directors
Born on May 27, 1943
Work address:
Pargesa Holding S.A.
11, Grand-Rue – 1204 Geneva (Switzerland)

A doctor of law and graduate of Institut d'Etudes Politiques, Paris and Ecole Nationale d'Administration (Robespierre class), Paris, Aimery Langlois-Meurinne began his career in 1971 with Paribas where, for 11 years, he was successively Consultant Engineer, Industrial Delegate in Japan, Assistant Vice-President then Deputy Vice-President in charge of the Asia-Pacific department and, finally, Deputy Vice-President in charge of the international financial operations department. He then joined AG Becker Paribas in New York as Managing Director and member of the Executive Committee, then Merrill Lynch Capital Markets (New York) where he held the position of Managing Director. In 1987, he joined Parfinance as Chief Executive Officer before becoming its Vice-Chairman & Chief Executive Officer in 1990, when he was also appointed Director and Chief Executive Officer of Pargesa Holding S.A. (Switzerland).

List of activities and other responsibilities in French and foreign companies in 2007:

Main activities:

- Director-Chief Executive Officer: Pargesa Holding S.A. (Holding company - Switzerland).
- Chairman of the Board of Directors: Imerys.

Other responsibilities:

- Director-Chairman: Pargesa Luxembourg S.A. (Luxembourg), Pargesa Netherlands BV (Netherlands).
- Director and Vice-Chairman of the Investment Committee and Management Committee: Sagard Private Equity Partners (France).
- Chairman of the Investment Committee: Pascal Investment Advisers SA (Switzerland).
- Director: Groupe Bruxelles Lambert S.A. (Belgium); Club Méditerranée, Eiffage, PAI Management (France).

Paul DESMARAIS, Jr.

Vice-Chairman of the Board of Directors
Born on July 3, 1954
Work address:
Power Corporation du Canada
751, Square Victoria – Montreal (Quebec)
Canada H2Y 2J3

After studies at McGill University, Montreal and an MBA from INSEAD, Fontainebleau, Paul Desmarais, Jr. began his career in 1979 with SG Warburg in London before joining Power Corporation du Canada in 1982. In 1984, he was elected Vice-Chairman of Corporation Financière Power, of which he became Chairman of the Board of Directors in 1990. In 1991, he was appointed Vice-Chairman of the Board of Power Corporation du Canada. As of 1996, Paul Desmarais, Jr. is Chairman of the Board and Co-Chief Executive Officer of Power Corporation du Canada.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activity:

- Chairman of the Board and Co-Chief Executive Officer: Power Corporation du Canada (Holding company - Canada).

Other responsibilities:

- Chairman of the Executive Committee: Corporation Financière Power (Canada).
- Delegate Director and Vice-Chairman of the Board: Pargesa Holding S.A. (Switzerland).
- Vice-Chairman of the Board of Directors: Imerys.
- Director and member of the Executive Committee: Great-West Lifeco Inc. (Canada) and its main subsidiaries; Société Financière IGM Inc. (Canada) and its main subsidiaries.
- Director: Groupe Bruxelles Lambert (Belgium); Suez, Total S.A. (France).
- Member of the International Advisory Board of La Poste (France).

(*) *As notified individually to the Company by each of the Board of Directors members concerned, in function as of December 31, 2007.*

Gérard BUFFIERE

Director and Chief Executive Officer
Born on March 28, 1945
Work address:
Imerys
154, rue de l'Université
75007 Paris (France)

A graduate of Ecole Polytechnique, Paris with a Master of Sciences from Stanford University (United States), Gérard Buffière began his career in 1969 in the French group Banexi. After holding various positions with the American group Otis Elevator, in 1979 he joined the international group Schlumberger, where he held various positions before becoming Chairman of the Electronic Transactions divisions in 1989. His career continued as Chief Executive Officer of the Industrial Equipment division of the French group Cegelec in 1996. He joined the Imerys group in March 1998 where he was appointed Vice-President Building Materials then, in 1999, Vice-President Building Materials and Ceramics & Specialties; in 2000 he took charge of the Pigments & Additives business group, then the Pigments for Paper business group until 2003. Chief Executive Officer from January 1, 2003 to May 3, 2005, Gérard Buffière was appointed Director and confirmed as Chief Executive Officer of Imerys as from that date.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activity:

- Director and Chief Executive Officer: Imerys.

Other responsibilities:

- Chairman of the Board of Directors: Financière du Parc Duquesne (France).
- Manager: Société Immobilière Buffière (France).

Aldo CARDOSO

Director
Born on March 7, 1956
Address:
45, boulevard de Beauséjour
75016 Paris (France)

A graduate of Ecole Supérieure de Commerce, Paris and holder of a Master of Law, Aldo Cardoso began his career in 1979 at Arthur Andersen, where he became a partner in 1989. Vice-President Auditing and Consulting Europe in 1996, then Chairman of Andersen France from 1998 to 2002, he was appointed Chairman of the Supervisory Board of Andersen Worldwide from 2000 to 2002, before becoming Chairman of the Managing Board from 2002 to 2003. In that capacity, Aldo Cardoso managed the shutdown of Andersen's activities worldwide.

List of activities and other responsibilities in French and foreign companies in 2007:

Responsibilities:

- Director: Mobistar (Belgium); Accor, Gaz de France, Imerys, Orange, Rhodia (France).
- Censor: Axa Investment Managers, Bureau Veritas (France).

Jacques DRIJARD

Director
Born on March 29, 1943
Work address:
PGB S.A.
1, Rond-Point des Champs-Elysées
75008 Paris (France)

A Civil Engineering graduate of Ecole Nationale Supérieure des Mines, Paris, Jacques Drijard began his career in 1966 at DBA Group Bendix Corp, before joining the Le Nickel Penarroya Mokta group in 1970. He joined Imetal (later renamed Imerys) in 1974 and in 1988 became Chief Financial Officer and Member of the Executive Committee until 1996. As of 1997, Jacques Drijard is Deputy Chief Executive Officer of Pargesa Holding SA.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activity:

- Deputy Chief Executive Officer: Pargesa Holding S.A. (Holding company - Switzerland).

Other responsibilities:

- Chairman & Chief Executive Officer: PGB S.A. (France).
- Chairman of the Board of Directors: Société Française Percier Gestion "SFPG" (France).
- Delegate Director: Pargesa Compagnie S.A. (Switzerland).
- Director: Imerys (France); Pargesa Netherlands B.V. (Netherlands).

Jocelyn LEFEBVRE

Director
Born on December 22, 1957
Work address:
Power Corporation du Canada
751, Square Victoria – Montréal (Québec)
Canada H2Y 2J3

A business administration graduate of Hautes Etudes Commerciales (HEC) Montréal and a member of the Quebec order of chartered accountants, Jocelyn Lefebvre began his career in 1980 at Arthur Andersen & Co. in Montreal, Brussels and Paris. In 1986, he joined Société Générale de Financement du Québec and the Canadian industrial group M.I.L. Inc., where he was successively Assistant Chairman, Vice-Chairman for administration and special projects then for corporate affairs while holding the position of Chairman of one of its main subsidiaries (Vickers Inc.) until 1991.
In 1992, Jocelyn Lefebvre joined the Power Corporation du Canada group, where he has held various positions in Europe.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activity:

- Director: Power Corporation du Canada (Holding company – Canada).

Other responsibilities:

- Chairman: Sagard S.A.S. (France).
- Member of the Managing Board: Partjointco N.V., Power Financial Europe B.V. (Netherlands).
- Director: Suez-Tractebel S.A. (Belgium); Imerys (France).

Eric LE MOYNE de SERIGNY

Director
Born on April 7, 1946
Work address:
Alternative Leaders France
43, avenue Marceau
75116 Paris (France)

With a postgraduate degree in law from the Paris law faculty, Eric Le Moyne de Sérigny began his career in 1968 at Banque Rothschild, where for 15 years he held various management positions before joining Chase Manhattan Bank as Director and Vice-President in 1984. In 1988, he joined Lloyds Bank S.A. where he was successively Chief Executive Officer then Chairman & Chief Executive Officer until 2002. Since 2003, Eric Le Moyne de Sérigny has been Chairman of the Managing Board of Alternative Leaders France S.A.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activity:

- Chairman of the Managing Board: Alternative Leaders France S.A. (Portfolio management company - France).

Other responsibilities:

- Director: Imerys, Istac S.A., Richelieu Finance (France).

Maximilien de LIMBURG STIRUM

Director
Born on April 29, 1971
Work address:
Compagnie Nationale à Portefeuille
12, rue de la Blanche Borne
6280 Loverval (Belgium)

A graduate of Solvay business school, Brussels, Maximilien de Limburg Stirum began his career in 1995 with Compagnie Nationale à Portefeuille, where he has been Vice President Investments and Member of the Executive Management since 2003.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activity:

- Vice President investments and Member of the Executive Management of Compagnie Nationale à Portefeuille (Holding company - Belgium).

Other responsibilities:

- Director: Distripar, Distriplus, Fidentia Real Estate Investments, GB-INNO-BM, Goinvest, MESA (Molignée Energie), Solvay Business School Alumni, Trasys, Financière Trasys (Belgium), Entremont Alliance, Financière Flo, Imerys, Lyparis, Tikehau Capital Advisors, Unifem (France), Erbe Finance, Swifin (Luxembourg).
- Member of the Supervisory Board: Groupe Flo (France).
- Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: Belgian Sky Shops, GIB Corporate Services, Ijsboerke Ice Cream International, Starco Tielen (Belgium).
- Permanent representative of Fibelpar (Belgium) on the Board of Directors of: Château Rieussec (France) – until May 2, 2007

Gilbert MILAN

Director
Born on April 19, 1952
Work address:
2, rue Alfred de Vigny – 78112 Fourqueux (France)

A civil engineering graduate of Ecole Nationale des Ponts et Chaussées (France) with an MBA from Harvard Business School (United States), Gilbert Milan began his career at Boston Consulting Group in 1979 where he performed various consulting assignments before becoming Managing Partner from 1984 to 1994. In 1995, he created Eveil et Jeux with his wife and was the company's Chief Executive Officer until its sale to FNAC in 2001. In 2003, he founded Deventis Conseil and Milinvest Ventures, for which he is general manager and performs consulting assignments to private equity funds and co-investments. Since 2007, Gilbert Milan has been Chairman of Fnac Eveil & Jeux.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activity:

- Chairman of Fnac Eveil & Jeux (Toys, games & creative leisure – France) since February 15, 2007.

Other responsibilities:

- Chairman: Milinvest Ventures (France).
- Director: Imerys (France).
- Manager: Milinvest (France).

Jean MONVILLE

Director
Born on November 7, 1944
Work address:
SPIE SA
Parc Saint-Christophe – 95863 Cergy Pontoise Cedex (France)

A graduate of Ecole Polytechnique, Paris and the holder of an Economic Science degree, Jean Monville began his career in 1969 at the Financial Department of Société Générale, in charge of the building and public works sector and concession projects. In 1974, he joined Isochem, a company specializing in chemistry and chemical engineering. In 1978, he joined the Spie Batignolles group as vice president export finance. From 1984 to 1992, he was deputy CEO then CEO of Spie Capag, a subsidiary specializing in oil projects. In 1992, he became vice president marketing of the Spie Batignolles group, before being appointed director and CEO in 1995. Since 1997, Jean Monville has been Chairman of the Spie Batignolles group, which became AMEC Spie then, in 2006, Spie SA.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activity:

- Chairman of the Board of Directors: SPIE (Electric engineering group - France).

Other responsibilities:

- Chairman of the Board of Directors: Financière Spie – until November 15, 2007, Spie 4 (France).
- Manager: Spie Management (France).
- Permanent representative of Spie Management: Chairman of Euro Spie, Spie 12, Spie CDF, Spie OPS (France).
- Director: Financière Spie, Imerys – as from May 2, 2007, SBTP, Spie International, Spie Rail – until May 2, 2007 (France).
- Vice Chairman: Fédération Nationale des Travaux Publics (FNTP), Groupement des Industries de l'équipement électrique, du contrôle commande et des services associés (GIMELEC) (France).
- Chairman: MEDEF Committee "Internationalisation de l'Entreprise"

Grégoire OLIVIER

Director
Born on October 19, 1960
Work address:
PSA Peugeot Citroën
Route de Gisy – 78140 Velizy-Villacoublay France)

A graduate of Ecole Polytechnique and Ecole des Mines engineering schools (France) with an MBA from the University of Chicago, Grégoire Olivier began his career at the French Ministry of Industry from 1985 to 1989 before becoming Technical Advisor to the Prime Minister on Industry, Energy and the Environment in 1990. In 1991, he joined the Pechiney group where he held various positions in Europe and the United States until 1998. In 1998, he joined the Alcatel group where he was Division Vice President then Chief Executive Officer of Saft. In 2001, Grégoire Olivier was appointed Chairman of the Managing Board of Sagem. On March 18, 2005, he became a Member of the Managing Board of SAFRAN (resulting from the merger of Sagem and Snecma) and Chairman & Chief Executive Officer of Sagem Communication until August 2006. In September 2006, he became Chairman & Chief Executive Officer of Faurecia until February 6, 2007, when he was appointed Member of the Managing Board of Peugeot SA. Since that date he is also a Member of the Executive Committee and Executive Vice President, Programs of PSA Peugeot Citroën group.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activities:

- Chairman & Chief Executive Officer: Faurecia (Equipment and automotive supplier – France) - until February 6, 2007.
- Member of the Managing Board: Peugeot S.A. (Automotive manufacturer – France) - as from February 6, 2007.
- Member of the Executive Committee: PSA Peugeot Citroën group (as from February 6, 2007).

Other responsibilities:

- Director: Imerys, Peugeot Citroën Automobiles, Wendel Investissement (France).
- Member: Defense Scientific Committee, Strategic Committee on Information Technology (France).

Robert PEUGEOT

Director
Born on April 25, 1950
Work address:
PSA Peugeot Citroën
Route de Gizy – 78140 Vélizy-Villacoublay (France)

A graduate of Ecole Centrale de Paris engineering school and holder of an MBA from INSEAD, Fontainebleau (France), Robert Peugeot began his career in 1975 with Peugeot, where he held several positions both in France and abroad. In 1985 he joined Citroën becoming Vice President Quality and Organization from 1993 to 1998, when he was appointed Vice President Innovation & Quality of PSA Peugeot Citroën and Member of the Executive Committee before being appointed in February 2007, Member of the Supervisory Board of Peugeot S.A. and Member of the Strategic Committee and the Audit Committee of PSA Peugeot Citroën group. Since 2002, he has been Chairman & Chief Executive Officer of FFP.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activities:

- Chairman & Chief Executive Officer: F.F.P. (Société Foncière, Financière et de Participations - Real estate, financial and holding company - France).
- Member of the Supervisory Board: Peugeot S.A. (Automotive manufacturer – France) - as from February 6, 2007.

Other responsibilities:

- Chairman & Chief Executive Officer: Simante, SL (Spain).
- Member of the Supervisory Board: Hermes International (France).
- Director: Alpine Holding (Austria) ; B-1998, SL, Fomentos de Construcciones y Contratas, S.A. "FCC", FCC Construccion, S.A. (Spain); E.P.F. (Etablissements Peugeot Frères), Faurecia, Holding Rainier, Imerys, Immeubles et Participations de l'Est, L.F.P.F. (La Française de participations Financières), Sanef (France); Waste Recycling Group Limited (Great Britain).
- Manager: CHP Gestion, Rodom (France).
- Permanent representative of F.F.P.: Member of the Supervisory Board of Zodiac (France).
- Statutory representative of F.F.P.: Chairman of Financière Guiraud (France).
- Member of the Strategic Committee and the Audit Committee: PSA Peugeot Citroën group - as from February 6, 2007.

Thierry de RUDDER

Director
Born on September 3, 1949
Work address:
Groupe Bruxelles Lambert
24, avenue Marnix
1000 Bruxelles (Belgium)

With degrees in mathematics from Geneva University and mathematics applied to business management from Brussels Université Libre and an MBA from the Wharton School, Philadelphia, Thierry de Rudder began his career in the United States with First National Bank of Chicago before joining Citibank in 1975 where he held several positions in New York than in Europe. In 1986, he joined Groupe Bruxelles Lambert, becoming Delegate Director in 1993.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activity:

- Delegate Director: Groupe Bruxelles Lambert S.A. (Holding company - Belgium).

Other responsibilities:

- Director: Compagnie Nationale à Portefeuille S.A., Suez-Tractebel (Belgium); Imerys, Suez, Total (France).

Jacques VEYRAT

Director
Born on November 4, 1962
Work address:
Neuf Cegetel
40-42, Quai du Point du Jour
92100 Boulogne Billancourt (France)

A graduate of Ecole Polytechnique and Ecole des Ponts et Chaussées, Paris engineering schools, Jacques Veyrat began his career at the French Treasury Department then held various positions on ministers' staffs. In 1995, he joined the Louis Dreyfus group, where he held several management positions, particularly with Louis Dreyfus Armateurs. From 1998 to 2005, Jacques Veyrat was Chairman & Chief Executive Officer of Neuf Telecom before becoming Chairman & Chief Executive Officer of the Neuf Cegetel group (resulting from the merger of Neuf Telecom and Cegetel) in 2005.

List of activities and other responsibilities in French and foreign companies in 2007:

Main activity:

- Chairman & Chief Executive Officer: Neuf Cegetel (Telecommunications – France).

Other responsibilities:

- Chief Executive Officer: Louis Dreyfus Technologies (France).
- Director: Imerys, Irise, SHD (Société du Haut Débit), Tajan (France).
- Member of the Supervisory Board: Amboise Investissement, Jet Multimedia (France).
- Permanent representative of Neuf Cegetel: Chairman of Wengo, Director of LD Collectivités (France).

LIST OF RESPONSIBILITIES HELD BY THE MEMBERS OF THE BOARD, 2003 - 2006

	2006	2005	2004	2003
Aimery LANGLOIS-MEURINNE	• Director-Chief Executive Officer: Pargesa Holding S.A. (Switzerland). • Chairman of the Board of Directors: Imerys. • Director-Chairman: Pargesa Luxembourg S.A. (Luxembourg); Pargesa Netherlands BV (Netherlands). • Director and Vice-Chairman of Investment Committee and Management Committee: Sagard Private Equity Partners (France). • Director: Groupe Bruxelles Lambert S.A. (Belgium); Club Méditerranée, Eiffage, PAI Management (France).	• Director-Chief Executive Officer: Pargesa Holding S.A. (Switzerland). • Chairman of the Board of Directors: Imerys, as from May 3, 2005, previously Chairman of the Supervisory Board. • Director-Chairman: Pargesa Luxembourg S.A. (Luxembourg); Pargesa Netherlands BV (Netherlands). • Director and Vice-Chairman of Investment Committee and Management Committee: Sagard Private Equity Partners (France). • Director: Groupe Bruxelles Lambert S.A. (Belgium); Eiffage, PAI Management (France).	• Director-Chief Executive Officer: Pargesa Holding S.A. (Switzerland). • Chairman of the Supervisory Board: Imerys. • Director-Chairman: Pargesa Luxembourg S.A.(Luxembourg). • Director and Vice-Chairman of Investment Committee and Management Committee: Sagard Private Equity Partners (France).	• Chairman of the Board: Pargesa Netherlands BV (Netherlands). • Director-Chief Executive Officer: Pargesa Holding S.A. (Switzerland). • Chairman of the Supervisory Board: Imerys. • Director: Groupe Bruxelles Lambert S.A. (Belgium); Corporation Financière Power (Canada); Club Français du Livre, Eiffage (France).
Paul DESMARAIS, Jr.	• Chairman of the Board and Co-Chief Executive Officer: Power Corporation of Canada (Canada). • Chairman of the Executive Committee: Corporation Financière Power (Canada). • Vice-Chairman of the Board of Directors: Imerys. • Delegate Director and Vice-Chairman of the Board: Pargesa Holding S.A. (Switzerland). • Director and member of the Executive Committee: Great-West Lifeco Inc. (Canada) and its main subsidiaries; Société Financière IGM Inc. (Canada) an its main subsidiaries. • Director: Groupe Bruxelles Lambert S.A. (Belgium); Suez, Total (France). • Member of the International Advisory Board of La Poste (France).	• Chairman of the Board and Co-Chief Executive Officer: Power Corporation of Canada (Canada). • Chairman of the Board: Corporation Financière Power (Canada). • Vice-Chairman of the Board of Directors: Imerys, as from May 3, 2005, previously of the Supervisory Board. • Delegate Director and Vice-Chairman of the Board: Pargesa Holding S.A. (Switzerland). • Director and member of the Executive Committee: Great-West Lifeco Inc. (Canada) and its main subsidiaries; Société Financière IGM Inc. (Canada) an its main subsidiaries. • Director: Groupe Bruxelles Lambert S.A. (Belgium); Suez, Total (France).	• Chairman of the Board and Co-Chief Executive Officer: Power Corporation of Canada (Canada). • Chairman of the Board: Corporation Financière Power (Canada). • Vice-Chairman of the Supervisory Board: Imerys. • Delegate Director and Vice-Chairman of the Board: Pargesa Holding S.A. (Switzerland). • Director and member of the Executive Committee: Great-West Lifeco Inc. (Canada) and its main subsidiaries; Société Financière IGM Inc. (Canada) and its main subsidiaries. • Director: Groupe Bruxelles Lambert S.A. (Belgium); Suez, Total (France).	• Chairman of the Board and Co-Chief Executive Officer: Power Corporation of Canada (Canada). • Chairman of the Board: Corporation Financière Power (Canada). • Vice-Chairman of the Supervisory Board: Imerys. • Director and member of the Executive Committee: Groupe Bruxelles Lambert S.A. (Belgium); Great-West Lifeco Inc. (Canada) and its main subsidiaries; Pargesa Holding S.A. (Switzerland). • Director: Gesca Ltée, La Presse Ltée, Les Journaux Trans-Canada (1996) Inc. (Canada); Suez, Total (France).
Gérard BUFFIERE	• Director and Chief Executive Officer: Imerys. • Chairman of the Board of Directors: Financière du Parc Duquesne (France). • Manager: Société Immobilière Buffière (France).	• Director and Chief Executive Officer: Imerys, as from May 3, 2005, previously Chairman of the Managing Board. • Chairman of the Board of Directors: Financière du Parc Duquesne (France). • Manager: Société Immobilière Buffière (France).	• Chairman of the Managing Board: Imerys. • Chairman of the Board of Directors: Financière du Parc Duquesne (France). • Manager: Société Immobilière Buffière (France).	• Chairman of the Managing Board: Imerys. • Chairman of the Board of Directors: Financière du Parc Duquesne (France). • Manager: Société Immobilière Buffière (France).
Aldo CARDOSO	• Director: Mobistar (Belgium); Accor, Gaz de France, Imerys, Orange, Rhodia (France). • Censor: Axa Investment Managers, Bureau Veritas (France).	• Lecturer, Institut d'Etudes Politiques de Paris. • Director: Mobistar (Belgium); Axa Investment Managers, Gaz de France, Imerys (as from May 3, 2005), Orange, Rhodia (France). • Censor: Bureau Veritas (France).	• Lecturer, Institut d'Etudes Politiques de Paris • Director: Mobistar (Belgium); Axa Investment Managers, Gaz de France, Orange, Penauille Polyservices, Rhodia (France).	• Executive Chairman: Andersen Worldwide (Switzerland). • Director: Orange (France).

	2006	2005	2004	2003
Jacques DRIJARD	• Chief Executive Officer Adjoint: Pargesa Holding S.A. (Switzerland). • Chairman & Chief Executive Officer: P.G.B. S.A. (France). • Chairman of the Board of Directors: Société Française Percier Gestion "SFPG" (France). • Delegate Director: Pargesa Compagnie S.A. (Switzerland). • Director: Imerys (France); Pargesa Netherlands BV (Netherlands).	• Chief Executive Officer Adjoint: Pargesa Holding S.A. (Switzerland). • Chairman & Chief Executive Officer: P.G.B. S.A. (France). • Chairman of the Board of Directors: Société Française Percier Gestion "SFPG" (France). • Delegate Director: Orior Holding S.A. (Switzerland). • Director: Imerys, as from May 3, 2005, previously Member of the Supervisory Board. • Director: Pargesa Netherlands BV (Netherlands); Orior Food S.A. (Switzerland).	• Chief Executive Officer Adjoint: Pargesa Holding S.A. (Switzerland). • Chairman & Chief Executive Officer: P.G.B. S.A. (France). • Chairman of the Board of Directors: Société Française Percier Gestion "SFPG" (France). • Delegate Director: Orior Holding S.A. (Switzerland). • Member of the Supervisory Board: Imerys. • Director: Pargesa Netherlands BV (Netherlands); Orior Food S.A. (Switzerland).	• Chief Executive Officer Adjoint: Pargesa Holding S.A. (Switzerland). • Chairman & Chief Executive Officer: P.G.B. S.A. (France). • Chairman of the Board of Directors: Société Française Percier Gestion "SFPG" (France); Orior Compagnie S.A. (Switzerland). • Delegate Director: Orior Holding S.A. (Switzerland). • Member of the Supervisory Board: Imerys. • Director: Pargesa Netherlands BV (Netherlands); Orior Finance S.A., Orior Food S.A. (Switzerland).
Jocelyn LEFEBVRE	• Director: Power Corporation of Canada (Canada). • Chairman: Sagard S.A.S. (France). • Member of the Managing Board: Partjoinco N.V., Power Financial Europe B.V. (Netherlands). • Director: Suez-Tractebel S.A. (Belgium); Imerys (France).	• Director: Power Corporation of Canada (Canada). • Chairman: Sagard S.A.S. (France). • Member of the Managing Board: Partjoinco N.V., Power Financial Europe B.V. (Netherlands). • Director: Imerys, as from May 3, 2005, previously Member of the Supervisory Board. • Director: Suez-Tractebel S.A. (Belgium), AFE (France); RTL Group (Luxembourg); Project Sloane (Great Britain).	• Director: Power Corporation of Canada (Canada). • Chairman: Sagard S.A.S. (France). • Member of the Managing Board: Partjoinco N.V., Power Financial Europe B.V. (Netherlands). • Member of the Supervisory Board: Imerys. • Director: Suez-Tractebel S.A. (Belgium); AFE (France); RTL Group (Luxembourg); Project Sloane (Great Britain).	• Director: Power Corporation of Canada (Canada). • Chairman: PEP Management S.A.S. (France). • Member of the Managing Board: Partjoinco N.V., Power Financial Europe B.V. (Netherlands). • Member of the Supervisory Board: Imerys. • Director: Tractebel S.A. (Belgium); RTL Group (Luxembourg); Project Sloane (Great Britain).
Eric LE MOYNE de SERIGNY	• Chairman of the Managing Board: Alternative Leaders France S.A. (France). • Director: Imerys, Istac S.A., Richelieu Finance (France).	• Chairman of the Managing Board: Alternative Leaders France S.A. (France). • Director: Imerys, as from May 3, 2005, previously Member of the Supervisory Board. • Director: Istac S.A., Richelieu Finance (France).	• Chairman of the Managing Board: Alternative Leaders France S.A. (France). • Member of the Supervisory Board: Imerys. • Director: Istac S.A., Richelieu Finance (France).	• Chairman of the Managing Board: Alternative Leaders France S.A. (France). • Member of the Supervisory Board: Imerys. • Director: Istac S.A., Richelieu Finance (France).
Maximilien de LIMBURG STIRUM	• Vice President Investments and Member of the Executive Management: Compagnie Nationale à Portefeuille (Belgium). • Director: GB-INNO-BM, MESA (Molignée Ener-gie), Quick Restaurants, Solvay Business School Alumni, Trasys, Financière Trasys (Belgium); Entremont Alliance, Financière Flo, Imerys, Tikehau Capital Advisors, Unifem (France) ; Erbe Finance, Swifin (Luxembourg) • Member of the Supervisory Board: Groupe Flo (France). • Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: Belgian Sky Shops, GIB Corporate Services, Ijsboerke Ice Cream International, Starco Tielen (Belgium). • Permanent representative of Fibelpar (Belgium) on the Board of Directors of: Château Rieussec (France).	• Vice President Investments: Compagnie Nationale à Portefeuille (Belgium). • Director: GB-INNO-BM, MESA (Molignée Energie), Quick Restaurants, Safe Insurance, Solvay Business School Alumni (Belgium); Imerys (as from May 3, 2005), Société du Louvre, Unifem (France); Swifin (Luxembourg). • Member of the Supervisory Board: Groupe Entremont (France). • Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: Belgian Sky Shops, GIB Corporate Services, Ijsboerke Ice Cream International, Starco Tielen (Belgium). • Permanent representative of Fibelpar (Belgium) on the Board of Directors of: Château Rieussec (France).	• Vice President Investments: Compagnie Nationale à Portefeuille (Belgium). • Director: Distripar, Disport International, Editions Dupuis, GB-INNO-BM, Gegotec, Innofund, Quick Restaurants, Safe Insurance (Belgium); Finance et Management, Société du Louvre (France); Swifin (Luxembourg). • Member of the Supervisory Board: Groupe Entremont (France). • Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: Belgian Sky Shops, GIB Corporate Services, Ijsboerke Ice Cream International, Starco Tielen (Belgium). • Permanent representative of Fibelpar (Belgium) on the Board of Directors of: Château Rieussec (France).	• Vice President Investments: Compagnie Nationale à Portefeuille (Belgium). • Director: Disport International, Editions Dupuis, Exki, GB-INNO-BM, Gegotec, Innofund, Quick Restaurants, Safe Insurance (Belgium); Finance et Management, Société du Louvre (France); Swifin (Luxembourg). • Member of the Supervisory Board: Groupe Entremont (France). • Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: GIB Corporate Services, Ijsboerke Ice Cream Interna-tional, Starco Tielen (Belgium). • Permanent representative of Fibelpar (Belgium) on the Board of Directors of: Château Rieussec (France). • Permanent representative of GIB Corporate Services (Belgium) on the Board of Directors of Copy & Print Center (Belgium).

	2006	2005	2004	2003
Gilbert MILAN	• Chairman: Milinvest Ventures (France). • Director: Imerys, as from May 2, 2006 (France). • Manager: Milinvest (France).	• Chairman: Milinvest Ventures (France). • Chief Executive Officer: Deventis Conseil (France). • Manager: Milinvest (France).	• Chairman: Milinvest Ventures (France). • Chief Executive Officer: Deventis Conseil (France). • Manager: Milinvest (France).	• Chief Executive Officer: Deventis Conseil (France). • Manager: Milinvest (France).
Jean MONVILLE	• Chairman of the Board of Directors: Financière Spie, Spie (France). • Manager: Spie Management (France). • Permanent representative of Spie Management: Chairman of Euro Spie, Spie 12, Spie CDF, Spie OPS (France). • Director: Spie International, Spie Rail (France). • Vice-Chairman: FNTP, GIMELEC (France).	• Chairman of the Board of Directors: Amec Spie (France). • Director-Chief Executive Officer: Amec (Great Britain).	• Chairman of the Board of Directors: Amec Spie (France). • Director-Chief Executive Officer: Amec (Great Britain).	• Chairman of the Board of Directors: Amec Spie (France). • Director-Chief Executive Officer: Amec (Great Britain).
Grégoire OLIVIER	• Chairman & Chief Executive Officer: Faurecia as from September 8, 2006, Sagem Communication until August 21, 2006 (France). • Member of the Managing Board: SAFRAN until August 21, 2006 (France). • Director: Imerys, Wendel Investissement (France). • Member: Defense Scientific Committee, Strategic Committee on Information Technology (France).	• Chairman of the Managing Board: SAFRAN (France). • Chairman & Chief Executive Officer: Sagem Communication (France). • Director: Imerys, as from May 3, 2005, previously Member of the Supervisory Board. • Director: Sagem Défense Sécurité, Snecma, Wendel Investissement (France). • Member: Defense Scientific Committee, Strategic Committee on Information Technology (France).	• Chairman of the Managing Board: Sagem S.A. (France). • Member of the Supervisory Board: Imerys. • Director: Wendel Investissement (France). • Member: Defense Scientific Committee, Strategic Committee on Information Technology (France).	• Chairman of the Managing Board: Sagem S.A. (France). • Member of the Supervisory Board: Imerys. • Director: Wendel Investissement (France). • Member of the Defense Scientific Committee (France).
Robert PEUGEOT	• Chairman & Chief Executive Officer: F.F.P. (France). • Member of the Executive Committee and Vice President Innovation & Quality: PSA Peugeot Citroën (France). • Chairman & Chief Executive Officer: Simante, SL (Spain). • Member of the Supervisory Board: Citroën Deutschland AG (Germany); Aviva France, (France). • Director: Citroën Danemark A/S (Denmark); B-1998, SL, Fomentos de Construcciones y Contratas, S.A. "FCC", FCC Construccion, S.A. (Spain); Aviva Participations, E.P.F. (Etablissements Peugeot Frères), GIE Recherches et Etudes PSA Renault, Imerys, Immeubles et Participations de l'Est, L.F.P.F. (La Française de Participations Financières), Sanef (France); Citroën UK Ltd (Great Britain). • Manager: CHP Gestion, Rodom (France). • Permanent representative of F.F.P.: member of the Supervisory Board of Zodiac (France). • Statutory representative of F.F.P.: Chairman of Financière Guiraud (France).	• Chairman & Chief Executive Officer: F.F.P. (France). • Member of the Executive Committee and Vice President Innovation & Quality: PSA Peugeot Citroën (France). • Chairman of the Board of Directors: Simante, SL (Spain). • Member of the Supervisory Board: Citroën Deutschland AG (Germany); Aviva France, Groupe Taittinger (France). • Director: Imerys, as from May 3, 2005, previously Member of the Supervisory Board. • Director: Citroën Danemark A/S (Denmark); B-1998, SL, Fomentos de Construcciones y Contratas, S.A. "FCC", FCC Construccion, S.A. (Spain); Aviva Participations, E.P.F. (Etablissements Peugeot Frères), GIE Recherches et Etudes PSA Renault, Immeubles et Participations de l'Est, I.F.P. (Institut Français du Pétrole), L.F.P.F. (La Française de Participations Financières), Société du Louvre (France); Citroën UK Ltd, Peugeot Automobiles United Kingdom Limited (Great Britain). • Manager: CHP Gestion, Rodom (France).	• Chairman & Chief Executive Officer: F.F.P. (France). • Member of the Executive Committee and Vice President Innovation & Quality: PSA Peugeot Citroën (France). • Chairman of the Board of Directors: Simante, SL (Spain). • Member of the Supervisory Board: Citroën Deutschland AG (Germany); Aviva France, Groupe Taittinger, Imerys (France). • Director: Citroën Danemark A/S (Denmark); B-1998, SL, Fomentos de Construcciones y Contratas, S.A. "FCC", FCC Construccion, S.A. (Spain); Aviva Participations, E.P.F. (Etablissements Peugeot Frères), GIE Recherches et Etudes PSA Renault, Immeubles et Participations de l'Est, I.F.P. (Institut Français du Pétrole), L.F.P.F. (La Française de Participations Financières), Société du Louvre (France); Citroën UK Ltd, Peugeot Automobiles United Kingdom Limited (Great Britain). • Manager: CHP Gestion, Rodom (France).	• Chairman & Chief Executive Officer: F.F.P. (France). • Member of the Executive Committee and Vice President Innovation & Quality: PSA Peugeot Citroën (France). • Member of the Supervisory Board: Citroën Deutschland AG (Germany); Aviva France, Groupe Taittinger, Imerys (France). • Director: Citroën Danemark A/S (Denmark); Aviva Participations, E.P.F. (Etablissements Peugeot Frères), GIE Recherches et Etudes PSA Renault, Immeubles et Participations de l'Est, I.F.P. (Institut Français du Pétrole), L.F.P.F. (La Française de Participations Financières), Société du Louvre (France); Citroën UK Ltd, Peugeot Automobiles United Kingdom Limited (Great Britain). • Manager: CHP Gestion, Rodom (France).

	2006	2005	2004	2003
Thierry de RUDDER	• Delegate Director: Groupe Bruxelles Lambert S.A. (Belgium). • Director: Compagnie Nationale à Portefeuille S.A., Suez-Tractebel (Belgium); Imerys, Suez, Total (France).	• Delegate Director: Groupe Bruxelles Lambert S.A. (Belgium). • Director: Imerys, as from May 3, 2005, previously Member of the Supervisory Board. • Director: Compagnie Nationale à Portefeuille S.A., Suez-Tractebel (Belgium); Suez, Total (France).	• Delegate Director: Groupe Bruxelles Lambert S.A. (Belgium). • Member of the Supervisory Board: Imerys. • Director: Compagnie Nationale à Portefeuille S.A., Suez-Tractebel (Belgium); Suez, Total (France).	• Delegate Director: Groupe Bruxelles Lambert S.A. (Belgium). • Member of the Supervisory Board: Imerys. • Director: Compagnie Nationale à Portefeuille, Suez-Tractebel (Belgium); Total (France).
Jacques VEYRAT	• Chairman & Chief Executive Officer: Neuf Cegetel (France). • Chief Executive Officer: Louis Dreyfus Technologies (France). • Director: Imerys, Irise, SHD, Tajan (France). • Member of the Supervisory Board: Amboise Investissement, Jet Multimedia (France). • Permanent representative of Neuf Cegetel: Chairman of Wengo, Director of LD Collectivités (France).	• Chairman & Chief Executive Officer: Neuf Telecom (France). • Chief Executive Officer: Louis Dreyfus Technologies (France). • Director: Imerys (as from May 3, 2005), Irise (France); Louis Dreyfus Communications Italy SpA (Italy). • Vice-Chairman of the Supervisory Board, then Director: Tajan (France). • Member of the Supervisory Board: Jet Multimedia (France). • Permanent representative of Neuf Telecom: Chairman of Wengo (France). • Permanent representative of Louis Dreyfus Communications: Director of Louis Dreyfus Collectivités (France).	• Chairman & Chief Executive Officer: Neuf Telecom (France). • Chairman: Rodart (France). • Vice-Chairman of the Supervisory Board: Tajan (France). • Director: Irise (France); Louis Dreyfus Communications Italy SpA (Italy). • Member of the Supervisory Board: Jet Multimedia (France). • Permanent representative of Neuf Telecom: Chairman of Wengo (France). • Permanent representative of Louis Dreyfus Communications: Director of Louis Dreyfus Collectivités (France).	• Chairman & Chief Executive Officer: Neuf Telecom Réseau (France). • Chief Executive Officer and Vice-Chairman of the Board of Directors: Neuf Telecom (France). • Director: Irise (France); Louis Dreyfus Communications Italy SpA (Italy). • Member of the Supervisory Board: Jet Multimedia (France). • Permanent representative of Neuf Telecom: Director of Louis Dreyfus Câble (France).

■ Management expertise and experience of the members of the Board of Directors

The criteria used to select Directors include their management expertise and experience; this is particularly the case for the member Directors of the Audit Committee, who are chosen for their financial competence.

The activities and responsibilities of the Directors *(see chapter 6, paragraph 1.3 of the Annual Report)* attest to their individual expertise and experience in different areas such as finance, industry or services, which contributes to the quality of Board's work and to its correctly balanced composition.

■ Family ties between the members of the Board of Directors

To the best of the Company's knowledge, there are no family ties between the members of the Board of Directors.

■ Potential conflicts of interest between the members of the Board of Directors

To the best of the Company's knowledge, no potential conflicts of interest exist between the duties of the Directors with respect to the Company and their private interests and/or other duties. It is specified that some Directors of the Company also have executive responsibilities with the Company's controlling shareholders *(see chapter 6, paragraph 1.3 of the Annual Report)*.

Except for the regulated agreement mentioned below, ended as of January 1st, 2008 *(see chapter 8, paragraph 2.1 of the Annual Report – Statutory Auditors' Special Report)*, no Director has been selected pursuant to any arrangement or agreement entered into with the main shareholders, customers, suppliers or other parties.

■ Service contracts between the Company and its Directors

To the best of the Company's knowledge, there is no service contract entered into by the Directors and the Company or any of its subsidiaries providing for the granting of advantages upon expiry of their respective terms of office.

No sentence for fraud

To the best of the Company's knowledge, no sentence for fraud has been pronounced against any member of the Board of Directors during the past five years.

Bankruptcy, sequestration or liquidation of companies in which a Director has been involved as executive during the past five years

When GIB sold its remaining activities, Maximilien de Limburg Stirum was the permanent representative of GCS (Belgium), a Director of Copy & Print (Belgium), which was forced to declare bankruptcy on February 3, 2002 following the loss of its main customers.

To the best of the Company's knowledge, the other Directors have not been involved as executives in any bankruptcy, sequestration or liquidation of any company in the past five years.

Incrimination of and/or public sanction of the law against a Director by statutory or regulatory authorities during the past five years.

To the best of the Company's knowledge, no incrimination and/or public sanction of the law has been pronounced against any member of the Board of Directors in the past five years.

1.4 Functioning [(*)]

The Board of Directors meets as often as the interests of the Group require and at least three times a year. It is convened by its Chairman by any written means with at least five days' notice, unless the members of the Board unanimously decide otherwise

2007	
Number of meetings	5
Average actual attendance rate of members	73%

2008	
Expected number of meetings	5

The provisional schedule of Board of Directors' meetings for the year to come is set at the latest in the last meeting of each year. The Chairman of the Board of Directors usually sets the agenda of each Board meeting after gathering the suggestions of the Chief Executive Officer and the opinion of the Secretary of the Board. He runs meetings, facilitates debates and reports on meetings in accordance with the law, the by-laws of the Company and the Corporate Governance principles and practices that the Board has itself adopted, as set out in the following paragraph.

Notices of meeting are sent to every Director with the draft minutes of the previous meeting, drawn up by the Secretary and approved by the Chairman of the Board, and all information and documents concerning the points on the agenda that are necessary for members' effective participation in debates. Such information and documents may also include, as the case may be, the Group's quarterly, semi-annual or annual (provisional or definitive) financial statements and the presentation of the various business groups' markets or any other specific items to be raised. Certain additional documents may also be handed to the Directors in meetings, for example draft press releases on the Group's regular financial statements or information on trends in the price of the Company's shares.

[(*)] *This section is taken from the Report of the Chairman of the Board of Directors, in accordance with article L. 225-37 of the Code of Commerce, on the conditions for the preparation and organization of the work of the Board of Directors.*

In order to allow them to carry out their duties in appropriate conditions, the Chairman and, on his request, the Chief Executive Officer also send the Directors the following between Board meetings: any important information published, including critical items, concerning the Group (particularly in the form of press articles and financial analysis reports) and, if sufficiently important or urgent, any other relevant information on the Group's situation, projects and economic or market environment.

The work done by each of the specialized Committees since the previous meetings is regularly presented in a report to the Board by its Chairman or, in his or her absence, another member of the Committee in question.

The Secretary of the Board is the Group General Counsel. His appointment and dismissal, as the case may be, are within the sole competence of the Board. All the members of the Board may consult the General Counsel and benefit from his services. He assists the Board and makes any useful recommendations on the procedures and rules that apply to its functioning, and on their implementation and observance. The Secretary is empowered to certify copies or extracts of minutes of Board meetings.

1.5 Implementation of best corporate governance practices

Internal charter of the Board of Directors

In the context of compliance with best Corporate Governance practices, the Board has adopted an Internal Charter that contains all the principles for its members' conduct and the functioning of the Board and its specialized Committees. The Charter, of which the first version was adopted in 2002, is regularly updated in order to factor in : legal and regulatory developments that apply to the Company; recommendations on Corporate Governance by AMF as well as trade and associations bodies that represent French stock market-listed companies (AFEP, MEDEF, ANSA, etc.); and, finally, the amendments made by the Board following the periodical assessments of its own functioning carried out to comply with best practices.

Each Director of the Company is given a collection of the main texts and provisions governing their duties and obligations, such as the Company's by-laws, the Internal Charter of the Board of Directors, the Procedure for the prevention of use or disclosure of insider information within the Group and various useful documents and forms enabling the Directors to comply with their obligations.

The latest version of the Internal Charter of the Board of Directors is available on the Group's website (www.imerys.com), in the section "Sustainable Development/Corporate Governance."

Self-assessment by the Board of Directors

The Board of Directors reviewed and assessed its own working methods and activity and those of its Committees in 2007. At its last meeting in 2007, each of the Board's members were asked their opinion on the performance, composition and workings of the Board and its Committees, the organization and proceedings of their meetings, and the information provided to Directors. The conclusions of that assessment were presented and discussed at the meeting of the Board of Directors on February 13, 2008.

In general, the workings of the Board and its Committees were judged very satisfactory by their members. Directors particularly appreciate the quality of the information provided to them for each meeting and the quality and efficiency of debates on the Board and its Committees. The Directors were satisfied to note that the main recommendations resulting from the self-assessment carried out in February 2007 in order to improve its workings and performance and those of its Committees had been implemented. In particular, an additional annual meeting of the Audit Committee was now specifically dedicated to the review of risks, internal control and the results of internal audit assignments.

Wishing to give special attention to Sustainable Development risks and issues, following its assessment the Board decided to have the Audit Committee examine the Group's Sustainable Development policy and indicators and to carry out regular reviews of that policy. In 2008, that review will take place in line with publication of the Group's 3rd Sustainable Development report.

Consequently, the Board decided to modify the terms of its Internal Charter to reflect the Audit Committee's new assignment. Furthermore, it judged that the terms of the Charter remained compliant with the best Corporate Governance practices of French listed companies, particularly the recommendations resulting from the AFEP-MEDEF consolidated report of October 2003, and that it did not for the time being require any other amendment.

SPECIALIZED COMMITTEES

On May 3, 2005, the date on which the Company's management structure was changed to a Board of Directors, the Board confirmed the three specialized Committees previously formed by the Supervisory Board, which carry out their activities under the responsibility of the Board and of which the Board defines the missions, composition and compensation.

The members of the specialized Committees are chosen from among the members of the Board. The Chief Executive Officer and, as the case may be, any Delegate Chief Executive Officers that are also Directors of the Company, may not be members of any of the Committees. The term of the duties of Committee members is the same as their term of office as Director.

The specialized Committees only have an advisory role and do not have any power of decision.

Each Committee determines the internal rules that apply to the performance of its work.

The Committees' meetings give rise to minutes. These are provided to the members of the Committee concerned and, on request to the Chairman of the Committee, to the other members of the Board of Directors. The Chairman of the Committee concerned, or a member of the Committee appointed for that purpose, reports to the Board of Directors on the work of the Committee.

Furthermore, each of the Committees reviews its activity and assesses its composition and its functioning during the previous year; the results of such review and assessment are intended to appear in the Group's Annual Report.

To provide the Board of Directors with the best possible information, at the start of each year each Director receives the provisional schedule of Committees meetings so that any Director who is not a member may ask the Chairman of the Committee concerned to attend its meetings, without however taking part in the vote on said Committee's recommendations.

STRATEGIC COMMITTEE

(created on June 17, 1993 with the name Standing Committee)

Mission

The internal charter of the Board of Directors defines the Committee's missions as follows:

"The mission of the Strategic Committee is, in particular, to examine and provide the Board of Directors with its opinions and recommendations in the following areas:

1. Strategy
   - Drafting and setting orientations for the Group's industrial, commercial and financial strategy;
   - Ensuring that the strategy implemented by the Chief Executive Officer complies with the orientations set by the Board of Directors.
   - For that purpose, it examines in depth and, as the case may be, makes recommendations to the Board on:
   - The Group budget drawn up by the Chief Executive Officer;
   - All the major Group projects that:
     - are likely to modify its financial structure or consolidation structure,
     - concern investment or divestiture transactions, or
     - relate to the conclusion or carrying out of commercial or industrial agreements that bind the future of the Group.

The above-mentioned projects are considered as “major” if their implementation by the Chief Executive Officer requires the prior approval of the Board of Directors *(see chapter 6, paragraph 1.1 of the Annual Report)* or, because they are greater than the €20 million threshold set by the Board, must be brought to the prior knowledge of the Committee.

Every year, the Committee presents its expected schedule for the examination of major strategic issues for the future of the Group for the current year.

2. Risks

- Questions relating to the identification, measurement and monitoring by the Chief Executive Officer of the main possible risks for the Group in the following areas:
  - External environment: investor relations, the Group’s market positions;
  - Internal processes: management of financial resources, human resources potential, new product development, potential of mineral reserves and resources, dependence and continuity of key industrial or commercial activities, pricing policy;
  - Management information: financial control and reporting, control of investment projects after completion.”

Composition

The Strategic Committee is made up of the following eight members, which must include the Chairman of the Board of Directors, who is also Chairman of the Committee:

Name	*Date of 1st appointment to the Committee*	*Independent member status*
Aimery LANGLOIS-MEURINNE, Chairman	June 17, 1993	No
Jacques DRIJARD, Vice-Chairman	March 26, 1998	No
Aldo CARDOSO	May 2, 2007	Yes
Paul DESMARAIS, Jr.	June 17, 1993	No
Jocelyn LEFEBVRE	March 27, 1996	No
Eric LE MOYNE de SERIGNY	July 26, 2004	Yes
Gilbert MILAN	May 2, 2006	Yes
Thierry de RUDDER	May 9, 2000	No

Mr. Aldo Cardoso was appointed on May 2, 2007 in succession of Mr. Grégoire Olivier.
In June 2008, Mr. Eric Le Moyne de Sérigny will loose his quality of independence because of the length of his successive terms of office within Imerys (more than 12 years).

Functioning

The Committee debates with the majority of its members present and meets as often as its Chairman sees fit or at the request of the Chief Executive Officer. In principle, it dedicates one meeting per year to the Group’s strategy and market environment, to which all the Directors are invited.

2007	
Number of meetings	8
Average actual attendance rate of members	77%

2008	
Expected number of meetings	8

To carry out its mission, the Committee hears the Chief Executive Officer, the Chief Financial Officer & Vice-President Strategy, the Strategy & Development Manager and, on the initiative of the Chief Executive Officer or at the Committee's request to the Chief Executive Officer, depending on the items on the agenda for the Committee meeting, and the relevant corporate department or line managers. The Committee may also make visits or hear any of the Group's line managers, as it judges useful for the performance of its mission.

The Secretary of the Committee is the Group Strategy & Development Manager, who drafts the minutes of its meetings.

Activity in 2007

At the start of the year, the Strategic Committee first examined, as in other years, the initial items for the closing of the 2006 financial statements.
Then, all year long, the Committee monitored the management and development actions taken by the Group's General Management and ensured that they were in line with Imerys' strategy as defined by the Board of Directors. In that respect, the Committee studied the evolution of Imerys' business and its monthly and quarterly financial statements and they way they reflected said actions. In particular, the Committee to its satisfaction reviewed progress in implementing the integration plan for the World Minerals group, which Imerys acquired in 2005, and examined the development strategy deployed by the Minerals for Ceramics division. The Committee was also able to appreciate the efforts made by the Group to speed up its organic growth through the creation of an Innovation Department in charge of initiating and facilitating innovation projects mobilizing several Group activities together.

Furthermore, the Strategic Committee regularly examined and approved the key stages and main economic and contractual aspects of the most significant external growth projects. That examination particularly concerned the acquisition of UCM in Great Britain and the United States (completed in April 2007), ACE Refractories in India (completed in September 2007), The Feldspar Corporation in the United States (completed in September 2007), subsidiaries of Astron in China (completed in February 2008) and the divestment of its clay roof tiles and bricks activities in Spain and Portugal (completed in September 2007). The Committee also monitored the Group's continuous development in high-growth zones through six other, smaller acquisitions in China, India, Argentina and Ukraine.

Moreover, as usual the Strategic Committee was kept regularly informed of the evolution of the Group's financial structure. In that respect, it was consulted on the Company's general financing strategy, particularly in line with its €500 million bond issue in April 2007, but also on interest and exchange rate hedging and on securing diverse, long-term financial resources.

Finally, in its last meeting of the year the Strategic Committee reviewed the Group's 2008 budget, supported by a detailed presentation of the budget of each of the Group's three business groups by their respective managers.

APPOINTMENTS AND COMPENSATION COMMITTEE

(formerly called Special Options Committee upon its creation on November 3, 1987, then renamed Stock Options and Compensation Committee on March 27, 1996 and, finally, Compensation Committee from May 7, 1998 to January 27, 2003)

Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The Appointments and Compensation Committee's mission is to examine and provide the Board of Directors with its opinions and any recommendations in the following areas:

1. Appointments
   - The selection of candidates for Director positions and, on the proposal of the Chairman of the Board of Directors, the Chief Executive Officer and, as the case may be, Delegate Chief Executive Officers and Committee Chairman when they are renewed;
   - The presentation of a succession plan for Directors and the Chief Executive Officer in the event of unforeseeable vacancies;
   - The independent status of each of its members according to the definition of "independence" adopted by the Board of Directors and any changes (or explanation of criteria) to be made to that definition.

2. Compensation

- The individual compensation of the Chief Executive Officer and, as the case may be, Delegate Chief Executive Officers and their ancillary income (such as pension and healthcare plans or fringe benefits), as well as on any other provisions relating to their employment contract;
- General compensation policy for the Group's executives;
- General policy for granting options to subscribe to or purchase Imerys shares, the definition and fixing of the beneficiaries of the option plan proposed by the Chief Executive Officer, and the fixing of individual allotments for the Chief Executive Officer;
- The Group's employee shareholder policy and the terms of its implementation as proposed by the Chief Executive Officer;
- The amount and allotment of attendance fees (fixed and variable parts) for the Directors."

■ Composition

The Appointments and Compensation Committee is composed of the following three members, which must include the Chairman of the Board of Directors who is also Chairman of the Committee:

Name	*Date of 1st appointment to the Committee*	*Independent member status*
Aimery LANGLOIS-MEURINNE, Chairman	November 3, 1987	No
Robert PEUGEOT	May 3, 2005	Yes
Jacques VEYRAT	February 14, 2007	Yes

At its meeting of February 14, 2007, the Board confirmed that, following the appointment of Mr. Jacques Veyrat in succession to Mr. Grégoire Olivier, the composition of the Committee complied with the proportion of 2/3 independent members recommended by the consolidated AFEP-MEDEF report of October 2003.

■ Functioning

The Committee debates with at least two of its members present and meets as often as its Chairman sees fit or on the request of the Chief Executive Officer.

2007	
Number of meetings	2
Average actual attendance rate of members	83%

2008	
Expected number of meetings	2

To carry out its mission, the Committee hears the Chief Executive Officer and the Group Vice-President Human Resources; it also has recourse to independent experts.

The Secretary of the Committee is the Group Vice-President Human Resources, who draws up the minutes of its meetings.

Activity in 2007

First, the Appointments and Compensation Committee assessed the performance of the Chief Executive Officer. For that purpose, the Committee examined the positioning of the Chief Executive Officer's base compensation and proposed an adjustment in the light of a specific competitiveness inquiry conducted by a specialized outside consultant. It also determined the amount of the variable part of the Chief Executive Officer's individual compensation with respect to 2006 and payable in 2007, according to the personal and financial goals that had been assigned to him.
The Committee then issued its recommendations on the setting of quantitative and qualitative goals for the Chief Executive Officer and the members of the Executive Committee, in order to determine the variable part of their compensation for 2007. The Committee also examined the general compensation policy for the Group's other main executives.

Based on the opinion of a specialized external firm and the conclusions of the Directors' assessment in 2007 of the workings of the Board of Directors, the Committee received the current scale of attendance fees. The Committee recommended certain adjustments to the scale, which were approved by the Board.

The Committee was also consulted on the composition of the Board of Directors, particularly the suggested candidacy of Mr. Jean Monville in succession to Mr. Yves-René Nanot, and the composition of its specialized Committees. On that occasion, the Committee examined the situation of each member of the Board of Directors with respect to the definition of "independence" adopted by the Board at its meeting on May 3, 2005. On that occasion, the Board checked that the composition of the Audit Committee and the Appointments and Compensation Committee complied with the required proportion of 2/3 independent members.

Furthermore, the Committee recommended continuing to apply the previously adopted general policy for granting Imerys stock subscription options, while encouraging greater selectiveness of potential beneficiaries. In that respect, the Committee examined the terms and beneficiaries of the May 2007 option plan for Group executives and incumbents of key positions.

AUDIT COMMITTEE

(created on March 27, 1996)

Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The Audit Committee's mission is to examine and give the Board of Directors its opinion and any recommendations on the following:

1. Financial Statements

- The Company and consolidated annual financial statements to be drawn up by the Board of Directors, together with a note from the Group's Chief Financial Officer, and the estimated and definitive half-yearly consolidated financial statements.
- With respect to the definitive half-yearly consolidated financial statements, pursuant to the delegation granted by the Board of Directors, the Committee must ask the Chairman of the Board of Directors to call a Board Meeting to approve the statements if it observes a significant variance between the definitive audited statements and the estimated statements that were previously approved by the Board and published. A significant variance is appraised, in particular, according to the potential effect that the variance could have in the Company's share price;
- The scope of consolidation;
- The relevance and consistency of accounting methods, by verifying, in particular, the reliability of internal information-gathering and information-control procedures, with the aim of ensuring that financial statements are fairly presented and that they give an accurate image of the financial situation of the Company and the Group.

2. External control

- Proposals to appoint or renew the Auditors. It examines and approves the contents of the requirements, the schedule and the organization for the invitation to bid, with a view to the appointment and, as the case may be, renewal of the Auditors, and checks that the invitation to bid proceeds correctly;
- The Auditors' work program and any additional assignments that they or other members of their network may be given, as well as the amount of the corresponding compensation, while ensuring that such assignments are compatible with their obligations of independence;
- Supervision of the rules for the use of the Auditors for work other than auditing the financial statements and, more generally, compliance with the principles guaranteeing the independence of the Auditors.

3. Internal control

- The results of the work of the internal and external auditors and the monitoring of any recommendations they make, particularly in regard to the analysis and control of significant risks and off-balance sheet commitments, as well as the organization of the internal audit teams and their annual work program;
- The drafting and content of the Annual Report of the Chairman of the Board of Directors on the Group's internal control.

4. Risks

- The status of major disputes;
- The identification, measurement and monitoring by the Chief Executive Officer of the possible major risks for the Group in the following areas:
  - external environment: legal or regulatory developments, crisis management or occurrence of disasters,
  - internal processes: lawsuits and compliance with existing regulations (particularly Environment, Health & Safety and Sustainable Development), access to mineral reserves and resources, codes of conduct and ethics;
- The orientations and implementation by the Chief Executive Officer of the Group's general policy for risk prevention (organization, policies and procedures, systems, etc.) and insurance;
- The work programs and results of internal auditors and any external experts that may be called upon to analyze, audit or measure the Group's performance in the above-mentioned areas;
- Any other subject likely to have significant financial and accounting impact."

■ Composition

The Audit Committee is comprised of the following four members, who are chosen for their financial competence. Its Chairman must be an independent Director.

Name	*Date of 1st appointment to the Committee*	*Independent member status*
Aldo CARDOSO, Chairman	May 3, 2005	Yes
Jocelyn LEFEBVRE	March 27, 1996	No
Eric LE MOYNE DE SERIGNY	May 3, 2005	Yes
Jean MONVILLE	May 2, 2007	Yes

At its meeting of May 2, 2007, the Board confirmed that, following the appointment of Mr. Jean Monville in succession to Mr. Yves-René Nanot, the composition of the Audit Committee complied with the proportion of 2/3 independent members recommended by the consolidated AFEP-MEDEF report of October 2003.
Mr. Aldo Cardoso was appointed Chairman of the Audit Committee at its meeting of July 30, 2007.
Mr. Eric Le Moyne de Sérigny has already informed the Board of his resignation from his position as member of the Committee as from April 30, 2008 because of the loss of his quality of independent director.

Functioning

The Committee debates with the majority of its members present and meets as often as its Chairman sees fit and, as far as possible, at least two days before the Board of Directors draws up the definitive annual and half-yearly consolidated financial statements. It may also meet at the request of two of its members or of the Chairman of the Board of Directors.

2007	
Number of meetings	3
Average actual attendance rate of members	75%
2008	
Expected number of meetings	5

To carry out its mission, the Committee hears the Auditors and the Chief Financial Officer of the Group, and, on the latter's initiative or at the Committee's request to him according to the items on the agenda for the Committee's meeting, other individuals who take part in drawing up or controlling the financial statements (Financial Department, Internal Audit Department, Legal Department).

The Committee has unrestricted access to all available information on the Group. It may also make visits, hear any of the Group's line managers or the relevant managers of corporate or operating risks. The Committee may also request that any internal or external audit be carried out on any subject that it judges within the scope of its mission. The Chairman of the Committee informs the Board of Directors of any such audit.

The Secretary of the Committee is the Group's Chief Financial Officer. He draws up the minutes of Committee meetings, which are kept available to the Auditors.

Activity in 2007

As is traditional, the Audit Committee conducted an in-depth examination of the corporate and consolidated financial statements for 2006 and the semi-annual financial statements for 2007. It looked into the various income statement items, particularly the composition of "Other income and expense," the balance sheet and the statement of changes in financial position. On that occasion it also checked, after hearing the Statutory Auditors, the relevance and consistency of the accounting methods used by the Group. These examinations did not give rise to any particular observation by the Committee. During its review of the semi-annual consolidated financial statements, the Committee was pleased to note the efforts made by the Group to shorten the closing times for those statements in order to comply with new regulatory obligations on publication times and the goals set by the Committee.

Early in the year, the Committee also reviewed the report of the Chairman of the Board of Directors on internal control and heard the Statutory Auditors. This review did not give rise to any particular observation on its part.

The Committee also examined the quality and reliability of the internal control implemented in the Group for the gathering, consolidation and monitoring of the accounting, financial and management information provided to the Board of Directors. For that purpose, it read the reports issued by the internal auditors, whose managers presented the activity report for the period from July 2006 to June 2007; no significant item of concern was observed.

The Audit Committee also conducted a specific review of the main risks that the Group may face, based on the results of the update, carried out in 2007 by the Risks & Internal Control department, of the Group's risk mapping. On that occasion, the Committee examined the results of the internal controls made by the department in 2007 and its action plan for 2008. The Committee judged the approach, based on a comparison with the practices of similar-size groups to Imerys, efficient and relevant to the Group. The Committee also heard the report of the managers of the central legal, environment, health & safety (EHS) and sustainable development departments on the Group's main risks and actions in their fields of expertise or responsibility. The Committee did not note any major cause for concern on existing risks in these areas. Furthermore, it welcomed the progress recorded by the Group in 2007 on workplace safety.

Finally, the Committee drew up its work schedule for 2008, particularly the list of planned reviews of the Group's methods and practices for recording certain significant items in its consolidated balance sheet or income statement.

2 - GENERAL MANAGEMENT

2.1 Powers

Pursuant to legal and statutory provisions, the Chief Executive Officer and the Chief Operating Officer are vested with the most extensive powers to act on behalf of the Company under any circumstances. They exercise their powers within the limits of the corporate purpose and subject to the powers expressly vested in the Shareholders' General Meeting and the Board of Directors; they represent the Company with respect to third parties.

Pursuant to article 18 of the by-laws, the Board of Directors may limit the powers of the Chief Executive Officer and the Chief Operating Officer. However, this limitation is void against third parties.

Chapter 6, paragraph 1.1. of the Annual Report describes the internal functioning arrangements for the Board of Directors and, in particular, lists the operations that require the authorization of the Board of Directors prior to their implementation by the General Management.

2.2 Composition

As on the date of the present Annual Report, the General Management of the Company is composed of Gérard Buffière, Chief Executive Officer, assisted by Jérôme Pecresse, Chief Operating Officer, appointed to this function on the proposal of the Chief Executive Officer by the Board of Directors at its meeting of February 13, 2008.
Prior to this date, no Chief Operating Officer was appointed.

The duration of the term of office of Gérard Buffière as Chief Executive Officer is the same as for his term of office as Director. Information on the Chief Executive Officer's duties and his capital interest in the Company is given in chapter 6, paragraph 1.2 of the Annual Report.

2.3 Executive Committee

The Chief Executive Officer decided, with the support of the Board of Directors, to set up an Executive Committee comprised of the Group's main line and support managers to assist him in the general management of the Group.

■ Mission

The Executive Committee, under the responsibility of the Chief Executive Officer, is mainly in charge of:

- Implementing the Group's strategy and all the measures determined by the Board of Directors;
- Monitoring the operating activities of each business group and ensuring, by defining any necessary corrective measures, that they comply with their budgets and carry out the action plans approved by the Chief Executive Officer;
- Defining and monitoring the Group's performance improvement goals in terms of the protection and safety of individuals on their workplace and defining any corrective measures;
- Defining Group-wide policies and actions (sustainable development, including environment, health & safety; human resources; internal communications; internal control and risk management; innovation and research; purchasing) and overseeing their rollout;
- Fostering the sharing and dissemination of best practices in all areas between the business groups; and,
- More generally, giving opinions and recommendations on all projects, operations or measures that may be submitted to it by the Chief Executive Officer, particularly with a view to their subsequent presentation to the Board of Directors or its specialized Committees.

Composition

As of December 31, 2007, the Executive Committee is comprised, in addition to the Chief Executive Officer, of the following:

line managers and Deputy CEOs	*Support managers*
Jens Birgersson [1] (Performance Minerals & Pigments)	Christophe Daulmerie (Finance & Strategy)
Jérôme Pecresse [2] (Ceramics, Refractories, Abrasives & Filtration)	Denis Musson (Legal & Corporate Support)
Christian Schenck (Materials & Monolithics)	Thierry Salmona (Innovation & Business Support, Research & Technology [3])
	Bernard Vilain (Human Resources)

[1] Until February 13, 2008.

[2] Chief Operating Officer as from February 13, 2008.

[3] As from June 1, 2007.

Following the reorganization announced on February 13, 2008, Olivier Hautin and Dan Moncino joined the Executive Committee as from that date *(for more details, see chapter 2, paragraph 1.5 and chapter 4, section 2 of the Annual Report)*.

Functioning

The Executive Committee meets as often as the interests of the Group require or at the request of the Chief Executive Officer. It met 11 times in 2007.

3 - COMPENSATION

3.1 Board of Directors

AMOUNT

The maximum annual amount of attendance fees that may be allotted to the members of the Board of Directors, as determined by the Shareholders' General Meeting of May 3, 2005, is €800,000.

The total gross amount of attendance fees actually paid with respect to financial 2007 was €615,500 euros, compared with €625,500 with respect to financial 2006.

The gross individual amount allocated to each of the Board members in office in 2007 was as follows:

Euros	*2007*	*2006*
A. LANGLOIS-MEURINNE, Chairman	210,000	209,500
P. DESMARAIS, Jr., Vice-Chairman	26,500	29,500
G. BUFFIERE [(1)]	-	-
A. CARDOSO	50,000	32,000
J. DRIJARD	41,500	39,000
J. LEFEBVRE	38,500	43,500
E. LE MOYNE de SERIGNY	35,000	43,500
M. de LIMBURG STIRUM	25,000	25,000
G. MILAN	30,500	22,000
J. MONVILLE [(2)]	20,000	-
Y.R. NANOT [(3)]	26,500	47,000
G. OLIVIER	26,000	35,000
R. PEUGEOT	25,000	26,000
T. de RUDDER	35,500	37,000
J. VEYRAT	25,500	26,000

With the exception of the compensation paid to Gérard Buffière in his capacity as Chief Executive Officer of Imerys, these amounts represent all the compensation paid in 2007 by the Imerys group or by its controlling shareholders to each of the members of the Board of Directors with respect to the offices, responsibilities or other duties performed personally by those members within or on behalf of the Imerys group.

(1) Chief Executive Officer - does not receive attendance fees.

(2) Director as from May 2, 2007.

(3) Director until May 2, 2007.

ALLOTMENT SCALE

The current allotment scale for attendance fees was determined by the Board of Directors at its meeting of February 14, 2007. This new scale, applicable as of January 1, 2007, is as follows:

		Gross amounts in euros
Board of Directors	Chairman	150,000 fixed per year
	All members	20,000 fixed per year - 1,000 per attended meeting
Strategic Committee	Chairman	25,000 fixed per year
	All members and [1] other Directors	1,500 per attended meeting
Audit Committee	Chairman	25,000 fixed per year [1] [2]
	All members	2,000 per attended meeting [1] [3]
	Other Directors[1]	1,500 per attended meeting
Appointments and Compensation Committee	Chairman	15,000 fixed per year
	All members and [1] other Directors	1,500 per attended meeting

[1] As from January 1, 2007.
[2] Previously set at €15,000.
[3] Previously set at €1,500.

To encourage the participation of the Directors in the work of Committees of which they are not members, the Board decided to award them a fixed attendance fee of €1,500 euros for each Committee meeting in which they take part.

In accordance with applicable tax regulations, the amounts paid to the non-French resident members of the Board of Directors give rise to withholding tax in France. Payments are made semi-annually in arrears.

3.2 General management

CRITERIA

The Chief Executive Officer's compensation is set by the Board of Directors, upon the Appointments and Compensation Committee's proposal. That proposal is intended to ensure competitiveness in relation to the external market. In making its recommendations, the Committee draws on assessments and external comparisons made by specialized consultants.

The Chief Executive Officer's compensation includes a fixed part and a variable part, for which a ceiling is set at 120% of the fixed amount of his salary. The variable part of his compensation with respect to the financial year is not paid until the following year when the items for its calculation are known, following the closure of the Group's financial statements for the year in question. It is solely calculated on the basis of economic performance criteria determined by the Board of Directors upon the recommendation of the Appointments and Compensation Committee. These criteria are related, on one hand, to change in the Group's net current income (for 60%) and, on the other hand, to the achievement of a target for the cash flow generated by the Group during the financial year (for 40%). Furthermore, the amount thus obtained is adjusted by a coefficient of 0.8 to 1.2 according to the achievement of specific goals for the year in question. The achievement of these goals is measured and acknowledged by the Board of Directors.

The Chief Executive Officer does not receive any attendance fees in his capacity as Director of the Company.

AMOUNT

The total gross amount of compensation and fringe benefits paid (fixed part) or owed (variable part) to the Chief Executive Officer by the Group with respect to 2007 is €1,357,524, i.e.:

(euros)	*2007* [(*)]	*2006*	*2005*
Fixed part	630 000	550 000	550 000
Variable part	724 500	660 000	550 000
Benefits	3 024	3 024	2 454
Total	1 357 524	1 213 024	1 102 454

[(*)] *The total amount of compensation and benefits effectively paid in 2007 (fixed part 2007 and variable par 2006t) is €1,293,024.*

Furthermore, the amount of €755,460 (principal and interest) previously owed to Gérard Buffière was paid to him in February 2007. This amount corresponds to an exceptional bonus plan to which Gérard Buffière was entitled as manager (from 2000 to 2002) of Imerys' former business group Pigments & Additives. The plan was based on the beneficiary's commitment to a program of medium-term actions that were a priority for the Group's future, the success and results of which could not be assessed over just one year. The plan had reached completion when Gérard Buffière was appointed Chairman of the Managing Board of Imerys on January 1, 2003.

The above amounts include all the compensation paid or owed by the Group to Gérard Buffière with respect to financial years 2005 to 2007, including those allocated by some subsidiaries (particularly with respect to attendance fees for participation in their governing bodies), and the value of all the benefits in kind received with respect to the financial years in question.

All the compensation and assimilated benefits granted to the Group's top managers (Executive Committee, including the Chief Executive Officer) and recorded as expenses during the years in question are given in note 34 to the consolidated financial statements.

Moreover, the amount of the five highest compensations paid by the Company with respect to 2007 was certified by the Statutory Auditors.

INDEMNITIES AND OTHER BENEFITS

End of contract indemnity

The effects of the employment contract entered into by Gérard Buffière and the Company in 1998, which are suspended during the exercise of his corporate duties as Chief Executive Officer of the Company, will resume ipso jure when this office will cease. This contract provides, in particular, for an indemnity in the event of Gérard Buffière's departure on the initiative of the Company equal to two years' gross salary, including the indemnity due in the event of departure under the generally applicable legal and contractual framework. In order to comply with the provisions of the "TEPA Law" of August 21, 2007 in favor of work, employment and purchasing power, an amendment was made to the contract, particularly to make the indemnity for end of contract at the Company's initiative subject to the performance criteria determined by the Board of Directors at its February 13, 2008 meeting. Pursuant to legal provisions, this amendment constitutes a regulated commitment of which the Statutory Auditors were informed for the purposes of drawing up their report *(see chapter 8, paragraph 2.1 of the Annual Report)* and which will be put to the Shareholders for approval at the Ordinary and Extraordinary General Meeting of April 30, 2008 *(see chapter 8, paragraph 1.2 and section 4 of the Annual Report)*. Apart from these provisions, the Company has not made any other commitments in favor of Gérard Buffière with respect to the taking on, ending or change of his current duties.

Pension commitments

In 1985, Imerys set up a collective supplementary pension plan with defined benefits for the principal managers of the Group's French companies who met the restrictive eligibility criteria. The plan is managed by an external insurance company.

The maximum amount of the life annuity that may be paid to the beneficiaries of the plan as from the liquidation of their pension rights is calculated in order to guarantee them:

- a life annuity of a total annual gross amount (after allowing for pensions from obligatory and other supplementary plans) of 60% of their reference salary, said salary being limited to eight times the annual French social security ceiling;
- subject to a pay-in ceiling equal to 25% of said reference salary.

The Chief Executive Officer and one Director (Jacques Drijard), in his capacity as a former executive of the Group, are among the beneficiaries of the plan.

According to the latest actuarial calculation, the current value of the estimated share of the two above-mentioned corporate officers in the total amount of the Group's commitment with respect to the past services of all the beneficiaries of this supplementary pension plan amounts to €1,650,000 as at the end of 2007 (compared with €1,990,993 as at end 2006).

This collective supplementary pension plan with defined benefits was amended by the Board of Directors at its meeting on February 13th, 2008. In particular, the amendments concern the definition of the objective category of the beneficiaries of the regime: "any senior manager or executive with the status of an Imerys SA employee and a member of the Executive Committee, with at least ten years' service in the Imerys Group, including two full years in that body"; this category includes the Chief Executive Officer and the Delegate Chief Executive Officer in particular. Consequently, according to legal provisions, this collective supplementary pension plan as well as these amendments constitute a regulated commitment of which the Statutory Auditors were informed for the purposes of drawing up their report *(see chapter 8, paragraph 2.1 of the Annual Report)* and which will be put to the Shareholders for approval at the Ordinary and Extraordinary General Meeting of April 30, 2008 *(see chapter 8, paragraph 1.2 and section 4 of the Annual Report)*.

4 - IMERYS STOCK OPTIONS(*)

4.1 Stock option plans in force

GENERAL TERMS FOR THE GRANT OF STOCK OPTIONS

Grant policy

The general policy for the granting of Imerys stock options is set by the Board of Directors upon the Appointments and Compensation Committee's recommendations.

The main characteristics of the policy, excluding grants made under the Group's employee shareholding operations, are as follows:

- Grants take the form of stock subscription options. This form was judged preferable to stock purchase options as it prevents the Company from having to tie up its capital before the option exercise period even opens, in order to acquire on the market the number of shares needed to fulfill possible option exercises;
- As of 1999, stock options are granted once a year and the total number of options each year is adjusted according to the Group's overall performance or to specific events;
- The actual or likely beneficiaries of stock subscription options are the Group's executives (Chief Executive Officer, Executive Committee members, business group and division management committees, managers of the Group's main corporate departments) and, since 2001, the holders of certain key positions reporting to them, as well as high-potential managers and employees that make an outstanding contribution to the Company's performance.

Characteristics of granted options

As of 1999, the option exercise price excludes any discount and is equal to the average Imerys share price for the last 20 stock market trading days prior to the grant date. The grant usually takes place just after the Annual General Meeting.

The duration of the options granted under the plans set up since May 2000 is between 9½ and 10 years, compared with 8 years for previously granted options.

The options granted since 1996 are definitively vested (except in the event of the beneficiary's dismissal, resignation of departure from the Group) after the end of the third year following their allotment or, if earlier, on the date of the beneficiary's retirement after the age of 60 (reference age included in plans from 2004), his/her cessation of activity for incapacity or his/her death. The only exception concerns grants made within employee shareholding operations, for which the options are dependent on the employee's investment in Imerys shares with immediate vesting.

Option exercise conditions

Definitively vested options may be exercised at any time, except in the event of the beneficiary's death or, as from the 2004 option plan, departure from the Group.

However, the beneficiary must bear any additional costs and taxes borne by the Company in the event that applicable local regulations provide for a longer immobilization period than three years (this period is four years in France for plans adopted as from April 2001).

Exercise by the beneficiary must comply with certain minimum amounts (currently set for all plans adopted as from 1998 at 1,000 options, any whole multiple of 1,000 or the balance of outstanding options if less than 1,000).

(*) *For the sake of consistency, all the figures given in the present section are based on the split into 4 of the nominal value of Imerys shares on June 1, 2004.*

Loss or maintaining of options

Options not exercised on expiry of their exercise period are automatically cancelled.

The beneficiary's departure from the Group for any reason, including if the company employing him or her is excluded from the Group, brings about:

- If the departure takes place before the vesting date of the options, their immediate cancellation;
- If the departure takes place after the vesting date of the options and only for plans adopted from 2004 onward, the cancellation of said options failing their exercise by the beneficiary by the end of the third month following his or her departure from the Group (except, however, in the event of his or her death, incapacity or retirement).

Date of record of shares resulting from the exercise of options

As of January 1, 2005, all Imerys shares resulting from the exercise of subscription options enjoy, from their creation, all the rights attached to existing shares, to which they are be immediately assimilated.

Consequently, new and old shares are listed on the same line at Euronext Paris, regardless of their date of issue. The new shares enjoy the same dividend rights as old shares, including with respect to the dividends approved and paid during the year of creation of the shares with respect to results for the previous financial year.

OPTION PLAN ADOPTED IN 2007

560,000 share subscription options (vs. 640,000 in 2006), at the exercise price of €70.51 per share were granted on May 2, 2007 to 160 managers and executives of the Group residing in France or in other countries (vs. 171 in 2006).

Apart from the option granted to the Chief Executive Officer, 154,000 were granted to the 10 [(1)] beneficiaries receiving the most options.

CHANGES IN THE NUMBER OF OPTIONS IN 2007 [(2)]

The total number of share subscription options in existence on December 31, 2007 is 3,103,391, representing 4.69% of Imerys' share capital on that date after dilution; their weighted average exercise price is €54.32.

In 2007, 42,700 share subscription options were cancelled; 398,779 were exercised by 593 beneficiaries at a weighted average price of €36.22.

4.2 Options granted by the Company to its corporate officers[(3)]

GRANTS IN 2007

The total number of share subscription options granted to the Chief Executive Officer in 2007 was 60,000 (compared with 90,000 in 2006), i.e. 0.095% of Imerys' share capital as on December 31st, 2007; their exercise price is €70.51; the fair value of those options, determined according to accounting standards in force, is €12.40 per option.

The Board of Directors, pursuant to the recommendations of the Appointments and Compensation Committee, decided at its meeting on May 2, 2007 that the Chief Executive Officer should hold in registered form, until the date on which his duties as a corporate officer of Imerys (Chief Executive Officer or Director) end, a minimum number of Imerys shares equivalent to 30% of the number of options that he may exercise under the May 2007 plan.

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(1) This number may be greater than 10 in some years because an equal number of options was granted to several beneficiaries.

(2) Including options granted under Employee Shareholder Plans.

(3) This information only concerns the options granted by the Company and does not include any Imerys share purchase options that may be granted to corporate officers by the controlling shareholders that they represent.

HOLDINGS AND CHANGES

The total number of stock options held by the incumbent corporate officers as on December 31, 2007 is 647,735 (compared with 587,735 as on December 31, 2006), i.e. 1.02% of Imerys' share capital on that date after dilution; their weighted average exercise price is €49.96.

No share subscription options were exercised by any corporate officers during financial 2007.

4.3 Details of option plans in force

The following table summarizes the history, status and main characteristics of the stock option plans in force as on December 31, 2007:

	May 2007	*Nov. 2006 (1)*	*May 2006*	*May 2005*	*May 2004*	*Oct. 2003 (1)*	*May 2003*	*Oct. 2002 (1)*	*May 2002*	*Oct. 2001 (1)*	*May 2001*	*Nov. 2000 (1)*	*May 2000*	
INITIAL GRANT														
Authorization: date of Shareholders' General meeting	05/03/05	05/03/05	05/03/05	05/03/05	05/06/02	05/06/02	05/06/02	05/06/02	05/06/02	05/09/00	05/09/00	05/09/00	05/09/00	
Date of Board of Directors / Supervisory Board or Managing Board meeting	05/02/07	11/07/06	05/02/06	05/03/05	05/03/04	10/21/03	05/05/03	10/21/02	05/06/02	10/19/01	05/09/01	11/06/00	05/09/00	
Opening date of option exercise period[2]	05/03/10	02/01/07	05/03/09	05/04/08	05/03/07	10/22/06	05/05/06	10/22/05	05/06/05	10/20/04	05/09/04	11/07/03	05/09/03	
Option expiration date	05/01/17	11/06/16	05/01/16	05/02/15	05/02/14	10/21/13	05/05/13	10/21/12	05/05/12	10/19/11	05/08/11	11/06/10	12/31/09	
Share subscription price	€70.51	€66.96[3]	€68.27	€57.58	€48.89	€40.62	€28.31	€29.44	€32.75	€24.73	€28.50	€27.14	€32.18	
Total number of initial beneficiaries	160	2,932	171	171	166	925	201	1,474	181	1,416	169	1,961	145	
														Total
Total number of options granted of which	560,000	38,770	640,000	635,000	840,000	37,424	747,720	68,328	652,000	73,784	711,240	72,808	570,520	5,647,594
- to G. Buffière [4]	*60,000*	*15*	*90,000*	*80,000*	*260,000[5]*	*60*	*80,000*	*60*	*30,000*	*60*	*32,000*	*40*	*28,500*	*660,735*
- to the ten (or more) [6] Group employees who received the most options	*154,000*	*150*	*157,500*	*140,000*	*109,600*	*360*	*145,580*	*720*	*90,000*	*n.a*	*n.a*	*n.a*	*n.a*	*797,910*
CHANGE DURING FINANCIAL 2007														
Number of options remaining to be exercised on 01/01/2007	n.a.	38,770	636,600	600,100	766,700	36,284	453,000	49,608	175,800	37,164	101,920	29,984	58,940	2,984,870
Number of shares subscribed in 2007 of which:	n.a.	145	n.a	n.a	137,800	3,796	138,320	11,978	48,800	8,000	29,140	4,420	16,380	398,779
- by G. Buffière [4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- by the 10 (or more) [6] Group employees who exercised the most options	-	-	-	-	*51,600*	-	*21,400*	*60*	*18,800*	-	-	-	-	*91,860*
Number of options cancelled [7] in 2007	-	-	(16,900)	(21,400)	(4,400)	-	-	-	-	-	-	-	-	(42,700)
Number of options remaining to be exercised on 12/31/2007 [8]	560,000	38,625	619,700	578,700	624,500	32,488	314,680	37,630	127,000	29,164	72,780	25,564	42,560	3,103,391

(1) *Employee Shareholder Plans.*
(2) *Not including longer tax immobilization periods that may be applicable locally.*
(3) *Except for different subscription prices applicable locally.*
(4) *Director, Chief Executive Officer.*
(5) *Of which 200,000 pursuant to the Group's achievement of economic and financial results in financial years 2004 to 2006.*
(6) *This number may be greater than 10 in some years because an equal number of options was granted to several beneficiaries.*
(7) *Following the beneficiaries' departure from the Group.*
(8) *Following cancellation and exercise of the aggregate number of options since the date of approval of the plan in question, and any reintegrations..*

5 - FREE SHARES

GRANT POLICY

Following a favorable recommendation by the Appointments & Compensation Committee, the Board of Directors may grant free shares in the Company. These grants were until now considered as made solely on a exceptional basis to a limited number of Group executives (which may not include the Chief Executive Officer) in charge of carrying out specific medium-term actions that are judged as priorities for the Group's future.

The Appointments & Compensation Committee is currently examining, with the support of a specialized external consultant, the usefulness of a possible extension of this grant policy to a greater number of beneficiaries with, as the case may be, a partial substitution of any share subscription options that may be granted to those beneficiaries under later plans.

The Board may, based on future recommendations by the Appointments & Compensation Committee, amend the Company's current free share grant policy from.

MAIN CHARACTERISTICS OF FREE SHARES

Vesting

- The granted shares are vested upon after a period that may not be less than two years from their grant date, subject to the achievement of certain economic and financial goals that cannot be appraised on the basis of a single year; the number of vested shares is subordinated and in proportion to the achievement of those goals.
- The beneficiary's departure from the Group for any reason before the end of the vesting period entails his or her loss of all rights to the vesting of the free shares.

Holding of vested shares

Beneficiaries must hold the shares for a period of not less than two years from their vesting date, after which period they have free use of the shares.

FREE SHARE PLAN IN FORCE

In 2006, the Board of Directors made first use of the authorization granted by the Ordinary & Extraordinary General Shareholders' Meeting of May 3, 2005 to grant free shares. With respect to the plan approved by the Board of Directors on May 2, 2006, a total of 9,750 free shares were granted to Group executives, representing 0.015% of Imerys' share capital on December 31, 2007 after dilution.

No corporate officer of Imerys benefited from free shares.

No free share was granted in 2007.

6 - CORPORATE OFFICERS' TRANSACTIONS IN SECURITIES IN THE COMPANY

The Board of Directors adopted a Procedure for the prevention of use or disclosure of insider information within the Imerys Group. This policy was adopted in its initial version in July 2002 and is an appendix to the Internal Charter of the Board of Directors.

The policy defines permanent and occasional insiders; sets out the Company's obligation to draw up a list of insiders for the Group and determines the related arrangements. It also reiterates the rules with respect to transactions by corporate officers on Imerys shares or, as the case may be, any other securities issued by the Group or any financial instruments ("Imerys Actions" mutual fund, MONEP, warrants, convertible bonds, etc.) that are related to Imerys shares ("Imerys securities").

In accordance with the general principle that applies to Insiders, whether permanent or occasional, any corporate officer and related persons must, in the event that they directly or indirectly hold privileged information, before the public has knowledge of such information, refrain from carrying out any transaction, including forward transactions, on Imerys securities (except, however, for subscription or purchase by the exercise of options).

This obligation to refrain from trading also covers any transaction in Imerys securities (including as hedging) during the 15 calendar days leading up to the announcement of the Group's estimated or definitive annual, half-yearly or quarterly results; it concerns corporate officers, but also the Group's main support or line managers or any employees that directly take part in drawing up those consolidated financial statements, who are considered as regularly or occasionally likely to hold insider information because of their positions and responsibilities. Moreover, those rules prohibit such persons from making any short or carry-over transactions (except hedging).

The annual schedule of announcements of the Group's consolidated results is supplied to the Directors at the end of the previous year; it may be consulted at any time on the Group's website, is given regularly in the Chief Executive Officer's quarterly letter to shareholders and is available on request from the Group's financial communications department.

Finally, under the same rules, the corporate officers and, under their personal responsibility, all related individuals, must:

- hold the Imerys shares they own in registered form, either directly in their names with the Company or its securities manager or through management by the intermediary (bank, financial institution or broker) of their choice;
- declare individually to AMF and to the Secretary of the Board of Directors any transactions carried out on Imerys securities within five trading days of such transactions.

Pursuant to the provisions of article 223-26 of AMF's General Regulations, the table below summarizes the transactions made in securities in the Company by corporate officers in 2007 and, as the case may be, any related persons, and published on the AMF website.

Person making declaration or related person	*Capacity*	*Number of shares acquired subscribed /*	*Weighted average purchase / subscription price*	*Number of shares sold*	*Weighted average selling price*
Gérard Buffière	Chief Executive Officer and Director	4,000	54.40€	-	-
Jean Monville [(1)]	Director	450	61.75€	-	-
Belgian Securities BV	Controlling shareholder [(2)]	154,750	57.03€	-	-
Pargesa Netherlands BV	Controlling shareholder [(3)]	154,750	57.03€	-	-
Total		**313,950**	**57.00€**		

[(1)] Director as from May 2, 2007.

[(2)] Person related to Aimery Langlois-Meurinne, Paul Desmarais, Jr. and Thierry de Rudder.

[(3)] Person related to Aimery Langlois-Meurinne, Paul Desmarais, Jr. and Jacques Drijard.

7 Risk Factors and Internal Control

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1 – RISK FACTORS

1.1 Risks relating to financial markets

(CF. NOTE 26.5 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

1.2 Risks relating to mineral reserves and resources

Reported quantities of mineral reserves and resources are estimates of the size and quality of ore deposits based mainly on the technical, economic or market parameters available at a given time. Because of unforeseeable changes in these parameters and the uncertainty naturally inherent in evaluating resources, no absolute guarantee can be given for estimates of those reserves and resources.

For that reason, Imerys has set up an internal network of experts who are responsible for evaluating the Group's mineral resources and reserves for each of its divisions or operating entities. These experts must prove they have a recognized qualification and at last five years' geological experience in minerals and be members of a recognized trade organization.

Under the responsibility of the Group's Chief Geologist, once a year these experts draw up a consolidated appraisal of the Group's mineral reserves and resources and, at the same time, review the related mining rights. They apply the rules set down by the October 2001 "Code for Reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves (Reporting Code)", which ensures that the Group's mineral reserves and resources are reported consistently and as accurately as possible.

This appraisal is validated by the Group Vice-President Innovation & Business Support and presented to the Executive Committee annually. The process and resources used to enhance the reliability of this appraisal are examined by the Audit Committee.

Appraisals are audited over a three-year cycle, either by independent experts for the Group's main sites or internally for the remaining sites. Furthermore, since 2007 the appraisal process for some of the Group's most significant entities has been reviewed on the basis of internal control self-assessment questionnaires *(cf. chapter 7, section 2 of the Annual Report).*

The estimate of mineral reserves and resources as at the end of 2007 is given in *chapter 4, section 3 of the Annual Report.*

1.3 Energy price risks

(CF. NOTE 26.5 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

1.4 Industrial risks

As for any industrial group, Imerys' production sites are exposed to the occurrence of unforeseen incidents (of various nature or origin, e.g. accidents, natural disasters, machine breakage) that may lead to temporary operating stoppages, some of which may significantly affect the activity of operating entities.

The risk of occurrence of such events and their possible impact on the Group's overall business are limited by the following set of factors and measures: the number and geographic dispersal of industrial sites, many of which are of moderate size, in each operating division ; a constant policy and an amount of capital expenditure given over by each division to the modernization and maintenance of their industrial assets; an active industrial risk prevention policy set up by the Group, particularly including the definition of business continuity plans and/or crisis management plans for the most strategic sites and an access security audit for each site.

Furthermore, the potential financial impact that may arise from sites' temporary operating stoppages is covered through an insurer that is internationally recognized for its reputation and financial solidity, under a coverage program for property damage and business interruption combined with a sound risk prevention program *(cf. paragraph 1.11 below)*.

The General Counsel presents the Group's policy on insurance and risk coverage to the Audit Committee as part of its annual examination of the risks facing the Group.

1.5 Environmental, health and safety risks

Most of the industrial mining and minerals conversion activities that make up Imerys' core business may have an impact, albeit a limited one, on their environment. Moreover, these activities require the daily performance of tasks that entail risks and, consequently, require relevant employee training, particularly in the use of chemicals or explosives, driving heavy mobile equipment and work at heights.

The Group has a central Environment, Health & Safety (EHS) Department with the mission of guiding and assisting the operating entities and the Group in their efforts to develop and uphold an adequate level of protection of persons (Imerys or third party employees), property and the environment.

As part of its mission, the EHS Department also audits the programs implemented by those operating entities in order to check their compliance with local regulations and with Imerys' internal safety, health and environmental standards, whenever these are more stringent. These standards are set down in protocols that define the rules to follow for every operation identified as potentially generating a risk in terms of health, safety or the environment.

EHS policy provides for approximately 35 audits per year in order to check all the Group's largest sites every three years. The relevance of this audit program and its correct application have been checked by an independent external organization.

Furthermore, an innovative in-house training program - Imerys Safety Universities - trains participants in work risk assessment, the use of incident cause analysis tools and the key success factors for a safety culture improvement program. Safety University courses enable participants to share their experience in the Group and form strong, dynamic internal networks for safety.

The Executive Committee regularly examines EHS performance indicators and the result of audits in the different divisions. It determines and monitors any corrective actions that need to be set up. Moreover, the Audit Committee reviews the processes and resources used to achieve health, safety and environmental goals. The Board of Directors is given a general presentation at least once a year with regards to these different issues.

1.6 Risks relating to transport

SEA TRANSPORT

Given the geographic dispersal of its mineral reserves, industrial facilities and markets, as well as the nature of its products, the Group makes extensive use of sea freight to optimize the cost of product transport in bulk or container form.

The Group judges that its principal exposure to this risk is the sea transport of bulk kaolin from Brazil or the United States and transport within the Mediterranean basin.

Sea transport is managed centrally at Group level, which enables the Group to optimize flows and set up the best current practices in all divisions.

For very large flows, such as transport from Brazil, the Group maintains its policy of long-term contracts in partnership with certain shipowners, which enables it to smooth out the impact of market cost fluctuations and optimize the use of ships for this purpose.

RISKS RELATING TO RAIL TRANSPORT

The gradual opening of the European rail transport market plays a part in cost inflation risk management for this transport method.

The Group activities that are most concerned are Pigments for Paper, Tiles Minerals and Graphite.

In general, Imerys' exposure to this risk is limited, as customers frequently take on the cost of delivering the Group's products from production plant through to destination on a contractual basis.

1.7 Country risks

(CF. NOTE 37 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

1.8 Legal risks – governmental, legal or arbitration procedures

(CF. NOTE 25.2 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

The Group is exposed to the risk of actions and claims arising from the ordinary course of its business. The most common claims or actions concern allegations of personal injury or financial loss calling on the liability of Group companies with respect (i) to the pursuit of their commercial or industrial activities (particularly claims by customers concerning the delivery of defective products – in most cases covered by Group insurance programs – or by third parties concerning neighborhood disturbances) or resulting from a possible breach of certain contractual obligations, or (ii) to failure to comply with certain legal or statutory provisions that apply in social, property or environmental matters.

Furthermore, Imerys is also bound by certain contractual obligations of compensation – or enjoys certain rights to compensation – with respect to guarantees of liabilities made with respect to past divestments or acquisitions of assets.

Imerys' Legal Department manages all claims involving the Group, with the assistance of local lawyers whom it appoints. An overview of the most significant claims is reviewed with the Financial Department and Group auditors after every half-year. The General Counsel makes a summary presentation to the Audit Committee as part of its annual examination of the risks facing the Group.

Although the outcome of all outstanding actions and claims cannot be foreseen with certainty, taken individually or as a whole, their settlement, even if adverse for the Group companies involved, is not likely to have any material impact on the Company or Group's financial statements. The amount of provisions booked for management risks is €39.9 million as on December 31, 2007 (€45.0 million as on December 31, 2006). The likely term of these provisions is from 2008 to 2012.

More generally, as on the date of the present Annual Report, to the best of Imerys' knowledge, no governmental, legal or arbitration proceedings are likely to affect significantly the Group's business, financial position or cash flow.

1.9 Material contracts

To the best of Imerys' knowledge, apart from the contracts entered into (i) in the ordinary course of business, including contracts with respect to operating rights for mineral reserves and resources, and (ii) in relation to the business acquisition or divestment operations or the financing operations mentioned in the present Annual Report:

- no other major contracts have been signed by any Group company in the two years prior to the date of the present Annual Report that are still in force on that date,
- which contain provisions entailing an obligation or commitment likely to have significant impact on the Group's business, financial position or cash flow.

1.10 Customer and supplier relations

In 2007, sales to Imerys' 10 largest customers represented 18.5% of the Group's consolidated sales, with no customer accounting individually for 4% of total sales.

Purchases from Imerys' 10 largest suppliers (including transport and energy) represent 11.8% of the Group's total purchases in 2007, with no supplier accounting individually for 4% of total purchases.

1.11 Risk insurance and coverage

The Group's policy with regard to the protection of its earnings and assets against identifiable risks is to seek the most suitable solutions on the insurance market that offer the best balance between their cost and the extent of the coverage provided.

The coverage of major risks that are common to all operating divisions is almost exclusively integrated into "All Risks Except"-type international Group insurance programs taken out on the market with insurers that are internationally recognized for their reputation and financial solidity. This integration enables the Group to benefit from the most extensive coverage with the highest limits while optimizing its cost. As part of the active external growth policy implemented by the Group, steps are taken to ensure that acquired businesses are immediately integrated into existing Group insurance programs or benefit from coverage terms that are at least equivalent while restricting their integration to the additional coverage offered by those programs compared with the local insurance policies that apply to the acquired businesses.

The Group's companies also use the market to cover the specific risks of some of their non-recurring activities or operations through the services of the brokers in charge of managing the Group's insurance programs, or when such insurance is made obligatory by applicable local regulations.

The Group judges that it currently benefits from sufficient insurance coverage, in terms of both scope and insured amounts or limits of guarantees, for the principal risks related to the pursuit of its businesses worldwide.

The two main Group insurance programs cover civil liability as well as property damage and business interruption.

CIVIL LIABILITY

The purpose of this program is to cover the Group's tort or contractual liability in the event of bodily injury, property damage or consequential damage occurring during operations or after the delivery of products, and any damage resulting from accidental pollution.

The Group's activities are first covered by local policies issued in each country ("1st layer"), then by a Master policy issued in France and an additional policy in excess of the limit of cover of the Master policy ("Excess").

The Master and Excess policies, taken out with a pool of insurers led by XL Insurance, are regularly used in addition to the limits and coverage of several specific sub-programs, particularly in North America to cover Automobile Civil Liability and Workers Compensation, and in addition to the mandatory Employer's Civil Liability policy issued in Great Britain.

The coverage provided by the Group Civil Liability program, subject to the exclusions that are common practice on the insurance market for this type of risk and to sub-limits applied to certain defined events, amounts to €100 million per claim and per year

The current Group Civil Liability Program is renewable on December 31, 2008. Applicable excess levels, which may vary according to local 1st line policies, are generally around €15,000 euros per claim, apart from in Canada and the United States, where they are US$100,000 and US$250,000 respectively.

The efforts kept up by divisions on risk prevention and product quality control enabled the Group to control the cost of its Civil Liability insurance for the renewal period.

PROPERTY DAMAGE AND BUSINESS INTERRUPTION

This program is particularly intended to cover property damage caused suddenly and directly affecting the insured property, as well as any resulting operating losses.

The Group's activities are covered for property damage and business interruption under a Master policy that is issued in France and applies directly in most European countries and in addition to local policies in other countries.

The significant increase in the amount of premiums recorded by the Group in 2002 and the raising of applicable excess levels, which result from the overall trend among insurers of tightening their terms and conditions for taking out industrial risk coverage, led Imerys to transfer only risks of intensity to the insurers. As of January 1st, 2002, "frequency" risks are retained in captive reinsurance that is consolidated in the Group's accounts, for maximum amounts of €700,000 per claim and €2 million in total per year.

The Master policy provides the Group, subject to the exclusions that are common practice on the insurance market for this type of risk and the sub-limits applied to certain defined events, with coverage for property damage and business interruption of €120 million per claim.

The current Group property damage and business interruption program was renewed on January 1, 2007 with FM Global for a period of three years.

The enhanced risk prevention policy implemented by the Group has enabled it to return to more reasonable premium rates that better reflect the moderate theoretical level of risk associated with the Group's activities and its historical average rate of claims.

In assigning its property damage and business interruption program under a multi-year framework to a company that is renowned for its expertise in prevention engineering, Imerys intends to continue its enhanced efforts on risk awareness and protection in line with its overall Sustainable Development program. Almost all the Group's industrial units are regularly inspected by prevention engineers, giving rise to recommendations that enable Imerys to improve its industrial risk management. 84 units were inspected in 2007 and 37 units are now considered by FM Global as "Highly Protected Risks." The Group's aim is to increase the proportion of its insured assets considered as Highly Protected Risks to 70%.

Since 2007, the Group has organized industrial risk (fire, electrical risk, gas, etc.) awareness seminars facilitated by prevention engineers from the insurance company.

OTHER GROUP-WIDE INSURED RISKS

The Group's other main insurance programs are intended to cover the following risks, which are common to all its legal entities or several of its business groups: directors and officers' liability; automotive fleet insurance (Europe and United States); shipping (marine cargo and charterer); and work accidents (particularly in the United States and Great Britain).

2 - INTERNAL CONTROL

2.1 Report of the Chairman of the Board of Directors

INTRODUCTION

Context

Pursuant to the French law on financial security of August 1, 2003 (the "LSF law") and in accordance with article L. 225-37 of the Code of Commerce, on February 13, 2008 the Chairman of the Board of Directors drew up his report on the conditions for preparing and organizing the Board's work and on Imerys' internal control procedures.

Detailed information on the conditions for preparing and organizing the Board of Directors' work and, more generally, its functioning, is given in *chapter 6, section 1 of the Annual Report*; the principles and rules set down by the Board of Directors for determining the compensation and benefits of corporate officers are described in *chapter 6, section 3*. This information should be considered as an integral part of the above-mentioned Report of the Chairman of the Board of Directors.

The part of the report hereafter describes the Group's main internal control procedures and the work done in 2007 on the monitoring and analysis of internal control mechanisms in operating entities. This part was drawn up under the responsibility of the Internal Control Department and reviewed by the Chief Executive Officer, who confirmed that its content was valid. The report was then provided to the statutory auditors for discussion before being definitively adopted by the Chairman.

Internal control objectives

The Imerys Group's internal control system is intended to ensure that all the operations carried out in the Group comply with current laws and regulations and with the Group's management principles and strategy.

It covers all the controlled companies in the Group's scope of consolidation.

By implementing internal control mechanisms in all the Group's activities, Imerys intends to ensure that it has the resources needed to manage the risks that its activities face, guarantee the accuracy and thoroughness of its financial information and organize the proper management of its operations. In this way, the internal control system helps to protect the company's value for its shareholders and employees and enable the Group to achieve the objectives it sets itself.

To structure its approach and provide for the qualification of its system, the Group drew on the reference framework published in May 2006 by the workgroup organized by AMF to define its own internal control framework. In particular, the Imerys' framework includes the objectives and the components of the AMF framework.

However, by its nature such a system cannot provide an absolute guarantee as to the total control of the risks that the Group faces and the achievement of its goals.

Internal control principles

In line with the goals set, Imerys' internal control system is founded on the following principles:

- a chosen, controlled organization comprised of skilled, responsible people;
- targeted internal communications;
- regular analysis of the Group's main risks;
- relevant control activities ;
- regular review of internal control practices in the Group.

A CHOSEN, CONTROLLED ORGANIZATION

Organizational model

Imerys' internal control is based on the Group's operating and management organization, which is comprised of 3 business groups, 9 activities, 11 divisions and 25 departments, and on support departments that are directly or indirectly dedicated to the control of the risks that the Group faces.

The control system set up in the Group is based on a tight governance structure that guarantees the transparency and traceability of decisions while conserving the principles of subsidiarity and decentralization in the running of the Group's industrial and commercial activities, which are considered as essential to their optimum management. It requires great commitment from every line or support manager as they are expected to grasp the policies and procedures defined at Group level, contribute to their implementation and observance and enrich them through relevant measures for the activities or fields under their charge.

The framework for managing operations consists, on one hand, of Group policies and the resulting delegations of power to line managers and, on the other hand, of specific controls carried out by the central support departments in their scope of responsibility and regular audits conducted by the Internal Audit Department. Furthermore, the operational management of divisions is controlled and monitored continuously by business group managers and at regular intervals by the Chief Executive Officer and the Chief Financial Officer through budget processes, quarterly income statement reviews and monthly management reporting, of which the main items and conclusions are commented on in Executive Committee meetings. The consolidated financial statements are also reviewed by the Board of Directors and, for semi-annual and annual statements, approved by the Board of Directors after examination by the Audit Committee.

The longer-term orientations of the business groups' or divisions' activity and the resulting financial forecasts are formalized and monitored under a multiyear strategic plan. This plan is drawn up under the control and supervision of the Chief Executive Officer and its conclusions are reviewed by the Strategic Committee and presented to the Board of Directors for approval.

Participants in internal control

- **The Board of Directors and its Specialized Committees**

The Board of Directors constantly controls the management of the Group conducted by the Chief Executive Officer. In that framework, it particularly makes sure that internal control mechanisms are set up correctly in the Group.

To assist the Board in its mission, three specialized committees were formed from its members: the Strategic Committee, the Appointments and Compensation Committee and the Audit Committee. The Strategic Committee and the Audit Committee have responsibilities with respect to identifying and managing risks and monitoring certain internal control mechanisms as presented in *chapter 6, section 1 of the Annual Report*. The Audit Committee reviews at least once a year, in particular, the processes set up and results obtained in terms of risks analysis and appraisal of internal control mechanisms.

These specialized committees perform their duties under the responsibility of the Board of Directors.

- **The Chief Executive Officer and the Executive Committee**

The Chief Executive Officer has operating and functional responsibility covering all the Group's activities to implement the strategy defined by the Board of Directors. In particular, he is in charge of the effective implementation of internal control mechanisms within the Group.

The Chief Executive Officer is assisted in his mission by an Executive Committee of which he appoints the members. The members represent each of Imerys' business groups and main support departments. By delegation, Executive Committee members are in charge of setting up and monitoring internal control systems in their scope of responsibility.

- **Business group, division and department managers**

In accordance with the Group's decentralized operating principles, the managers of each business group have the responsibility and necessary powers to organize, run and manage the operating activities of the business group in question as Deputy Chief Executive Officer of the Group, and to delegate in similar conditions to the managers of the divisions and departments that make up their business group.

Each business group, division and department favors the most appropriate organization to its markets, taking into account their commercial, industrial or geographic specificities. It is, therefore, responsible for adopting internal control mechanisms that are consistent, on one hand, with its organization and, on the other hand, with the Group's principles and rules.

- **The Group's support departments**

The corporate Finance & Strategy, Legal, Human Resources, Research & Technology, Geology and Environment, Health & Safety Departments have a twofold mission: organize and control the Group's operations in their respective spheres of expertise and provide technical assistance to the business groups, divisions and departments in those fields when necessary. This central support core, together with the cross-Group Departments (Innovation, Purchasing, Information Systems) enables the Group not only to benefit from the scale effects related to its size and from better sharing of skills, but also to ensure that all the operations in those fields are carried out in a framework of secure, consistent management and control.

Through their presence and organization, central support functions make a significant contribution to the Group's internal control mechanisms. The managers of these departments have functional authority over the managers whose missions come under their scope of expertise in business groups, divisions and departments.

- **Internal Audit Department**

The Internal Audit Department has a management support function and is independent of the operating and functional activities that it audits. For that purpose, the Internal Audit Manager reports hierarchically to the Group's Chief Executive Officer and functionally to the Audit Committee.

The Internal Audit Department's mission is to check the Group's internal control mechanism and make sure that they comply with the principles and rules governing them. It must alert management of any internal control failings and takes part in the drafting of the recommendations made to correct such failings.

It is also in charge of an internal consultancy unit centered on process modeling, which is particularly used to integrate key controls into divisions' operating and support processes.

The Department has a centralized organization with a team of 3 auditors in Paris (covering Europe and Africa), 1 auditor in Atlanta and 2 auditors in Sao Paulo (covering the Americas), 1 auditor based in Beijing and 2 auditors in Shanghai (covering Asia-Pacific and all information systems) and 1 internal consultant based in Paris.

- **The Internal Control Department**

The Internal Control Department works closely with the Internal Audit Department. Its mission is to coordinate the continuous improvement of internal control mechanisms in the Group. To do so, it is in charge of the three following activities:

- risk analysis;
- administration of Group policies and procedures (including their Group-wide dissemination);
- overall review of internal control practices in the Group.

All of this work is done in cooperation with the Group's support departments and the main line managers of each business group and division.

Group rules

Imerys' internal control policy is set down in a number of charters (Board of Directors charter, sustainable development charter, environment, health & safety charter, internal audit charter) and codes (code of business conduct and ethics, corporate governance policy) that apply Group-wide. These sets of rules are intended to create a favorable control environment, based on robust principles and the experienced practice of Corporate Governance, as well as on upright, ethical behavior in compliance with laws, regulations and the Group's strategic objectives.

Furthermore, Group policies have been defined by the Finance & Strategy, Legal, Human Resources, Geology, Environment, Health & Safety and Research & Technology central support departments and by the Innovation, Purchasing and Information Systems cross-Group support departments. These departments draw up Group policies that define the organization, responsibilities and working and reporting principles for the respective areas of expertise of which they are responsible for Imerys. This initial body of rules forms the reference framework by which the Group's operating activities must abide. It applies to all the Group's companies and activities.

Group policies are collected in the "Blue Book," which all employees can consult online via intranet.

In divisions and operating departments, a second set of rules, if needed, define specific working and reporting principles. These arrangements are, in compliance with Group policies, adapted to their own internal organization, the management of their specific mining, industrial and commercial activities and to the particular related risks. They take into account specificities in terms of local laws and regulations.

Code of business conduct and ethics

The Imerys code of business conduct and ethics summarizes the ethical behavior principles the Group expects all its employees, especially its senior managers, as well as its contractors, suppliers and other partners with whom they have close relations to follow. It is designed so that everyone, in his or her daily work, adopts an attitude that complies with local legislation and abides by the principles of responsibility, integrity, fairness and openness that are the Group's values.

The Imerys code of business conduct and ethics particularly defines the rules of conduct to follow in terms of protecting the environment and human rights, relations with local communities, the treatment of employee differences and safety, confidentially rules and prevention of insider trading, protection of the Group's assets and conflicts of interest, fair competition and illicit payments and practices.

Details of some of these subjects are given in three other Group policies in addition to the code of business conduct and ethics: fraud prevention policy, anti-trust policy and employee relations policy.

Major communication efforts have been made. The code of business conduct and ethics is presented at many in-house seminars, the internal magazine often devotes an article to it, and Web training was created on the issue in the United States and followed by all American employees in 2007.

Information systems

The effectiveness of information systems and tools contributes to the reliability and improvement of support and operating processes.

The Group's policy consists of integrating as much as possible of its value chain (particularly sales, distribution, purchasing, inventory, fixed assets, production, the logistics chain and finance) via its computerized enterprise resource planning (ERP) tools. Imerys strives to use integrated ERP control systems in order to ensure the optimum level of control while meeting the specific requirements of better management of its operating activities. This use is regularly checked through specialized information system assignments by the Internal Audit Department.

Imerys is organized around a small number of ERP systems selected by the Group to take account of the size of operations and geographic zones in which they are to be deployed in order to achieve support and maintenance synergies as well as satisfactory consistency. The accounting and financial data consolidation and reporting software is deployed in all Group entities and sources the necessary data from the financial modules of the ERP systems used by those entities.

Furthermore, tools for consolidating and monitoring the most important non-financial data have been set up Group-wide. Depending on the case, they are used to achieve the following goals:

- Obtaining better vision of the performance of the Group's different activities, preventing or solving any difficulties and fostering or measuring improvement (e.g. consolidation and reporting of representative indicators for managing human resources or environment, health and safety);
- Ensuring accurate management of some data and contributing to the monitoring of the data's compliance with the legal or regulatory obligations that apply to the Group and with Group rules (e.g. consolidation and reporting of legal and administrative information on the Group's subsidiaries and interests and their corporate officers; management of intra-Group bank accounts and cash flows).

Human Resources management principles

Human Resources management contributes to Imerys' internal control system by enabling the Group to ensure that its employees have a relevant skill level with respect to their responsibilities, that they are aware of those responsibilities and that they are informed about and observe the Group's rules.

In that respect, a set of rules has been drawn up to ensure that the decisions taken comply with applicable laws and agreements, control the integrity of salary determination and payment processes, supervise the setup of benefits and gather and process information. Other Human Resources policies have been drawn up covering areas such as employee relations, industrial relations, organizational development, international mobility and crisis management.

- **Recruitment and development**

To support its growth, the Group recruits in every country and every function. To make sure that recruitments are consistent and relevant, the Group Human Resources Department defines standards and checks practices. In addition, senior managers may not be recruited without the involvement of the Group Human Resources Department and, as the case may be, the relevant support departments.

There are two parts to the career development procedure: Performance Appraisal and Career Development (P.A.D.), through which individual goals are set and annual assessments carried out, and Organization and People Review (O.P.R.), a framework for examining individual situations (e.g. identifying high-potentials or outstanding performance), succession plans and key organizational questions.

- **Compensation**

Compensations are reviewed annually. The review particularly focuses on base salary and individual bonuses. Compensations are revised according to a global policy intended to improve Group-wide competitiveness, consistency and evolution. Revision is based on an international classification of the main line and support manager positions at Imerys. Furthermore, the bonus practices in force in the Group are now consistent and are based, in particular, on comparable criteria in terms of value and kind.

TARGETED INTERNAL COMMUNICATIONS

Internal communication is organized around a central department that is part of the Group Human Resources Department and a network of local correspondents in operating activities. Its mission is to supervise the integration of each of the Group's activities and build a collective identity founded on its diversity.

The objective is threefold:

- Inform all the Group's employees;
- Share experience in order to foster the dissemination of best practices, including in terms of internal control mechanisms;
- Listen to personnel, especially in operating activities through the local correspondent network.

To achieve these goals, the Group has several communication tools. The in-house newsletter “Imerys News” or the intranet “Scooper” set out Imerys’ general orientations, strategy, organization and activities. Other tools, for example the intranet “Blue Book,” are used to disseminate Group policies and procedures. Moreover, Imerys strives to give all recruited managers an overview of the Group, including its organization, core businesses and strategy. The welcome sessions organized every year for around 100 new arrivals contribute to this effort.

PERIODICAL ANALYSIS OF THE GROUP’S MAIN RISKS

Objectives

Analyzing risks enables Imerys to identify the events that represent a major threat with respect to the achievement of its strategic andfinancialgoals and to compliance with local laws and regulations.

Through a structured process designed to enable the Group to appraise and analyze its main risks, Imerys can assess the suitability of its existing internal control mechanisms, set up relevant action plans to improve their efficiency and, more generally, increase the protection of the Group’s value in compliance with applicable laws and regulations.

Organization

The risk analysis process was redefined in 2006. It is henceforth structured as follows:

- With respect to his or her duties, every support and line manager must constantly seek to identify, analyze and manage risks in his or her areas of responsibility. The identification and management of these risks are periodically reviewed and discussed by the Chief Executive Officer and Chief Financial Officer as part of the budget process, quarterly income statement reviews and monthly management reporting.
- Furthermore, the Group has engaged in implementing a formal, recurrent process to analyze its main risks by mapping them. This process was initiated at top management level in 2003 and extended to each division in 2006, the level considered as most relevant to Imerys’ management and operating structure. Results are reviewed and approved by the Group’s Executive Committee. In view of the results, new actions are defined to tighten the Group’s control of certain identified risks. This risk mapping is now regularly updated on the basis of a review by the Group’s support function managers and/or main line managers.

Imerys’ Board of Directors supervises the Group’s risk analysis process. The Board has appointed two of its specialized committees, the Strategic Committee and the Audit Committee, to examine questions relating to the Chief Executive Officer’s analysis and monitoring of the major risks that come under their respective areas of competence. The Committees regularly report to the Board on the work done on the subject and on the results.

Major risks

The nature of the Group’s main risks and management and control methods are described in detail *in chapter 7, section 1 of the Annual Report.*

RELEVANT CONTROL ACTIVITIES

Operating and support control activities

Control activities are carried out to ensure that the risks related to a given operating or support process are correctly covered. At Imerys, control activities are adapted to the goals set and the risks inherent in each process.

Group policies *(see “Organization” part above)* are rules that structure the Group’s control environment. The resulting Group procedures, particularly those relating to the accuracy of accounting and financial information, describe the required control activities in detail.

Control activities concerning the accuracy of accounting and financial information

The control mechanism and production procedures for accounting and financial information are uniform throughout the Group. This mechanism is made up of a cross-Group accounting organization, consistent accounting standards, a single consolidated reporting system and quality control of the internal and external financial and accounting information produced.

• Organization of the accounting and financial function

Accounting and financial operations are managed by the Group's Financial Department. Its central organization includes:

- An accounting and consolidation function, which is responsible for the preparation and presentation of Imerys' corporate financial statements and the Group's consolidated financial statements;
- A financial control and budget control function, responsible for preparing and compiling budget data, for monthly reporting on the Group's financial management and for analyzing operations' performance in relation to budget targets and to comparable periods during the previous year;
- A treasury and financing function, which is particularly in charge of preparing and consolidating data on financial debt and on the Group's financial income/expense. Details of its main missions are given in chapter 3 of the Annual Report, in the notes to the consolidated financial statements, particularly centralized financial management and optimization of the Group's debt and financial resources, and management of interest rate and currency risk;
- A tax function, which is particularly responsible for monitoring the tax consolidations made in the Group, estimating the resulting amount of taxes and controlling their overall consistency.

Because of the decentralized organization of accounting and financial functions, the financial controller of each business group, division and department has a key role. In particular, he or she is in charge of making sure in the field and for his or her scope of responsibility that accounting and financial internal control procedures are correctly applied. Each controller is assigned to the manager of the operating entity in question, but also reports on a functional basis to the Group's Financial Department.

• Accounting framework

The general rules described in the "Blue Book" apply to all the Group's operating and legal entities. They include:

- A reminder of the general accounting principles and recommendations to comply with;
- A detailed chart of accounts;
- A definition of the Group's accounting methods that apply for the most important items and/or operations;
- Control procedures for the most important account categories, particularly the main accounting reconciliations to be performed in order to control the information produced;
- Useful standard documents for carrying out those controls.

These documents are regularly updated with every amendment or application of new accounting standards, under the responsibility of the Group Reporting and Consolidation Department.

• Annual budget and management reporting

Every year, Imerys implements a monthly reporting and budget process for all the Group's entities for the purposes of accurate and consistent management and information. The match between accounting data and the management information derived from reporting is the key control principle intended to ensure the accuracy of accounting and financial information.

Imerys' budget preparation procedure is based on the involvement of crossfunctional teams in every business group and division and on the control of the overall consistency of assumptions and methods by the Group Reporting and Consolidation Department.

The reporting system enables the Group to monitor accurately every month the results (income statement and cash flow) and financial data for business groups, divisions and departments and to compare them with the budget and results for the corresponding period in the previous financial year. Local line managers comment on management indicators and the main variations are analyzed by the Group Reporting and Consolidation Department.

- **Consolidation process**

A single accounting consolidation system handles all information from every Group operating and legal entity.

To guarantee the quality and accuracy of its financial information, Imerys has set up a “Magnitude” unified reporting system for both the feedback of management information and production of the consolidated financial statements. The system is deployed in all the Group’s entities. It is sourced from local accounting data by interface, by retrieving the necessary data from the financial modules of entities’ ERP systems or by manual input.

A detailed plan is drawn up for annual and interim (quarterly and semi-annual) account closings.

- **Review of results**

Every month, the Executive Committee examines the most recent overviews resulting from management reporting, analyzes significant variations on the previous year or the budget. It defines any corrective actions it judges necessary and monitors their implementation.

Furthermore, results are reviewed at the quarterly meetings in which business group, division and department managers present their results to the Chief Executive Officer and the Chief Financial Officer. A summary of each of those reviews is also presented to the Strategic Committee.

Finally, the consolidated financial statements are systematically reviewed by the Chief Executive Officer, assisted by his Executive Committee. These statements are also reviewed by the Board of Directors and, for the semi-annual and annual statements, approved by the Board of Directors after examination by its Audit Committee.

REVIEW OF INTERNAL CONTROL MECHANISMS

The review processes set up at Imerys enable the Group to check regularly the quality and efficiency of its internal controls and to take improvement actions if needed.

Beyond the constant controls made by line and support management, internal controls are reviewed under two interrelated Group processes.

Audit of entities’ internal control practices

The Internal Audit Department has a twofold mission: check internal control mechanisms in operating entities and make sure they comply with the principles and rules defined by the Group; cover operating and strategic risks and issues for the Group.

Internal auditors inspect all those entities in an auditing cycle that ranges from 3 to 5 years on average, depending on how critical and significant the entities are. The audit plan is validated annually by the Audit Committee and may be modified according to circumstances.

Audit reports are passed on to the Chief Executive Officer and the main support and line managers concerned. A complete activity report by the Internal Audit Department is presented and discussed every six months in an Audit Committee meeting with the Statutory Auditors present. On that occasion, a copy of all the audit reports drawn up is handed to participants.

Overall review of the Group’s internal control systems

Imerys has undertaken a continuous process to improve the efficiency of its internal control systems. Implementation of this process is supervised by the Internal Control Department and work is done in coordination with managers of the Group’s relevant line and support organizations. This structured, formal process is based on detailed self-assessment questionnaires. The aim is to analyze existing internal control mechanisms in the Group, particularly with respect to the material nature of the related risks.

This process is structured in five main stages:

- Prior identification of the organization's key operating and support processes, particularly with respect to its major risks;
- Identification of critical control points for the risks in those processes;
- Assessment of those controls by the main process owners;
- Identification of any failings in internal controls;
- Consolidation of the results obtained, definition and implementation of any necessary improvement or corrective actions.

A computer tool is used to consolidate, process and provide overviews of the information resulting from the different stages.

2006 was a pilot year, given over to the production of analysis methods and tools for internal control mechanisms. An initial test led to an analysis of the control mechanism relating to three pilot sub-processes in the main operating entities of four Group divisions.

In 2007, Imerys began its first review of internal control mechanisms for five of the Group's significant processes (Purchasing, Capital Expenditure, Fixed Asset Management, Mining and Treasury) in eight of its main entities that contribute more than 20% to the consolidated sales.

By 2010, Imerys' goal is to cover all the main operating and support processes that may generate material risks for the Group in its main entities.

The results of self-assessments are validated by division controllers and Chief Executive Officers. They are reviewed and discussed with the Internal Control Department to ensure that answers are consistent and assessments are relevant. The final results are presented annually to the Group's Executive Committee and the Audit Committee.

In 2008, the Internal Audit Department will add validation of internal control questionnaires to its audit program for audited entities that have completed a self-assessment of their internal control practices.

2.2 Statutory auditors' report

prepared in accordance with Article L.225-235 of the French company law (Code de Commerce) on the report prepared by the Chairman of the Board of Directors of Imerys SA with respect to the internal control procedures for the preparation and treatment of financial and accounting information

Fiscal year ended December 31, 2007

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

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris - La Défense Cedex

Deloitte & Associés
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex

Dear Shareholders,

In our capacity as Statutory Auditors of Imerys SA and in accordance with Article L.225-235 of the French Company Law (Code de Commerce), we hereby report to you on the report prepared by the Chairman of the Board of Directors of your company, in accordance with Article L. 225-37 of the French Company Law (Code de Commerce) for the year ended December 31, 2007.

It is the Chairman's responsibility to describe in his report the preparation and organization of the Board's work and the internal control procedures implemented by the company.

It is our responsibility to report to you on the information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information.

We conducted our work in accordance with the relevant French professional standard. This standard requires that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report are based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information given on the internal control procedures relating to the preparation and processing of financial and accounting information contained in the report of the Chairman of the Board of Directors, prepared in accordance with Article L. 227-37 of the French company law (Code de Commerce).

Paris-La Défense and Neuilly-sur-Seine, March 28, 2008

The Statutory Auditors

ERNST & YOUNG Audit
Jean-Roch VARON

Deloitte & Associés
Nicholas L.E. ROLT

8 Ordinary and Extraordinary Shareholders' General Meeting of April 30, 2008

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1 - PRESENTATION OF THE RESOLUTIONS BY THE BOARD OF DIRECTORS

The resolutions that the Board of Directors drew up at its February 13, 2008 session and asks you to adopt fall within the scope of the Ordinary General Meeting for resolutions 1 to 12 and 15 and within the scope of the Extraordinary General Meeting for resolutions 13 to 14.

1.1 Financial year 2007 - annual financial statements and allocation of earnings

(three resolutions within the scope of the Ordinary General Meeting)

We first submit to your approval the Company's financial statements (*first resolution*) and the Group's consolidated financial statements (*second resolution*) for financial year 2007.

The presentation of these financial statements and the description of the financial situation, business and results of the Group and the Company for the financial year just ended, as well as the various items of information required by current legal and regulatory provisions, appear in chapter 3 of the Annual Report, to which we ask you to refer.

You are then called upon to decide on the allocation of the Company's earnings for financial year 2007 (*third resolution*).

The Company's net income for the financial year just ended is €50,239,677.57, to which we propose that retained earnings appearing in the balance sheet of €419,498,632.61 be added in order to form a total distributable amount of €469,738,310.18.

We propose that this amount be allocated to the payment of a dividend of €1.90 euro per share for the 63,126,856 shares that make up the share capital as on January 1, 2008 *(see chapter 5, paragraph 2.1 of the of the Annual Report)* and that the remainder be allocated to the "Retained earnings" account. We also ask that you kindly authorize the Board of Directors to deduct from the "Retained earnings" account the sums needed to pay the dividend attached to the shares created following the exercise of share subscription options between January 1, 2008 and the dividend payment date.

The dividend will be paid from May 13, 2008.

In accordance with article 243 bis of the General Tax Code, you are reminded that all of the proposed dividend with respect to 2007 is eligible for the 40% allowance provided for by article 158-3 of the General Tax Code, from which private individuals domiciled in France for tax purposes may benefit. However, in accordance with the new tax provisions in force since January 1, 2008, private individuals domiciled in France for tax purposes may, prior to the dividend payment date, opt for an 18% withholding.

You are also reminded that the amount of the dividend per share paid with respect to the previous three financial years was as follows (taking into account the division of the Imerys share's par value by 4):

	2006	*2005*	*2004*
Net dividend per share	€1.80(*)	€1.65(*)	€1.50(**)
Number of shares compensated	63,443,658	63,529,260	63,307,376

(*) *dividend eligible for the 40% allowance.*

(**) *dividend eligible for the 50% tax credit.*

With a net amount of €1.90 euro per share, the dividend payout for this year represents a 5.60 % increase.

1.2 Regulated agreements and commitments

(three resolutions within the scope of the Ordinary General Meeting)

You are also called upon to rule on the regulated agreements and commitments governed by the provisions of articles L. 225-38 et seq. of the Code of Commerce, which apply to Limited Liability Companies (*Société Anonyme*) with Boards of Directors and which are the subject of a special report by the Statutory Auditors. For that purpose, you are asked to kindly approve, on one hand, any regulated agreements and commitments that were authorized and entered into in previous years and which continued to be executed in 2007 (*fourth resolution*) and, on the other hand, in accordance with article L. 225-42-1 of the Code of Commerce, the following regulated commitments made by the Company in favor of corporate officers:

- the collective supplementary pension plan with defined benefits, of which Mr. Gérard Buffière, Chief Executive Officer and Director, and Mr. Jérôme Pecresse, Chief Operating Officer, are among the beneficiaries as well as the amendments made to it and authorized by the Board of Directors at its meeting on February 13th 2008 (*fifth resolution*) *(see paragraph 3.2 of the chapter 6 of the Annual Report)*,

- the amendments made to Mr. Gérard Buffière's employment contract, authorized by the Board of Directors at its meeting on February 13th 2008, which in particular sets down the performance criteria on which is dependent the grant of a departure indemnity to be paid to him in the event of termination of that contract at the Company's initiative (*sixth resolution*).

Details of all the regulated agreements and commitments indicated above are given in the Statutory Auditors' special report, to which you are kindly asked to refer *(see paragraph 2.1 of the present chapter of the Annual Report)*.

1.3 Composition of the Board of Directors

(five resolutions within the scope of the Ordinary General Meeting)

A second set of resolutions concerns the composition of the Board of Directors. Information on the powers of the Board and its specialized Committees, their current composition and the changes that occurred in 2007, their workings and activity during the year just ended, the independent status of their members, personal information concerning them and their main activities and corporate offices is given in chapter 6 of the Annual Report on Corporate Governance, to which we ask you to refer.

The term of office of the Directors is three years and one third of the offices are renewed every year.

The terms of office of Mr. Aimery Langlois-Meurinne, Mr. Gérard Buffière, Mr. Aldo Cardoso, Mr. Maximilien de Limburg Stirum and Mr. Jacques Veyrat will expire at the end of the present Meeting.

In accordance with the recommendations of the Appointments and Compensation Committee, you are asked to renew these terms of offices for a further three years, i.e. until the Shareholders' Meeting called in 2011 to rule on the management and financial statements for financial 2010 (*seventh to eleventh resolutions*).

In accordance with the principles used by the Company to determine the independent status of its directors, after examining their personal situation, the Appointments and Compensation Committee acknowledged the "independence" of Mr. Cardoso and Mr. Veyrat. However, independent status was not awarded neither to Mr. Langlois-Meurinne and Mr. de Limburg Stirum, who represent the Company's controlling shareholders, nor to Mr. Buffière who is the Chief Executive Officer of the Company.

Following the Shareholders' Meeting of April 30, 2008 and subject to its approval of the proposed renewals, the Board of Directors will be made up as follows:

Year of end of term of office	*Name*	*Independent member*
2009	Jacques DRIJARD	No
	Jocelyn LEFEBVRE	No
	Eric Le MOYNE de SERIGNY	Yes
	Gilbert MILAN	Yes
2010	Paul DESMARAIS, Jr.	No
	Jean MONVILLE	Yes
	Grégoire OLIVIER	Yes
	Robert PEUGEOT	Yes
	Thierry de RUDDER	No
2011	Aimery LANGLOIS-MEURINNE	No
	Gérard BUFFIERE	No
	Aldo CARDOSO	Yes
	Maximilien de LIMBURG STIRUM	No
	Jacques VEYRAT	Yes

1.4 Share buyback program

(one resolution within the scope of the Ordinary General Meeting)

As the authorization to buy back the Company's shares on the market, previously given to the Board of Directors for a period of 18 months by the Ordinary and Extraordinary Shareholders' General Meeting of May 2, 2007, expires before the 2009 Shareholders' General Meeting, you are asked to renew it now in accordance with the provisions of articles L. 225-209 et seq. of the Code of Commerce and articles 241-1 to 241-6 of the General Regulations of AMF (*twelfth resolution*). For further information concerning the Company's implementation in 2007 of its stock buyback program, you are invited to refer to chapter 5, paragraph 2.4. of the Annual Report. Furthermore, in accordance with the provisions of the above-mentioned articles, the description of the new program submitted for your approval will be available on the Company's website (http://www.imerys.com, Our Group – Publications & Regulated Information section) and on the AMF website (http://www.amf-france.org).

You are reminded that the requested new authorization is intended to allow the repurchase of the Company's own shares, for the purposes of:

- ensuring the liquidity of the market through an investment services provider acting in the name and on behalf of the Company under a liquidity contract in accordance with a code of conduct recognized by AMF;
- employees' participation in shareholding plans set up by the Company or the grant of share purchase options or free shares to employees and/or executives of the Company and/or the companies in its Group;
- the delivery or exchange of shares, particularly with respect to the issue of securities that give access, immediately or in the future, to shares in the Company or with respect to external growth operations;
- the cancellation of the shares thus bought and, as the case may be, any shares bought under previous buyback authorizations.

1.5 Share subscription or purchase options and allotment of free shares of the Company

(two resolutions within the scope of the Extraordinary General Meeting)

We propose that you renew the authorization given to the Board of Directors to grant purchase or subscription options on the Company's shares to the Group's employees or corporate officers (*thirteenth resolution*). It is specified that the subscription or purchase price of the shares would be determined on the days the options are granted, within the limits and terms provided by the regulations in force on the day of their grant.

It is also proposed that you renew in favor of the Board of Directors the authorization to make grants of free shares for the benefit of employees or corporate officers of the Group (*fourteenth resolution*). The minimum vesting period for said shares and the minimum holding period would be those provided by the regulations in force on the day of their grant (currently set at two years, respectively).

Given the increase in the scope of the Group, the total maximum nominal amount of shares that may be the subject of either subscription or purchase options or of free grants would be raised to €7.4 million, which represents a maximum number of 3.7 million shares.

These authorizations would be granted for a period of 38 months as from the date of the Shareholders' Meeting and would replace the previous authorizations on the same matter, which would then lapse.

It is specified that the Appointments and Compensation Committee is currently examining, with the support of a specialized external consultant, the usefulness of granting free shares to a greater number of beneficiaries and, as the case may be, replacing the grant of share subscription options by those free share grants. The Board of Directors may, therefore, on the basis of the recommendations that will be made to it by the Appointments and Compensation Committee, modify its free share allocation policy in 2008.

2 - AUDITORS' REPORTS

ERNST & YOUNG Audit
représenté par Jean-Roch Varon
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris - La Défense Cedex
first appointed by the Ordinary Shareholders' General Meeting of June 11, 1986

Deloitte & Associés
représenté par Nicholas L.E. Rolt
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
first appointed by the Ordinary and Extraordinary Shareholders' General Meeting of May 5, 2003

2.1 Statutory Auditors' Special Report on related party agreements and commitments

Fiscal year ended December 31, 2007

This is a free translation of the original text in French for information purposes only.

It should be understood that the agreements reported on are only those provided by the French Company Law (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Dear Shareholders,

In our capacity as statutory auditors of your Company, we hereby report on the agreements and commitments with related parties.

AGREEMENT AND COMMITMENTS AUTHORIZED DURING THE YEAR UNTIL FEBRUARY 13, 2008

Pursuant to Article L. 225-40 of the French Company Law (Code de commerce), we have been informed of the following agreements and commitments which received the prior approval of the Board of Directors.

We are not required to ascertain whether any other agreements and commitments exist but to inform you, based on information provided to us, of the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Company Law (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

We conducted our procedures in accordance with professional standards applicable in France; those standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

■ Group defined retirement benefit plan and its amendments:

The individuals concerned by this defined retirement benefit plan are:

- Mr. Gérard Buffière, Chief Executive Officer and Director
- M. Jérôme Pecresse, Executive Vice-President.

In 1985, your Company set up a defined retirement benefit plan, the beneficiaries of which are today Mr. Gérard Buffière and Mr. Jérôme Pecresse.

The maximum annuity which can be paid to the beneficiaries of this plan starting from the liquidation of their retirement rights is calculated to guarantee them:

- A total gross annual annuity (after including pensions received under mandatory and supplementary retirement plans) equal to 60% of their benchmark salary, limited to 8 times the French Social Security ceiling;
- A maximum annual payment equal to 25% of their benchmark salary.

This Group defined retirement benefit plan was amended by your Board of Directors at their February 13, 2008 meeting.

The following items were revised or made more specific:

- The objective category of beneficiaries, as well as companies falling within the scope of the plan, has been newly defined as: “any senior executive or officer, who is a salaried employee of Imerys SA and a member of the Executive Committee, with at least 10 years of seniority at the Imerys Group as of the liquidation date of his retirement rights, including two years on the Executive Committee”, seniority is understood to mean full complete years of 12 months;
- The elements included in the definition of benchmark salary are the last two years of remuneration (fixed and variable);
- this benefit will be maintained in the event of a dismissal (excluding negligence) without returning to work at 58 years old and no longer 55;
- the revaluation of the annuity based on the results of the insurer’s general assets and no longer the change in the AGIRC point;
- the reversion of the annuity to the surviving spouse(s) pro rata to the duration of the marriage.

Your Board of Directors at its February 13, 2008 meeting, approved the defined retirement benefit plan in order to make it compliant with Article 17 of Law no.2007-1223 of August 21, 2007 to promote work, employment and purchasing power (the so-called “TEPA Act”), as well as its amendments.

■ Amendment to the employment agreement of Mr. Gérard Buffière, Chief Executive Officer and Director:

The purpose of the amendment to Mr. Gérard Buffière’s employment agreement, approved to make it compliant with Law no.2007-1223 of August 21, 2007 to promote work, employment and purchasing power (the so-called “TEPA Act”), is:

- to reiterate the rights to the payment of contractually-agreed severance pay equal to 2 years gross salary including the standard and collective bargaining agreement amounts in the event of dismissal except in the event of gross negligence;
- to determine performance conditions to which the payment of this severance pay to Mr. Gérard Buffière would be subordinated. The criteria chosen is the annual growth in the Net Current Income of Imerys during the successive terms of office of Mr. Gérard Buffière since his appointment as Chairman of the Management Board (January 1, 2003) with two possible annual exceptions;
- to confirm the suspension of Mr. Gérard Buffière’s employment agreement since his appointment as Chairman of the Management Board (January 1, 2003), then Chief Executive Officer of Imerys (May 3, 2005) until the end of his term of office;
- to specify the consequences of the suspension of Mr. Gérard Buffière’s employment agreement and the terms and conditions for its possible reactivation:
  - his employment agreement will be automatically reactivated on the date on which his term of office as Chief Executive Officer comes to an end, irrespective of the reason;
  - include the remuneration received in his capacity as Chief Executive Officer during the period in which his employment agreement was suspended to calculate Mr. Gérard Buffière’s rights in the event of termination of his corporate office and reactivation of his employment agreement;
  - include the seniority acquired in respect of this term of office;

- to modify the practical terms and conditions regarding the payment of Mr. Gérard Buffière's total remuneration, the amount of which remains unchanged.

This amendment was approved by the Board of Directors at its February 13, 2008 meeting.

AGREEMENTS AND COMMITMENTS AUTHORIZED DURING PREVIOUS YEARS AND HAVING CONTINUING EFFECT DURING THE YEAR

In addition, pursuant to the French Company Law, we have been advised that the following agreement authorized in previous years has had continuing effect during 2007.

With Pargesa Holding:

The invoices paid by your Company pursuant to the strategic consulting services agreement entered into with the Pargesa Group amounted to 1,250,000 Swiss francs in 2007. This agreement was terminated by mutual agreement effective January 1, 2008.

Paris-La Défense and Neuilly-sur-Seine, March 28, 2008

The Statutory Auditors

ERNST & YOUNG Audit	Deloitte & Associés
Jean-Roch VARON	Nicholas L.E. ROLT

2.2 Statutory Auditors' Special Report on the Granting of Stock Subscription or Purchase Options to Salaried Employees or Corporate Officers

Combined Shareholders' Meeting of April 30, 2008 (13th resolution)

This is a free translation of the original text in French for information purposes only.

Dear Shareholders,

In our capacity as statutory auditors of your Company and in accordance with Articles L. 225-177 and R. 225-144 of the French Company Law (Code de commerce), we have prepared this report on the granting of stock subscription and purchase options to salaried employees or corporate officers of Imerys and, and when necessary, to affiliated companies or economic interest groupings as defined by Article L.225-180 of the French Company Law, or to certain categories of them.

It is the responsibility of the Board of Directors to prepare a report on the reasons for the granting of stock subscription or purchase options and the proposed terms and conditions for determining the subscription or purchase price. It is our responsibility to comment on the proposed terms and conditions for determining the subscription or purchase price.

We have performed the procedures we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. Those standards require that we verify that the proposed terms and conditions for determining the subscription or purchase price are disclosed in the Board of Directors' report and that they comply with legal provisions, in order to inform shareholders, and that they do not appear obviously inappropriate.

We have no comments on the proposed terms and conditions.

Paris - La Défense and Neuilly-sur-Seine, March 28, 2008

The Statutory Auditors

ERNST & YOUNG Audit
Jean-Roch VARON

Deloitte & Associés
Nicholas L.E. ROLT

2.3 Statutory Auditors' special report on the granting of existing or newly-issued shares

Combined Shareholders' Meeting of April 30, 2008 (14th resolution)

This is a free translation of the original French text for information purposes only.

Dear Shareholders,

As statutory auditors of your Company and in accordance with Article L.225-197-1 of the French Company Law (Code de commerce), we have prepared this report on the project to grant existing or newly-issued shares for no consideration to salaried employees and corporate officers of Imerys and when necessary, to affiliated companies or economic interest groupings as defined by Article L.225-197-2 of the French Company Law, or to certain categories of them.

Shareholders are requested to authorize the Board of Directors to grant existing or newly-issued shares for no consideration. It is the role of the Board of Directors to prepare a report on the transaction which it wishes to perform. It is our role, where necessary, to comment on the information which is communicated to you on the proposed transaction.

We have performed the procedures we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. Those procedures consisted in verifying that the proposed terms and conditions presented in the Board of Directors' report comply with the provisions provided for by law.

We have no comment to make on the information given in the Board of Directors' report relating to the proposed transaction.

Paris - La Défense and Neuilly-sur-Seine, March 28, 2008

The Statutory Auditors

ERNST & YOUNG Audit	Deloitte & Associés
Jean-Roch VARON	Nicholas L.E. ROLT

3 - AGENDA

3.1 Ordinary Part

- Approval of the Company's management and annual financial statements and the Group's consolidated financial statements for financial year 2007;
- Allocation of earnings and determining of dividend;
- Approval of regulated agreements and commitments;
- Renewal of the Directorships of Mr. Aimery Langlois-Meurinne, Mr. Gérard Buffière, Mr. Aldo Cardoso, Mr. Maximilien de Limburg Stirum and Mr. Jacques Veyrat;
- Authorization given to the Company to buy back its own shares.

3.2 Extraordinary Part

- Renewal of authorization to grant options for subscription or purchase of the Company's shares to employees or officers of the Company or to certain categories of employees;
- Renewal of authorization to make allotments of free Company's shares to employees or officers of the Company or to certain categories of employees;
- Powers.

4 - DRAFT RESOLUTIONS

Ordinary part

First resolution

Approval of management and financial statements for financial year 2007

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report and the Auditors' general report pertaining to the Company's financial statements for the financial year ended on December 31, 2007, approves, as presented, such financial statements, as well as the transactions evidenced by such financial statements and summarized in such reports.

Second resolution

Approval of consolidated financial statements for financial year 2007

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report and the Auditors' report pertaining to the Group's consolidated financial statements for the financial year ended on December 31, 2007 approves, as presented, such financial statements as well as the transactions evidenced by such financial statements and summarized in such reports.

Third resolution

Allocation of earnings and determining of dividend

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report, approves the allocation of earnings as proposed by the Board of Directors:

The Company's net income for the financial year just ended is	€50,239,677.57
• plus retained earnings appearing in the balance sheet of	€419,498,632.61
for a total distributable amount of	€469,738,310.18
We propose that you allocate it as follows:	
• payment of a dividend of €1.90 to each of the 63,126,856 shares that make up the share capital as on January 1, 2008, which represents distribution of	(€119,941,026.40)
• leaving retained earnings of	€349,797,283.78

This dividend will be paid as from May 13, 2008.

The Shareholders' General Meeting also authorizes the Board of Directors, with the possibility of delegating in the conditions provided for by law, to deduct from the "Retained earnings" account the sums needed to pay the dividend attached to any shares created as a result of exercises of stock subscription options from January 1, 2008 to the dividend payment date.

In accordance with article 243 bis of the General Tax Code, the amount of the dividend per share paid for the previous three financial years were as follows (taking into account the division by 4 of the par value of Imerys shares):

	2006	*2005*	*2004*
Net dividend per share	€1.80(*)	€1.65(*)	€1.50(**)
Number of shares compensated	63,443,658	63,529,260	63,307,376

(*) dividend eligible for the 40% allowance.

(**) dividend eligible for the 50% tax credit.

Fourth resolution

Approval of regulated agreements and commitments entered into or performed during the financial year 2007

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Auditors' special report issued in accordance with article L. 225-40 of the Code of Commerce, approves the agreements and commitments entered into or performed during the financial year ended on December 31, 2007.

Fifth resolution

Approval of a regulated commitment for the benefit of corporate officers

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Statutory Auditors' special report on regulated agreements and commitments governed by the provisions of article L. 225-38 et seq. of the Code of Commerce, approves pursuant to article L. 225-42-1 of the Code of Commerce the collective supplementary pension plan with defined benefits of which Mr. Gérard Buffière, Chief Executive Officer and Director, and Mr. Jérôme Pecresse, Chief Operating Officer, are among the beneficiaries, as well as the amendments made to that plan, as authorized by the Board of Directors at its meeting on February 13, 2008.

Sixth resolution

Approval of the amendments made to the Chief Executive Officer's employment contract pursuant to the provisions of article L. 225-42-1

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Statutory Auditors' special report on regulated agreements and commitments covered by articles L. 225-38 et seq. of the Code of Commerce, approves pursuant to article L. 225-42-1 of the Code of Commerce the amendments made to the employment contract of Mr. Gérard Buffière, Chief Executive Office and Director, in order, in particular, to determine the performance criteria on which will be dependent the grant of the departure indemnity to be paid to him in the event of termination of that contract on the Company's initiative, as authorized by the Board of Directors at its meeting on February 13, 2008.

The present approval is given under the condition precedent of the renewal by the present Meeting of Mr. Gérard Buffière's term of office as Director and his renewal as Chief Executive Officer of the Company.

Seventh resolution

Renewal of Mr. Aimery Langlois-Meurinne's term as Director

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report, acknowledging that Mr. Aimery Langlois-Meurinne's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2011 to approve the management and financial statements for financial year 2010.

Eighth resolution

Renewal of Mr. Gérard Buffière's term as Director

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report, acknowledging that Mr. Gérard Buffière's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2011 to approve the management and financial statements for financial year 2010.

Ninth resolution

Renewal of Mr. Aldo Cardoso's term as Director

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report, acknowledging that Mr. Aldo Cardoso's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2011 to approve the management and financial statements for financial year 2010.

Tenth resolution

Renewal of Mr. Maximilien de Limburg Stirum's term as Director

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report, acknowledging that Mr. Maximilien de Limburg Stirum's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2011 to approve the management and financial statements for financial year 2010.

Eleventh resolution

Renewal of Mr. Jacques Veyrat's term as Director

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report, acknowledging that Mr. Jacques Veyrat's term of office as Director expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2011 to approve the management and financial statements for financial year 2010.

Twelfth resolution

Authorization given to the Company to buy its own shares

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report pursuant to the provisions of article L. 225-209 et seq. of the Code of Commerce and articles 241-1 to 241-6 of the general regulations of Autorité des marchés financiers (AMF):

1) authorizes the Board of Directors, with the possibility of subdelegating in the conditions provided by the law, to make purchases of the Company's own shares:

   - in order to ensure the liquidity of the market through an investment services firm acting in the name and on behalf of the Company on a fully independent basis without being influenced by the Company, under a liquidity contract in accordance with a code of conduct recognized by AMF or any other applicable provision:
   - for the purposes of employees' participation in shareholding plans set up by the Company or of granting share purchase options or free shares to employees and/or executives of the Company and/or the companies under its control in the sense of article L. 233-3 of the Code of Commerce;
   - for the delivery or exchange of shares, particularly with respect to the issue of securities that give access, immediately or in the future, to shares in the Company or with respect to external growth;
   - for the cancellation of the shares thus bought and, as the case may be, any shares bought under previous buyback authorizations;

   and for those purposes, hold the repurchased shares, or sell or transfer them by any means in the conditions described below in accordance with regulations in force, particularly by sale on the stock market or by mutual agreement;

2) sets the following limits for the use of the present authorization by the Board of Directors:

   - the maximum number of shares that may be purchased shall not exceed 10% of the total number of shares issued and outstanding as of January 1, 2008, that is 6,312,685 shares;
   - the maximum purchase price of the shares shall not be greater than €110;
   - consequently, the maximum amount that the Company is liable to use for such repurchases shall not be greater than €694.4 million;

   and resolves that, in the event that the par value of the stock is modified, the capital is increased by the capitalization of reserves or free shares are granted, or in the event of a stock split or consolidation, the above-stated maximum amount to be used in these buybacks and the maximum number of shares to be repurchased will be adjusted accordingly by a multiplier equal to the ratio between the number of shares that made up the capital before the operation and the resulting number after the operation.

3) sets at eighteen months from the date of this General Meeting the term of this authorization, which renders null and void any previous authorizations granted to the Board of Directors with regard to the Company's repurchase of its shares;

4) grants the Board of Directors, with the authority to delegate such powers in the conditions provided by law, to implement this authorization and, in particular, to sign any stock purchase, sale, exchange or transfer agreements, file any statements with Autorité des marchés financiers or any other agency, proceed with the adjustments set forth above, observe any formalities and, generally, do what is necessary.

Extraordinary part

Thirteenth resolution

Renewal of authorization to grant options for subscription or purchase of the Company's shares to employees or officers of the Company or certain categories of them

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for extraordinary Shareholders' General Meetings, after examining the Board of Directors' report and the Auditors' special report, in accordance with the provisions of articles L. 225-177 to L. 225-186 of the Code of Commerce:

1) authorizes the Board of Directors to grant, as it judges appropriate, in one or more times, to certain employees and officers of the Company and, as the case may be, companies and groups that are affiliated to it in the conditions provided in article L. 225-180 of the Code of Commerce, or to certain categories of them, options giving the right to subscribe new shares or purchase existing shares in the Company;

2) acknowledges that, pursuant to the provisions of article L. 225-178 of the Code of Commerce, this authorization entails the explicit waiver by shareholders of their preemptive subscription right to the shares that shall be issued as and when options are exercised, in favor of the beneficiaries of the share subscription options;

3) resolves that the subscription or purchase price of the shares for the beneficiaries shall be determined by the Board of Directors on the date of granting the options, within the limits and according to the arrangements provided by the law;

4) sets at €7,400,000 (seven million, four hundred thousand euros) the maximum nominal amount of shares that may come under the subscription or purchase options granted under this authorization;

5) resolves that this amount shall be charged to the overall nominal amount of shares that may come under the free allotments granted with respect to the fourteenth resolution of this Meeting so that the overall nominal amount of shares to be issued with respect to the grant of subscription or purchase options on the Company's shares or the free grant of shares is as a maximum equal to €7,400,000 (seven million four hundred thousand euros);

6) sets at ten years the period during which the options must be exercised, commencing on the date on which they are granted;

7) resolves that no share subscription or purchase option may be granted less than twenty trading sessions after a coupon giving the right to a dividend or a preemptive subscription right to a capital increase is detached from the shares;

8) sets at thirty-eight months from the date of this Meeting and as from the approval of the present resolution, the term of the present authorization and resolves to cancel for its remaining term the previous authorization granted to the Board of Directors;

9) grants to the Board of Directors full powers, with the possibility of subdelegating in the conditions provided for by law, to implement this authorization, particularly in order to:

   . set the dates on which the options shall be granted,

   . define the arrangements and other conditions in which the options shall be granted and determine the list of beneficiaries of the options as provided above,

   . set the exercise period or periods for the options thus granted, subject to the maximum term for the options as set down above,

   . provide the possibility of temporarily suspending the exercise of options for a maximum period of three months in the event of carrying out financial operations entailing the exercise of a right attached to the shares,

   . decide on the conditions in which the price and number of shares to be subscribed or purchased may be adjusted when such adjustments are stipulated by current legal and regulatory provisions, particularly in the various scenarios provided in articles R. 225-137 and R. 225-142 of the Code of Commerce,

   . make, as the case may be, on its sole decision and as it judges fit, any charges to the issue premium or premiums pertaining to the capital increases, particularly the premium for expenses, fees and duties incurred in carrying out the issues, and deduct from those premiums the amounts needed to increase the legal reserve to one-tenth of the new share capital after each capital increase,

   . acknowledge the capital increase or increases carried out pursuant to the present authorization, modify the by-laws accordingly and carry out or have carried out any acts and formalities in order to make such capital increases definitive,

   . and, in general, do whatever is necessary.

Fourteenth resolution

Renewal of authorization to make allotments of free Company's shares to employees or officers of the Company or certain categories of them

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for extraordinary Shareholders' General Meetings, after examining the Board of Directors' report and the Auditors' special report, pursuant to the provisions of articles L. 225-197-1 et seq. of the Code of Commerce:

1) authorizes the Board of Directors to make, as it judges appropriate, in one or more times, free allotments of existing shares or shares to be issued in the Company to the employees and officers of the Company and, as the case may be, companies and groups that are affiliated to it in the conditions provided in article L. 225-197-2 of the Code of Commerce, or certain categories of them;

2) resolves that the maximum nominal amount of the free shares that may be granted may not exceed €7,400,000 (seven million, four hundred thousand euros);

3) resolves that this amount shall be charged to the overall nominal amount of the shares that may come under share subscription or purchase options granted pursuant to the thirteenth resolution of this Meeting so that the overall nominal amount of shares to be issued with respect to the free grant of shares or the grant of subscription or purchase options on the Company's shares is as a maximum equal to €7,400,000 (seven million four hundred thousand euros);

4) resolves that the shares shall be definitively granted to their beneficiaries at the end of the vesting period set by the Board of Directors, while such period may not be less than that provided by the regulations in force on the grant date;

5) resolves that the minimum period for which the beneficiaries must hold the shares shall be that set by the Board of Directors, while such period may not be less than that provided by the regulations in force on the grant date;

6) notes that, in the case of free grant of shares to be issued, this decision constitutes, in favor of the beneficiaries, a waiver ipso jure by the shareholders of any right to the new shares freely granted and the portion of the reserves, profits or premiums that will be incorporated into capital if new shares are issued;

7) sets at 38 (thirty-eight) months from the date of this Shareholders' General Meeting and as from the approval of the present resolution, the term of this delegation and resolves to cancel for its remaining term the previous authorization granted to the Board of Directors;

8) delegates to the Board of Directors full powers, with the option of subdelegating in the conditions provided by law, to implement the present authorization, in particular in order to:

- determine the categories of the beneficiaries of the allotments and the terms and conditions and, as the case may be, criteria for granting the shares;
- set the vesting and holding periods for the shares in accordance with the minimum periods provided for by the applicable law,
- set and define the issue conditions for the shares that may be issued under this authorization,
- adjust, as the case may be, during the acquisition period, the number of shares pertaining to any operations on the Company's share capital in order to protect the rights of the beneficiaries;
- acknowledge, as the case maybe, the capital increase or capital increases that may be carried out pursuant to this authorization, modify the by-laws accordingly, and carry out or have carried out any acts and formalities in order to make such capital increases definitive,
- and, in general, do whatever is necessary.

Fifteenth resolution

Powers

The Shareholders' Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, fully empowers the bearer of a duplicate or an extract of the minutes of the present Meeting to carry out any formalities with respect to registration or publication.

9 Cross reference table

In order to facilitate the reading of this Annual Report, registered with the "Autorité des Marchés Financiers" as a Registration Document, the subject index can be used to identify the main information required by the "Autorité des Marchés Financiers" with respect to its regulations and instructions.

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154-156 rue de l'Université - F - 75007 Paris - France
Tel: + 33 (0) 1 49 55 63 00 - Fax: + 33 (0) 1 49 55 63 01 - www.imerys.com