First-Half Financial Report 2009

IMERYS
TRANSFORM TO PERFORM

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1 | Person responsible for the First-Half Financial Report

1 - Person responsible for the First-Half Financial Report

Gérard Buffière, Chief Executive Officer

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

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

Paris, August 27, 2009

Gérard Buffière

Chief Executive Officer

2 First-Half Activity Report

During the 1st half 2009, the markets served by the Group in Europe and North America have not posted any upturn since their collapse in the 4th quarter of 2008. Only some emerging markets recovered slightly in the 2nd quarter 2009.

Output decreases remain substantial, especially in industrial equipment-related markets. Steel production in Europe and North America fell approximately - 45% in the 1st half 2009 compared with the same period in 2008, but with a very slight improvement at the very end of the period.

In the construction sector in France, single-family housing starts were down - 23%(e) in the 1st half 2009. The upturn observed in housing sales in recent months was not enough to offset the ongoing decrease. New housing starts in the United-States are leveling out, but at an unprecedented low level.

Global production of printing and writing paper slumped heavily in mature economies, with further paper mill closures in Europe and North America in response to slack demand.

Only some consumer-related markets such as filtration showed more resilience.

Over the 1st half of 2009, the plans implemented led to:

- Substantial inventory reduction of - €129.4 million, compared with - €42 million for the 1st quarter;
- Fixed cost cuts: - €85.6 million, made notably possible by the low level of production;
- Halving of booked capital expenditure at €56.9 million (compared to €114.1 million in the 1st half 2008).

These measures allowed to limit the decrease of current operating income at - 54.4% (- 57.2% at comparable Group structure and exchange rates), as a result of an heavily negative impact of volumes, decreasing - 29.2%.

(€ millions)	1st half 2009	1st half 2008(4)	% current change
Consolidated Results			
Sales	1,374.0	1,774.1	- 22.6%
Current operating income(1)	110.0	241.5	- 54.4%
Operating margin	*8.0%*	*13.6%*	
Net income from current operations, Group share(2)	46.7	159.8	- 70.8%
Net income, Group share	11.7	144.4	n.s.
Financing			
Current operating cash flow	172.6	256.4	- 32.7%
Booked capital expenditure	(56.9)	(114.1)	- 50.2%
Net financial debt	1,148.2	1,616.1	- 29.0%
Data per share			
Net income from current operations, Group share(2)(3)(4)	€0.68	€2.37	- 71.3%

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

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

(3) The weighted average number of outstanding shares was 68,688,790 in 1st half 2009 vs. 67,496,827 in 1st half 2008 (reprocessed following the rights issue completed as on June 2, 2009).

(4) First-half 2008 results were restated following the two presentation changes applied as of January 1st, 2009, details of which are given in Note 2 - Chapter 3 - Consolidated Results.

(e) Estimated.

DETAILED COMMENTARY ON THE GROUP'S RESULTS

SALES

	Sales (€ millions)	Change in sales (% vs. previous year)	Comparable change in sales[(5)] (% vs. previous year)	Of which volume effect	Of which price/mix effect
1st quarter 2009 [(6)]	694.3	- 21.3%	- 23.8%	- 28.2%	+ 4.4%
2nd quarter 2009[(6)]	679.7	- 23.8%	- 26.0%	- 30.2%	+ 4.2%
1st half 2009	**1,374.0**	**- 22.6%**	**- 24.9%**	**- 29.2%**	**+ 4.3%**

Sales for the 1st half of 2009 totaled €1,374.0 million (- 22.6% compared with 1st half 2008).

This change takes into account:

- The positive effect of exchange rates for + €37.6 million, mainly reflecting the US dollar's appreciation against the euro;
- Group structure impact[(7)] of + €4.4 million.

The decrease in sales volumes (- 29.2%) is intensified by the ongoing inventory reduction in many value chains to which the Group's products contribute.

CURRENT OPERATING INCOME [(6)(8)(9)]

(€ millions)		2009	2008	% Change	% Comparable change[(5)]
1st quarter		44.4	116.9	- 62.0%	- 66.2%
	Operating margin	*6.4%*	*13.3%*		
2nd quarter		65.6	124.6	- 47.3%	- 48.8%
	Operating margin	*9.6%*	*13.9%*		
1st half		**110.0**	**241.5**	**- 54.4%**	**- 57.2%**
	Operating margin	***8.0%***	***13.6%***		

Affected by lower volumes (- €231.0 million), current operating income totaled €110.0 millions for the 1st half of 2009 (- 54.4%, i.e. - 57.2% at comparable Group structure and exchange rates).

This - €131.5 million decrease compared to 1st half 2008 takes into account:

- A positive foreign exchange effect (+ €7.1 million), mainly related to the US dollar's appreciation against the euro;
- Limited impact of changes in Group structure[(7)] (- €0.4 million).

The inflation in variable costs is offset by improved price/mix component whereas the savings plans carried out since the 4th quarter of 2008 led to a - 13% decrease in fixed costs: the savings achieved totaled €85.6 million for the first six months of 2009.

(5) At comparable Group structure and exchange rates.
(6) Quarterly figures: non-audited.
(7) Acquisitions completed in 2008: Astron China (China, February 2008), Svenska Silika Verken AB (Sweden, April 2008), Kings Mountain Minerals, Inc. (USA, October 2008) and Suzorite Mining, Inc. (Canada, October 2008), deconsolidation of Xinlong (China, January 2009) and divestments completed in 2009, mainly Planchers Fabre (France, May 2009).
(8) Operating income before other operating revenue and expenses.
(9) First-half 2008 results were restated following the two presentation changes applied as of January 1st, 2009, details of which are given in Note 2 - Chapter 3 - Consolidated Results.

These savings are resulting from the effects of the following measures:

- Structural decrease of industrial capacities and workforces;
- Temporary use of part-time working;
- Significant temporary cuts in expense lines considered as non-priority (maintenance, travel, overheads).

These savings are partly directly related to the temporary slowdown in output rates intended to reduce inventory rapidly, particularly in the 2nd quarter.

The Group's operating margin worked out at 8.0% (13.6% in 1st half 2008).

NET INCOME FROM CURRENT OPERATIONS

Net income from current operations totaled €46.7 million (- 70.8% vs. 1st half 2008). This decrease reflects the change in current operating income and takes the following items into account:

- An heaviness in financial expense, at - €44.9 million (vs. - €20.6 million in 1st half 2008) reflecting:
  - the increase in interest expense due to the higher average debt for the 1st half 2009 (the product of the rights issue was received on June 2, 2009);
  - a negative basis effect on foreign exchange and financial instruments (a €18 million positive income was posted for the 1st half of 2008).
- A tax charge of - €18.7 million (- €60.2 million in 1st half 2008), i.e. an effective tax rate of 28.7% (27.3% in 1st half 2008).

NET INCOME

Other operating revenue and expenses, net of tax amounted to - €35.0 million.

Gross amount before tax (- €46.6 million) is broken down into:

- a - €39.0 million cash charge including restructuring expenses related to the cost reduction plans undertaken during the period, particularly site closures;
- a non-cash amount of - €18.7 million (industrial asset depreciations on restructured sites);
- a €11.1 million gain on divestments (mainly Planchers Fabre, the prestressed concrete and reinforced concrete joist and beam manufacturing and marketing activity, divested in May 2009).

After allowing for other operating revenue and expenses, net of tax, net income totaled €11.7 million.

CASH FLOW

(€ millions)	1st half 2009	1st half 2008
EBITDA	204.1	322.2
Current operating cash flow	**172.6**	**256.4**
Change in operating working capital	93.4	(83.0)
Paid capital expenditure	(79.0)	(141.6)
Current free operating cash flow *	**187.7**	**40.3**
Financial expense (net of tax)	(32.0)	(15.0)
Other working capital items	27.0	(38.3)
Current free cash flow	**182.7**	**(13.0)**
* Including subsidies, book value of assets divested and other.	0.7	8.5

Inventory was reduced by €129.4 million. After allowing for the decrease in payables resulting from lower production levels, operating working capital improved by €93.4 million. It represented 27.5% of sales (25.9% as on June 30, 2008).

Booked capital expenditure decreased by more than 50% compared with the 1st half of 2008. Capital expenditure represents 63% of depreciation expense(10) (vs. 120% in the 1st half of 2008).
Current free operating cash flow(11), totaled €187.7 million, as compared to €40.3 million generated in the 1st half of 2008.

FINANCIAL STRUCTURE

(€ millions)	June30, 2009	December 31, 2008	June 30, 2008
Net debt	1,148.2	1,566.1	1,616.1
Shareholders' equity	1,808.1	1,546.3	1,585.6
EBITDA	204.1	573.4	322.2
Net debt/shareholders' equity	63.5%	101.3%	101.9%
Net debt/EBITDA	2.5x	2.7x	2.5x

Consolidated net financial debt decreased sharply to €1,148.2 million, compared with €1,566.1 million as on December 31, 2008 and €1,616.1 million as on June 30, 2008.

It benefited from the following factors:

- Revenue from the €251.2 million rights issue (i.e. a net revenue of €248.5 million after allowance of expenses relating to the issuance) recorded on June 2. It was allocated in full to the reduction of debt;
- The cash flow generated by the Group.

As on June 30, 2009, Imerys' financial resources totaled more than €2.3 billion (of which €1 billion in available resources), with no significant repayments scheduled before the end of the year 2012. The Group's financial flexibility enables it to seize strategic development opportunities when they arise.

POST CLOSING EVENTS SINCE JUNE 30, 2009

As decided, Imerys paid out dividends, on July 7, 2009, amounting €62.8 million, i.e. 23.5% of net income from current operations for the financial year ending December 31, 2008.

As part of the Group's cost and financial structure optimization measures, a deconsolidating factoring contract was signed on July 23, 2009, for an amount of trade receivables estimated at €90 million. As the risks and benefits related to the trade receivables are transferred to the factoring bank, the receivables will be deconsolidated when the contract is implemented in the 3rd quarter of 2009.

OUTLOOK

The 2nd quarter showed no improvement in the economic situation created by the unprecedented crisis the global economy is going through. Imerys aggressively continued the drastic reduction of costs and made generating free cash flow a priority. Consolidated results for the 1st half of 2009 reflect this.

The Group does not to date see tangible signs of a lasting upturn and great uncertainty hangs over activity levels for the coming quarters. Fixed cost and overhead reduction programs are being maintained, while cash flows generation remains the priority.

Continuation of these actions enable the Group to maintain the goal announced on April 29, 2009 to achieve an operating margin close to 10% by the start of 2010.

(10) Booked capital expenditure divided by fixed asset depreciation expense.
(11) Current operating cash flow minus paid capital expenditure and changes in operating working capital.

COMMENTARY BY BUSINESS GROUP

Minerals for Ceramics, Refractories, Abrasives & Foundry

(27% of consolidated sales)

(€ millions)	1st half 2009	1st half 2008(12)	Current change	Comparable change(13)
Sales	383.2	595.5	- 35.7%	- 38.2%
Current operating income(14)	13.8	75.6	- 81.7%	- 87.2%
Operating margin	*3.6%*	*12.7%*		
Booked capital expenditure	25.0	34.7	- 28.1%	
As % of depreciation expense	*94%*	*114%*		

Minerals for Refractories, Fused Minerals and Graphite markets in all geographic zones remain affected by the sharp drop in industrial equipment and automotive production recorded since the middle of the 4th quarter 2008. This trend is intensified by massive inventory reductions across the entire downstream customer chain. However, in Europe and North America, steel production in May and June was marginally higher than in previous months, while Chinese and Indian markets improved slightly compared with the 1st half of 2008. In abrasives and graphite, levels of demand remain significantly lower than in 2008 but improved in May and June compared with the previous months. The Ceramics market is still affected by the crisis, particularly in the construction sector in developed countries.

Since the end of 2008, output has been cut sharply in all the business group (by more than 50% in some activities) and industrial facilities are adapting to demand. Measures that combine part-time working and working time reductions have been implemented in France, in the United Kingdom and in Switzerland whereas substantial workforce reductions took place in particular in the United States, in Austria, in China and in South Africa. Significant decrease occurred in mining campaign and periodical stoppage or definitive closure were implemented in production lines.

Imerys Technologie Limoges, a research centre dedicated to uprange and specialty minerals for ceramics, was opened (Haute-Vienne, France). With 35 researchers from 5 nationalities, the centre brings together Imerys' innovation efforts in this area to create and develop the products of the future.

Minerals for Refractories enhanced their portfolio of mineral reserves during the 1st half through the acquisition of high quality assets in the United States. This capital expenditure represents a large share of the amount committed by the business group during the period.

Sales, at €383.2 million for the 1st half of 2009, were down - 35.7%. Analysis of the variance in sales shows:

- A limited effect of changes in Group structure(15) for - €2.4 million;
- A positive foreign exchange effect (US dollar) for + €17.1 million.

Current operating income, at €13.8 million for the 1st half of 2009, decreased by - €61.8 million from the 1st half of 2008. It takes into account a Group structure effect of - €0.6 million and a favorable foreign exchange effect of + €4.7 million. Excluding those items, the business group's operating performance decreased by - €65.9 million.

The impact of the decrease in sales volumes was only partly offset by the results of the energetic actions taken to reduce fixed production costs and overheads and a positive price/mix trend.

(12) First-half 2008 results were restated following the two presentation changes applied as of January 1st, 2009, details of which are given in Note 2 - Chapter 3 - Consolidated Results.
(13) At comparable Group structure and exchange rates.
(14) Operating income before other operating revenue and expenses.
(15) Astron China (China, February 2008) and divestment of Iberpasta (Spain, January 2009).

Performance & Filtration Minerals

(18% of consolidated sales)

(€ millions)	1st half 2009	1st half 2008[(16)(17)]	Current change	Comparable change[(18)]
Sales	246.3	291.4	- 15.5%	- 21.5%
Current operating income[(19)]	9.1	28.9	- 68.5%	- 68.3%
Operating margin	*3.7%*	*9.9%*		
Booked capital expenditure	4.7	24.6	- 80.9%	
As % of depreciation expense	*25%*	*154%*		

During the 1st half of 2009, Performance Minerals markets (paint, plastics, adhesives, etc.) in Europe and North America were particularly affected by the slump in construction-related sectors. Minerals for Filtration markets held out better, but were also impacted by the inventory reduction trend among distributors and the Group's customers.

The cost reduction measures planned since the beginning of the year have been implemented. In addition, mining programs have been interrupted, and production units have been idled for extended periods. The combination of Performance Minerals and Filtration Minerals by geographic zone was completed, leading to structural savings.

Sales amounting €246.3 million for the 1st half of 2009 posted a - 15.5% decrease. This change takes into account:

- Group structure effect[(20)] for + €4.4 million;
- Foreign exchange impact for + €13.2 million.

Current operating income totaled €9.1 million, a - €19.8 million decrease. It includes + €0.5 million in structure effect, offsetting an unfavorable exchange rate impact of - €0.6 million. At comparable structure and exchange rates, the decrease amounted to - €19.7 million, with the fall in sales volumes only partly offset by cost savings and improvement in the price/mix component.

Pigments for Paper

(23% of consolidated sales)

(€ millions)	1st half 2009	1st half 2008[(16)(17)]	Current change	Comparable change[(18)]
Sales	309.5	365.5	- 15.3%	- 19.6%
Current operating income[(19)]	15.0	34.5	- 56.5%	- 67.3%
Operating margin	*4.9%*	*9.4%*		
Booked capital expenditure	11.6	33.9	- 65.7%	
As % of depreciation expense	*45%*	*128%*		

(16) First-half 2008 results were restated following the two presentation changes applied as of January 1st, 2009, details of which are given in Note 2 - Chapter 3 - Consolidated Results.
(17) Certain activities in Asia and South America were transferred from Pigments for Paper to Performance & Filtration Minerals.
(18) At comparable Group structure and exchange rates.
(19) Operating income, before other operating revenue and expenses.
(20) Acquisitions of Kings Mountain Minerals, Inc. (USA, October 2008) and Suzorite Mining, Inc. (Canada, October 2008); deconsolidation of Xinlong (China, January 2009).

Global production of printing and writing paper decreased - 14.5% in the 1st half of 2009. It reflects the slump in paper demand resulting from lower advertising spending and inventory reductions. Many extended production stoppages weighed on North American and European markets, with lower production in Asia-Pacific (- 5%) entirely due to a slack Japanese market.

To address the new market environment, the ground calcium carbonate plant in Salisbury (United Kingdom) was shut. Implementation of the plan to reduce kaolin production capacities significantly at the Sandersville (United States) plant began in the 1st half. Temporary measures were taken at most units in Europe, North America and Brazil.

Sales, at €309.5 million for the 1st half of 2009, were down - 15.3%. This change takes into account foreign exchange impact for + €15.8 million.

Current operating income totaled €15.0 million in the 1st half of 2009, a - €19.5 million decrease. This result includes + €3.8 million in foreign exchange impact, stemming from the US dollar's strength against the euro (conversion impact) and the Brazilian real (transaction impact). At comparable structure and exchange rates, the business group's operating performance decreased by - €23.3 million. An allowance for doubtful accounts was booked following the bankruptcy of a major American customer. This provision has an approximately - 2% impact on the business group's margin for the 2nd quarter.

Materials and Monolithics

(32% of consolidated sales)

(€ millions)	1st half 2009	1st half 2008(21)	Current change	Comparable change(22)
Sales	443.4	543.1	- 18.4%	- 17.5%
Current operating income(23)	84.3	125.2	- 32.7%	- 31.9%
Operating margin	*19.0%*	*23.1%*		
Booked capital expenditure	14.6	20.4	- 28.1%	
As % of depreciation expense	*81%*	*98%*		

In Building Materials in France, single-family housing starts decreased by - 23%(e)(24) in the 1st half of 2009. Despite a resilient renovation sector, the clay products market posted an approximately - 16% decrease in volumes for roofing items and - 21% for bricks compared with the 1st half of 2008.

Monolithic Refractory markets related to liquid metal production remained very difficult throughout the 1st half, except in India. Many production stoppages took place in steelmaking, while other outlets (cement, glass, incineration, petrochemicals, etc.) held out better. The end of major original-fit projects weighed increasingly on volumes.

In Building Materials in France, capacity adjustments continued during the 1st half of the year, with most production lines idled. A roof tiles line was shut down definitively at Pargny sur Saulx (Marne) and the modernization program at the Wardrecques (Nord) plant was successfully completed. The Bessens plant (Tarn-et-Garonne) was closed early in the year and its production divided between other sites. Optimization of the La Boissière du Doré (Loire-Atlantique) bricks plant is nearing completion. Slate mining is now concentrated on a single site (Grands Carreaux in Trélazé - Maine et Loire).

(21) First-half 2008 results were restated following the two presentation changes applied as of January 1st, 2009, details of which are given in Note 2 - Chapter 3 - Consolidated Results.
(22) At comparable Group structure and exchange rates.
(23) Operating income, before other operating revenue and expenses.
(24) Sources: French Ministry of Ecology, Energy, Sustainable Development and Planning & Development for January and February 2009, and Imerys estimates for March-June 2009 as no official statistics available.
(e) Estimated.

The prestressed concrete and reinforced concrete joist and beam manufacturing and marketing activity, Planchers Fabre, was sold out, in late May 2009, to the Lesage group, the joint French leader in the sector. With an industrial site in Pibrac (Haute-Garonne), Planchers Fabre achieved close to €20 million sales in 2008.

In Monolithic Refractories, production capacities were reduced in all geographic zones except India, where business remained firm in the 1st half. Efforts also focused on the reduction of sales, administration and logistic costs.

At €443.4 million, the business group's sales (down - 18.4% in 1st half 2009 vs. the same period in 2008) take into account:

- A Group structure effect[(25)] of + €2.4 million;
- Negative foreign exchange impact for - €7.2 million.

Current operating income, at €84.3 million, decreased - €40.9 million from the 1st half of 2008. Reprocessed to allow for structure (- €0.3 million) and exchange rates (- €0.7 million), the business group's operating performance was down - €39.9 million.

(25) Acquisition of Svenska Silika Verken AB (Sweden, April 2008); divestment of Planchers Fabre (France, May 2009).

The present *Chapter 2* - First-Half Activity Report 2009 draws on detailed information from the following chapters of the present First-Half Financial Report 2009:

- Related parties Chapter 3 - Financial Statements - *Note 30*
- Risks Chapter 3 - Financial Statements - *Note 23.4*

Management considers that assessment of main risks and uncertainties for the last six months of the year 2009 is unchanged with respect to the description provided in chapter 4, section 1 of the 2008 Annual Report.

3 Condensed financial statements

Consolidated income statement

(€ millions)	Notes	June 30, 2009	June 30, 2008	2008
Revenue	5	**1,374.0**	**1,774.1**	**3,449.2**
Current revenue and expenses		**(1,264.0)**	**(1,532.6)**	**(3,034.6)**
Raw materials and consumables used	6	(530.5)	(653.2)	(1,268.5)
External expenses	7	(322.6)	(440.1)	(890.7)
Staff expenses	8	(296.0)	(336.6)	(651.5)
Taxes and duties		(24.1)	(27.1)	(53.0)
Amortization, depreciation and impairment losses		(90.5)	(95.0)	(193.2)
Other current revenue and expenses		(1.2)	14.5	11.9
Share in net income of associates		0.9	4.9	10.4
Current operating income		**110.0**	**241.5**	**414.6**
Other operating revenue and expenses	9	**(46.6)**	**(22.8)**	**(114.9)**
Income on assets disposals		11.1	-	0.1
Impairment losses, restructuring and litigation		(57.7)	(22.8)	(115.0)
Operating income		**63.4**	**218.7**	**299.7**
Net financial debt expense		**(35.4)**	**(28.0)**	**(57.0)**
Income from securities	11	0.9	1.9	4.1
Gross financial debt expense	11	(36.3)	(29.9)	(61.1)
Other financial revenue and expenses		**(9.5)**	**7.4**	**9.9**
Other financial revenue	11	58.1	142.5	282.9
Other financial expenses	11	(67.6)	(135.1)	(273.0)
Financial income (loss)		**(44.9)**	**(20.6)**	**(47.1)**
Income taxes	12	(7.1)	(52.8)	(88.9)
Net income		**11.4**	**145.3**	**163.7**
Net income, Group share	13	*11.7*	*144.4*	*161.3*
Net income, minority interests		*(0.3)*	*0.9*	*2.4*
Net income, Group share	13	**11.7**	**144.4**	**161.3**
Net income from current operations, Group share	13	*46.7*	*159.8*	*267.1*
Other net operating revenue and expenses, Group share	9	*(35.0)*	*(15.4)*	*(105.8)*
Earnings per share *(in €)*				
Net basic earnings per share from current operations	14	0.68	2.37	3.96
Net basic earnings per share	14	0.17	2.14	2.39
Diluted net earnings per share	14	0.17	2.14	2.39
Average exchange rate euro/USD		1.3326	1.5304	1.4708

Consolidated statement of comprehensive income

(€ millions)	Notes	June 30, 2009	June 30, 2008	2008
Net income		**11.4**	**145.3**	**163.7**
Cash flow hedges		**40.0**	**8.1**	**(71.5)**
Recognition in equity	23.3	39.4	7.7	(73.6)
Reclassification in profit or loss	23.3	0.6	0.4	2.1
Translation reserve		**27.9**	**(105.9)**	**(106.7)**
Recognition in equity		28.4	(105.9)	(106.7)
Reclassification in profit or loss		(0.5)	-	-
Others		-	(0.6)	(0.6)
Income taxes	12	(4.4)	12.9	20.9
Other comprehensive income		**63.5**	**(85.5)**	**(157.9)**
Total comprehensive income		**74.9**	**59.8**	**5.8**
Total comprehensive income, Group share		*74.5*	*60.7*	*4.9*
Total comprehensive income, minority interests		*0.4*	*(0.9)*	*0.9*

Consolidated statement of financial position

(€ millions)	Notes	June 30, 2009	June 30, 2008	2008
Non-current assets		**2,817.2**	**2,788.8**	**2,839.9**
Goodwill	15	907.1	934.7	899.4
Intangible assets	16	45.5	48.1	45.0
Mining assets	17	396.9	377.9	395.6
Property, plant and equipment	17	1,269.2	1,257.3	1,314.0
Investments in associates		54.6	47.3	50.0
Available-for-sale financial assets	20	7.0	6.5	7.1
Other financial assets	20	15.1	14.0	13.8
Other receivables	20	43.1	47.0	40.4
Derivative financial assets	23.3	18.3	4.6	18.7
Deferred tax assets	24	60.4	51.4	55.9
Current assets		**1,297.7**	**1,533.7**	**1,508.0**
Inventories	19	489.4	530.4	611.0
Trade receivables	20	490.4	676.1	523.3
Other receivables	20	125.3	151.8	154.2
Derivative financial assets	23.3	4.5	13.5	1.1
Marketable securities and other financial assets		4.4	6.5	4.4
Cash and cash equivalents	23.2	183.7	155.4	214.0
Consolidated assets		**4,114.9**	**4,322.5**	**4,347.9**
Equity, Group share		**1,789.4**	**1,566.6**	**1,526.4**
Capital	21	150.7	126.3	125.6
Premiums		339.2	132.6	115.8
Reserves		1,287.8	1,163.3	1,123.7
Net income, Group share		11.7	144.4	161.3
Minority interests		**18.7**	**19.0**	**19.9**
Shareholders' equity		**1,808.1**	**1,585.6**	**1,546.3**
Non-current liabilities		**1,438.1**	**1,401.3**	**1,449.8**
Provisions for employee benefits		134.7	153.6	133.2
Other provisions	22	163.0	153.8	153.7
Loans and financial debts	23.1	1,042.8	997.0	1,054.7
Other debts	23.1	10.0	15.6	13.6
Derivative financial liabilities	23.3	19.7	25.1	19.2
Deferred tax liabilities	24	67.9	56.2	75.4
Current liabilities		**868.7**	**1,335.6**	**1,351.8**
Other provisions	22	26.0	15.8	20.8
Trade payables		264.2	323.8	337.9
Income taxes payable		24.7	17.9	13.4
Other debts	23.1	249.5	215.0	199.7
Derivative financial liabilities	23.3	11.5	2.4	49.8
Loans and financial debts	23.1	289.3	662.2	727.3
Bank overdrafts	23.2	3.5	98.5	2.9
Consolidated equity and liabilities		**4,114.9**	**4,322.5**	**4,347.9**
Net financial debt	23.2	1,148.2	1,616.1	1,566.1
Closing exchange rate euro/USD		1.4134	1.5764	1.3917

Consolidated statement of cash flows

(€ millions)	Notes	June 30, 2009	June 30, 2008	2008
Cash flow from operating activities		**221.2**	**88.8**	**365.2**
Cash flow generated by current operations	Appendix 1	285.0	211.3	580.5
Interests paid		(51.2)	(34.8)	(46.6)
Income taxes on current operating income and financial income (loss)		5.4	(64.9)	(127.1)
Dividends received from available-for-sale financial assets		0.3	0.2	0.2
Cash flow generated by other operating revenue and expenses	Appendix 2	(18.3)	(23.0)	(41.8)
Cash flow from investing activities		**(66.7)**	**(242.5)**	**(366.1)**
Acquisitions of property, plant and equipment and intangible assets		(79.0)	(141.4)	(247.9)
Acquisitions of investments in consolidated entities after deduction of cash acquired	15	(9.9)	(114.6)	(142.6)
Acquisitions of available-for-sale financial assets		-	-	-
Disposals of property, plant and equipment and intangible assets		7.8	14.3	20.9
Disposals of investments in consolidated entities after deduction of cash disposed of		14.3	-	0.9
Disposals of available-for-sale financial assets		(0.1)	0.1	0.3
Net change in financial assets		(0.2)	(2.2)	(0.6)
Paid-in interests		0.4	1.3	2.9
Cash flow from financing activities		**(185.1)**	**144.7**	**145.8**
Capital increases		248.5	0.9	0.9
Capital decreases		-	-	(17.4)
Disposals (acquisitions) of treasury shares		-	(18.7)	11.5
Dividends paid to shareholders		-	(119.0)	(119.0)
Dividends paid to minority interests		(0.7)	(0.5)	(0.7)
Loan issues		8.9	337.8	490.8
Loan repayments		(332.0)	(13.4)	(15.2)
Net change in other debts		(109.8)	(42.4)	(205.1)
Change in cash and cash equivalents		**(30.6)**	**(9.0)**	**144.9**
Opening cash and cash equivalents		**211.2**	**70.8**	**70.8**
Change in cash and cash equivalents		(30.6)	(9.0)	144.9
Impact of changes due to changes in perimeter		(2.4)	-	-
Impact of changes due to exchange rate fluctuations		2.0	(4.7)	(4.4)
Impact of changes in accounting policies		-	(0.2)	(0.1)
Closing cash and cash equivalents		**180.2**	**56.9**	**211.2**
Cash and cash equivalents		*183.7*	*155.4*	*214.0*
Bank overdrafts		*(3.5)*	*(98.5)*	*(2.8)*

Appendix 1: cash flow generated by current operations

(€ millions)	Notes	June 30, 2009	June 30, 2008	2008
Net income		**11.4**	**145.3**	**163.7**
Adjustments		**182.6**	**183.3**	**408.0**
Income taxes	12	7.1	52.8	88.9
Share in net income of associates		(0.9)	(4.9)	(10.4)
Dividends received from associates		3.7	1.8	4.2
Impairment losses on goodwill	9 & 15	-	-	48.9
Other operating revenue and expenses excluding impairment losses on goodwill	9	46.6	22.8	66.0
Net operating amortization and depreciation		89.9	94.1	191.5
Net operating impairment losses on assets		7.0	4.4	7.5
Net operating provisions		(0.8)	(13.3)	(29.7)
Dividends receivable from available-for-sale financial assets		(0.2)	(0.2)	(0.3)
Net interests of revenue and expenses		38.1	27.8	56.5
Revaluation gains and losses		(0.8)	3.8	(5.7)
Income from current disposals of property, plant and equipment and intangible assets		(7.1)	(5.8)	(9.4)
Change in the working capital requirement		**91.0**	**(117.3)**	**8.8**
Inventories		129.4	(22.7)	(94.6)
Trade accounts receivable, advances and down payments received		41.2	(39.9)	105.1
Trade accounts payable, advances and down payments paid		(77.2)	(20.4)	21.8
Other receivables and debts		(2.4)	(34.3)	(23.5)
Cash flow generated by current operations		**285.0**	**211.3**	**580.5**

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

(€ millions)	Notes	June 30, 2009	June 30, 2008	2008
Other operating revenue and expenses		**(46.6)**	**(22.8)**	**(114.9)**
Adjustments		**28.3**	**(0.2)**	**73.1**
Impairment losses on goodwill	9 & 15	-	-	48.9
Other net operating amortization and depreciation	9	18.7	1.6	16.2
Other net operating provisions	9	16.1	(8.4)	(5.7)
Income from non-recurring disposals of property, plant and equipment and intangible assets	9	0.1	-	-
Income from disposals of consolidated investments and available-for-sale financial assets	9	(11.2)	-	(0.1)
Income taxes paid on other operating revenue and expenses		4.6	6.6	13.8
Cash flow generated by other operating revenue and expenses		**(18.3)**	**(23.0)**	**(41.8)**

Consolidated statement of changes in equity

(€ millions)	Group share									Minority interests	Total
	Capital	Premiums	Reserves					Net income, Group share	Subtotal		
			Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal				
Equity as of January 1, 2008	**126.3**	**131.6**	**(11.3)**	**3.9**	**(164.7)**	**1,269.7**	**1,097.6**	**284.2**	**1,639.7**	**23.9**	**1,663.6**
Total comprehensive income	**-**	**-**	**-**	**8.7**	**(91.8)**	**(0.6)**	**(83.7)**	**144.4**	**60.7**	**(0.9)**	**59.8**
Transactions with shareholders	**-**	**0.9**	**(18.7)**	**-**	**-**	**168.2**	**149.5**	**(284.2)**	**(133.8)**	**(4.0)**	**(137.8)**
Allocation of 2007 net income	-	-	-	-	-	284.2	284.2	(284.2)	-	-	
Dividend (€1.90 per share)	-	-	-	-	-	(119.0)	(119.0)	-	(119.0)	(0.5)	(119.5)
Capital increases	-	0.9	-	-	-	-	-	-	0.9	-	0.9
Capital decreases	-	-	-	-	-	-	-	-	-	-	-
Transactions on treasury shares	-	-	(18.7)	-	-	-	(18.7)	-	(18.7)	-	(18.7)
Share-based payment	-	-	-	-	-	3.0	3.0	-	3.0	-	3.0
Transactions with minority interests	-	-	-	-	-	-	-	-	-	(3.5)	(3.5)
Equity as of June 30, 2008	**126.3**	**132.5**	**(30.0)**	**12.6**	**(256.5)**	**1,437.3**	**1,163.4**	**144.4**	**1,566.6**	**19.0**	**1,585.6**
Total comprehensive income	**-**	**-**	**-**	**(79.3)**	**6.6**	**-**	**(72.7)**	**16.9**	**(55.8)**	**1.8**	**(54.0)**
Transactions with shareholders	**(0.7)**	**(16.7)**	**30.0**	**-**	**-**	**3.0**	**33.0**	**-**	**15.6**	**(0.9)**	**14.7**
Dividend	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)
Capital decreases	(0.7)	(16.7)	-	-	-	-	-	-	(17.4)	-	(17.4)
Transactions on treasury shares	-	-	30.0	-	-	-	30.0	-	30.0	-	30.0
Share-based payment	-	-	-	-	-	3.0	3.0	-	3.0	-	3.0
Transactions with minority interests	-	-	-	-	-	-	-	-	-	(0.7)	(0.7)
Equity as of December 31, 2008	**125.6**	**115.8**	**-**	**(66.7)**	**(249.9)**	**1,440.3**	**1,123.7**	**161.3**	**1,526.4**	**19.9**	**1,546.3**
Total comprehensive income	**-**	**-**	**-**	**39.8**	**23.0**	**-**	**62.8**	**11.7**	**74.5**	**0.4**	**74.9**
Transactions with shareholders	**25.1**	**223.4**	**-**	**-**	**-**	**101.3**	**101.3**	**(161.3)**	**188.5**	**(1.6)**	**186.9**
Allocation of 2008 net income	-	-	-	-	-	161.3	161.3	(161.3)	-	-	-
Dividend (€1.00 per share)	-	-	-	-	-	(62.8)	(62.8)	-	(62.8)	(0.7)	(63.5)
Capital increases	25.1	223.4	-	-	-	-	-	-	248.5	-	248.5
Capital decreases	-	-	-	-	-	-	-	-	-	-	-
Transactions on treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	2.8	2.8	-	2.8	-	2.8
Transactions with minority interests	-	-	-	-	-	-	-	-	-	(0.9)	(0.9)
Equity as of June 30, 2009	**150.7**	**339.2**	**-**	**(26.9)**	**(226.9)**	**1,541.6**	**1,287.8**	**11.7**	**1,789.4**	**18.7**	**1,808.1**

Accounting principles and policies

Note 1. Accounting principles

The June 30, 2009 1st half financial statements are intended to provide an update on the complete set of annual financial statements as of December 31, 2008 compliant with IFRSs adopted within the European Union. They are established in a condensed form in compliance with IAS 34 (interim financial information) of this referential and do not include all disclosures for a complete set of financial statements as published for the annual closing. They shall thus be reviewed in relation with the Group annual financial statements published as of December 31, 2008. IFRSs adopted within the European Union correspond to the texts as approved by the IASB (International Accounting Standards Board) except the carve out of the paragraphs addressing macro hedging in standard IAS 39 on financial instruments and the texts effective at the end of the period and not adopted within the European Union *(Note 3)*. Imerys is not performing any macro hedging transaction. However, Imerys is concerned by the amendment to standard IFRS 7. This text, intended to complete the disclosures on financial instruments, is applicable as of January 1, 2009 in the agenda of the IASB. However, as this text is not adopted within the European Union as of June 30, 2009, it represents for Imerys the sole source of divergence between the IFRS standards adopted within the European Union and the full IFRS referential.

Note 2. Changes in accounting policies

New texts: anticipated applications

The Group is not applying any text by anticipation as of June 30, 2009, neither with respect to the agenda of the IASB, nor with respect to the agenda of the European Union.

New texts: applications upon effective dates

The following texts, adopted within the European Union as of December 31, 2009, are applied upon their effective dates.

Amendment to IFRS 2, Share-Based Payment: Vesting Conditions and Cancellations. This amendment applicable as of January 1, 2009 clarifies the vesting conditions of the rights by an explicit limitation to the conditions of service and conditions of performance. It also clarifies that all cancellations follow an identical treatment, irrespective of whether the decision was originally taken by the entity or another party. This amendment has no impact on the amount of share-based payments included in the row "Salaries" disclosed in *Note 8*.

IAS 1 Revised, Presentation of Financial Statements. This amendment applicable as of January 1, 2009 splits the former statement of changes in equity into two separate statements reporting equity transactions with shareholders on the one hand (statement of changes in equity) and items of income and expense directly recognized in equity on the other hand (statement of comprehensive income).

IAS 23 Revised, Borrowing Costs. This amendment applicable as of January 1, 2009 requires the incorporation of the borrowing costs directly attributable to the acquisition, construction or production of assets prepared over a substantial period of time. This amendment has no significant impact on the measurement of the Group's industrial investment projects in progress.

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

Besides, the following texts do not concern the transactions, events or conditions existing within the Group: Amendments to IFRS 1 and IAS 27: Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate; Amendments to IAS 32 and IAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation; and IFRIC 13, Customer Loyalty Programmes.

Voluntary change in accounting policy: presentation of financial statements

In order to improve the presentation of its financial statements, the Group performs in 2009 the two changes hereafter.

Financial components of the net expense of defined employee benefit plans. The majority of the main issuers listed at the Paris stock exchange presents the unwinding expense of obligations and the expected return on assets in financial income (loss). The financial components of the net expense of defined employee benefit plans, formerly presented in current operating income, are recognized in financial income (loss) from January 1, 2009. Comparative information has been restated. In the income statement, the financial component classified in financial income (loss) amounts to - €3.4 million as of June 30, 2009 (- €0.4 million as of June 30, 2008 and - €1.0 million as of December 31, 2008) of which - €22.6 million for the unwinding expense of obligations (- €26.0 million as of June 30, 2008 and - €51.9 million as of December 31, 2008) and €19.2 million for the expected return on assets (€25.6 million as of June 30, 2008 and €50.9 million as of December 31, 2008).

Share in net income of associates. Formerly presented after the income taxes, the share in net income of associates is recognized in current operating income from January 1, 2009. Since these associates have an operating activity, Imerys considers that the new classification provides a more relevant and fair view of the result of its operating activity. Comparative information has been restated. In the income statement, the share in net income classified in current operating income as of June 30, 2009 amounts to €0.9 million (€4.9 million as of June 30, 2008 and €10.4 million as of December 31, 2008). In the statement of cash flows, the dividends received from associates reclassified in cash flow generated by current operations amount to €3.7 million as of June 30, 2009 (€1.8 million as of June 30, 2008 and €4.2 million as of December 31, 2008).

Note 3. Standards and interpretations effective after the end of the period

Texts effective at the end of the period and not adopted within the European Union

The following texts are effective within the IFRS referential at the end of the period but their adoption process within the European Union is in progress at that date. They may thus not be applied at the end of the period and represent in this respect a source of divergence between the full IFRS referential and the IFRS standards adopted within the European Union.

Amendments to IFRS 7, Improving Disclosures about Financial Instruments. This amendment applicable as of January 1, 2009 will complete the disclosures on financial instruments. This amendment will have no impact on the recognition and measurment of financial instruments.

Besides, the following amendments do not concern the transactions, events or conditions existing within the Group: Amendment to IAS 39: Reclassification of Financial Assets - Effective Date and Transition; Amendments to IFRIC 9 and IAS 39, Embedded Derivatives; and IFRIC 15, Agreements for the Construction of Real Estate.

Texts effective after the end of the period and adopted within the European Union

The texts hereafter will be effective after the end of the period but their adoption process within the European Union is complete at that date. Although earlier application is permitted, the Group did not elect to apply these by anticipation in 2009.

IFRS 3 Revised, Business Combinations. This revision applicable as of January 1, 2010 will place control at the centre of the new treatment. Thus, any formerly held interest will be reameasured at fair value against the profit or loss when control is obtained. Goodwill will be recognized at that date. The revised standard will then leave the option, for each acquisition, to recognize goodwill as an asset corresponding to either the interest of the Group only (current method), or the Group and minority interests (full goodwill). Acquisition fees, currently included in the cost of business combinations *(note 15)* will be immediately recognized as expenses. Symmetrically to the date when control is obtained, the loss of control will trigger the derecognition of assets and liabilities and the remeasurement at fair value of the residual interest against the profit or loss.

Amendment to IAS 27, Consolidated and Separate Financial Statements. This amendment applicable as of January 1, 2010 draws the consequences of revised IFRS 3 on the standard addressing consolidation rules. Thus, as control is at the centre of the new treatment, the changes in interest with no impact on control will be recognized in equity without any impact on goodwill.

IFRIC 16, Hedges of a Net Investment in a Foreign Operation. This interpretation applicable as of January 1, 2010 mainly confirms that the currency risk eligible to hedge accounting appears between the functional currency (and not the presentation currency) of a holding entity and the functional currency of a foreign operation and that the instruments intended to hedge that risk may be held by one or several entities within the Group. This interpretation has no impact on the recognition of the hedges of the net investments in the foreign operations of the Group.

Besides, the following interpretation does not concern the transactions, events or conditions existing within the Group: IFRIC 12, Service Concession Arrangements.

Texts effective after the end of the period and not adopted within the European Union

The texts hereafter will be effective within the IFRS referential after the end of the period and their adoption process within the European Union is in progress at that date.

Amendment to IFRS 2, Group Cash-settled Share-based Payment Transactions. This amendment mainly clarifies that IFRS 2 applies within a Group in the situations where an entity is beneficiary of the goods or services rendered and the share-based payment transaction is settled by another Group entity. The Group is not anticipating any impact related to the application of this amendment.

Amendment to IAS 39: Eligible Hedged Items. This amendment applicable as of January 1, 2010 specifies the principles of hedge accounting of standard IAS 39 on financial instruments in two situations: one-sided risk in a hedged item and inflation in a hedged financial item. The Group is currently investigating the impact of this interpretation.

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

Besides, the texts hereafter do not concern the transactions, events or conditions existing within the Group: Revised IFRS 1, First Time Adoption of IFRS; IFRIC 17, Distributions of Non-cash Assets to Owners; and IFRIC 18, Transfers of Assets from Customers.

Note 4. Information specific to the June 30, 2009 closing

4.1 Seasonality

Interim operations are globally not subject to seasonality or cyclicality.

4.2 Changes in the scope of consolidation

No significant change occurred in the scope of consolidation of the Pigments for Paper since the business group built a production unit of ground calcium carbonate (GCC) in Niigata (Japan) within a partnership (60.0% Imerys) with the paper producer Hokuetsu over the 2nd half of 2007. The Performance & Filtration Minerals did not perform any acquisition since the 2nd half of 2008 where the business group had strengthened its range of minerals with the acquisition of Kings Mountain Minerals in the United States and Suzorite Mining in Canada, companies specialized in the extraction and transformation of mica. In the Materials & Monolithics business group, Planchers Fabre, an operation of the Clay Roof Tiles & Bricks France activity specialized in concrete beams, is disposed of over the 1st half of 2009, while the last inflow in the scope of consolidation of the business group dates back to the 1st half of 2008, where the business group had acquired Svenska Silikaverken A.B, a Swedish producer of monolithic refractory products. The Minerals for Ceramics, Refractories, Abrasives & Foundry did not perform any significant integration since that of Astron China, a major producer of zircon-based products, acquired over the 1st half of 2008.

4.3 Currency rates

	Foreign	2009		2008			
(€)	currencies	June 30	Average	June 30	Average	December 31	Average
Argentina	ARS	5.3564	4.8482	4.7673	4.8010	4.8065	4.6411
Australia	AUD	1.7359	1.8785	1.6371	1.6546	2.0274	1.7416
Brazil	BRL	2.7573	2.9145	2.5095	2.5944	3.2524	2.6726
Canada	CAD	1.6275	1.6056	1.5942	1.5401	1.6998	1.5594
China	CNY	9.6545	9.1055	10.8051	10.7989	9.4956	10.2236
Denmark	DKK	7.4470	7.4493	7.4579	7.4567	7.4506	7.4560
United States	USD	1.4134	1.3326	1.5764	1.5304	1.3917	1.4708
Great Britain	GBP	0.8521	0.8940	0.7923	0.7752	0.9525	0.7963
Hungary	HUF (100)	2.7155	2.9007	2.3543	2.5358	2.6670	2.5151
Japan	JPY (100)	1.3551	1.2732	1.6644	1.6062	1.2614	1.5245
New Zealand	NZD	2.1656	2.3533	2.0632	1.9553	2.4191	2.0770
South Africa	ZAR	10.8853	12.2490	12.3426	11.7263	13.0667	12.0590
Czech Republic	CZK	25.8820	27.1377	23.8930	25.1913	26.8750	24.9463
Sweden	SEK	10.8125	10.8617	9.4703	9.3753	10.8700	9.6152
Switzerland	CHF	1.5265	1.5058	1.6056	1.6065	1.4850	1.5874
Thailand	THB	48.1400	46.6619	52.7380	48.4803	48.2850	48.4753

4.4 Events after the end of the period

The half-year consolidated financial statements as of June 30, 2009 were closed by the Board of Directors on July 29, 2009. As part of the optimization measures of costs and financial structure, a factoring derecognition contract relating to an estimated amount of €90.0 million receivables has been signed as of July 23, 2009 to be implemented over the 3rd quarter of 2009. Furthermore, as of July 24, 2009, Imerys has filed its new Euro Medium Term Note program (EMTN) with the Commission de Surveillance du Secteur Financier for a total amount of €1.0 billion *(Note 23.4)*.

Notes to the consolidated income statement

Note 5. Revenue

(€ millions)	June 30, 2009	June 30, 2008	2008
Sales of goods	1,214.7	1,583.1	3,043.2
Rendering of services	159.3	191.0	406.0
Total	**1,374.0**	**1,774.1**	**3,449.2**

Revenue amounts to €1,374.0 million over the 1st half of 2009 (€1,774.1 million over the 1st half of 2008 and €3,449.2 million in 2008), i.e. a decrease of - 22.5% (+ 4.10% over the 1st half of 2008 and + 1.40% in 2008), including a positive effect of + €37.6 million due to foreign currency changes (- €86.5 million over the 1st half of 2008 and - €108.3 million in 2008). At comparable structure and foreign currency rates, it decreases by - 24.9% (+ 4.20% over the 1st half of 2008 and + 0.70% in 2008).

Note 6. Raw materials and consumables used

(€ millions)	June 30, 2009	June 30, 2008	2008
Raw materials	(146.9)	(277.1)	(596.2)
Energy	(140.8)	(200.2)	(392.3)
Chemicals	(25.5)	(35.6)	(72.9)
Other raw materials	(55.8)	(91.3)	(168.1)
Merchandises	(35.2)	(75.7)	(141.1)
Change in inventories	(129.5)	22.7	94.5
Property, plant and equipment produced by the entity	3.2	4.0	7.6
Total	**(530.5)**	**(653.2)**	**(1,268.5)**

Note 7. External expenses

(€ millions)	June 30, 2009	June 30, 2008	2008
Freight	(143.4)	(208.3)	(414.5)
Operating leases	(24.2)	(22.1)	(45.7)
Subcontracting	(43.2)	(52.3)	(106.4)
Maintenance and repair	(28.1)	(44.3)	(91.7)
Fees	(19.8)	(19.9)	(46.5)
Other external expenses	(63.9)	(93.2)	(185.9)
Total	**(322.6)**	**(440.1)**	**(890.7)**

Note 8. Staff expenses

(€ millions)	June 30, 2009	June 30, 2008	2008
Salaries	(221.8)	(256.8)	(496.2)
Social contributions	(46.7)	(53.4)	(105.1)
Net change in defined benefit plans	6.4	8.6	27.1
Contributions to defined benefit plans	(13.6)	(14.2)	(37.0)
Contributions to defined contribution plans	(8.2)	(8.6)	(17.5)
Other employee benefits	(3.1)	(3.2)	(6.3)
Profit-sharing	(9.0)	(9.0)	(16.5)
Total	**(296.0)**	**(336.6)**	**(651.5)**

Note 9. Other operating revenue and expenses

(€ millions)	June 30, 2009	June 30, 2008	2008
Income on disposals of consolidated investments	11.2	-	0.1
Income on non-recurring asset disposals	(0.1)	-	-
Restructuring expenses paid	(22.9)	(29.6)	(55.6)
Impairment losses on restructuring	(18.7)	(1.6)	(16.3)
Change in provisions for restructuring and litigation	(16.1)	8.4	5.8
Impairment losses on goodwill	-	-	(48.9)
Other operating revenue and expenses - gross	**(46.6)**	**(22.8)**	**(114.9)**
Revenue	*25.3*	*18.2*	*56.3*
Expenses	*(71.9)*	*(41.0)*	*(171.2)*
Income taxes	11.6	7.4	9.1
Other operating revenue and expenses - net, Group share	**(35.0)**	**(15.4)**	**(105.8)**

Other operating revenue and expenses of the period

The other operating revenue and expenses of the 1st half of 2009 mainly comprise a result of €11,7 million corresponding to the disposal in May 2009 of Planchers Fabre, an operation of the Clay Roof Tiles & Bricks France activity specialized in concrete beams, sold to the Lesage Group. Furthermore, all Group entities undertake many restructuring actions to face the severe fall in their activities in a very depressed economic context. Thus, a cash outflow of €22.9 million is recognized in settlement of termination benefits and sites closure costs whilst €18.7 million of impairment losses are recognized on the assets concerned by the slowdown of the activity. At last, €16.1 million are recognized in relation to social and litigation provisions. The main restructurings undertaken over the 1st half of 2009 relate to the Abrasives activity for - €12.7 million and to the Paper North America activity for - €12.4 million, before income taxes.

Other operating revenue and expenses of prior periods

The other operating revenue and expenses of the 1st half of 2008 mainly corresponded to the settlement of litigation opposing the Group to one of its suppliers for - €4.1 million after income taxes and to the continuation of restructurings, in US kaolin activities in particular, for - €11.3 million after income taxes. The other operating revenue and expenses in 2008 amounted to - €105.8 million after income taxes, of which - €40.6 million in cash and - €65.2 million with no cash impact. Among the other operating revenue and expenses of 2008, - €59.9 million after income taxes had been recognized in the Performance & Filtration Minerals business group, - €48.9 million of which corresponded to the impairment of the goodwill of the Performance Minerals North America activity and - €9.8 million to the finalization of the restructuring of the Filtration activity in North America. The - €32.7 million recognized in 2008 in the other operating revenue and expenses of the Pigments for Paper business group had been mainly employed in the restructuring of its kaolins and carbonates activities, mainly in North America and Latin America.

Note 10. 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; Financial assets and liabilities at fair value through profit or loss; Loans and receivables; and Financial liabilities at amortized cost. 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.

The table hereafter discloses the items of income, expenses, gains and losses before income taxes recognized in profit or loss and equity by categories of financial instruments. The balances of rows “Other financial revenue” and “Other financial expenses” mainly comprise exchange rate gains and losses related to the hedge of exchange rate risk. An analysis of the net total of these two rows is disclosed in *Note 11*.

	IAS 39 financial assets and liabilities								
		At fair value through profit or loss				Hedge derivatives		Non IAS 39 assets and liabilities	
(€ millions)	Available-for-sale	Non derivative	Non hedge derivatives	Loans and receivables	At amortized cost	Fair value hedge	Cash flow hedge		Total
Operating income	**(0.2)**	**-**	**-**	**3,479.8**	**(2,351.9)**	**-**	**(13.2)**	**-**	**-**
Revenue	-	-	-	3,449.2	-	-	-	-	3,449.2
Raw materials and consumables used	-	-	-	-	(1,369.4)	-	(10.9)	111.8	(1,268.5)
External expenses	-	-	-	-	(890.7)	-	-	-	(890.7)
Taxes and duties	-	-	-	-	(53.0)	-	-	-	(53.0)
Other operational revenue and expenses	-	-	-	30.6	(38.8)		(2.3)	22.4	11.9
Income on asset disposals	(0.2)	-	-	-	-	-	-	0.3	0.1
Financial income (loss)	**0.2**	**4.1**	**(0.9)**	**4.5**	**(68.1)**	**8.2**	**9.7**	**-**	**-**
Income from securities	-	4.1	-	-	-	-	-	-	4.1
Gross financial debt expense	-	-	-	-	(74.6)	7.0	6.5	-	(61.1)
Other financial revenue	0.3	-	(2.9)	4.7	184.2	38.4	7.2	51.0	282.9
Other financial expenses	(0.1)	-	2.0	(0.2)	(177.7)	(37.2)	(4.0)	(55.8)	(273.0)
Profit or loss	**-**	**4.1**	**(0.9)**	**3,484.3**	**(2,420.0)**	**8.2**	**(3.5)**	**-**	**-**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**(71.5)**	**-**	**-**
Recognition in equity	-	-	-	-	-	-	(73.6)	-	(73.6)
Reclassification in profit or loss	-	-	-	-	-	-	2.1	-	2.1
Net profit (loss) as of December 31, 2008	**-**	**4.1**	**(0.9)**	**3,484.3**	**(2,420.0)**	**8.2**	**(75.0)**	-	**-**
of which impairment losses in profit or loss	(0.1)	-	-	(10.1)	-	-	-	(6.8)	(17.0)
of which reversals of impairment losses in profit or loss	-	-	-	4.5	-	-	-	6.1	10.6
Operating income	**-**	**-**	**0.6**	**1,790.9**	**(1,171.0)**	**-**	**5.0**	**-**	**-**
Revenue	-	-	-	1,774.1	-	-	-	-	1,774.1
Raw materials and consumables used	-	-	-	-	(686.3)	-	5.9	27.2	(653.2)
External expenses	-	-	-	-	(440.1)	-	-	-	(440.1)
Taxes and duties	-	-	-	-	(27.1)	-	-	-	(27.1)
Other operational revenue and expenses	-	-	0.6	16.8	(17.5)	-	(0.9)	15.5	14.5
Income on asset disposals	-	- -	-	-	-	-	-	-	-
Financial income (loss)	**0.3**	**1.9**	**(3.1)**	**1.5**	**(31.3)**	**6.9**	**4.9**	**-**	**-**
Income from securities	-	1.9	-	-	-	-	-	-	1.9
Gross financial debt expense	-	-	-	-	(38.5)	5.8	2.8	-	(29.9)
Other financial revenue	0.3	-	2.7	1.5	91.6	14.9	5.5	26.0	142.5
Other financial expenses	-	-	(5.8)	-	(84.4)	(13.8)	(3.4)	(27.7)	(135.1)
Profit or loss	**0.3**	**1.9**	**(2.5)**	**1,792.4**	**(1,202.3)**	**6.9**	**9.9**	**-**	**-**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**8.1**	**-**	**-**
Recognition in equity	-	-	-	-	-	-	7.7	-	7.7
Reclassification in profit or loss	-	-	-	-	-	-	0.4	-	0.4
Net profit (loss) as of June 30, 2008	**0.3**	**1.9**	**(2.5)**	**1,792.4**	**(1,202.3)**	**6.9**	**18.0**	-	**-**
of which impairment losses in profit or loss	-	-	-	(6.5)	-	-	-	(2.6)	(9.1)
of which reversals of impairment losses in profit or loss	-	-	-	2.8	-	-	-	2.5	5.3
Operating income	**(1.0)**		**(0.1)**	**1,382.5**	**(778.4)**	**-**	**4.3**	**-**	**-**
Revenue	-	-	-	1,374.0	-	-	-	-	1,374.0
Raw materials and consumables used	-	-	-	-	(409.5)	-	0.5	(121.5)	(530.5)
External expenses	-	-	-	-	(322.6)	-	-	-	(322.6)
Taxes and duties	-	-	-	-	(24.1)	-	-	-	(24.1)
Other operational revenue and expenses	-	-	(0.1)	8.5	(22.2)	-	3.8	8.8	(1.2)
Income on asset disposals	(1.0)	-	-	-	-	-	-	12.1	11.1
Financial income (loss)	**0.3**	**0.9**	**(0.2)**	**1.1**	**(40.8)**	**(0.5)**	**(0.9)**	**(4.8)**	
Income from securities	-	0.9	-	-	-	-	-	-	0.9
Gross financial debt expense	-	-	-	-	(34.0)	(1.3)	(1.0)	-	(36.3)
Other financial revenue	0.3	-	0.4	1.2	24.7	10.8	1.3	19.4	58.1
Other financial expenses	-	-	(0.6)	(0.1)	(31.5)	(10.0)	(1.2)	(24.2)	(67.6)
Profit or loss	**(0.7)**	**0.9**	**(0.3)**	**1,383.6**	**(819.2)**	**(0.5)**	**3.4**	**(4.8)**	**-**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**40.0**	**-**	**-**
Recognition in equity	-	-	-	-	-	-	39.4	-	-
Reclassification in profit or loss	-	-	-	-	-	-	0.6	-	-
Net profit (loss) as of June 30, 2009	**(0.7)**	**0.9**	**(0.3)**	**1,383.6**	**(819.2)**	**(0.5)**	**43.4**	**(4.8)**	**-**
of which impairment losses in profit or loss	-	-	-	(11.2)	-	-	-	(4.1)	-
of which reversals of impairment losses in profit or loss	0.1	-	-	3.4	-	-	-	5.4	-

Note 11. Financial income (loss)

(€ millions)	IAS 39 financial assets and liabilities							Non IAS 39 assets and liabilities	Total
		At fair value through profit or loss				Hedge derivatives			
	Available-for-sale	Non derivative	Non hedge derivatives	Loans and receivables	At amortized cost	Fair value hedge	Cash flow hedge		
Net financial debt expense	**-**	**4.1**	**-**	**-**	**(74.6)**	**7.0**	**6.5**	**-**	**(57.0)**
Income from securities	-	4.1	-	-	-	-	-	-	4.1
Gross financial debt expense	-	-	-	-	(74.6)	7.0	6.5	-	(61.1)
Other financial revenue and expenses	**0.2**	**-**	**(0.9)**	**4.5**	**6.5**	**1.2**	**3.2**	**(4.8)**	**9.9**
Dividends	0.2	-	-	-	-	-	-	-	0.2
Net exchange rate differences	-	-	0.9	-	10.9	-	-	(0.4)	11.4
Expense and revenue on derivative instruments	-	-	(1.8)	-	-	1.2	0.2	-	(0.4)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.6)	(3.6)
Other financial revenue and expenses	-	-	-	4.5	(4.4)	-	3.0	(0.8)	2.3
Financial income (loss) as of December 31, 2008	**0.2**	**4.1**	**(0.9)**	**4.5**	**(68.1)**	**8.2**	**9.7**	**(4.8)**	**(47.1)**
Revenue	*0.3*	*4.1*	*(2.9)*	*4.7*	*184.2*	*38.4*	*7.2*	*51.0*	*287.0*
Expenses	*(0.1)*	*-*	*2.0*	*(0.2)*	*(252.3)*	*(30.2)*	*2.5*	*(55.8)*	*(334.1)*
Net financial debt expense	**-**	**1.9**	**-**	**-**	**(38.5)**	**5.8**	**2.8**	**-**	**(28.0)**
Income from securities	-	1.9	-	-	-	-	-	-	1.9
Gross financial debt expense	-	-	-	-	(38.5)	5.8	2.8	-	(29.9)
Other financial revenue and expenses	**0.3**	**-**	**(3.1)**	**1.5**	**7.2**	**1.1**	**2.1**	**(1.7)**	**7.4**
Dividends	0.2	-	-	-	-	-	-	-	0.2
Net exchange rate differences	-	-	-	-	7.7	-	-	-	7.7
Expense and revenue on derivative instruments	-	-	(3.1)	-	-	1.1	0.4	-	(1.6)
Unwinding of other provisions	-	-	-	-	-	-	-	(1.3)	(1.3)
Other financial revenue and expenses	0.1	-	-	1.5	(0.5)	-	1.7	(0.4)	2.4
Financial income (loss) as of June 30, 2008	**0.3**	**1.9**	**(3.1)**	**1.5**	**(31.3)**	**6.9**	**4.9**	**(1.7)**	**(20.6)**
Revenue	*0.3*	*1.9*	*2.7*	*1.5*	*91.6*	*14.9*	*5.5*	*26.1*	*144.5*
Expenses	*-*	*-*	*(5.8)*	*-*	*(122.9)*	*(8.0)*	*(0.6)*	*(27.8)*	*(165.1)*
Net financial debt expense	**-**	**0.9**	**-**	**-**	**(34.0)**	**(1.3)**	**(1.0)**	**-**	**(35.4)**
Income from securities	-	0.9	-	-	-	-	-	-	0.9
Gross financial debt expense	-	-	-	-	(34.0)	(1.3)	(1.0)	-	(36.3)
Other financial revenue and expenses	**0.3**	**-**	**(0.2)**	**1.2**	**(6.9)**	**0.8**	**0.1**	**(4.8)**	**(9.5)**
Dividends	0.2	-	-	-	-	-	-	-	0.2
Net exchange rate differences	-	-	-	-	(4.1)	-	-	0.2	(3.9)
Expense and revenue on derivative instruments	-	-	(0.2)	-	-	0.8	(2.0)	-	(1.4)
Unwinding of provisions	-	-	-	-	-	-	-	(1.6)	(1.6)
Other financial revenue and expenses	0.1	-	-	1.2	(2.8)	-	2.1	(3.4)	(2.8)
Financial income (loss) as of June 30, 2009	**0.3**	**0.9**	**(0.2)**	**1.2**	**(40.9)**	**(0.5)**	**(0.9)**	**(4.8)**	**(44.9)**
Revenue	*0.3*	*0.9*	*0.4*	*1.2*	*24.6*	*10.8*	*1.3*	*19.5*	*59.0*
Expenses	*-*	*-*	*(0.6)*	*-*	*(65.5)*	*(11.3)*	*(2.2)*	*(24.3)*	*(103.9)*

Note 12. Income taxes

Income taxes recognized in net income

(€ millions)	June 30, 2009	June 30, 2008	2008
Income taxes payable	**(20.2)**	**(45.1)**	**(64.4)**
Income taxes payable for the period	(20.0)	(44.7)	(68.3)
Income taxes payable - Prior period adjustments	(0.2)	(0.4)	3.9
Deferred taxes	**13.1**	**(7.7)**	**(24.5)**
Deferred taxes due to changes in temporary differences	13.0	(7.7)	(24.6)
Deferred taxes due to changes in income tax rates	0.2	-	0.1
Total	**(7.1)**	**(52.8)**	**(88.9)**

(€ millions)	June 30, 2009	June 30, 2008	2008
Income taxes on current operating income	**(18.7)**	**(60.2)**	**(98.0)**
Current operating income taxes payable	(25.1)	(51.8)	(78.2)
Current operating deferred taxes	6.4	(8.4)	(19.8)
Income taxes on other operating revenue and expenses	**11.6**	**7.4**	**9.1**
Income taxes payable on other operating revenue and expenses	4.9	6.7	13.8
Deferred taxes on other operating revenue and expenses	6.7	0.7	(4.7)
Total	**(7.1)**	**(52.8)**	**(88.9)**

Income taxes recognized in equity

(€ millions)	June 30, 2009	June 30, 2008	2008
Cash flow hedges	**(0.2)**	**0.6**	**0.9**
Recognition in equity	-	0.6	0.2
Reclassification in profit or loss	(0.2)	-	0.7
Translation reserve	**(4.2)**	**12.3**	**20.0**
Recognition in equity	(4.2)	12.3	20.0
Reclassification in profit or loss	-	-	-
Total	**(4.4)**	**12.9**	**20.9**

Income taxes paid

The cash flow generated by income taxes comprises the down payments paid to the State and the reimbursements received. As of June 30, 2009, this cash flow is a net inflow of €10.0 million (net outflow of €58.3 million over the 1st half of 2008; net outflow of €113.3 million in 2008).

Tax reconciliation excluding non-recurring items

	June 30, 2009	June 30, 2008	2008
Legal tax rate in France (including surtax and contribution)	34.4%	34.4%	34.4%
Impact of national rate differences	(2.0)%	(2.5)%	(2.9)%
Impact of permanent differences and tax incentives	(8.1)%	(5.2)%	(5.2)%
Impact of unrecognized tax losses utilized	(2.4)%	(1.1)%	(1.2)%
Other income taxes at different rates and bases and impact of rate changes on deferred taxes	5.2%	0.9%	1.2%
Other (tax credits, tax losses created and unrecognized, tax reassessments and tax provisions, prior period adjustments)	1.6%	0.8%	0.4%
Effective tax rate on current operating and financial income (loss) (1)	**28.7%**	**27.3%**	**26.7%**

(1) Income taxes on current operating income (€18.7 million) divided by the sum of the current operating income (+ €110.0 million) and financial income (loss) (- €44.9 million).

Tax reconciliation including non-recurring items

	June 30, 2009	June 30, 2008	2008
Legal tax rate in France (including surtax and contribution)	34.4%	34.4%	34.4%
Impact of national rate differences	(0.7)%	(2.7)%	(3.8)%
Impact of permanent differences and tax incentives	(29.4)%	(5.6)%	0.1%
Impact of unrecognized tax losses utilized	(8.7)%	(1.3)%	(1.8)%
Other income taxes at different rates and bases and impact of rate changes on deferred taxes	14.7%	1.0%	1.6%
Other (tax credits, tax losses created and unrecognized, tax reassessments and tax provisions, prior period adjustments)	27.9%	0.9%	4.7%
Effective tax rate on operating and financial income (loss)	**38.2%**	**26.7%**	**35.2%**

As of June 30, 2009, the values of the reconciling items expressed in percentages are greater than those of comparative periods as a result of the decrease in the bases over the 1st half of 2009. In 2008, the row "Other" in the above table included for 2.3% the impact of a portion of the effect of the strong devaluation of the Brazilian Real over the 4th quarter of the period on the income tax expense of the Brazilian entity RCC and for 1.9% the impact on the deferred taxes of the English entity IML of the suppression in 2008 in Great Britain of the deductibility of the depreciation of industrial buildings.

Note 13. Net income, Group share

(€ millions)	June 30, 2009	June 30, 2008	2008
Current operating income	110.0	241.5	414.6
Financial income (loss)	(44.9)	(20.6)	(47.1)
Income taxes on current operating income *(Note 12)*	(18.7)	(60.2)	(98.0)
Minority interests	0.3	(0.9)	(2.4)
Net income from current operations, Group share	**46.7**	**159.8**	**267.1**
Effective tax rate on current operating income	(28.7%)	(27.3%)	(26.7%)
Net income of discontinued operations or held for sale	-	-	-
Other operating revenue and expenses - net *(Note 9)*	(35.0)	(15.4)	(105.8)
Net income, Group share	**11.7**	**144.4**	**161.3**

Note 14. Earnings per share

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

(€ millions)	June 30, 2009	June 30, 2008	2008
Numerator			
Net income from current operations attributable to ordinary equity holders used for the calculation of the diluted earnings per share	**46.9**	**160.5**	**267.6**
Net income from current operations, Group share	46.7	159.8	267.1
Impact of financial income (loss) on share options	0.2	0.7	0.5
Net income attributable to ordinary equity holders used for the calculation of the diluted earnings per share	**11.9**	**145.1**	**161.8**
Net income, Group share	11.7	144.4	161.3
Impact of financial income (loss) on share options	0.2	0.7	0.5
Denominator			
Weighted average number of shares used for the calculation of the basic earnings per share (1)	68,688,790	67,496,827	67,486,365
Impact of share option conversion	172,276	370,183	234,589
Weighted average number of shares used for the calculation of the diluted earnings per share	68,861,066	67,867,010	67,720,954
Basic earnings per share, Group share *(in €)*			
Net basic earnings per share from current operations	0.68	2.37	3.96
Net basic earnings per share	0.17	2.14	2.39
Diluted net earnings per share from current operations	0.68	2.36	3.95
Diluted net earnings per share	0.17	2.14	2.39

(1) Adjusted following the capital increase of June 2, 2009.

Notes to the consolidated statement of financial position

Note 15. Goodwill

(€ millions)	June 30, 2009	June 30, 2008	2008
Opening carrying amount	**899.4**	**860.7**	**860.7**
Gross amount	*951.3*	*860.9*	*860.9*
Impairment losses	*(51.9)*	*(0.2)*	*(0.2)*
Acquisitions	6.2	108.7	111.4
Disposals	-	-	-
Adjustments and reclassifications	(6.3)	(0.4)	(0.1)
Impairment losses	-	-	(48.9)
Foreign exchange differences	7.8	(34.3)	(23.7)
Closing carrying amount	**907.1**	**934.7**	**899.4**
Gross amount	*971.5*	*934.9*	*951.3*
Impairment losses	*(64.4)*	*(0.2)*	*(51.9)*

The goodwill recognized upon acquisitions mainly represents development prospects of the acquired entities within the Group. Impairment losses of goodwill are disclosed in *Note 18*.

Purchase accounting as of June 30, 2009

Astron China (Astron). On February 5, 2008, Imerys acquired 100.0% of the voting rights of the Chinese company Astron. Active in a wide range of zircon-based products, Astron owns several plants and distribution centers in China. As of June 30, 2009, definitive goodwill amounts to €91.2 million and takes into consideration the fair value measurement of property, plant and equipment and inventories.

Others. The purchase accounting of the entities Svenska Silikaverken AB (100.0% of voting rights acquired on April 30, 2008) was finalized. Goodwill determined for Suzorite Minerals (100.0% of voting rights acquired on October 10, 2008) and Kings Mountain Minerals (100.0% of voting rights acquired on October 10, 2008) is provisional as of June 30, 2009.

The fair values of assets, liabilities and contingent liabilities of the entities acquired in 2008 and 2009 are analyzed as follows:

	Astron		Others		Total
(€ millions)	Carrying amounts before the acquisition	Final fair values at the acquisition date	Carrying amounts before the acquisition	Fair values at the acquisition date	Fair values at the acquisition date
Assets - non-current	**12.2**	**13.7**	**31.4**	**22.4**	**36.1**
Intangible assets	0.1	0.1	4.5	4.2	4.3
Property, plant and equipment	12.0	13.0	26.8	18.1	31.1
Other receivables	-	-	-	-	-
Deferred tax assets	0.1	0.6	0.1	0.1	0.7
Assets - current	**54.6**	**53.3**	**14.5**	**13.9**	**67.2**
Inventories	20.1	18.8	8.2	7.6	26.4
Trade receivables	16.8	16.8	4.2	4.2	21.0
Other receivables	13.5	13.5	1.8	1.8	15.3
Marketable securities and other financial assets	-	-	-	-	-
Cash and cash equivalents	4.2	4.2	0.3	0.3	4.5
Total assets	**66.8**	**67.0**	**45.9**	**36.3**	**103.3**
Minority interests	-	-	-	-	-
Liabilities - non-current	**0.7**	**0.7**	**1.2**	**1.0**	**1.7**
Provisions for employee benefits	-	-	-	-	-
Other provisions	0.2	0.2	0.9	0.9	1.1
Loans and financial debts	-	-	0.1	0.1	0.1
Other debts	-	-	0.2	0.2	0.2
Deferred tax liabilities	0.5	0.5	-	(0.2)	0.3
Liabilities - current	**44.5**	**44.5**	**6.3**	**6.3**	**50.8**
Trade payables	11.6	11.6	1.9	1.9	13.5
Income taxes payable	-	-	0.1	0.1	0.1
Other debts	20.0	20.0	3.2	3.2	23.2
Loans and financial debts	12.9	12.9	1.1	1.1	14.0
Total liabilities	**45.2**	**45.2**	**7.5**	**7.3**	**52.5**
Fair value of the acquired equity	21.6	21.8	38.4	29.0	50.8
Revaluation of previously acquired interests	-	-	-	-	-
Goodwill	91.0	91.2	(0.7)	7.8	99.0
Cost of business combinations	**112.6**	**113.0**	**37.7**	**36.8**	**149.8**
of which acquisition fees	1.1	1.1	1.1	1.1	2.2

Reconciliations

The following table details the "Acquisitions" row of the first table of *Note 15*.

(€ millions)	June 30, 2009	June 30, 2008	2008
Goodwill of business combinations of the period	0.5	91.1	93.1
Adjustment of the cost of business combinations of prior periods	5.7	13.3	13.1
Goodwill on increases in shares of interest of the period	-	4.3	5.2
Goodwill - Acquisitions	**6.2**	**108.7**	**111.4**

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

(€ millions)	Other incoming entities of the period	Increases in shares of interest and purchase price adjustments	Acquisition cost of entities consolidated over the period	Total
Cash paid	**(10.0)**	**-**	**-**	**(10.0)**
Cost of business combinations	(10.6)	-	-	(10.6)
Payables related to business combinations of the period	0.6	-	-	0.6
Cash from acquired entities	**0.1**	**-**	**-**	**0.1**
Acquisition cost of investments consolidated in 2009 after deduction of cash acquired	**(9.9)**	**-**	**-**	**(9.9)**

Note 16. Intangible assets

(€ millions)	Software	Trademarks, patents and licences	Mining and use rights	Other	Total
Carrying amount as of January 1, 2008	**14.2**	**5.2**	**16.1**	**13.8**	**49.3**
Gross amount	*50.0*	*12.7*	*16.4*	*26.7*	*105.8*
Amortization	*(35.8)*	*(7.5)*	*(0.3)*	*(12.9)*	*(56.5)*
Acquisitions	0.9	0.3	0.3	2.6	4.1
Acquisitions resulting from business combinations	0.1	0.1	-	1.6	1.8
Disposals	-	(0.1)	(0.1)	(0.3)	(0.5)
Net increases in amortization	(5.9)	(0.4)	(0.1)	(1.3)	(7.7)
Impairment losses recognized in net income	-	(0.2)	-	-	(0.2)
Foreign exchange differences	-	0.1	(2.8)	0.5	(2.2)
Reclassification and other	2.2	0.2	0.4	(2.4)	0.4
Carrying amount as of January 1, 2009	**11.5**	**5.2**	**13.8**	**14.5**	**45.0**
Gross amount	*50.4*	*12.9*	*14.2*	*27.2*	*104.7*
Amortization	*(38.9)*	*(7.7)*	*(0.4)*	*(12.7)*	*(59.7)*
Acquisitions	0.2	0.2	0.2	0.4	1.0
Acquisitions resulting from business combinations	-	-	4.3	(0.3)	4.0
Disposals	-	-	-	-	-
Net increases in amortization	(2.6)	(0.1)	(0.1)	(0.5)	(3.3)
Impairment losses recognized in net income	-	(1.8)		(0.2)	(2.0)
Foreign exchange differences	0.1		(0.1)	0.1	0.1
Reclassification and other	0.3	(0.9)	0.1	1.2	0.7
Carrying amount as of June 30, 2009	**9.5**	**2.6**	**18.2**	**15.2**	**45.5**
Gross amount	*51.5*	*12.1*	*18.7*	*28.9*	*111.2*
Amortization	*(42.0)*	*(9.5)*	*(0.5)*	*(13.7)*	*(65.7)*

Note 17. Property, plant and equipment

(€ millions)	Mining assets	Land and buildings	Plant and equipment	Down payments and assets under construction	Other	Total
Carrying amount as of January 1, 2008	**399.6**	**259.8**	**762.0**	**208.2**	**50.9**	**1,680.5**
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)*
Acquisitions	27.8	28.5	69.2	95.1	8.5	229.1
Acquisitions resulting from business combinations	6.3	10.5	18.8	(1.2)	2.0	36.4
Disposals	(1.8)	(3.8)	(4.1)	(0.2)	(0.4)	(10.3)
Net increases in depreciation	(30.7)	(12.3)	(123.3)	-	(12.9)	(179.2)
Impairment losses recognized in net income	(1.7)	(1.3)	(11.8)	(3.7)	(0.4)	(18.9)
Impairment losses reversed in net income	0.6	-	2.4		-	3.0
Foreign exchange differences	(4.9)	(5.5)	(17.0)	(0.8)	(1.9)	(30.1)
Reclassification and other	0.4	5.9	168.6	(167.3)	(8.5)	(0.9)
Carrying amount as of January 1, 2009	**395.6**	**281.8**	**864.8**	**130.1**	**37.3**	**1,709.6**
Gross amount	*546.5*	*465.7*	*2,591.7*	*130.2*	*167.3*	*3,901.4*
Depreciation	*(150.9)*	*(183.9)*	*(1,726.9)*	*(0.1)*	*(130.0)*	*(2,191.8)*
Acquisitions	15.7	0.5	6.0	29.4	2.1	53.7
Acquisitions resulting from business combinations	(3.7)	(1.6)	(2.1)	-	1.2	(6.2)
Disposals	(0.1)	(0.5)	(0.9)	(0.1)	(0.1)	(1.7)
Net increases in depreciation	(11.7)	(6.4)	(62.0)	-	(5.5)	(85.6)
Impairment losses recognized in net income	(2.2)	-	(13.5)	(0.5)	(0.8)	(17.0)
Impairment losses reversed in net income	-	-	0.3	-	-	0.3
Foreign exchange differences	3.0	2.6	6.7	3.3	0.2	15.8
Reclassification and other	0.3	7.0	73.6	(83.7)	-	(2.8)
Carrying amount as of June 30, 2009	**396.9**	**283.4**	**872.9**	**78.5**	**34.4**	**1,666.1**
Gross amount	*553.2*	*474.5*	*2,672.2*	*79.1*	*171.9*	*3,950.9*
Depreciation	*(156.3)*	*(191.1)*	*(1,799.3)*	*(0.6)*	*(137.5)*	*(2,284.8)*

The depreciation of property, plant and equipment is estimated on a straight-line basis except for mining assets and certain industrial assets whose depreciation is estimated on the basis of their actual extraction, production or use.

Note 18. Impairment losses

The impairment test on the CGUs performed systematically on the annual closing is only renewed on the half-year closing where an impairment loss indicator is identified. Since the markets of the Group's activities are strongly deteriorated, the negative impacts on the results represent impairment loss indicators. As a consequence, tests are performed as of June 30, 2009. They are not revealing any impairment requirement. As of December 30, 2008, this test had required the recognition of an impairment loss on the entire carrying amount of the goodwill of the Performance Minerals North America CGU whose carrying amount totaled €51.6 million.

In addition, the identification of impairment loss indicators on an individual asset may also require the performance of the test at the level of this individual asset. As of June 30, 2009, an impairment loss of €18.7 million is recognized at the level of individual assets, mainly in relation to the restructuring of the industrial facilities of the Abrasives activity for an amount of €6.3 million. As of December 31, 2008, an impairment loss of €19.1 million had been recognized and mainly related to the restructuring of the industrial facilities of the Pigments for Paper business group for €10.6 million and the Materials and Monolithics business group for €4.5 million.

Note 19. Inventories

	June 30, 2009			June 30, 2008			2008		
(€ millions)	Gross amount	Write down	Carrying amount	Gross amount	Write down	Carrying amount	Gross amount	Write down	Carrying amount
Raw materials	187.7	(9.2)	178.5	203.9	(10.4)	193.5	235.4	(11.7)	223.7
Work in progress	58.1	(0.1)	58.0	45.6	(0.1)	45.5	64.4	(0.1)	64.3
Finished goods	224.1	(7.8)	216.3	238.5	(7.4)	231.1	274.5	(7.6)	266.9
Merchandises	37.2	(0.6)	36.6	60.9	(0.6)	60.3	56.7	(0.6)	56.1
Total	**507.1**	**(17.7)**	**489.4**	**548.9**	**(18.5)**	**530.4**	**631.0**	**(20.0)**	**611.0**

Note 20. Financial assets

	IAS 39 financial assets							
		At fair value through profit or loss			Hedge derivatives			
(€ millions)	Available-for-sale	Non derivative	Non hedge derivatives	Loans and receivables	Fair value hedge	Cash flow hedge	Non IAS 39 assets	Total
Non-current assets	**7.1**	**-**	**-**	**45.9**	**17.6**	**1.1**	**-**	**-**
Available-for-sale financial assets	7.1	-	-	-	-	-	-	7.1
Other financial assets	-	-	-	6.0	-	-	7.8	13.8
Other receivables	-	-	-	39.9	-	-	0.5	40.4
Derivative financial assets	-	-	-	-	17.6	1.1	-	18.7
Current assets	**-**	**4.4**	**(0.4)**	**832.3**	**1.0**	**0.5**	**-**	**-**
Trade receivables	-	-	-	523.3	-	-	-	523.3
Other receivables	-	-	-	95.0	-	-	59.2	154.2
Derivative financial assets	-	-	(0.4)	-	1.0	0.5	-	1.1
Marketable securities and other financial assets	-	4.4	-	-	-	-	-	4.4
Cash and cash equivalents	-	-	-	214.0	-	-	-	214.0
Total as of December 31, 2008	**7.1**	**4.4**	**(0.4)**	**878.2**	**18.6**	**1.6**	**-**	**-**
Non-current assets	**6.5**	**-**	**2.6**	**53.7**	**(0.3)**	**2.3**	**-**	**-**
Available-for-sale financial assets	6.5	-	-	-	-	-	-	6.5
Other financial assets	-	-	-	7.3	-	-	6.7	14.0
Other receivables	-	-	-	46.4	-	-	0.6	47.0
Derivative financial assets	-	-	2.6	-	(0.3)	2.3	-	4.6
Current assets	**-**	**6.5**	**(0.5)**	**943.1**	**-**	**14.0**	**-**	**-**
Trade receivables	-	-	-	676.1	-	-	-	676.1
Other receivables	-	-	-	111.6	-	-	40.2	151.8
Derivative financial assets	-	-	(0.5)	-	-	14.0	-	13.5
Marketable securities and other financial assets	-	6.5	-	-	-	-	-	6.5
Cash and cash equivalents	-	-	-	155.4	-	-	-	155.4
Total as of June 30, 2008	**6.5**	**6.5**	**2.1**	**996.8**	**(0.3)**	**16.3**	**-**	**-**
Non-current assets	**7.0**	**-**	**0.1**	**49.5**	**17.7**	**0.5**	**-**	**-**
Available-for-sale financial assets	7.0	-	-					7.0
Other financial assets	-			6.7			8.4	15.1
Other receivables	-			42.8			0.3	43.1
Derivative financial assets	-		0.1		17.7	0.5		18.3
Current assets	**-**	**4.4**	**(0.5)**	**753.8**	**1.8**	**3.2**	**-**	**-**
Trade receivables	-	-	-	490.4	-	-	-	490.4
Other receivables	-	-	-	79.7	-	-	45.6	125.3
Derivative financial assets	-	-	(0.5)	-	1.8	3.2	-	4.5
Marketable securities and other financial assets	-	4.4	-	-	-	-	-	4.4
Cash and cash equivalents	-	-	-	183.7	-	-	-	183.7
Total as of June 30, 2009	**7.0**	**4.4**	**(0.4)**	**803.3**	**19.5**	**3.7**	**-**	**-**

Note 21. Capital

(€ millions)	June 30, 2009	June 30, 2008	2008
Number of shares outstanding at the opening	**62,786,590**	**63,126,856**	**63,126,856**
Capital increases	12,558,518	28,366	29,734
Capital decreases	(250)	(350,000)	(370,000)
Number of shares outstanding at the closing	**75,344,858**	**62,805,222**	**62,786,590**

- On April 27, 2009, the Board of Directors noted that the share capital had been increased by a nominal amount of €2,000 as a result of the exercise since January 1, 2009 of 1,000 share options giving the right to the same number of Imerys shares.
- On June 2, 2009, the Chief Executive Officer noted that the share capital had been increased by a nominal amount of €25,115,036 by the issue of 12,557,518 new shares with €2 par value.

As a result of those operations, the fully paid-up share capital as of June 30, 2009 totaled €150,690,216. It was made up of 75,345,108 shares with €2 par value, of which 34,215,746 enjoyed double voting rights. Finally, the total number of voting rights attached to existing shares was 109,560,604.

Note 22. Other provisions

(€ millions)	June 30, 2009	June 30, 2008	2008
Other non-current provisions	163.0	153.8	153.7
Other current provisions	26.0	15.8	20.8
Total	**189.0**	**169.6**	**174.5**

The other provisions can be broken down as follows:

(€ millions)	Management risks	Environment and site restoration	Other	Total
Balance as of January 1, 2008	**39.9**	**91.2**	**34.2**	**165.3**
Increases	4.7	9.9	23.2	37.8
Utilizations	(9.5)	(8.3)	(23.8)	(41.6)
Non-utilized decreases	(0.1)	-	(1.0)	(1.1)
Changes in the scope of consolidation	2.2	2.4	12.6	17.2
Unwinding expense	-	3.1	0.4	3.5
Exchange rate differences	0.3	(6.5)	(1.5)	(7.7)
Reclassification and other	(0.1)	(0.5)	1.7	1.1
Balance as of January 1, 2009	**37.4**	**91.3**	**45.8**	**174.5**
Increases	4.4	5.1	23.1	32.6
Utilizations	(3.3)	(2.3)	(9.3)	(14.9)
Non-utilized decreases	(2.0)	(1.3)	(0.3)	(3.6)
Changes in the scope of consolidation	(0.1)	0.2	(2.8)	(2.7)
Unwinding expense	-	1.5	0.1	1.6
Exchange rate differences	(0.3)	2.6	0.2	2.5
Reclassification and other	(0.2)	1.0	(1.8)	(1.0)
Balance as of June 30, 2009	**35.9**	**98.1**	**55.0**	**189.0**

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 €35.9 million as of June 30, 2009 (€38.2 million as of June 30, 2008 and €37.4 million as of December 31, 2008). 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 €98.1 million as of June 30, 2009 (€89.6 million as of June 30, 2008 and €91.3 million as of December 31, 2008). The other provisions mainly relate to legal and social litigation. As of June 30, 2009, they amount to €55.0 million (€39.9 million as of June 30, 2008 and €45.8 million as of December 31, 2008).

Note 23. Financial liabilities

23.1 Categories of financial liabilities

In the tables hereafter, the carrying amounts are representative of fair value for all instruments except for bonds for which an additional analysis presents the differences between carrying amount and fair value. For listed bonds, the fair value is equal to the market value at the end of the period. For unlisted bonds, the fair value is obtained by discounting the future flows at the risk-free rate. The measurements presented in these analyses include accrued interests.

As of June 30, 2009

(€ millions)	IAS 39 financial liabilities: At amortized cost	IAS 39 financial liabilities: At fair value through profit or loss (non hedge derivatives)	Hedge derivatives: Fair value hedge	Hedge derivatives: Cash flow hedge	Non IAS 39 liabilities	Total
Non-current liabilities	**1,037.5**	**(5.0)**	**28.5**	**5.5**	**-**	**-**
Loans and financial debts	1,029.6	(8.6)	17.9	-	3.9	1,042.8
Other debts	7.9	-	-	-	2.1	10.0
Derivative financial liabilities	-	3.6	10.6	5.5	-	19.7
Current liabilities	**717.7**	**-**	**2.3**	**7.5**	**-**	**-**
Trade payables	264.2	-	-	-	-	264.2
Other debts	159.8	-	-	-	89.7	249.5
Derivative financial liabilities	-	-	2.3	9.2	-	11.5
Loans and financial debts	290.2	-	-	(1.7)	0.8	289.3
Bank overdrafts	3.5	-	-	-	-	3.5
Total as of June 30, 2009	**1,755.2**	**(5.0)**	**30.8**	**13.0**	**-**	**-**

The fair value of fixed rate bonds included in the row "Loans and financial debts" is inferior to their carrying amount by €63.4 million:

Nominal amount in millions		Maturity	Quotation	Nominal interest rate	Effective interest rate	Carrying amount	Fair value	Difference
JPY	7,000.0	9/16/2033	Unlisted	3.40%	3.47%	52.2	66.5	14.3
USD	140.0	8/6/2013	Unlisted	4.88%	4.98%	101.0	109.6	8.6
USD	30.0	8/6/2018	Unlisted	5.28%	5.38%	21.7	24.3	2.6
EUR	300.0	4/25/2014	Listed	5.13%	5.42%	302.8	289.7	(13.1)
EUR	500.0	4/18/2017	Listed	5.00%	5.09%	505.1	429.3	(75.8)
Total as of June 30, 2009 *(in € millions)*						**982.8**	**919.4**	**(63.4)**

As of June 30, 2008

(€ millions)	IAS 39 financial liabilities: At amortized cost	IAS 39 financial liabilities: At fair value through profit or loss (non hedge derivatives)	Hedge derivatives: Fair value hedge	Hedge derivatives: Cash flow hedge	Non IAS 39 liabilities	Total
Non-current liabilities	**1,023.1**	**12.6**	**4.7**	**(12.9)**	**-**	**-**
Loans and financial debts	1,013.2	(22.6)	1.9	-	4.5	997.0
Other debts	9.9	-	-	-	5.7	15.6
Derivative financial liabilities	-	35.2	2.8	(12.9)	-	25.1
Current liabilities	**1,200.1**	**0.6**	**2.1**	**2.1**	**-**	**-**
Trade payables	323.9	-	-	-	-	323.9
Other debts	118.8	-	-	-	96.2	215.0
Derivative financial liabilities	-	0.5	2.1	(0.2)	-	2.4
Loans and financial debts	658.9	0.1	-	2.3	0.9	662.2
Bank overdrafts	98.5	-	-	-	-	98.5
Total as of June 30, 2008	**2,223.2**	**13.2**	**6.8**	**(10.8)**	**-**	**-**

The fair value of fixed rate bonds included in the row "Loans and financial debts" is inferior to their carrying amount by €53.4 million:

Nominal amount in millions		Maturity	Quotation	Nominal interest rate	Effective interest rate	Carrying amount	Fair value	Difference
JPY	7,000.0	9/16/2033	Unlisted	3.40%	3.47%	42.5	50.2	7.7
USD	140.0	8/6/2013	Unlisted	4.88%	4.98%	90.5	93.0	2.5
USD	30.0	8/6/2018	Unlisted	5.28%	5.38%	19.4	20.4	1.0
EUR	300.0	4/25/2014	Listed	5.13%	5.42%	302.8	289.9	(12.9)
EUR	500.0	4/18/2017	Listed	5.00%	5.09%	505.1	453.4	(51.7)
Total as of June 30, 2008 *(in € millions)*						**960.3**	**906.9**	**(53.4)**

As of December 31, 2008

(€ millions)	IAS 39 financial liabilities: At amortized cost	IAS 39 financial liabilities: At fair value through profit or loss (non hedge derivatives)	IAS 39 financial liabilities: Hedge derivatives: Fair value hedge	IAS 39 financial liabilities: Hedge derivatives: Cash flow hedge	Non IAS 39 liabilities	Total
Non-current liabilities	**1,050.3**	**(6.2)**	**29.3**	**6.9**	**-**	**-**
Loans and financial debts	1,039.5	(9.2)	20.0	-	4.4	1,054.7
Other debts	10.8	-	-	-	2.8	13.6
Derivative financial liabilities	-	3.0	9.3	6.9	-	19.2
Current liabilities	**1,172.3**	**-**	**0.5**	**47.7**	**-**	**-**
Trade payables	337.9	-	-	-	-	337.9
Other debts	103.3	-	-	-	96.4	199.7
Derivative financial liabilities	-	-	0.5	49.3	-	49.8
Loans and financial debts	728.2	-	-	(1.6)	0.7	727.3
Bank overdrafts	2.9	-	-	-	-	2.9
Total as of December 31, 2008	**2,222.6**	**(6.2)**	**29.8**	**54.6**	**-**	**-**

The fair value of fixed rate bonds included in the row "Loans and financial debts" is inferior to their carrying amount by €109.5 million:

Nominal amount in millions		Maturity	Quotation	Nominal interest rate	Effective interest rate	Carrying amount	Fair value	Difference
JPY	7,000.0	9/16/2033	Unlisted	3.40%	3.47%	56.0	75.5	19.5
USD	140.0	8/6/2013	Unlisted	4.88%	4.98%	102.6	115.1	12.5
USD	30.0	8/6/2018	Unlisted	5.28%	5.38%	22.0	27.1	5.1
EUR	300.0	4/25/2014	Listed	5.13%	5.42%	310.6	264.8	(45.8)
EUR	500.0	4/18/2017	Listed	5.00%	5.09%	517.7	416.9	(100.8)
Total as of December 31, 2008 *(in € millions)*						**1,008.9**	**899.4**	**(109.5)**

23.2 Financial debt

The net financial debt is 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 23.4)*. The link between this indicator and the consolidated statement of financial position is presented in the following table whilst its change is disclosed in *Notes 25 and 26*.

(€ millions)	June 30, 2009	June 30, 2008	2008
Derivative financial assets	(22.8)	(18.1)	(19.8)
- less operational hedging instruments	*1.8*	*11.8*	*1.4*
Marketable securities and other financial assets	(4.4)	(6.5)	(4.4)
Cash and cash equivalents	(183.7)	(155.4)	(214.0)
Loans and financial debts - non-current	1,042.8	997.0	1,054.7
Derivative financial liabilities	31.2	27.5	69.0
- less hedging instruments on energy	*(9.5)*	*(0.9)*	*(51.0)*
Loans and financial debts - current	289.3	662.2	727.3
Bank overdrafts	3.5	98.5	2.9
Net financial debt	**1,148.2**	**1,616.1**	**1,566.1**

23.3 Derivative instruments

As of June 30, 2009, all hedging derivative instruments were measured on the basis prices at the end of the period provided by third parties active on financial markets. The fair value is as follows by type of derivative:

	June 30, 2009			June 30, 2008			2008		
(€ millions)	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate instruments	**18.3**	**19.7**	**(1.4)**	**4.6**	**25.1**	**(20.5)**	**18.7**	**19.2**	(0.5)
Forward contracts	18.2	17.3	0.9	2.0	23.4	(21.4)	18.7	17.4	1.3
Options	0.1	2.4	(2.3)	2.6	1.7	0.9	-	1.8	(1.8)
Foreign exchange instruments	**2.7**	**4.4**	**(1.7)**	**1.7**	**1.5**	**0.2**	**(0.3)**	**25.5**	**(25.8)**
Forward contracts	2.7	4.2	(1.5)	2.5	-	2.5	0.1	20.2	(20.1)
Options	-	0.2	(0.2)	(0.8)	1.5	(2.3)	(0.4)	5.3	(5.7)
Energy risk instruments	**1.8**	**7.1**	**(5.3)**	**11.8**	**0.9**	**10.9**	**1.4**	**24.3**	**(22.9)**
Forward contracts	0.2	-	0.2	1.4	-	1.4	0.4	1.3	(0.9)
Options	1.6	7.1	(5.5)	10.4	0.9	9.5	1.0	23.0	(22.0)
Total	**22.8**	**31.2**	**(8.4)**	**18.1**	**27.5**	**(9.4)**	**19.8**	**69.0**	**(49.2)**
Non-current	*18.3*	*19.7*	*(1.4)*	*4.6*	*25.1*	*(20.5)*	*18.7*	*19.2*	*(0.5)*
Current	*4.5*	*11.5*	*(7.0)*	*13.5*	*2.4*	*11.1*	*1.1*	*49.8*	*(48.7)*
Operational hedge instruments	*1.8*	*9.5*	*(7.7)*	*11.8*	*0.9*	*10.9*	*1.4*	*51.0*	*(49.6)*
Financing hedge instruments	*21.0*	*21.7*	*(0.7)*	*6.3*	*26.6*	*(20.3)*	*18.4*	*18.0*	*0.4*

Fair value hedges

As of June 30, 2009, the Group holds interest rate derivatives intended to hedge the exposure to changes in fair value of the different loans. These derivatives 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 derivatives present the same characteristics.

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

Cash flow hedges

As of June 30, 2009, the Group holds a certain number of derivative instruments intended to hedge some of its future purchases or sales in foreign currencies, a portion of its debt at floating rate and part of its energy consumption in the United States, in Great Britain and in France. The following table discloses the amounts before income taxes of the cash flow hedges recognized in equity as well as those reclassified in profit or loss.

(€ millions)	Exchange rate risk	Interest rate risk	Energy risk	Total
Balance as of January 1, 2008	**1.8**	**1.9**	**0.2**	**3.9**
Recognition in equity	4.1	-	3.6	7.7
Reclassification in profit or loss	(1.8)	(2.9)	5.1	0.4
Balance as of June 30, 2008	**4.1**	**(1.0)**	**8.9**	**12.0**
Recognition in equity	(28.6)	(15.2)	(37.5)	(81.3)
Reclassification in profit or loss	(0.7)	(3.6)	6.0	1.7
Balance as of December 31, 2008	**(25.2)**	**(19.8)**	**(22.6)**	**(67.6)**
Recognition in equity	20.4	0.8	18.2	39.4
Reclassification in profit or loss	0.3	1.0	(0.7)	0.6
Balance as of June 30, 2009	**(4.5)**	**(18.0)**	**(5.1)**	**(27.6)**
of which reclassification to profit or loss expected in 2009	(4.5)	(18.0)	(5.1)	(27.6)

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 equity together with exchange rate gains or losses of net investments in these entities. As of December 31, 2008, the main loans and exchange rate swaps hedging net investments in foreign entities are the following: USD558.1 million, JPY1,000.0 million and CHF35.0 million as of June 30, 2009 (USD524.6 million, JPY2,182.3 million and CHF45.0 million as of June 30, 2008 and USD724.1 million, JPY2,182.3 million and CHF35.0 million as of December 31, 2008).

23.4 Management of risks arising from financial liabilities

Liquidity risk

Borrower's liquidity. As a borrower, the Group faces the liquidity risk to that extent that it has to meet the repayment obligations of its financial liabilities. As of June 30, 2009, the maturity of financial liabilities on issue is analyzed as follows:

	2009		2010 - 2014		2015 and later	
(€ millions)	Capital	Interests	Capital	Interests	Capital	Interests
Bond issues	**-**	**28.8**	**454.0**	**223.2**	**581.9**	**94.2**
Eurobond / EMTN	-	21.1	353.0	191.4	508.1	57.3
Private placements	-	7.7	101.0	31.8	73.8	36.9
Commercial paper issues	105.0	-	-	-	-	-
July 2013 syndicated credit	-	-	-	-	-	-
Miscellaneous bilateral facilities	147.1	-	-	-	-	-
Miscellaneous facilities due within one year	44.8	-	-	-	-	-
Total gross financial debt	**296.9**	**28.8**	**454.0**	**223.2**	**581.9**	**94.2**
Net cash and marketable securities	(184.6)					
Total net financial debt	**112.3**	**28.8**	**454.0**	**223.2**	**581.9**	**94.2**
Trade payables	-	-	-	-	-	-
Other debts	-	-	-	-	-	-
Total operating debts	**112.3**	**28.8**	**454.0**	**223.2**	**581.9**	**94.2**

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)	2009	2010 - 2014	2015 and later	Total
Total debt at fixed rate	**-**	**104.7**	**527.2**	**631.9**
Debt at fixed rate on issue	-	403.8	578.9	982.7
Swap fixed rate into floating rate	-	(299.1)	(51.7)	(350.8)
Total debt at floating rate	**112.3**	**349.3**	**54.7**	**516.3**
Debt at floating rate on issue	296.9	50.2	3.0	350.1
Net cash and marketable securities	(184.6)	-	-	(184.6)
Swap fixed rate into floating rate	-	299.1	51.7	350.8
Total net financial debt	**112.3**	**454.0**	**581.9**	**1,148.2**

As of July 24, 2009, Imerys has filed its new Euro Medium Term Note program (EMTN) with the Commission de Surveillance du Secteur Financier (CSSF, Luxemburg). The total program amounts to €1.0 billion and shall be used, if needed, to issue notes considered as ordinary bonds of a minimum maturity of 1 month and a maximum maturity of 30 years. As of June 30, 2009, outstanding securities total €454.3 million. As of June 30, 2009, Imerys also has a French commercial paper program limited to €800.0 million (€800.0 million as of June 30, 2008 and €800.0 million as of December 31, 2008). The program is rated P-3 by Moody's (P-2 as of June 30, 2008 and P-2 as of December 31, 2008). As of June 30, 2009, outstanding securities total €105.0 million (€300.5 million as of June 30, 2008 and €205.5 million as of December 31, 2008). As of June 30, 2009, Imerys has access to €1,322.4 million of bank facilities (€1,318.7 million as of June 30, 2008 and €1,322.9 million as of December 31, 2008), part of which secures the issued commercial paper in accordance with the financial policy of the Group.

The main restrictive terms and conditions existing in certain bilateral credit facilities, part of the bond issues under private placements and the syndicated credit are as follows:

- Purpose: general corporate financing requirement;

- Obligations in terms of financial ratio compliance:
  - the ratio consolidated net financial debt/consolidated equity shall, in accordance with the financing contracts concerned, be inferior to 1.50 or 1.60 at each half-year or annual closing of consolidated financial statements. As of June 30, 2009, the ratio amounts to 0.64 (1.02 as of June 30, 2008 and 1.01 as of December 31, 2008);
  - the ratio consolidated net financial debt/consolidated EBITDA of the last 12 months shall, in accordance with the financing contracts concerned, be inferior to 3.75 or 3.80 at each half-year or annual closing of consolidated financial statements. As of June 30, 2009 the ratio amounts to 2.52 (2.55 as of June 30, 2008 and 2.75 as of December 31, 2008).
- Absence of any lien in favor of lenders.

The failure to comply with the above obligations on one of the financing contracts concerned could lead to the cancellation of its available amount and, upon demand of the creditor(s) concerned, make the amount of the corresponding financial debt immediately callable. Apart from two exceptions, the financing contracts of the Group do not provide for any cross default with each other in case of breach of a mandatory covenant applicable to one of these contracts.

Medium-term financial resources provided by bilateral or syndicated bank credit facilities may be used for very short drawing periods (from 1 to 12 months) while remaining available for longer maturities (5 years). The market liquidity thus belongs to the risks followed in the management of the Group's financial resources.

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)	June 30, 2009	June 30, 2008	2008
Maturity less than one year	85.4	-	-
Maturity from one to five years	1,686.1	618.7	1,473.6
Maturity beyond five years	575.8	1,699.9	880.0
Total financial resources	**2,347.3**	**2,318.6**	**2,353.6**
Average life span (in years)	5.0	5.9	5.5

(€ millions)	June 30, 2009	June 30, 2008	2008
Eurobond / EMTN	853.0	850.0	853.0
Private placements	171.9	149.9	177.7
Bond resources	**1,024.9**	**999.9**	**1,030.7**
Average life span (in years)	7.1	7.9	7.6
Syndicated credit	750.0	750.0	750.0
Miscellaneous bilateral facilities	572.4	568.7	572.9
Bank resources	**1,322.4**	**1,318.7**	**1,322.9**
Average life span (in years)	3.4	4.4	3.9
Total financial resources	**2,347.3**	**2,318.6**	**2,353.6**
Average life span (in years)	5.0	5.9	5.5

Over the past three years, Imerys has sought to maintain the amount of its financial resources at approximately €2.0 billion (€2,347.3 million as of June 30, 2009, €2,318.6 million as of June 30, 2008 and €2,353.6 million as of December 31, 2008) and to lengthen their maturity. As of June 30, 2009, Imerys has a long-term rating of Baa3 by Moody's (Baa2 as of June 30, 2008 and as of December 31, 2008). 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.

	June 30, 2009			June 30, 2008			2008		
(€ millions)	Resources	Utilization	Available	Resources	Utilization	Available	Resources	Utilization	Available
Bonds	1,024.9	1,024.9	-	999.9	999.9	-	1,030.7	1,030.7	-
Commercial papers	-	105.0	(105.0)	-	300.5	(300.5)	-	205.5	(205.5)
Committed bank facilities	1,322.4	147.1	1,175.3	1,318.7	335.9	982.8	1,322.9	484.4	838.5
Bank facilities and accrued interests	-	10.3	(10.3)	-	12.9	(12.9)	-	32.4	(32.4)
Other debts and facilities	-	45.5	(45.5)	-	30.3	(30.3)	-	28.6	(28.6)
Resources, utilizations and available amounts	**2,347.3**	**1,332.8**	**1,014.5**	**2,318.6**	**1,679.5**	**639.1**	**2,353.6**	**1,781.6**	**572.0**

As of June 30, 2009, available financial resources, after repayment of uncommitted resources, total €1,014.5 million (€639.1 million as of June 30, 2008 and €572.0 million as of December 31, 2008), which gives the Group substantial room to maneuver and is a guarantee of financial stability.

Conversion of financial statements risk

The conversion of financial statements risk is the risk generated by the conversion in Euro of financial statements of entities in foreign currencies.

The objective of Imerys is to manage the conversion of financial statements 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 €153.3 million as of June 30, 2009 (€247.1 million as of June 30, 2008 and €248.9 million as of December 31, 2008). The table below describes the financial debt before and after the impact of these foreign currencies swaps.

	June 30, 2009			June 30, 2008			2008		
(€ 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	960.7	(153.3)	807.4	1,351.0	(247.1)	1,103.9	1,293.1	(248.9)	1,044.2
US Dollar	281.6	80.8	362.4	261.9	150.7	412.6	383.4	177.7	561.1
Japanese Yen	66.5	(25.4)	41.1	47.9	(19.9)	28.0	72.3	(22.1)	50.2
Other foreign currencies	24.0	97.9	121.9	18.7	116.3	135.0	32.8	93.3	126.1
Total	**1,332.8**	**-**	**1,332.8**	**1,679.5**	**-**	**1,679.5**	**1,781.6**	**-**	**1,781.6**

As of June 30, 2009, the portion of the financial debt in each foreign currency, after swap, is as follows:

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Gross financial debt	807.4	362.4	41.1	121.9	1,332.8
Net cash and marketable securities	(67.1)	(31.3)	(11.4)	(74.8)	(184.6)
Net financial debt	**740.3**	**331.1**	**29.7**	**47.1**	**1,148.2**

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 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 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 Corporate 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 Corporate 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 financial resource and at a fixed rate. Certain medium-term fixed-rate bond issues are then 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 2009, the Group fixed the interest rate for part of its future financial debt (2009-2013) on various terms.

The table hereafter provides a breakdown of the financial net debt between floating and fixed rate by currency as of June 30, 2009:

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Total debt at fixed rate	**607.9**	**23.6**	**0.5**	**-**	**632.0**
Debt at fixed rate on issue	807.9	122.7	52.2	-	982.8
Swap fixed rate into floating rate	(200.0)	(99.1)	(51.7)	-	(350.8)
Total debt at floating rate	**132.4**	**307.5**	**29.2**	**47.1**	**516.2**
Debt at floating rate on issue	152.8	158.9	14.3	24.0	350.0
Net cash and marketable securities	(67.1)	(31.3)	(11.4)	(74.8)	(184.6)
Swap fixed rate into floating rate	200.0	99.1	51.7	-	350.8
Exchange rate swap	(153.3)	80.8	(25.4)	97.9	-
Total net financial debt	**740.3**	**331.1**	**29.7**	**47.1**	**1,148.2**

The table hereafter provides a breakdown of interest rate hedging operations June 2009 - June 2010 by foreign currency:

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
Exposure at floating rate before hedging	**132.4**	**307.5**	**29.2**	**47.1**	**516.2**
Fixed rate hedges	(150.0)	(367.9)	-	-	(517.9)
Swap at average rate of	*4.04%*	*3.48%*	-	-	
Capped rate hedges	(400.0)	(14.2)	-	-	(414.2)
Cap at average rate of	*4.57%*	*5.27%*	-	-	4.59%
Exposure at floating rate after hedging	**(417.6)**	**(74.6)**	**29.2**	**47.1**	**(415.9)**

The table hereafter provides a breakdown of interest rate hedging operations in 2009 and after by maturity dates:

(€ millions)	2009 less than 1 year	2010 - 2014 1 to 5 years	2015 and later beyond 5 years
Total exposure before hedging	**516.2**	**516.2**	**516.2**
Fixed rate hedges	(467.9)	(517.9)	-
Swap at average rate of	*3.80%*	*3.64%*	-
Capped rate hedges	(414.2)	-	-
Cap at average rate of	*4.59%*	-	-
Total exposure after hedging	**(365.9)**	**(1.7)**	**516.2**

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.

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 Corporate 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. Since 2008, energy managers are designated at site level as well as at activity levels. Each site has to prepare an energy savings plan and energy audits are carried out on the main facilities. The sharing of good practices is fostered by the implementation of appropriate systems.

	Net notional amounts (in MWh)	Maturities
Underlying position	1,643,669	< 12 months
Management transactions	869,261	< 12 months

Note 24. Income taxes

(€ millions)	June 30, 2009	Income	Translation	Scope and reclassification	2008
Deferred tax assets	60.4	4.9	1.7	(2.1)	55.9
Deferred tax liabilities	(67.9)	8.2	(2.3)	1.6	(75.4)
Net deferred tax position	**(7.5)**	**13.1**	**(0.6)**	**(0.5)**	**(19.5)**

In the statement of financial position, deferred tax assets and liabilities are offset by tax entity (legal entity or tax consolidation group).

Reconciliation of the net financial debt

The net financial debt is 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 23.5)*. The link between this indicator and the statement of financial position is presented in *Note 23.2*. The following notes present the change in the net financial debt in two steps: from current operating income to current free operating cash flow *(Note 25)* and from current free operating cash flow to the change in net financial debt *(Note 26)*.

Note 25. Current free operating cash flow

(€ millions)	June 30, 2009	June 30, 2008	2008
Current operating income	110.0	241.5	414.6
Operating amortization, depreciation and impairment losses	90.5	95.0	193.2
Net change in operating provisions	0.9	(11.2)	(28.4)
Provisions for mining assets	(0.1)	-	0.2
Share in net income of associates	(0.9)	(4.9)	(10.4)
Dividends received from associates	3.7	1.8	4.2
Operating cash flow before taxes (Current EBITDA)	**204.1**	**322.2**	**573.4**
Notional taxes on current operating income [(1)]	(31.5)	(65.8)	(110.6)
Current net operating cash flow	**172.6**	**256.4**	**462.8**
Paid capital expenditures [(2)]	**(79.0)**	**(141.6)**	**(248.8)**
Intangible assets	(1.0)	(4.0)	(4.0)
Property, plant and equipment [(3)]	(46.4)	(95.8)	(201.5)
Overburden mining assets	(9.5)	(14.3)	(32.6)
Debts on acquisitions	(22.1)	(27.5)	(10.7)
Carrying amount of current asset disposals	**0.7**	**8.5**	**11.5**
Change in the operational working capital requirement	**93.4**	**(83.0)**	**32.3**
Inventories	129.4	(22.7)	(94.6)
Trade accounts receivable, advances and down payments received	41.2	(39.9)	105.1
Trade accounts payable, advances and down payments paid	(77.2)	(20.4)	21.8
Current free operating cash flow	**187.7**	**40.3**	**257.8**
(1) Effective tax rate on current operating income	*28.7%*	*27.3%*	*26.7%*
(2) Recognized capital expenditures / asset depreciation ratio	*62.9%*	*120.2%*	*123.3%*
The recognized capital expenditures / asset depreciation ratio equals the paid capital expenditures (except for debts on acquisitions) divided by the increases in amortization and depreciation.			
Increases in asset amortization and depreciation	*90.4*	*94.9*	*193.1*
(3) Of which acquisition of assets under finance lease	*-*	*(0.2)*	*(0.9)*

Note 26. Change in net financial debt

(€ millions)	June 30, 2009	June 30, 2008	2008
Current free operating cash flow	**187.7**	**40.3**	**257.8**
Financial income (loss)	(44.9)	(20.6)	(47.1)
Financial impairment losses and unwinding of the discount	4.7	1.7	4.9
Income taxes on financial income (loss)	12.9	5.6	12.5
Change in income tax debt	30.5	(13.1)	(48.8)
Change in deferred taxes on current operating income	(6.4)	8.4	19.8
Change in other items of working capital	(2.7)	(34.2)	(23.4)
Change in fair value	0.8	(1.0)	4.2
Change in dividends receivable from availanle-for-sale financial assets	0.1	(0.1)	(0.1)
Current free cash flow	**182.7**	**(13.0)**	**179.8**
External growth	**(10.0)**	**(119.7)**	**(155.8)**
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(10.0)	(119.8)	(155.8)
Acquisitions of available-for-sale financial assets	-	0.1	-
Disposals	**14.4**	**0.1**	**1.2**
Disposals of investments in consolidated entities after deduction of the net debt disposed of	14.5	-	0.9
Disposals of available-for-sale financial assets	(0.1)	0.1	0.3
Non-recurring disposals of property, plant and equipment and intangible assets	-	-	-
Cash flow from other operating revenue and expenses	(18.7)	(23.5)	(42.4)
Dividends paid to shareholders and minority interests	(0.7)	(119.5)	(119.7)
Financing requirement	**167.7**	**(275.6)**	**(136.9)**
Transactions on equity	248.5	(17.8)	(5.0)
Net change in financial assets	(0.3)	(1.2)	(0.3)
Change in net financial debt	**415.9**	**(294.6)**	**(142.2)**
Opening net financial debt	**(1,566.1)**	**(1,343.0)**	**(1,343.0)**
Change in net financial debt	415.9	(294.6)	(142.2)
Impact of changes due to exchange rate fluctuations	4.2	19.6	(63.2)
Impact of changes in fair value of interest rate hedges	1.4	-	(20.0)
Impact of changes in accounting policies and other	(3.6)	1.9	2.3
Closing net financial debt	**(1,148.2)**	**(1,616.1)**	**(1,566.1)**

Information by operating segments

The operating segments reported by Imerys correspond to the four business groups followed by the Executive Management in its business reporting: Minerals for Ceramics, Refractories, Abrasives & Foundry; Performance & Filtration Minerals; Pigments for Paper and Materials & Monolithics. The holding structures dedicated to the centralized financing of the Group are no operating segments. In *Notes 27 and 28*, their aggregates are thus presented in a reconciliation column with inter-segment eliminations.

Note 27. Consolidated income statement by operating segments

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

As of June 30, 2009

(€ millions)	Performance & Filtration Minerals	Pigments for Paper	Materials & Monolithics	Minerals for Ceramics, Refractories, Abrasives, & Foundry	Inter-segment eliminations & holdings aggregates	Total Imerys group
External revenue	**247.0**	**308.9**	**443.4**	**374.7**	**-**	**1,374.0**
Sales of goods	218.4	249.5	402.6	344.2	-	1,214.7
Rendering of services	28.6	59.4	40.8	30.5	-	159.3
Inter-segment revenue	**(0.7)**	**0.6**	**-**	**8.5**	**(8.4)**	**-**
Revenue	**246.3**	**309.5**	**443.4**	**383.2**	**(8.4)**	**1,374.0**
Current operating income	**9.1**	**15.0**	**84.3**	**13.8**	(12.2)	**110.0**
of which share in net income of associates	0.1	1.5	-	0.1	(0.8)	0.9
Operating income	**0.6**	**0.2**	**91.7**	**(14.6)**	**(14.5)**	**63.4**
of which amortization, depreciation and impairment losses	(19.0)	(25.7)	(18.2)	(26.6)	(1.0)	(90.5)
of which net operating provisions	(0.5)	(4.8)	(2.0)	0.3	(0.4)	(7.4)
Financial income (loss)	**(3.1)**	**6.2**	**(1.7)**	**(8.0)**	**(38.3)**	**(44.9)**
Interest revenue	0.1	0.1	0.1	0.4	0.2	0.9
Interest expenses	(0.2)	(0.4)	(0.6)	(1.2)	(36.5)	(38.9)
Income taxes	(0.3)	13.1	(30.8)	5.1	5.8	(7.1)
Net income	**(2.8)**	**19.5**	**59.2**	**(17.5)**	**(47.0)**	**11.4**

As of June 30, 2008

(€ millions)	Performance & Filtration Minerals	Pigments for Paper	Materials & Monolithics	Minerals for Ceramics, Refractories, Abrasives, & Foundry	Inter-segment eliminations & holdings aggregates	Total Imerys group
External revenue	**283.9**	**364.5**	**542.9**	**582.8**	**-**	**1,774.1**
Sales of goods	246.7	304.0	500.3	532.1	-	1,583.1
Rendering of services	37.2	60.5	42.6	50.7	-	191.0
Inter-segment revenue	**7.5**	**1.0**	**0.2**	**12.7**	**(21.4)**	**-**
Revenue	**291.4**	**365.5**	**543.1**	**595.5**	**(21.4)**	**1,774.1**
Current operating income	**28.9**	**34.5**	**125.3**	**75.6**	**(22.8)**	**241.5**
of which share in net income of associates	-	3.1	0.8	1.0	-	4.9
Operating income	**21.9**	**21.2**	**125.3**	**75.5**	**(25.2)**	**218.7**
of which amortization, depreciation and impairment losses	(16.0)	(26.5)	(20.9)	(30.4)	(1.2)	(95.0)
of which net operating provisions	0.3	(2.7)	(1.5)	6.1	0.2	2.4
Financial income (loss)	**2.0**	**3.8**	**(2.4)**	**(1.5)**	**(22.5)**	**(20.6)**
Interest revenue	0.1	0.2	0.1	0.8	0.8	2.0
Interest expenses	(0.3)	(0.6)	(1.0)	(0.9)	(26.6)	(29.4)
Income taxes	(5.8)	(1.2)	(40.9)	(19.7)	14.8	(52.8)
Net income	**18.1**	**23.8**	**82.0**	**54.3**	**(32.9)**	**145.3**

As of December 31, 2008

(€ millions)	Performance & Filtration Minerals	Pigments for Paper	Materials & Monolithics	Minerals for Ceramics, Refractories, Abrasives, & Foundry	Inter-segment eliminations & holdings aggregates	Total Imerys group
External revenue	**559.2**	**717.3**	**1,040.7**	**1,132.0**	**-**	**3,449.2**
Sales of goods	484.6	577.4	950.5	1,030.7	-	3,043.2
Rendering of services	74.6	139.9	90.2	101.3	-	406.0
Inter-segment revenue	**12.3**	**1.9**	**0.7**	**27.9**	**(42.8)**	**-**
Revenue	**571.5**	**719.2**	**1,041.4**	**1,159.9**	**(42.8)**	**3,449.2**
Current operating income	**46.1**	**60.2**	**228.3**	**127.8**	**(47.8)**	**414.6**
of which share in net income of associates	-	7.2	1.3	1.9	-	10.4
Operating income	**(20.6)**	**32.6**	**222.2**	**121.5**	**(56.0)**	**299.7**
of which amortization, depreciation and impairment losses	(33.7)	(56.9)	(38.4)	(61.8)	(2.4)	(193.2)
of which net operating provisions	0.4	(3.6)	(0.3)	5.7	(0.9)	1.3
Financial income (loss)	**6.7**	**(13.6)**	**(5.2)**	**5.5**	**(40.5)**	**(47.1)**
Interest revenue	0.3	0.5	0.6	1.4	1.3	4.1
Interest expenses	(0.7)	(1.2)	(1.7)	(2.0)	(54.3)	(59.9)
Income taxes	(3.7)	(19.6)	(67.7)	(27.0)	29.1	(88.9)
Net income	**(17.6)**	**(0.6)**	**149.3**	**100.0**	**(67.4)**	**163.7**

Note 28. Consolidated statement of financial position by operating segments

As of June 30, 2009

(€ millions)	Performance & Filtration Minerals	Pigments for Paper	Materials & Monolithics	Minerals for Ceramics, Refractories, Abrasives, & Foundry	Inter-segment eliminations & holdings aggregates	Total Imerys group
Capital employed - Assets	**702.5**	**920.1**	**856.1**	**1,286.7**	**1.5**	**3,766.9**
Goodwill (1)	145.7	150.5	189.7	420.5	0.7	907.1
Property, plant and equipment and intangible assets (2)	398.3	534.5	337.6	431.3	9.9	1,711.6
Inventories	52.1	86.2	107.6	243.5	-	489.4
Trade receivables	86.9	76.1	191.2	141.4	(5.2)	490.4
Other receivables - current and non-current	19.5	72.8	30.0	50.0	(3.9)	168.4
Investments in associates	9.7	32.7	7.1	5.9	(0.8)	54.6
Segment assets	**712.2**	**952.8**	**863.2**	**1,292.6**	**0.7**	**3,821.5**
Unallocated assets						293.4
Total assets						**4,114.9**
Capital employed - Liabilities	**78.2**	**65.6**	**171.4**	**163.6**	**6.8**	**485.6**
Trade payables	46.6	55.7	90.8	86.7	(15.6)	264.2
Other debts - current and non-current	24.8	29.3	79.4	56.0	7.2	196.7
Income taxes payable	6.8	(19.4)	1.2	20.9	15.2	24.7
Provisions	70.6	56.6	66.4	79.1	51.0	323.7
Segment liabilities	**148.8**	**122.2**	**237.8**	**242.7**	**57.8**	**809.3**
Unallocated liabilities						1,497.5
Total current and non-current liabilities						**2,306.8**
Total capital employed	**624.3**	**854.5**	**684.7**	**1,123.1**	**(5.3)**	**3,281.3**
(1) Increases in goodwill.	*7.6*	*-*	*-*	*(1.4)*	*-*	*6.2*
(2) Acquisitions of property, plant and equipment and intangible assets.	*(8.3)*	*(18.4)*	*(21.8)*	*(29.3)*	*(1.2)*	*(79.0)*

As of June 30, 2008

(€ millions)	Performance & Filtration Minerals	Pigments for Paper	Materials & Monolithics	Minerals for Ceramics, Refractories, Abrasives, & Foundry	Inter-segment eliminations & holdings aggregates	Total Imerys group
Capital employed - Assets	**748.8**	**966.0**	**943.7**	**1,361.7**	**3.1**	**4,023.3**
Goodwill (1)	185.4	144.4	192.6	411.6	0.7	934.7
Property, plant and equipment and intangible assets (2)	377.6	536.8	334.1	428.3	6.5	1,683.3
Inventories	65.1	99.5	139.4	226.4	-	530.4
Trade receivables	106.7	100.2	245.8	236.1	(12.7)	676.1
Other receivables - current and non-current	14.0	85.1	31.8	59.3	8.6	198.8
Investments in associates	-	33.7	6.4	7.2	-	47.3
Segment assets	**748.8**	**999.7**	**950.1**	**1,368.9**	**3.1**	**4,070.6**
Unallocated assets						251.9
Total assets						**4,322.5**
Capital employed - Liabilities	**80.2**	**98.4**	**214.8**	**206.8**	**(27.9)**	**572.3**
Trade payables	46.2	62.5	120.1	116.1	(21.1)	323.8
Other debts - current and non-current	29.0	39.6	91.3	66.8	3.9	230.6
Income taxes payable	5.0	(3.7)	3.4	23.9	(10.7)	17.9
Provisions	62.7	56.3	70.3	69.2	64.7	323.2
Segment liabilities	**142.9**	**154.7**	**285.1**	**276.0**	**36.8**	**895.5**
Unallocated liabilities						1,841.4
Total current and non-current liabilities						**2,736.9**
Total capital employed	**668.6**	**867.6**	**728.9**	**1,154.9**	**31.0**	**3,451.0**
(1) Increases in goodwill.	*6.4*	*0.6*	*4.3*	*97.4*	*-*	*108.7*
(2) Acquisitions of property, plant and equipment and intangible assets.	*(31.2)*	*(44.1)*	*(27.8)*	*(37.3)*	*(1.0)*	*(141.4)*

As of December 31, 2008

(€ millions)	Performance & Filtration Minerals	Pigments for Paper	Materials & Monolithics	Minerals for Ceramics, Refractories, Abrasives, & Foundry	Inter-segment eliminations & holdings aggregates	Total Imerys group
Capital employed - Assets	**743.8**	**967.2**	**885.9**	**1,369.8**	**16.2**	**3,982.9**
Goodwill (1)	144.4	148.2	188.7	417.4	0.7	899.4
Property, plant and equipment and intangible assets (2)	422.9	551.0	343.6	427.5	9.6	1,754.6
Inventories	71.8	108.1	136.7	294.4	-	611.0
Trade receivables	86.6	83.2	186.5	180.7	(13.7)	523.3
Other receivables - current and non-current	18.1	76.7	30.4	49.8	19.6	194.6
Investments in associates	-	36.3	7.1	6.6	-	50.0
Segment assets	**743.8**	**1,003.5**	**893.0**	**1,376.4**	**16.2**	**4,032.9**
Unallocated assets						315.0
Total assets						**4,347.9**
Capital employed - Liabilities	**84.6**	**101.3**	**195.3**	**207.3**	**(23.9)**	**564.6**
Trade payables	49.9	67.4	111.1	131.0	(21.5)	337.9
Other debts - current and non-current	33.4	40.7	81.6	55.1	2.5	213.3
Income taxes payable	1.3	(6.8)	2.6	21.2	(4.9)	13.4
Provisions	70.4	47.5	66.7	69.1	54.0	307.7
Segment liabilities	**155.0**	**148.8**	**262.0**	**276.4**	**30.1**	**872.3**
Unallocated liabilities						1,929.3
Total current and non-current liabilities						**2,801.6**
Total capital employed	**659.2**	**865.9**	**690.6**	**1,162.5**	**40.1**	**3,418.3**
(1) Increases in goodwill.	*6.6*	*1.2*	*3.8*	*99.7*	*-*	*111.3*
(2) Acquisitions of property, plant and equipment and intangible assets.	*(53.0)*	*(71.0)*	*(46.9)*	*(72.1)*	*(4.9)*	*(247.9)*

Note 29. Geographical information

Revenue

(€ millions)	June 30, 2009	June 30, 2008	2008
France	362.7	447.9	841.6
Other European countries	476.6	692.9	1,327.7
North America	308.0	367.1	736.2
Asia - Oceania	159.2	192.4	394.6
Other countries	67.5	73.8	149.1
Revenue by geographical location of the Group's entities	**1,374.0**	**1,774.1**	**3,449.2**
France	298.8	359.9	667.0
Other European countries	489.3	719.7	1,368.5
North America	287.6	344.1	693.5
Asia-Oceania	189.0	233.3	482.8
Other countries	109.3	117.1	237.4
Revenue by geographical location of the customers	**1,374.0**	**1,774.1**	**3,449.2**

Assets by geographical location

(€ millions)	Goodwill	Property, plant and equipment and intangible assets	Total
France	169.3	389.1	558.4
Other European countries	318.9	404.9	723.8
North America	124.5	518.8	643.3
Asia-Oceania	225.3	150.4	375.7
Other countries	61.4	291.4	352.8
Total as of December 31, 2008	**899.4**	**1,754.6**	**2,654.0**
France	169.4	373.7	543.1
Other European countries	340.4	454.1	794.5
North America	155.5	441.5	597.0
Asia-Oceania	209.3	139.2	348.5
Other countries	60.1	274.8	334.9
Total as of June 30, 2008	**934.7**	**1,683.3**	**2,618.0**
France	169.4	382.4	551.8
Other European countries	328.0	409.4	737.4
North America	130.1	490.0	620.1
Asia-Oceania	216.5	145.9	362.4
Other countries	63.1	283.9	347.0
Total as of June 30, 2009	**907.1**	**1,711.6**	**2,618.7**

Other information

Note 30. 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. Imerys and the Pargesa group terminated by mutual agreement effective January 1, 2008 the strategic consulting services agreement provided by the Pargesa group. As a consequence, no item remains recognized in profit or loss and in the statement of financial position with respect to this agreement since 2008.

Key management personnel of Imerys

The members of the key management personnel qualifying as related parties are the members of the Board of Directors and the 9 members of the Executive Committee, including the Chief Executive Officer who is also member of the Board of Directors. Remuneration and assimilated benefits granted to these related parties are disclosed in *Note 33* of the annual report.

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 as of June 30, 2009 amounts to €10.6 million (€12.2 million as of June 30, 2008 and €34.5 million as of December 31, 2008), of which €6.7 million to Imerys UK Pension Fund Trustees Ltd. / ECC Combined Investment Fund (Great Britain) (€7.9 million as of June 30, 2008 and €18.2 million as of December 31, 2008) and €2.3 million to Sun Trust Bank (United States) (€2.0 million as of June 30, 2008 and €12.3 million as of December 31, 2008).

FCPE Imerys Actions

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 as of June 30, 2009 for the FCPE Imerys Actions are insignificant.

4 Statutory auditors' report

ERNST & YOUNG Audit
Faubourg de l'Arche 11, allée de l'Arche
92037 Paris - La Défense Cedex
A simplified limited liability company with open stock

The Auditors
A member of the Versailles
regional institute of auditors

Deloitte & Associés
185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
A *société anonyme* with a €1,723,040 share capital

The Auditors
A member of the Versailles
regional institute of auditors

Statutory auditors' report on the first half-year financial information

Period from January 1, 2009 to June 30, 2009

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

To the Shareholders,

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

- the review of the accompanying condensed half-year consolidated financial statements of Imerys, for the period January 1, 2009 to June 30, 2009;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. They were prepared in a context of heavy market volatility, and an economical and financial crisis characterised by an uncertain outlook regarding the future, a situation which already prevailed at the December 31, 2008 year-end. Our role is to express a conclusion of these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional practice standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with professional practice standards applicable in France. Consequently, the level of assurance we obtained about whether the condensed half-year consolidated financial statements taken as a whole are free of material misstatements is moderate, and lower than that obtained in an audit.

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

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

2. Specific verification

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

Paris-La Défense and Neuilly-sur-Seine, August 27, 2009
The Statutory Auditors

ERNST & YOUNG Audit
Jean-Roch VARON

Deloitte & Associés
Arnaud de PLANTA

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