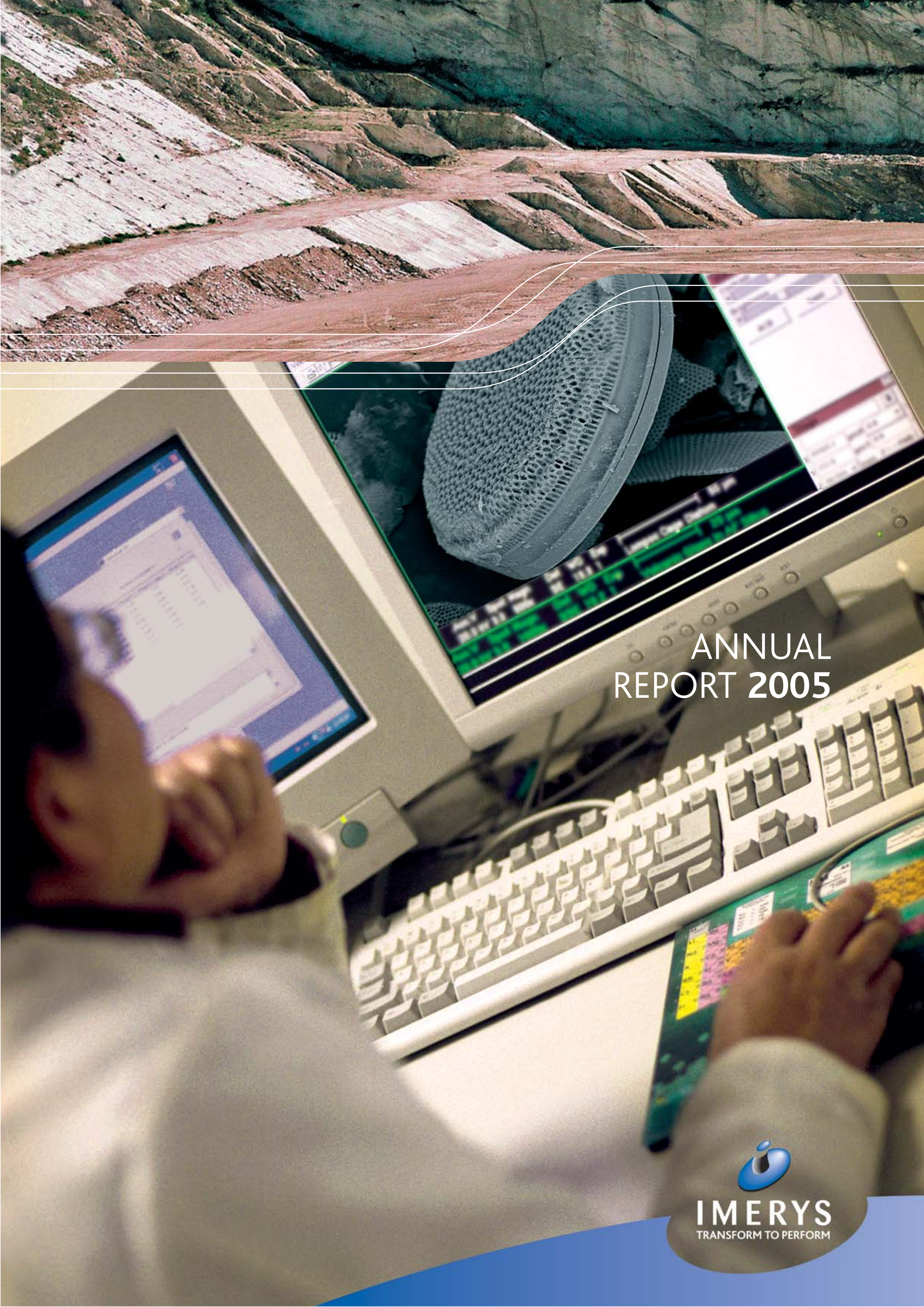

ANNUAL REPORT 2005

IMERYS
TRANSFORM TO PERFORM

CONTENTS

ANNUAL REPORT 2005

This document is a full translation of the original French text. The original document was filed with the AMF (French Securities Regulator) on April 6, 2006, in accordance with article 212-13 of the general regulations of the AMF. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF.

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IMERYS

Société anonyme
à Conseil d'Administration
with a share capital of €126,663,730

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TRANSFORM TO PERFORM

CHAPTER 1

PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT ("DOCUMENT DE RÉFÉRENCE") AND THE AUDIT OF ACCOUNTS

Persons Responsible for the Reference Document ("Document de Référence") and the Audit of Accounts

1.1. Person responsible for the Reference Document

Gérard Buffière, Chief Executive Officer

1.2. Certificate of the person responsible for the Reference Document

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

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

The historical financial information presented in the Reference Document is the subject of the Statutory Auditors' reports that appear on pages 22 to 24 of said Document. The general report on the annual financial statements contains an observation concerning the change of method resulting from the first application, as from January 1, 2005, of CRC regulations 2002-10 and 2004-06 on assets.

Paris, April 6, 2006

Gérard Buffière
Chief Executive Officer

1.3. Auditors

Statutory Auditors:

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

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

Alternate Auditors:

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

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

1.4. Information included in the Reference Document by reference

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

- with respect to the financial year ending on December 31, 2004, the consolidated financial statements, annual financial statements, the related Auditors' reports and the management report appearing on pages 28-67, 83-101, 23-25 and 8-19, respectively, of the 2004 Reference Document filed with Autorité des Marchés Financiers on April 14, 2005 under number D. 05-0430,

- with respect to the financial year ending on December 31, 2003, the consolidated financial statements, annual financial statements, the related Auditors' reports and the management report appearing on pages 24-60, 61-78, 20-22 and 8-17, respectively, of the 2003 Reference Document filed with Autorité des Marchés Financiers on April 9, 2004 under number D. 04-0448.

1.5. Person responsible for financial information

Jérôme Pecresse

Deputy Chief Executive Officer, Executive Vice-President Finance & Strategy[*]
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[*] *until April 1, 2006; as from this date, he was replaced in his capacity as Chief Financial Officer by Hugues Gruska.*

CHAPTER 2

REPORTS ON THE FISCAL YEAR 2005

Reports on the fiscal year 2005

2.1. Board of Directors' management report

2.1.1. FINANCIAL YEAR 2005

In 2005, Imerys' markets were slack overall and some non-recurring factors affected business: a harsh winter in France in the 1st quarter, a seven-week strike in the Finnish paper industry in the 2nd, and hurricanes in the United States in the 3rd. The year was also marked by sharp, continuous inflation in external costs, mainly energy.

- Specialty Minerals: The business group's markets were slack overall during the year, particularly for performance minerals (paint, plastics, adhesives, etc.) and ceramics in Europe and North America. Markets for advanced solutions (graphite for batteries, kiln furniture, etc.), however, showed positive trends.
- Pigments for Paper: After a good 2004, the global market for printing and writing papers, the business group's main outlet, posted only slight growth in 2005, concentrated in Asia. European production was affected in the 2nd quarter by the seven-week strike in the Finnish paper industry.
- Materials & Monolithics: The business group's markets held out well in general. Single-family new housing construction in France was especially buoyant. The monolithic refractories market slowed down since the summer.
- Refractories, Abrasives & Filtration: Contrasting trends could be seen on the business group's markets. After a dynamic start to the year, refractories slumped in the 2nd half. There was also a significant slowdown in abrasives, as several underlying markets (the European automotive and construction sectors) are currently not very healthy. Filtration markets were stable during the period.

In that context, Imerys successfully continued to grow. Sales increased, operating margin remained high and, thanks in particular to a significant decrease in the effective tax rate, net income from current operations rose for the fourteenth year in a row, at a satisfactory pace (+ 10.1%).

(€ millions - IFRS)	2005	2004	% change
Consolidated results			
Consolidated sales	3,045.2	2,870.5	+ 6.1%
Current operating income (1)	434.0	421.8	+ 2.9%
Net income from current operations, Group's share (2)	287.6	261.2	+ 10.1%
Net income, Group's share	309.4	240.0	+ 28.9%
Financing			
Current operating cash flow (3)	479.8	444.6	+ 7.9%
Capital expenditures	251.0	194.3	+ 29.2%
Shareholders' equity	1,686.2	1,362.6	+ 23.8%
Net financial debt	1,140.0	889.8	+ 28.1%
Data per share (weighted average number)	63,426,126	63,363,013	n.s.
Net income from current operations, Group's share (2)	€4.53	€4,12	+ 10.0%
Proposed net dividend	€1.65	€1,50	+ 10.0%

(1) *Current operating income before other revenue and expenses.*
(2) *Net income before other revenue and expenses, net.*
(3) *Current operating income plus net depreciations and provisions, minus tax on current operating income.*

Growth in current operating income was achieved, despite the substantial rise in external costs and the slight negative impact of exchange rates (appreciation of the Brazilian real), thanks to:

- The contribution of the acquisitions made since the beginning of the year (net of the effect of divestments);
- Further improvement in the price/mix component;
- Good control of fixed costs, reflecting constant efforts to improve operating efficiency.

The progress achieved in three of the four business groups offset the difficulties encountered in Pigments for Paper.

2005 was a very busy year for external growth, with in particular the integration of Lafarge Refractories, World Minerals and Denain-Anzin Minéraux. These acquisitions are fully in line with the development priorities defined in 1999. Capital expenditures also remained sustained. Following internal development efforts in 2004 that mainly focused on the consolidation of Imerys' positions in calcium carbonates for paper, the program covered all four business groups in 2005.

2.1.2. DETAILED COMMENTARY ON THE GROUP'S RESULTS

Consolidated sales: up + 6.1% to €3,045.2 million

This increase takes into account the significant effect of changes in Group structure (+ €88.4 million, i.e. + 3.1%), which include two opposing items:

- The substantial positive contribution to sales for the period (+ €343.8 million) of the acquisitions made since the beginning of the year (Lafarge Refractories, World Minerals and Denain-Anzin Minéraux);
- The negative impact (- €255.4 million) of the divestments made in late 2004 (CDM) and the 1st half of 2005 (American Minerals and Larivière).

After having had a negative impact for five years, exchange rates had a neutral overall effect in 2005 (+ €0.1 million).

At comparable Group structure and exchange rates, consolidated sales increased by + 3.0% (+ 3.3% in the 1st half, + 2.7% in the 2nd), reflecting:

- The improved price/mix component (+ 3.0%), reflecting to the efforts made to pass through sharp rises in external costs;
- Stable sales volumes.

Current operating income: up + 2.9% to €434.0 million

Throughout the year, the Group was confronted with very sharp inflation in its external costs (- €108.7 million), primarily energy, natural gas and electricity (but also freight, chemicals and raw materials). In that context and despite generally flat underlying markets, growth in current operating income was achieved through:

- The contribution of the year's acquisitions, with an impact net of divestments of + €18.3 million;
- Improvement in the price/mix component + €94.2 million, which almost offsets external costs inflation;
- Slight positive impact of volumes (+ €5.4 million);
- Continued strict control of fixed production costs in all business groups.

Exchange rates had a negative impact over the financial year (- €4.5 million), almost entirely due to the appreciation of the Brazilian real.

The significant downturn in Pigments for Paper was offset by improvement in the other three business groups. In total, the operating margin remained high (14.3% in 2005, compared with 14.7% in 2004) and return on investment (ROI)[(1)], which was negatively impacted by currencies and acquisitions made during the course of the year, worked out at 14.9% in 2005, as against 16.1% in 2004.

Net income from current operations, Group's share: up + 10.1% to €287.6 million

This increase takes into account:

- A slight rise in financial expenses (- €47.3 million vs. - €39.4 million in 2004), mainly due to the increase in debt resulting from the year's acquisitions;
- A clear improvement in the current tax charge (- €101.0 million vs. - €121.9 million in 2004), reflecting the significant reduction in the effective tax rate (26.1% vs. 31.8% in 2004). This decrease is due notably to the extension of RCC's tax exemption in Brazil, the appreciation of the Brazilian real against the USD and lower corporate income tax rates in France and Austria.

At €4.53 against €4.12 in 2004, net income from current operations per share rose + 10.0% year-on-year, with the weighted average number of outstanding shares virtually stable at 63,426,126 compared with 63,363,013 in 2004.

At the Shareholders' General Meeting of May 2, 2006, the Board of Directors will propose the distribution of a €1.65 net dividend per share, compared with €1.50 with respect to 2004 (+ 10.0%), i.e. a total amount of approximately €104.5 million, which represents 36.3% of the Group's share of net income from recurring operations. This dividend will be paid out on May 17, 2006.

Net income, Group's share: up + 28.9% to €309.4 million

The Group's share of net income takes into account an amount of + €21.8 million in other income and expenses, net of taxes, which includes:

- Net capital gains on sales of securities for + €93.5 million, mainly from the divestment of Larivière;
- Restructuring expenses, particularly in Pigments for Paper in the United Kingdom and in Specialty Minerals, also in the United Kingdom as well as Italy and the United States, and various asset value adjustments, for a net amount of - €71.7 million in total.

Intact financial flexibility

The year was marked by an increase in **current operating cash flow**[(2)] to a high level at €479.8 million (€444.6 million in 2004). This includes:

- EBITDA[(3)] of €596.9 million (€582.3 million in 2004), which represents a + 2.5% increase;
- A - €113.4 million tax charge on current operating income (- €134.4 million in 2004).

Current free operating cash flow[(4)] totals €219.4 million (€227.9 million in 2004), with:

- A significant rise in capital expenditures booked during the period (representing 127% of depreciations in 2005). With €251.0 million paid out, (€194.3 million in 2004), capital expenditures are spread among the four business groups and, of course, includes those made in recently-acquired companies;
- A negative change in operating working capital requirements for - €18.1 million (- €36.1 million in 2004), reflecting business trends, with higher raw materials and finished products inventory partly due to specific situations.

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(1) *Current operating income divided by average capital invested during the period (including amortization of goodwill).*

(2) *EBITDA less tax on current operating income.*

(3) *Current operating income plus depreciations and provisions.*

(4) *Operating cash flow less capital expenditures and changes in operating working capital requirements.*

After allowing for financial expenses, net of tax (- €34.9 million after tax vs. - €26.8 million in 2004), and other working capital and non-monetary items for a total of €10.6 million compared with €22.2 million in 2004, **current free cash flow**[1] totals €195.1 million (€223.3 million in 2004).

The impact of **external growth** operations on cash is - €439.6 million, compared with - €50.2 million in 2004. This figure, the highest amount since 1999, the year of English China Clays' take over, includes the following main acquisitions:

- In Specialty Minerals, Gran Bianco Carrara (Italy) and Blancs Minéraux de Tunisie (Tunisia), both in ground calcium carbonate (GCC) for performance minerals, then Denain-Anzin Minéraux (feldspar, mica, quartz and kaolin, mainly in France);
- In Pigments for Paper, companies holding GCC reserves in Vietnam (YBB) and Malaysia (Gain Resources);
- In Monolithic Refractories (Materials & Monolithics business group), Lafarge Refractories (the European leader) and QA Refractories (South Africa);
- In Refractories, Abrasives & Filtration, World Minerals, giving the Group a foothold in minerals for filtration.

Disposals of assets totaled €183.9 million, compared with €26.8 million in 2004. They concerned American Minerals (March 2005) and Larivière (April 2005).

Despite the scale of internal and external development in 2005, the Group's financial flexibility remains intact due to high current free cash flow and to proceeds from these asset disposals. Consolidated **net financial debt** totaled €1,140.0 million as on December 31, 2005, compared with €889.8 million at the end of 2004, i.e. 67.6% of shareholders' equity and 1.9 times EBITDA. These ratios are very close to their end-2004 levels (65.3% and 1.5x, respectively).

As on December 31, 2005, the Group has total financial resources of €2.2 billion, i.e. €1.1 billion more than its net financial debt on the same date. The average maturity of those resources was further extended to 5.5 years (vs. 5.3 years as on December 31, 2004); their cost was optimized and they remain balanced between bank and bond resources, with maturity dates spread out over time.

Imerys' financial structure, therefore, remains extremely sound. The Group still has all the room to manoeuver needed to seize any opportunities that may arise in 2006.

2.1.3. COMMENTARY BY BUSINESS GROUP

(€ millions)	2005	2004	% change
sales	**3,045.2**	**2,870.5**	**+ 6.1%**
Specialty Minerals	814.9	795.1	+ 2.5%
Pigments for Paper	755.0	759.2	- 0.6%
Materials & Monolithics	922.4	850.7	+ 8.4%
Refractories, Abrasives & Filtration	598.3	502.5	+ 19.1%
Holding & Eliminations	*(45.4)*	*(37.0)*	*n.s.*
Current operating income	**434.0**	**421.8**	**+ 2.9%**
Specialty Minerals	95.2	93.4	+ 1.9%
Pigments for Paper	73.8	97.3	- 24.1%
Materials & Monolithics	197.8	168.3	+ 17.5%
Refractories, Abrasives & Filtration	95.4	76.7	+ 24.3%
Holding & Eliminations	*(28.2)*	*(13.9)*	*n.s.*

[1] *Current free operating cash flow less financial expenses net of taxes and change in other working capital requirements and non-monetary items (deferred taxes, financial provisions).*

Specialty Minerals business group

(26% of Group's consolidated sales)

In 2005, the business group's markets were difficult overall.

- Performance mineral markets (paint, plastics, adhesives, etc.) remained slack in Europe, while they were relatively healthy in North America until a 3rd quarter downturn as a result of hurricanes;
- Ceramic markets (tableware, floor tiles, sanitaryware) slumped overall in Europe and North America;
- Markets for advanced solutions (graphite for mobile energy and lubricants, kiln furniture), however, showed positive trends.

The business group's sales rose + 2.5% year-on-year to €814.9 million. This rise takes into account:

- A + 2.1% Group structure effect, reflecting the acquisitions made since the beginning of the year (Gran Bianco Carrara and Blancs Minéraux de Tunisie in May; Denain-Anzin Minéraux at the end of October);
- The slight positive impact of exchange rates (+ 0.9%).

At comparable structure and exchange rates, sales decreased slightly during the year (- 0.5%, of which - 0.4% in the 1st half and - 0.6% in the 2nd), with the decrease in volumes, felt more in the 2nd half of the year, virtually offsetting the improvement in the price/mix component.

The main trends by activity were as follows.

- Performance Minerals and Ceramics Europe: sales volumes were affected by sluggish markets in performance minerals, tableware and floor tiles (with a reduction of trading activity in Italy for floor tiles), the effect of which was only partly offset by higher volumes of raw materials for sanitaryware;
- Performance Minerals and Ceramics North America: volumes decreased, with a drop in raw materials for ceramics and overall stability in performance minerals;
- Advanced Solutions: volumes continued to rise, especially in graphite for mobile energy and lubricants and in kiln furniture.

Current operating income totaled €95.2 million (up + 1.9%).

Combined with the major industrial optimization efforts carried out across the business group and with a slight structure effect, the improvement in the price/mix component almost made up for very high inflation in some external costs (energy, transport), which intensified in the 2nd half (sharp rise in US and UK gas prices), and for lower volumes. The operating margin held out well, at 11.7% compared with 11.8% in 2004.

The production simplification and cost reduction program begun in 2003 was stepped up through new capital expenditures to increase productivity.

- In the United States, the industrial asset modernization program is nearing completion. The Sylacauga (Alabama) GCC plant is benefiting from new facilities and the ultrafine carbonates plant has been moved and rationalized. In Sandersville (Georgia), production rationalization of airfloated kaolin for glass fiber is complete and a new stage in the restructuring of the Dry Branch (Georgia) operation was begun in the autumn;
- In the United Kingdom, extensive efforts were made to reduce mining and processing costs. Refining tools were reorganized in Devon and facilities were automated in Cornwall;
- Finally, in Brazil, improvements continued at the Bras Cubas GCC unit and a capacity de-bottlenecking project started in the Ripasa precipitated calcium carbonate (PCC) plant.

In 2005, the business group successfully seized worthwhile external growth opportunities.

- Positions in GCC for performance minerals were bolstered with the acquisition of a 60% stake in Gran Bianco Carrara (Italy) and the increase of Imerys' stake in Blancs Minéraux de Tunisie (BMT) from 25% to 68%;

- With the creation of a joint venture (60% held by Imerys) with Topking Ceramic Minerals (China), the business group now has a platform for clay and ceramic body production that will support its development on the fast-growing Chinese floor tile and sanitaryware market;
- Finally, in the 4th quarter, Imerys acquired Denain-Anzin Minéraux (sales of €81.4 million in 2005) for an enterprise value of €78.6 million. This operation gave the business group two minerals that it did not previously have in Europe – feldspar (floor tile and glass applications) and mica (paint applications) – and enabled it to consolidate its positions in kaolin, particularly for ceramics and glass fiber.

At €71.8 million in 2005 (139% of depreciations), capital expenditures increased over 2004 (€54.8 million). This reflects ongoing modernization of industrial assets and selective extension of capacities in GCC.

Pigments for Paper business group

(25% of Group's consolidated sales)

After a good 2004 (up + 5.1%) the global market for printing and writing papers, the business group's main outlet, posted only slight growth in 2005 (+ 1.7%), concentrated in Asia.

- In North America, paper production decreased (- 1.1%), with growth in uncoated mechanical papers partly offsetting lower output in other segments;
- Europe was seriously affected in the 2nd quarter by the Finnish paper industry strike and paper production gradually returned to its normal rate during the summer. For the year as a whole, production was stable (- 2.9% in the 1st half; + 3.0% in the 2nd);
- In Asia, firm growth continued on the paper market (+ 5.6%), mainly in China, with the start-up of major production capacities.

Sales totaled €755.0 million in 2005 (- 0.6% vs. 2004).

Excluding the effect of changes in Group structure (- 3.5% corresponding to the divestment of the Swedish distribution company CDM at the end of 2004) and exchange rates (virtually negligible for the whole year at - 0.5%), sales grew + 3.4% (+ 4.0% in the 1st half; + 2.9% in the 2nd). Over the period, volumes rose slightly, with the ramp-up of new calcium carbonate capacities offsetting the impact of the strike in Finland. The price/mix component improved, but not nearly enough to make up for inflation in external costs.

As regards the main trends by geographic zone, volumes increased slightly from the previous year in Europe and North America. Business in Asia was disappointing as a whole, but impact of new capacities in China and India is gradually being felt.

Current operating income was €73.8 million (vs. €97.3 million in 2004) and the operating margin was 9.8% (vs. 12.8% in 2004). The business group's operating performance was heavily penalized by the very high inflation in external costs (energy, transport, chemicals), which grew sharper throughout the year. Combined with a negative exchange rate effect (appreciation of Brazilian real vs. USD) and the impact of the Finnish paper industry strike on sales volumes, this trend was only partly offset by a slightly improved price/mix component and by the aggressive actions taken on the business group's fixed costs.

In that context, the drive to optimize the cost base was indeed stepped up.

- Two fixed costs reduction plans were carried out in Cornwall (United Kingdom), a major kaolin production zone. They resulted in an almost 15% reduction in manpower;
- In parallel, the optimization of capacity at the Imerys RCC kaolin plant in Brazil supported growth in global demand for its coating kaolins, which are prized for their whiteness and opacity.

In 2005, the business group's strategy to develop its positions in calcium carbonates came to fruition with the start-up of the projects undertaken in 2004.

- In Asia, the Indian GCC production unit was gradually ramped up during the year. It was built in partnership with India's leading papermaker BILT and came on stream in December 2004. The new Chinese unit went into production in the 1st quarter of 2005, at the same time as the nearby UPM-Kymenne paper mill that it supplies. The expenditure program was completed with the set-up of a new slurry make-down facility. GCC reserves were further enhanced in the region with, on one hand, the acquisition in July of a 66.7% stake in Yen Bai Banpu, a joint venture mining exceptionally white GCC reserves in Vietnam and, on the other hand, the extension of the business group's reserves in Malaysia.
- In Europe, the PCC satellite plant in Husum (Sweden) started up on schedule in January 2005 and capacity was extended at the Tunadal (Sweden) GCC production unit. These major programs were carried out under a long-term contract with M-real, one of Europe's foremost papermakers. They supply M-real's Husum plant with an innovative blend of GCC and PCC.

At €75.6 million, the business group's capital expenditures were lower than in 2004 (€109.4 million). This represents 120% of depreciations.

Materials & Monolithics business group

(30% of Group's consolidated sales)

The business group benefited fully from its markets' good overall health.

- The French building materials market continued to grow in 2005. The roofing segment grew + 1.4% thanks to a buoyant single-family new housing sector (+ 6.0% rise in start-ups over the year) and despite the slight decrease in renovation (- 3.4%). In structure bricks, clay products continued their growth (+ 8.9% on 2004), with further market share gains from concrete blocks.
- The monolithic refractories market was firm until the summer, then went through a downturn because of less favorable market conditions in Western Europe's steel industry, before picking up in December.

Sales grew + 8.4% to €922.4 million in 2005.

This increase includes a + 2.9% Group structure effect corresponding to the acquisition of Lafarge Refractories in January, net of the divestment of Larivière in April.

At comparable Group structure and exchange rates, the business group's sales rose + 5.5% (+ 4.8% in the 1st half; + 6.2% in the 2nd). This increase reflects the combined impact of an improved price/mix component and higher sales volumes.

The main trends by activity were as follows.

- Building Materials: firm volumes thanks to a dynamic French roof tiles and bricks market, while business continued to be good in Spain, but difficult in Portugal;
- Monolithic Refractories: growth in sales volumes, with significant development in Eastern Europe and Asia easily offsetting the expected slowdown in Western Europe.

At €197.8 million, current operating income rose sharply, by + 17.5%. The operating margin was 21.4% (vs. 19.8% in 2004). Improvement in both sales volumes and the price/mix component, as well as excellent control of fixed production costs, more than made up for the negative impact of rises in some external costs (mainly energy in Building Materials and raw materials in Monolithic Refractories).

In Building Materials, production capacities were increased to meet demand and further efforts were made to optimize industrial assets.

- In roofing, a new line came on stream in June 2005 in Sainte-Foy-l'Argentière (Rhône, France). The inter-site rationalization and rebalancing program for clay roof tiles continued. Efforts were also made to improve further energy efficiency.
- In bricks, following the start-up of new facilities in the La Boissière-du-Doré (Loire Atlantique, France) and Bessens (Tarn et Garonne, France) plants, the new Optibric™ production unit in Mably (Loire, France) should be commissionned in the first months of 2006.

In terms of external growth, the beginning of the year was marked by the acquisition for €125.6 million of Lafarge Refractories, a European leader in the production and sale of monolithic refractories. Its merger with the Imerys subsidiary Plibrico is going according to plans and should lead to substantial synergies. In the new entity, renamed Calderys, all industrial and commercial teams have now been combined. In May, the South African company QA Refractories, which offers a good fit with Calderys' positions outside Europe, was acquired. A new plant will also be built in China. Located near Shanghai, it should go into production in late 2006 and will supply the local steel and foundry market.

At €52.1 million in 2005 (147% of depreciations), capital expenditures were higher than in 2004 (€37.2 million).

Refractories, Abrasives & Filtration business group

(19% Group's of consolidated sales)

In 2005, the business group's markets showed contrasting trends.

- After a firm start to the year, refractory markets slackened in the 2nd half in Europe and North America. This situation was expected, given the high basis of comparison in 2004, and was mainly related to the decrease in Western countries' steel production. However, as in monolithic refractories, an improvement was noted in December.
- Abrasives markets slowed down gradually during the year, as several underlying markets (the European automotive and construction sectors) are currently soft;
- Filtration markets were stable overall during the period.

2005 sales totaled €598.3 million in 2005, up + 19.1% from 2004. This substantial rise takes into account:

A Group structure effect of + 13.7%, reflecting the contribution of World Minerals from July 15, 2005, net of the divestment of American Minerals (March 2005);

Negligible impact of exchange rates (+ 0.2%).

At comparable Group structure and exchange rates, sales increased + 5.2% (+ 7.6% in the 1st half; + 2.7% in the 2nd). Significant improvement in the price/mix component more than made up for the downturn in volumes that was mostly recorded in the 2nd half.

Trends in the business group's different divisions were as follows.

- Minerals for Refractories: general decrease in volumes from the summer onwards, affecting all activities (calcined clays, andalusite, Molochite, etc.);
- Minerals for Abrasives: stable overall volumes during the period, with a gradual slowdown of fused alumina sales in both abrasive and refractory applications;
- Minerals for Filtration: volumes were globally stable.

Current operating income grew + 24.3% to €95.4 million.

This rise (+ €18.7 million) in current operating income and the increase of operating margin (15.9% vs. 15.3% in 2004), despite the effect of changes in Group structure, are due to the significant improvement in the price/mix component and tight management of fixed production costs. These factors more than offset high inflation in external costs (energy and raw materials) and a slight decrease in overall volumes, which was mainly recorded in the 2nd half of the year.

In Minerals for Refractories, the Group continues to modernize and improve the industrial efficiency of its production units. The new mullite crushing and grading equipment at the Andersonville plant (Georgia, United States) is running in accordance with technical and economic expectations. These facilities significantly reduce logistical costs. In the Glomel (France) andalusite plant, new, more efficient palletizing and packing equipment has been installed. In South Africa, it was decided to open a new andalusite deposit in 2006.

In Minerals for Abrasives, Imerys carried out major capital expenditure projects in 2005. In Zschornewitz (Germany), specially product manufacturing capacity was increased and a new fine abrasive powder unit was installed. A new ultrafine abrasive powder plant went into construction in Villach (Austria) and should come on stream towards the end of 2006. Also in Villach, a new laboratory has housed all Research & Technology teams in minerals for refractories and abrasives since 2004. Now completely operational, this facility fosters skill-sharing and speeds up development of innovations.

In mid-July, World Minerals, the global leader in minerals for filtration (diatomite and perlite), joined Imerys. This California-based group achieves annual sales of approximately USD300 million from high-quality mineral reserves and a robust manufacturing base, with 23 plants in the United States, Latin America (Mexico, Chile, Brazil), Europe (France, Italy, Spain, Turkey) and China.

This acquisition, for an enterprise value of €211.5 million, gives Imerys access to the beverage filtration market. It also extends the Group's wide range of minerals for the paint and plastics segments (kaolins, calcium carbonates, ...).

World Minerals' strategic strengths and performance improvement potential have been confirmed since its acquisition. The actions needed to leverage that potential have already been initiated.

At €27.4 million in 2005 (96% of depreciations), capital expenditures increased from 2004 (€19.9 million).

2.1.4. RECENT EVENTS

On February 28, 2006, Imerys completed the acquisition of the French group AGS. Located in Clérac (Charente-Maritime), AGS achieved sales of approximately €50 million in 2005. Out of its mining deposits, the group produces clays, of which it calcines a large part (chamottes and metakaolins) before selling them, primarily on the refractory and sanitaryware markets. AGS is now part of Imerys' Refractories, Abrasives & Filtration business group.

2.1.5. HUMAN RESOURCES AND SUSTAINABLE DEVELOPMENT

As on December 31, 2005, the Group's employees numbered 15,934 (compared with 14,088 at the end of 2004), reflecting among others the acquisitions made during the year. Human resources teams were closely involved in the acquisitions and industrial reorganizations carried out in 2005. They also stepped up their efforts in terms of recruitment and internal mobility, two key factors for the swift integration of complex entities.

To support those efforts, these teams were strengthened, in line with the constant goal of better motivating and retaining its employees. In parallel, management tools were fine-tuned or set up across the board for performance assessment, career development and training.

The Group continued its Sustainable Development process in 2005 with the set-up of a single reporting tool that enables it to measure its non-financial performance even more accurately in the Environmental, Health & Safety and Human Resources fields. Roll-out of the Group's policy also involved organizing the first internal Sustainable Development challenge, designed to highlight initiatives in the different business groups. Publication of the second Sustainable Development report is scheduled for the summer of 2006. The report will review the various actions taken and have a significantly wider scope.

2.1.6. CORPORATE GOVERNANCE AND ORGANIZATION

In 2005, Imerys' organization evolved with the return to a management structure based on a Board of Directors as well as a distinction between the duties of Chairman and Chief Executive Officer. This keeps supervisory and management bodies separate and enables the Group to continue implementing best practices in terms of corporate governance. Aimery Langlois-Meurinne was appointed Chairman of the Board of Directors and Gérard Buffière Chief Executive Officer.

Furthermore, the Group continued to optimize and formalize its internal control systems. One of the main objectives of this major project is to improve further the quality of strategic and financial information.

Finally, an internal charter governing the work of the Board of Directors was adopted in 2005, in line with the goals of continous improvement and active responses to regulatory developments.

2.1.7. 2006 OUTLOOK

Imerys net income from current operations increased in 2005 for the fourteenth year in row, although the Group had to face a combination of adverse factors. It benefits from the determined actions of the Group's teams to increase products' added value and improve the efficiency of production units.

2005 was also a major year in terms of development. The recent acquisitions, for which integration is going satisfactorily, and the ramp-up of the new industrial units are making a significant positive contribution.

In 2006, Imerys will continue to adapt to an environment that is likely to be marked by further rises in external costs. Its intact financial flexibility will give the Group the leeway needed to keep up its active development.

2.1.8. THE COMPANY'S BUSINESS IN 2005

The Company made a net profit of €100 million in 2005, a €182.6 million decrease from the previous financial year.

An operating loss of - €25.9 million was recorded, €5.1 million more than the previous year. This trend is due to an increase in operating expenses of €10.1 to €52.9 million, whereas sales and other revenues only rose €4.0 million to €25.7 million. These expenses were incurred with respect to the Company's strategic and financial auditing assignments.

Financial income of €72.6 million was posted, compared with financial expense of - €19.2 million in 2004. The Company collected €121.2 million in dividends in 2005, whereas no dividends were received in 2004. Conversely, the Company recorded a foreign exchange loss of - €27.8 million in 2005, compared with a foreign exchange income of €7.2 million in 2004. Finally, because of the external growth operations carried out by the Group in 2005, the net financial expenses rose by €1.9 million.

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

Income from current operations improved to €46.8 million in 2005, compared with a - €40 million loss in 2004.

Net non-recurring income totaled €304.1 million in 2004 as a result of merger by take-over operations in the Materials business group. It stood at €29 million for 2005 and was mainly comprised of gains on the divestment of Larivière securities.

With respect to 2005, Imerys SA recorded tax income of €24.2 million, as a result of the tax consolidations of the group of French companies headed by Imerys SA.

The balance sheet structure reflects the following transactions on securities by Imerys SA in 2005 : divestment of the roofing products distribution company Larivière; subscription to the capital increase of Imerys USA as part of the acquisition of World Minerals Inc., a company specializing in minerals for beverage filtration.

The balance sheet structure also reflects the acquisitions of Lafarge Refractories and Denain-Anzin Minéraux, in which securities were not directly held by Imerys SA as on December 31, 2005. For that purpose, the funds made available to the Group's subsidiaries under loan or treasury agreements increased by €531 million. Financial resources increased in correlation by €452 million. Consequently, as on December 31, 2005, the Company's financial debt was made up of the following items:

(thousands of euros)	Amount	Due in less than 1 year	Due in 1 - 5 years	Due in more than 5 years
Debenture bonds	904,157	-	409,657	494,500
Commercial paper	380,200	380,200	-	-
Group financial current accounts	439,052	439,052	-	-
Bank overdrafts and accrued interest	16,689	16,689	-	-
Total	**1,740,098**	**835,941**	**409,657**	**494,500**

2.1.8.1. Inventory of securities

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

				Thousands of euros			
	Number of securities held by Imerys	Type of securities	% interest held by Imerys	Net book value of securities	Dividends collected by Imerys in 2005	2005 sales	2005 net income or loss
1 - Subsidiaries (at least 50% of capital held by Imerys)							
Imerys TC	80,613,850	shares	100.00	758,369	95,124	447,500	105,231
Mircal	35,107,681	shares	100.00	630,692	-	-	24,131
Imerys USA	1,000	shares	100.00	513,530	-	2,506	(19,644)
Imerys Services	2,499	shares	99.96	38	-	12,821	8
Imerys Nederland BV	1,225	shares	4.58	1,696	-	1,040	1,968
Mircal Europe	56,365,195	shares	100.00	565,483	-	-	25,715
Larivière					25,676		
2 – Affiliates (10 - 50% of capital held by Imerys)				50	375		n/a
3 – Miscellaneous affiliates (in non-significant French entities)				571			n/a
4 – Investment securities (excluding own shares)							
Dresdner Eurocash	4,141	Partnership interests	n/a	24,975	n/a	n/a	n/a
Natexis Sécurité Jour	693	Partnership interests	n/a	34,430	n/a	n/a	n/a
Total				**2,529,834**	**121,175**	**463,867**	**137,409**

2.1.8.2. Information on capital and distributions of dividend during the past three financial years

As on December 31, 2005, the Company's share capital was made up as follows:

as on December 31, 2005	Number of shares	% interest	% voting rights [1]
Pargesa Netherlands BV	17,141,712	26.80%	42.47%
Groupe Bruxelles Lambert	16,744,028	26.17%	20.74%
Group employees	216,355	0.34%	0.41%
Held by the Company	648,170	1.01%	0.00%
Public	29,221,600	45.68%	36.38%
Total	**63,971,865**	**100.00%**	**100.00%**

[1] *Total voting rights: 80,729,938.*

During financial year 2005, 717,965 Imerys shares were acquired under the liquidity contract at an average unit price of €61.06 and, in correlation, 714,003 Imerys shares were sold at an average unit price of €61.36.

In addition, in 2005 the Company acquired 640,000 of its own shares directly on the market at the average unit price of €59.62. This stock was recorded as long-term securities in the cancellation process on December 31, 2005.

Consequently, as on December 31, 2005, the balance of the Company's own securities held in its portfolio was 648,170 shares for a book value of €38,657,602.19, representing 1.01% of share capital.

The amount of dividend paid during the past three year was as follows[1]:

	Year of payment		
	2005 For financial year 2004	2004 For financial year 2003	2003 For financial year 2002
Gross dividend per share	€1.50	€1.87	€1.61
Gross dividend per share	€1.50	€1.25	€1.07
Total net distribution	**€95.0 million**	**€79.3 million**	**€67.5 million**

[1] *For the sake of consistent historical presentation, the share prices given above were reprocessed to take into account the division by 4 of the par value of the Imerys share on June 1, 2004.*

2.1.8.3. Capital, other securities, income and other key indicators of the Company for the past five fiscal years

Type of indicators (in euros)	2005	2004	2003	2002	2001
I - Capital and other shares at the end of the period					
Share capital	127,943,730	126,900,040	126,965,960	126,015,600	127,253,464
Number of ordinary shares at the end of the period	63,971,865 (2)	63,450,020 (2)	15,870,745	15,751,950	15,906,683
Nominal per share	€2 (2)	€2 (2)	€8	€8	€8
Number of preferred shares (without voting rights)	-	-	-	-	-
Maximum number of potential ordinary shares: - by exercise of options	2,987,703 (2)	2,973,228	707,622	825,885	746,843
II - Transactions and income for the period					
Pre-tax sales	25,664,553	21,372,751	22,510,908	21,627,994	10,118,180
Income before income taxes, legal					
Profit-sharing and amortization, depreciation and provisions	83,818,698	261,905,901	108,162,508	126,996,871	449,940,116
Income taxes	24,236,094	18,488,138	4,968,096	2,718,324	(36,046,088)
Legal employee profit-sharing payable for the period	-	-	-	-	-
Income after income taxes, legal					
Profit-sharing and amortization, depreciation and provisions	99,995,690	282,616,145	151,302,402	160,423,245	399,862,745
Distributed income (excluding withholding)	94,961,064	79,289,415	67,529,346	67,733,385	58,854,727
III - Earnings per share (1) (2)					
Income after income taxes, legal profit-sharing and before amortization, depreciation and provisions	0.93	3.84	6.50	7.89	26.98
Income after income taxes, legal profit-sharing and amortization, depreciation and provisions	1.56	4.45	9.53	10.18	25.14
Net dividend per share	1.65 (3)	1.50	5.00	4.30	3.70
IV - Employees					
Average number of employees for the period	87.50	83.50	77.00	73.92	75.00
Payroll for the period	7,616,359	6,833,112	6,549,630	6,022,690	5,532,066
Amount paid as social contribution for the period	5,212,818	4,107,491	4,337,057	4,068,981	3,002,752
- of which profit-sharing	882,542	694,646	606,276	596,329	410,835

(1) *Based on the number of shares at the end of each period.*
(2) *After the split by 4 of the Imerys share nominal amount.*
(3) *Proposed for the approval of the Shareholders' General Meeting of May 2, 2006.*

2.1.8.4. Other information

In 2005, a change in accounting methods occurred pursuant to CRC regulation 2004-06 on assets. Imerys SA recorded as retained earnings the net book value of registration costs for trademarks created in-house as stated in the opening balance sheet. Henceforth, trademark registration costs are recorded as expense for the financial year. This initial application was reflected in a €0.4 million decrease in the gross value of intangible assets and a correlated €0.2 million decrease in depreciation expense, corresponding to the amounts appearing in the opening balance sheet as on January 1, 2005.

The Company also applied the CRC regulation 2002-10 for the first time in 2005. This initial application had no financial consequences on the Company accounts in 2005.

2.1.8.5. Events since closing of financial year 2005 and business forecasts for 2006

On January 17, 2006, the Company's Board of Directors approved a capital reduction by cancellation of the 640,000 Imerys shares held by the Company as on December 31, 2005. Following this operation, Imerys SA's share capital totals €126,663,730. It is made up of 63,331,865 shares of €2 in par value.

In 2006, the Company will continue its activity of providing services to its subsidiaries and continue to manage financial risks for the entire Group.

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

- Interests acquired, major events since closing of financial year
  (Chapter 4 – The Group's business)
- Sustainable Development, Human Resources data, Risks
  (Chapter 4 – The Group's business)
- Innovation, Research & Technology
  (Chapter 4 – The Group's Business)
- Information on capital and table summarizing existing financial authorizations
  (Chapter 5 – General information)
- Composition and workings of the Board of Directors, list of offices held and amount of compensation of corporate officers, share subscription options ; Corporate officer's transactions on Imerys securities
  (Chapter 6 – Corporate Governance)
- Subsidiaries and affiliates
  (Chapter 8 – List of subsidiaries and affiliates)

2.2. Statutory Auditors' Reports

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

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

2.2.1. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
Fiscal year ended December 31, 2005

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

Dear Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you for the year ended December 31, 2005 on:

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

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

I. Opinion on the financial statements

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Imerys at December 31, 2005 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France

Without qualifying our opinion, we draw attention to the matter discussed in the note to the financial statements which outlines the change in method arising from the first-time application as of January 1, 2005 of CRC regulations 2002-10 and 2004-06 regarding assets.

II. Justification of our assessments

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

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

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

III. Specific verifications and information

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

We have no matters to report regarding the fair presentation and conformity with the financial statements of the information given in the Board of Directors' management report and the documents addressed to the shareholders with respect to the financial position and the financial statements.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders and holders of the voting rights has been properly disclosed in the Board of Directors' management report.

Paris-La Défense and Neuilly-sur-Seine, April 5, 2006

The Statutory Auditors

Ernst & Young Audit Jean-Roch VARON	Deloitte & Associés Nicholas L. E. ROLT

2.2.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS *Fiscal year ended December 31, 2005*

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

Dear Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Imerys for the year ended December 31, 2005.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit. These financial statements have been prepared for the first time in accordance with IFRSs as adopted in the European Union. They include comparative information restated in accordance with the same standards in respect of financial year 2004.

I. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the consolidated group of companies as at December 31, 2005 and the results of its operations for the year then ended, in accordance with IFRSs as adopted in the European Union.

II. Justification of our assessments

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

- the Group performs annual goodwill impairment tests and also assesses whether there is any indication of impairment in long-term assets, under the terms and conditions described in Notes 2.12 and 18 to the consolidated financial statements. We analyzed the procedures performed to implement this impairment test and the cash flow forecasts and assumptions used and verified that these notes provide appropriate disclosures;

- as described in Notes 2.20 and 27 to the consolidated financial statements, the Group sets aside provisions to cover costs necessary for mining site restoration. Our procedures consisted in assessing the data and assumptions on which these estimates are based, reviewing, on a test basis, the calculations performed by the company, comparing the accounting estimates of previous periods with the corresponding actual figures and analyzing the procedures implemented by management to approve these estimates. On this basis, we assessed the reasonableness of such estimates.

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

III. Specific verification

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

Paris-La Défense and Neuilly-sur-Seine, April 5, 2006

The Statutory Auditors

Ernst & Young Audit
Jean-Roch VARON

Deloitte & Associés
Nicholas L. E. ROLT

CHAPTER 3

FINANCIAL STATEMENTS

3.1 Consolidated financial statements

Consolidated income statement

(€ millions)	Notes	2005	2004
Sales	5	3,045.2	2,870.5
Other revenue from operations		20.3	20.4
Revenue	6	**3,065.5**	**2,890.9**
Raw materials and consumables used	7	(1,055.4)	(1,016.0)
Change in W.I.P. and finished goods inventories and assets produced by the entity	8	36.9	11.5
External expenses	9	(762.5)	(681.1)
Staff expenses	10	(621.2)	(568.1)
Taxes and duties		(39.9)	(38.3)
Amortization, depreciation and impairment losses	16 - 17	(185.3)	(163.0)
Net change in operating provisions		22.4	2.5
Other operational revenue and expenses	11	(26.5)	(16.6)
Current operating income		**434.0**	**421.8**
Other operating revenue		93.5	-
Other operating expenses		(96.2)	(45.6)
Other operating revenue and expenses	12	**(2.7)**	**(45.6)**
Operating income		**431.3**	**376.2**
Revenue from securities		5.2	4.3
Gross financial debt expense		(48.0)	(38.6)
Net financial debt expense		**(42.8)**	**(34.3)**
Other financial revenue and expenses	13	(4.5)	(5.1)
Financial income		**(47.3)**	**(39.4)**
Income taxes	29	(76.5)	(97.5)
Share in net income of associates	19	4.6	3.4
Net income		**312.1**	**242.7**
Minority interests		(2.7)	(2.7)
Net income, Group share	14	**309.4**	**240.0**
of which :			
Current operating income, Group share	14	287.6	261.2
Other net operating revenue and expenses, Group share	12	21.8	(21.2)
(in €)			
Net earnings per share from current operations	4.3	4.53	4.12
Net earnings per share	4.3	4.88	3.79
Diluted net earnings per share	4.3	4.83	3.76
Average exchange rate euro/USD		*1.2447*	*1.2426*

Consolidated balance sheet

(€ millions)	Notes	2005	2004
CONSOLIDATED ASSETS			
Goodwill	15	815.3	560.1
Intangible assets	16	35.8	29.0
Mining assets	17	497.2	459.0
Property, plant and equipment	17	1,276.6	1,053.4
Investments in associates	19	31.9	25.9
Available-for-sale financial assets	20	16.0	13.8
Other financial assets	20	10.3	11.7
Other receivables and other assets	22	13.9	19.7
Deferred tax assets	30	34.6	30.0
Total non-current assets		**2,731.6**	**2,202.6**
Inventories	23	475.8	399.5
Trade accounts receivable	24	590.3	494.5
Derivative instrument assets	32 - 37 - 38	66.7	63.2
Marketable securities and other financial assets	20 - 32	61.0	96.3
Cash and cash equivalents	21 - 31 - 32	134.7	66.6
Other receivables and other assets	22	99.1	91.6
Total current assets		**1,427.6**	**1,211.7**
TOTAL CONSOLIDATED ASSETS		4,159.2	3,414.3
CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY			
Capital	25	127.9	126.9
Share capital premiums		219.5	204.9
Reserves		1,015.2	781.7
Net income		309.4	240.0
Shareholders' equity, Group share		**1,672.0**	**1,353.5**
Minority interests		**14.2**	**9.1**
Shareholders' equity		**1,686.2**	**1,362.6**
Provisions for employee benefits	26	237.1	195.5
Other provisions	27	161.0	150.0
Loans and financial debts	31 - 32	943.1	940.6
Other debts	28	33.2	24.2
Deferred tax liabilities	30	76.4	83.2
Total non-current liabilities		**1,450.8**	**1,393.5**
Other provisions	27	12.8	12.0
Trade accounts payable		313.1	273.7
Payable income taxes		13.8	10.0
Derivative instrument liabilities	32 - 37 - 38	23.1	9.7
Loans and financial debts	31 - 32	423.0	144.0
Bank overdrafts	21 - 31	13.6	20.6
Other debts	28	222.8	188.2
Total current liabilities		**1,022.2**	**658.2**
TOTAL CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY		4,159.2	3,414.3
Net financial debt	31 - 32	**1,140.0**	**889.8**
Closing exchange rate euro/USD		*1.1797*	*1.3621*

Consolidated cash flow statement

(€ millions)	2005	2004
Cash flow from operating activities		
Cash flow generated by current operations *(appendix 1)*	587.8	582.8
Paid interests	(60.1)	(51.3)
Income taxes on current operating income and financial income	(105.5)	(131.1)
Dividends received	1.9	1.5
Cash flow generated by other operating revenue and expenses *(appendix 2)*	(30.4)	(18.3)
Cash flow from operating activities	**393.7**	**383.6**
Cash flow from investing activities		
Acquisitions of property, plant and equipment and intangible assets	(251.0)	(194.3)
Acquisitions of investments in consolidated entities after deduction of cash acquired	(271.0)	(50.2)
Acquisitions of available-for-sale financial assets	-	-
Disposals of property, plant and equipment and intangible assets	25.8	13.6
Disposals of investments in consolidated entities after deduction of cash disposed of	144.5	13.1
Disposals of available-for-sale financial assets	1.5	0.1
Net change in financial assets	4.7	(0.2)
Paid-in interests	3.8	2.1
Cash flow from investing activities	**(341.7)**	**(215.8)**
Cash flow from financing activities		
Capital increases	15.6	18.2
Capital decreases	-	(31.3)
Disposals (acquisitions) of treasury shares	(38.2)	6.3
Dividends paid to shareholders	(95.0)	(79.3)
Dividends paid to minority interests	(1.4)	(0.5)
Loan issues	2.9	354.4
Loan repayments	(100.9)	(171.7)
Net change in other debts and marketable securities	235.7	(267.5)
Cash flow from financing activities	**18.7**	**(171.4)**
Change in cash and cash equivalents	**70.7**	**(3.6)**

Cash and cash equivalents at the beginning of the period	**46.0**	**50.9**
Change in cash and cash equivalents	70.7	(3.6)
Impact of changes due to exchange rate fluctuations	4.4	(1.3)
Cash and cash equivalents at the end of the period	**121.1**	**46.0**

Cash and cash equivalents	134.7	66.6
Bank overdrafts	(13.6)	(20.6)
Cash and cash equivalents at the end of the period	**121.1**	**46.0**

Appendix 1

(€ millions)	2005	2004
Net income	**312.1**	**242.7**
Adjustments for:		
Income taxes	76.5	97.5
Share in net income of associates	(4.6)	(3.4)
Impairment losses on goodwill	4.5	4.1
Other operating revenue and expenses	(1.8)	41.5
Net operating amortization and depreciation	181.9	159.6
Net operating impairment losses on assets	(2.3)	(0.5)
Net operating provisions	(14.5)	0.9
Dividends received	(0.1)	-
Net interests of revenue and expenses	43.5	50.2
Revaluation gains and losses	4.7	2.8
Income from current disposals of property, plant and equipment and intangible assets	(9.6)	(3.3)
Change in the working capital requirement	**(2.5)**	**(9.3)**
Inventories	*(42.4)*	*(13.6)*
Trade accounts receivable, advances and down payments received	*(20.2)*	*(26.8)*
Trade accounts payable, advances and down payments paid	*44.5*	*4.3*
Other receivables and debts	*15.6*	*26.8*
Cash flow generated by current operations	**587.8**	**582.8**

Appendix 2

(€ millions)	2005	2004
Other operating revenue and expenses	**(2.7)**	**(45.6)**
Adjustments for:		
Impairment losses on goodwill *(note 18)*	4.5	4.1
Other net operating amortization and depreciation	33.8	(0.2)
Other net operating provisions	12.5	22.9
Income from non-current disposals of property, plant and equipment and intangible assets	13.1	1.7
Income from disposals of consolidated investments and available-for-sale financial assets	(93.5)	-
Income taxes paid on other operating revenue and expenses	1.9	(1.2)
Cash flow generated by other operating revenue and expenses	**(30.4)**	**(18.3)**

Consolidated statement of changes in shareholders' equity

(€ millions)	Capital	Share capital premiums	Treasury shares	Fair value of financial instruments	Translation reserve	Other reserves and accumulated income	Total Group share	Total minority interests	Total shareholders' equity
Shareholders' equity as of December 31, 2003 in French GAAP	127.0	218.1	1.0	-	-	1,055.2	1,401.3	9.0	1,410.3
Fair value of financial instruments	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Reclassification of treasury shares recognized as marketable securities	-	-	(5.9)	-	-	-	(5.9)	-	(5.9)
Finance lease adjustment	-	-	-	-	-	(0.9)	(0.9)	-	(0.9)
Adjustment of provisions for major repairs	-	-	-	-	-	2.7	2.7	-	2.7
Actuarial differences of employee benefits	-	-	-	-	-	(134.8)	(134.8)	-	(134.8)
Fair value of mineral reserves	-	-	-	-	-	(10.4)	(10.4)	-	(10.4)
Approach by components of property, plant and equipment	-	-	-	-	-	(2.8)	(2.8)	-	(2.8)
Reclassification of negative goodwill	-	-	-	-	-	2.1	2.1	-	2.1
Reclassification of minority interests on IFRS adjustments	-	-	-	-	-	(0.2)	(0.2)	0.2	(0.0)
Shareholders' equity as of January 1, 2004 in IFRS	127.0	218.1	(4.9)	(0.2)	-	910.9	1,250.9	9.2	1,260.1
Dividends (€1.25 per share)	-	-	-	-	-	(79.3)	(79.3)	(0.5)	(79.8)
Variation of the translation reserve	-	-	-	-	(50.6)	-	(50.6)	0.2	(50.4)
Capital decreases	(1.3)	(30.0)	-	-	-	-	(31.3)	-	(31.3)
Capital increases	1.2	16.8	-	-	-	-	18.0	0.2	18.2
Impact on minority interests of perimeter changes and capital increases	-	-	-	-	-	-	-	(2.7)	(2.7)
Change in fair value of financial instruments	-	-	-	0.4	-	-	0.4	-	0.4
Transactions on treasury shares	-	-	6.3	-	-	-	6.3	-	6.3
Cost of share options	-	-	-	-	-	2.2	2.2	-	2.2
Complement. amortization goodwill of Imerys Ltd 1999-2003 further to deferred tax adjustment	-	-	-	-	-	(3.1)	(3.1)	-	(3.1)
2004 net income	-	-	-	-	-	240.0	240.0	2.7	242.7
Shareholders' equity as of January 1, 2005	126.9	204.9	1.4	0.2	(50.6)	1,070.7	1,353.5	9.1	1,362.6
Dividends (€1.50 per share)	-	-	-	-		(95.0)	(95.0)	(1.4)	(96.4)
Variation of the translation reserve	-	-	-	-	124.4	-	124.4	0.8	125.2
Capital increases	1.0	14.6	-	-	-	-	15.6	-	15.6
Impact on minority interests of perimeter changes and capital increases	-	-	-	-	-	-	-	3.0	3.0
Change in fair value of financial instruments	-	-	-	(1.3)	-	-	(1.3)	-	(1.3)
Transactions on treasury shares	-	-	(38.3)	-	-	-	(38.3)	-	(38.3)
Cost of share options	-	-	-	-	-	3.7	3.7	-	3.7
2005 net income	-	-	-	-	-	309.4	309.4	2.7	312.1
Shareholders' equity as of December 31, 2005	127.9	219.5	(36.9)	(1.1)	73.8	1,288.8	1,672.0	14.2	1,686.2
Capital decrease of January 17, 2006	(1.3)	(36.9)	38.2	-	-	-	-	-	
Proposed dividends (€1.65 per share)	-	-	-	-	-	(104.6)	(104.6)	-	(104.6)
Shareholders' equity after allocation as of January 1, 2006	126.6	182.6	1.3	(1.1)	73.8	1,184.2	1,567.4	14.2	1,581.6

1. Accounting policies and methods

1 - ACCOUNTING REFERENTIAL

1.1. Referential applied until December 31, 2004

The Imerys financial statements published before 2005 were prepared in compliance with the French accounting policies and methods applicable to consolidated financial statements approved by the decree of June 22, 1999 enforcing the 99-02 regulation modified by the 2004-03 regulation of the Comité de la Réglementation Comptable, the French Accounting Regulation Committee. Imerys used to apply the benchmark treatments recommended by the 99-02 regulation.

1.2. Referential applied from January 1, 2005

In accordance with the 1606/2002 European regulation of July 19, 2002, the Imerys financial statements for 2005 and subsequent periods are prepared in compliance with IFRSs (International Financial Reporting Standards) adopted within the European Union at the balance sheet date. The details of a first-time adoption are presented in *part 7, Reconciliation of financial statements in French GAAP and IFRS*.

2 - ACCOUNTING POLICIES AND METHODS

2.1. Financial statements

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

The operating income includes the current operating income and other operating revenue and expenses. The current operating income reflects the performance of the Group's ordinary activities. The other operating revenue and expenses correspond to items of revenue and expenses resulting from a limited number of well identified, non-recurring and significant events, such as the incidence of a restructuring or the disposal of shares in a consolidated entity. The financial income mainly includes the cost of indebtedness, foreign exchange differences *(paragraph 2.7)*, the interest cost related to the unwinding of the discount of provisions for environment, assets dismantling and mine sites restoration *(paragraph 2.20)* and impairment losses on financial assets. The interest cost related to the unwinding of the discount of provisions for employee benefits is recognized in the current operating income *(paragraph 2.21)*.

Imerys publishes annual financial statements as of December 31 and interim financial statements as of June 30. Transactions whose incidence relates to the interim closing are recognized and measured in accordance with the same rules as those of annual financial statements. However, materiality is considered with respect to the interim financial results, and not annual financial results.

2.2. Segment information

The primary segments reported by Imerys correspond to four business segments: Specialty Minerals, Pigments for Paper, Materials & Monolithics and Refractories, Abrasives & Filtration. Each of these segments is engaged in the production and rendering of related goods and services, presenting homogeneous risks, returns and long-term financial performances. Besides, Imerys reports five geographical segments with respect to secondary information: France, Other European countries, North America, Asia-Oceania and Other countries. These geographical segments represent homogeneous areas in terms of economic environments and risks, returns and long-term financial performances for the Group activities.

2.3. Earnings per share

The Imerys financial statements disclose basic earnings per share and diluted earnings per share. The basic earnings per share is equal to the net income attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding over the current period. The denominator excludes treasury shares *(paragraph 2.18)*. As Imerys is granting share options *(paragraph 2.19)*, the weighted average number of ordinary shares defined above is increased, for the calculation of the diluted earnings per share, by the weighted average number of ordinary shares that would be issued if all dilutive options would be exercised at the balance sheet date. The number of dilutive options is calculated by comparison between the number of shares that would result from the exercise of the share options, and the number of shares that would be issued at the period average market price for an issue of the same amount. The excess of the number of shares from share options over the number of shares issued under market conditions is the number of dilutive shares.

2.4. Accounting policies, errors and estimates

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

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

The main estimates carried out for the preparation of the financial statements relate in particular to the hypotheses retained for the calculation of impairment losses *(paragraph 2.12)*, to provisions for employee benefits *(paragraph 2.21)*, to deferred taxes *(paragraph 2.23)*, to the measurement of available-for-sale financial assets *(paragraph 2.13)*, to provisions *(paragraphs 2.20)* and to certain financial instruments *(paragraph 2.24)*. The information provided in relation to potential assets and liabilities is also the subject of estimates. The estimates used are detailed in the corresponding notes.

2.5. Events after the balance sheet date

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

2.6. Consolidation

Entities included in the scope of consolidation are those over which Imerys exercises control or significant influence, and are respectively consolidated under the full consolidation and equity methods. No entity is consolidated under the proportionate consolidation method. Negative minority interests of entities consolidated under the full consolidation method are allocated against the Group share. The incidence of intra-group transactions on all positions of the financial statements is eliminated.

2.7. Monetary conversion

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

Non-monetary assets and liabilities related to transactions in foreign currencies which are measured at historical cost are converted at the rate of the initial transaction. Except for derivatives *(paragraph 2.24)*, monetary assets and liabilities related to transactions in foreign currencies are converted at the closing rate. The foreign exchange differences are recognized in the financial income, except for those generated by financial assets and liabilities qualified as net investments in a foreign operation, which are recognized in the consolidated equity. When a foreign entity is sold, the accumulated incidence of the conversion of its financial statements, as well as the financial assets and liabilities qualified as hedges are accounted for in the profit or loss statement.

2.8. Goodwill

Goodwill is measured as the excess paid by Imerys over the fair value of a business combination. Determined upon the date of acquisition, it represents the capacity of the combination to generate future cash flows beyond that fair value. It includes the fair value of identifiable assets, liabilities and contingent liabilities of the business combination. Its measurement is finalized over the twelve months following the date of acquisition. Any excess of the fair value of a business combination over the cost of acquisition is credited to the profit or loss statement of the period of acquisition. The previously described treatments also apply to every increase in interest realized after the date of acquisition. Goodwill related to foreign business combinations is accounted for in the foreign currency, and converted in the Group financial statements in accordance with the rules applicable to the translation of financial statements of foreign entities *(paragraph 2.7)*. Goodwill is not depreciable. It is allocated to the groups of Cash-Generating Units that benefit from the synergies of the combination, and is subject to a first impairment test *(paragraph 2.12)* before the balance sheet date of the acquisition period, and subsequently to annual tests or more frequently if there is an indication that it may be impaired.

2.9. Intangible assets

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

- Trademarks, patents and licenses — 5 to 20 years
- Software — 1 to 5 years

Where the carrying amount of an intangible asset ceases to be recoverable, it is written-down to its recoverable amount on the basis of an impairment test *(paragraph 2.12)*.

2.10. Mining assets

After the legal rights to explore in a geographical area have been obtained, exploration expenditures, i.e. the research of new knowledge on the mineral producing potential, technical feasibility and commercial viability of the area are recognized as expenses as incurred.

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

Mineral reserves are recognized as property, plant and equipment. They are measured initially at the acquisition cost excluding subsoil, increased by drilling expenditures incurred to determine the tonnage of ore present in the deposit. Overburden works performed to enable access to the deposit are recognized as property, plant and equipment. Their initial measurement incorporates their production cost and the discounted value of restoration or dismantling obligations resulting from damages caused by the construction of these assets *(paragraph 2.20)*. Mining assets recognized as property, plant and equipment are subsequently measured at cost decreased by accumulated depreciation calculated on the basis of extracted quantities. Subsoil is not depreciated.

Mining assets recognized as intangible assets and property, plant and equipment are allocated to Cash-Generating Units as other assets of the Group, and are subject to the same impairment tests *(paragraph 2.12)*.

2.11. Property, plant and equipment

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

The cost of borrowings that finance the construction of property, plant and equipment is recorded as an expense. The cost of property, plant and equipment is decreased, where applicable, by the amount of government grants that finance their acquisition or construction. Maintenance and repair expenditures are accounted for as expenses, unless they contribute to an increase in future economic benefits or in the level of performance. The cost of property, plant and equipment incorporates, in particular for industrial facilities, the discounted value of restoration or dismantling obligations, where a real obligation exists *(paragraph 2.20)*.

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

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

Land is not depreciated. Where the carrying amount of an item of property, plant and equipment ceases to be recoverable, it is written-down to its recoverable amount on the basis of an impairment test *(paragraph 2.12)*.

2.12. Impairment tests

The Cash-Generating Units (CGUs) are the smallest identifiable groups of assets whose continuing use generates cash inflows that are largely independent from the cash inflows of other assets or groups of assets. CGUs at Imerys correspond to a segmentation of N-2 level of the four primary business segments reported with respect to segment information *(paragraph 2.2)*. These divisions of the Specialty Minerals, Pigments for Paper, Materials & Monolithics and Refractories, Abrasives & Filtration business groups represent the analysis structure followed each month by the Imerys General Management in its business reporting. All assets within the Group including goodwill, are allocated to a CGU, except for the property, plant and equipment of Imerys in Paris.

An impairment test is performed every twelve months on all CGUs. In addition to this annual test, impairment indicators may require the immediate performance of a test in case of an unfavorable evolution. The main indicators are significant changes in the entities' activities, significant variations in interest rates, technological level, obsolescence and level of performance of assets. Besides, every division manager, under the supervision of business group controllers, ensures that no asset within a CGU individually presents any impairment loss issue. An impairment loss is recognized as soon as the recoverable amount of an asset or a group of assets of a CGU becomes inferior to its carrying amount.

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

2.13. Investments and other financial assets

Investments in entities over which Imerys exercises neither control nor significant influence, and which the Group does not intend to sell in the short run, are designated as available-for-sale financial assets. They are recognized as assets at the transaction date, i.e. the date of the purchase commitment, and are maintained at a carrying amount that is representative of their fair value, the changes of the latter being recognized in the consolidated shareholders' equity.

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

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

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

When at the balance sheet date, it is highly probable that non-current assets or groups of directly related assets and liabilities shall be disposed of, they are designated as non-current assets or groups of assets held for sale. Their sale is considered as highly probable if, at the balance sheet date, a plan designed to sell them at a price that is reasonable with respect to their fair value has been initiated to identify a buyer and to conclude definitively the sale within a maximum of one year. Non-current assets or groups of assets held for sale are presented in separate positions in the financial statements. They cease to be depreciated and are measured at the lower of their carrying amount and their fair value net of disposal costs. Non-current assets or groups of assets that are to be closed rather than sold are non-current assets that are to be abandoned, and not held for sale.

Where non-current assets held for sale or to be abandoned correspond to one or several CGUs *(paragraph 2.12)* and are to be abandoned as part of a single co-ordinated plan, they qualify as discontinued operations and their related flows are disclosed separately in the profit or loss statement and in the cash flow statement.

2.15. Inventories

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

2.16. Trade receivables

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

2.17. Cash and cash equivalents

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

2.18. Treasury shares

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

2.19. Share options

The fair value of services rendered against the grant of Imerys share options is measured under the Black & Scholes pricing model by reference to the fair value of options at the grant date. This measurement takes into consideration the exercise price and life of options, the underlying share price, the volatility of the Imerys share, as well as the turnover rate of beneficiaries. In the majority of cases, the acquisition of rights is subject to a condition of duration of service, and the fair value of services rendered is amortized as staff expenses over the vesting period of rights, against an increase in equity. The accounting treatment is identical where, in addition to the duration of service condition, the acquisition of rights is subject to the achievement of pre-determined Group economic performance conditions. The assumptions related to the probability of acquisition of rights are revised at each balance sheet date.

2.20. Provisions

A provision is recognized as soon as it becomes probable that a present obligation resulting from a past event shall require a settlement whose amount can be measured reliably. Provisions are recognized against the profit or loss statement except for provisions for assets dismantling and some provisions for mine sites restoration whose counterpart is incorporated in the cost of the related assets, especially for industrial buildings and mining overburden works *(paragraphs 2.10 and 2.11)*.

The measurement of a provision reflects the best estimate of the amount required to settle the obligation. Provisions whose settlement is expected within twelve months after the balance sheet date or whose settlement may occur at any time are not discounted. Provisions whose settlement is expected after twelve months after the balance sheet date are discounted. The discount rates of such provisions are calculated at each balance sheet date by reference to the rates of bonds issued by companies rated AA, and if unavailable, by reference to the rates of Government bonds. A discount rate is determined by country for each type of provision, taking into consideration the timing of settlement of each type of obligation: environment, assets dismantling, mine sites restoration and provisions for defined employee benefits *(paragraph 2.21)*. Changes in discounted provisions due to a revision of the amount of the obligation, of its timing or of its discount rate, are accounted for against the current operating income, or, for provisions recognized against assets, as an adjustment of the cost of the latter. The incidence of the unwinding of the discount reflecting the passage of time is recognized as a debit in the financial income of the period *(paragraph 2.1)*.

2.21. Employee benefits

Imerys contributes, according to the laws and customs of each country, to the constitution of reserves for the retirement of its employees by paying, either on a mandatory or voluntary basis, contributions to third parties institutions such as pension funds, insurance companies or financial institutions. These plans, without guaranteeing the level of benefits returns, are defined contribution plans. Besides, some entities have granted retirement and medical benefits to their employees, that they themselves manage or outsource. These plans, by which the Group is committed to a level of benefits on a legal, regulatory or contractual basis, are defined benefit plans.

Plan obligations are measured according to the Projected Unit Credit Method and use financial and demographic actuarial assumptions. These are used to measure the present value of services rendered over the period on the basis of an estimated salary at retirement date. Provisions (or assets) recognized in the balance sheet correspond to the discounted value of the obligation, decreased by the fair value of plan assets, unrecognized past service cost, and unrecognized actuarial differences. The periodic cost of defined benefit plans is accounted for against the current operating income, except for the incidence of curtailments caused by a restructuring, which are recorded against the other operating revenue and expenses *(paragraph 2.1)*.

Unrecognized past service cost is progressively incorporated in the measurement of provisions (or assets) recognized in the balance sheet by a straight-line amortization against the current operating income over an estimation of the average vesting period of the rights. Actuarial differences are reflected in the provisions (or assets) recognized in the balance sheet as soon as their accumulated unrecognized amount exceeds 10% of the higher between the obligation and asset's fair value. The fraction of actuarial differences that exceeds the higher of these thresholds is recognized by a straight-line amortization against the current operating income over an estimation of the average remaining working lives of beneficiaries. The incidence of the unwinding of the discount reflecting the passage of time is recognized as a debit to the current operating income *(paragraph 2.1)*. The incidence of any plan curtailment or settlement is recorded as other operating revenue and expenses as occurred.

2.22. Loans and other financial liabilities

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

2.23. Income taxes

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

Deferred tax assets and liabilities are accounted for with respect to all temporary taxable differences between the tax and accounting values of assets and liabilities in the consolidated balance sheet, except mainly for differences related to the initial recognition of goodwill and, in the case of taxable temporary differences between the accounting and tax values of investments, where the Group is in a position to control the date of reversal of the temporary difference and it is probable that the temporary difference shall not reverse in a foreseeable future. A deferred tax asset is recognized with respect to taxable temporary differences, tax losses and tax credits only if it is probable that a future taxable profit shall be set against these elements, or there are taxable temporary differences in the same tax entity, that come to maturity in the period over which these elements remain recoverable.

Tax rates and laws used are those that are enacted or substantively enacted at the balance sheet date, and shall be applicable over the period of reversal of the timing difference. Deferred taxes are not discounted. In the consolidated balance sheet, deferred tax assets and liabilities are compensated by tax entity, i.e. by legal entity or tax consolidation group *(see notes 29 and 30)*.

2.24. Derivative financial instruments and hedging instruments

Imerys uses financial instruments to reduce its exposure to foreign exchange, interest and energy risks. This hedging policy, centrally defined and operated by the Group Central Treasury Department, is subject to periodic approval by the Board of Directors and takes no speculative position. Hedging instruments are negotiated on over-the-counter markets with first-rank banking institutions.

The foreign exchange risk is hedged by currency forwards, currency swaps and foreign exchange options. These instruments are used to hedge receivables, debts, firm commitments in foreign currencies and net investments in foreign operations *(paragraph 2.7)*. Besides, in order to reduce their exposure to the foreign exchange transaction risk, Group entities issue, to the extent it is possible, the invoices related to their trade activity in their functional currencies. Where this is not the case, the exchange risk associated to trade receivables and debts may be subject to hedging on an individual basis. The interest rate risk is hedged by interest rate swaps and interest rate options. Energy risks are hedged by forward and option contracts.

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

All transactions qualified as hedge accounting are documented by reference to the hedging strategy by identifying the hedged risk, the hedged item, the hedging instrument, the hedging relationship and the measurement method of the hedge relationship effectiveness. The measurement of the hedge effectiveness is reviewed at each balance sheet date. Derivatives are measured at fair value upon initial recognition. Subsequently, the fair value is re-measured at each balance sheet date by reference to market terms. Accounting for a hedge derivative depends upon its designation as either fair value hedge, or cash flow hedge or hedge of a net investment in a foreign operation:

- fair value hedge: the hedged item and the hedging instrument are re-measured symmetrically against the profit or loss statement at each balance sheet date. The incidence in the profit or loss statement is limited to the ineffective portion of the hedge;
- cash flow hedge: at each balance sheet date, the effective portion of the hedge is recorded in equity, and the ineffective portion in the profit or loss statement. When the effect of the hedged transaction is recognized in the profit or loss statement, the effective portion recognized in equity is recycled in the profit or loss statement, symmetrically to the recognition of the hedged item;

- hedge of a net investment in a foreign operation: at each balance sheet date, the effective portion of the hedge is recorded in equity, and the ineffective portion in the profit or loss statement. Upon disposal of the foreign operation, the effective portion recognized in equity is recycled in the profit or loss statement.

3 - STANDARDS AND INTERPRETATIONS EFFECTIVE AFTER THE BALANCE SHEET DATE

Standards and interpretations indicated hereafter are adopted within the European Union at the date of authorization of issue of the financial statements by the Board of Directors and are likely to apply to the recognition and measurement of transactions, events or conditions existing within the Group. However these standards and interpretations are not effective at the balance sheet date and the Group did not elect to apply them earlier.

- *IFRS 6, Exploration for and Evaluation of Mineral Resources.* The application of this standard will have no incidence on the recognition and measurement of mining assets.
- *IFRIC 4, Determining whether an Arrangement contains a Lease.* The application of this interpretation is likely to result in modifications in the recognition and measurement of a restricted number of purchase contracts of specific mineral resources.
- *IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.* The application of this interpretation will have a limited incidence.
- *IFRIC 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment.* The application of this interpretation will have a limited incidence.

4 - INFORMATION SPECIFIC TO THE DECEMBER 31, 2005 CLOSING

4.1. Evolution of the scope of consolidation

- Specialty Minerals

After having integrated the kiln furniture activity of IKF Hungary in the first half of 2004, the business group strengthened its positions in the first half of 2005 in ground calcium carbonate (GCC) by investments in Gran Bianco Carrara and Blancs Minéraux de Tunisie. In the second half of 2005, the acquisition of Denain-Anzin Minéraux provided the business group with two minerals which it did not have at its disposal in Europe, feldspar and mica, and consolidated its position in kaolin for ceramic applications and fibreglass.

- Pigments for Paper

The 2005 results of the business group no longer include the trading activity of the Swedish entity CDM, disposed of in the second half of 2004.

- Materials & Monolithics

The 2005 results of the business group take into consideration the acquisition of Rivereau in the second half of 2004 and the sale of the building materials trading activity Larivière in the first half of 2005. Moreover, the business group consolidated the activities of Lafarge Refractories and QA Refractories since the first half of 2005.

- Refractories, Abrasives & Filtration

After having ended its trading activity of refractory minerals in the first half of 2005 by the disposal of American Minerals, the business group integrated the results of the minerals for filtration activity of World Minerals in the second half of 2005.

4.2. Currency rates used

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

(€)		2005		2004	
Countries	Foreign currencies	12.31	Average	12.31	Average
Argentina	ARS	3.5990	3.6384	4.0500	3.6543
Australia	AUD	1.6109	1.6323	1.7459	1.6894
Brazil	BRL	2.7613	3.0407	3.6156	3.6352
Canada	CAD	1.3725	1.5095	1.6416	1.6166
China	CNY	9.5620	10.2009	11.2171	10.2900
Denmark	DKK	7.4605	7.4518	7.4388	7.4400
United States	USD	1.1797	1.2447	1.3621	1.2426
United Kingdom	GBP	0.6853	0.6839	0.7051	0.6784
Hungary	HUF (100)	2.5284	2.4802	2.4597	2.5170
Japan	JPY (100)	1.3891	1.3687	1.3965	1.3437
New Zealand	NZD	1.7270	1.7663	1.8871	1.8728
Republic of South Africa	ZAR	7.4642	7.9187	7.6897	8.0112
Czech Republic	CZK	28.9998	29.7823	30.4640	31.9080
Sweden	SEK	9.3885	9.2807	9.0206	9.1262
Switzerland	CHF	1.5551	1.5483	1.5429	1.5442
Thailand	THB	48.6074	50.0651	52.7415	50.0490

4.3. Earnings per share

The figures disclosed hereafter incorporate the division by 4 of the par value of the Imerys share approved by the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2004. No significant transaction has changed the number of ordinary shares and potential ordinary shares between the balance sheet date and the authorization of issue of the financial statements by the Board of Directors.

(€ millions)	2005	2004
Numerator		
Current net income attributable to ordinary equity holders	287.6	261.2
Incidence of financial income on share options	2.6	2.1
Current net income attributable to ordinary equity holders used for the calculation of the diluted earnings per share	290.2	263.3
Net income attributable to ordinary equity holders	309.4	240.0
Incidence of financial income on share options	2.6	2.1
Net income attributable to ordinary equity holders used for the calculation of the diluted earnings per share	311.9	242.1
Denominator		
Weighted average of shares used for the calculation of the basic earnings per share	63,426,126	63,363,013
Impact of share option conversion	1,094,147	1,016,108
Weighted average of shares used for the calculation of the diluted earnings per share	64,520,273	64,379,121
Earnings per share (*) (in €)		
Net earnings per share from current operations	4.53	4.12
Net earnings per share	4.88	3.79
Diluted net earnings per share from current operations	4.50	4.09
Diluted net earnings per share	4.83	3.76

(*) Group share

2. Notes to the consolidated income statement

5 - SALES

Consolidated sales evolution

Consolidated sales amount to €3,045.2 million for the period against €2,870.5 million for the previous period, i.e. an increase of +6.1%, including a neutral effect due to foreign currency variations. At comparable structure, the Group's sales increased by +3.0%.

Geographic origins of consolidated sales

(€ millions)	2005	2004
France	761.8	838.6
Other European countries	1,223.8	1,087.8
North America	722.1	680.1
Asia - Oceania	212.0	170.3
Other countries	125.5	93.8
Total	3,045.2	2,870.5

6 - REVENUE

(€ millions)	2005	2004
Sales of goods	2,716.3	2,572.8
Rendering of services	328.9	297.7
Sales	3,045.2	2,870.5
Other revenue	20.3	20.4
Total	3,065.5	2,890.9

7 - RAW MATERIALS AND CONSUMABLES USED

The breakdown is as follows:

(€ millions)	2005	2004
Raw materials	(360.4)	(356.5)
Energy	(301.4)	(244.2)
Chemicals	(72.8)	(56.1)
Other raw materials	(146.8)	(126.4)
Merchandises	(188.9)	(242.6)
Change in inventories	14.9	9.8
Total	(1,055.4)	(1,016.0)

8 - CHANGE IN W.I.P. AND FINISHED GOODS INVENTORIES AND ASSETS PRODUCED BY THE ENTITY

The breakdown is as follows:

(€ millions)	2005	2004
Variation of work in progress and finished goods	28.0	3.7
Property, plant and equipment produced by the entity	8.9	7.8
Total	36.9	11.5

9 - EXTERNAL EXPENSES

(€ millions)	2005	2004
Freight	(350.6)	(320.9)
Operating leases	(44.1)	(41.5)
Subcontracting	(73.3)	(64.8)
Maintenance and repair	(81.1)	(70.2)
Fees	(58.1)	(40.3)
Other external expenses	(155.3)	(143.4)
Total	(762.5)	(681.1)

10 - STAFF EXPENSES

(€ millions)	2005	2004
Salaries	(477.7)	(420.6)
Social contributions	(89.5)	(84.1)
Contributions to defined benefit plans	(18.6)	(23.3)
Contributions to defined contribution plans	(13.4)	(14.6)
Other employee benefits	(5.6)	(4.4)
Profit-sharing	(16.4)	(21.1)
Total	(621.2)	(568.1)

Salaries include valorized stock option plan costs according to *paragraph 2.19 of the accounting policies and methods note*. The breakdown is as follows:

Plans	Number of options	Strike price (€)	Maturity	Volatility	Turnover rate	Average dividend rate	Fair value of the option (Black & Scholes) (€)	Costs of each plan on 3 years	2004 costs of the plans	2005 costs of the plans
								(€ millions)		
2003	747,720	28.31	5 years	20.0%	20.0%	3.25%	5.51	(3.3)	(1.1)	(1.1)
2004	640,000	48.88	5 years	20.0%	20.0%	3.25%	7.13	(3.7)	(0.8)	(1.2)
2004	200,000	48.88	5 years	20.0%	16.7%	3.25%	7.13	(1.2)	-	(0.4)
2005	635,000	57.58	6 years	20.0%	20.0%	3.20%	8.36	(4.2)	(0.3)	(1.0)
						Cost of plans recognized as staff expenses			(2.2)	(3.7)

11 - OTHER CURRENT OPERATIONAL REVENUE AND EXPENSES

(€ millions)	2005	2004
Gains and losses on current disposals of assets	9.6	3.6
Grants received	1.4	1.2
Other revenue	0.8	0.5
Other expenses	(38.3)	(21.9)
Total	(26.5)	(16.6)

12 - OTHER OPERATING REVENUE AND EXPENSES

(€ millions)	2005	2004
Gains and losses on disposals of consolidated investments	93.5	-
Gains and losses on non-current disposals of assets	(13.1)	(1.7)
Restructuring expenses	(32.3)	(17.1)
Impairment losses on property, plant and equipment and intangible assets	(46.3)	(22.7)
Impairment losses on goodwill	(4.5)	(4.1)
Other operating revenue and expenses - gross	(2.7)	(45.6)
Income taxes on other revenue and expenses *(note 29)*	24.5	24.4
Other operating revenue and expenses - net, Group share	21.8	(21.2)

In 2005, the main investment disposals relate to the trading activity of building materials, Larivière. The revenue received in cash from the disposal totals €125.9 million. The amount of cash and cash equivalents of the entity disposed of amounted to -€1.8 million.

The disposals of assets relate to one floor of the office building « Tour Montparnasse » in Paris and to real estate and mining assets in Malaysia.

Restructuring expenses and impairment losses, including impairment losses on goodwill, represent expenses net of income taxes of €58.6 million and concern:

- for €30 million the Specialty Minerals business group which actively carried out restructurings in Cornwall (United Kingdom) and Devon in England in order to rationalize its production capacity and reduce costs as well as in North America where a small GCC plant was closed in Wyoming and where rationalization programs were carried out in Dry Branch and in Sandersville in Georgia;
- for €20.7 million the Pigments for Paper business group which had to recognize a depreciation on tax receivables other than income taxes in Brazil and which carried out restructuring programs of its industrial facilities in Cornwall in order to face up to increasing energy costs;
- for €7.9 million the Materials & Monolithics business group which recorded an impairment loss on the assets of Ardoisières d'Angers as well as restructuring costs which accompanied the integration of Lafarge Refractories into the Monolithics division of Imerys.

These expenses and impairment losses have been recorded in the framework of the Group's reorganization programs and after having recognized events which modify the recoverable values of the related assets. Where, in some cases, impairment tests have been carried out, an average discount rate of 8% has been used.

13 - OTHER FINANCIAL REVENUE AND EXPENSES

(€ millions)	2005	2004
Dividends	0.1	-
Net exchange rate differences	3.9	-
Net movements of provisions	(2.8)	0.3
Expenses and revenue on financial instruments	(1.3)	1.6
Unwinding expense	(3.0)	(3.1)
Other financial revenue and expenses	(1.4)	(3.9)
Total	(4.5)	(5.1)

14 - NET INCOME, GROUP SHARE

(€ millions)	2005	2004
Current operating income	434.0	421.8
Financial income	(47.3)	(39.4)
Current operating income taxes *(note 29)*	(101.0)	(121.9)
Share in net income of associates	4.6	3.4
Minority interests	(2.7)	(2.7)
Current operating income, Group share	287.6	261.2
Effective tax rate on current operating income	*26.1%*	*31.8%*

(€ millions)	2005	2004
Current operating income, Group share	287.6	261.2
Net income of discontinued operations or held for sale	-	-
Other operating revenue and expenses – net *(note 12)*	21.8	(21.2)
Net income, Group share	309.4	240.0

3. Notes to the consolidated balance sheet

15 - GOODWILL

(€ millions)	2005	2004
Opening balance		
Gross amount	564.1	527.5
Impairment losses	(4.0)	-
Net amount	560.1	527.5
Acquisitions	226.2	31.1
Disposals	(5.1)	(8.8)
Adjustments and reclassifications	5.4	26.8
Impairment losses of the period	(5.1)	(4.2)
Foreign exchange differences	33.8	(12.3)
Net amount	815.3	560.1
Closing balance		
Gross amount	823.8	564.1
Impairment losses	(8.5)	(4.0)
Net amount	815.3	560.1

In 2004, the adjustments and reclassifications mainly (€26 million) come from the complementary goodwill on Imerys Minerals Limited further to a deferred tax liabilities correction.

The 2004 external growth transactions relate to a kiln furniture activity in Hungary purchased from the German group Burton and to trading entities of building materials in France. The 2005 external growth transactions are presented hereafter.

- Lafarge Refractories

On January 6, 2005, Imerys acquired from the Materis group 100% of the entities' voting rights of the French group Lafarge Refractories. This group is one of the European leaders in the production and sale of monolithic refractories for the steel, ferrous and non-ferrous metals and casting industries and other thermal applications.

As the Lafarge Refractories acquisition was effective retrospectively from January 1, 2005, the goodwill was completed for the 2005 closing.

Over the 2005 period, the Lafarge Refractories acquisition contributed to the Group sales growth for €206.3 million and to the consolidated net income for €16.6 million.

• World Minerals

On July 14, 2005, Imerys finalized the acquisition of 100% of the entities' voting rights of the American group World Minerals (WM) from Alleghany Corporation. World Minerals is the world leader in the production and sale of filtration minerals for beverages (diatomite and perlite).

The goodwill recognized as of December 31, 2005 is determined provisionally and will be completed in 2006, particularly to reflect the fair value measurement of intangible assets and property, plant and equipment. This provisional goodwill mainly results from the recognition of the provisions for employee benefits and site restoration.

The sales generated by World Minerals from July 14, 2005, as part of the Group consolidated sales, amount to €111.0 million. In addition, World Minerals contributed for €4.3 million to the consolidated net income of the Group.

If the acquisition had been effective as of January 1, 2005, the contributive revenue would have reached €235.7 million and the consolidated net income would have been a net loss of €2.9 million.

• Denain-Anzin Minéraux

On October 28, 2005, Imerys acquired 99.97% of the entities' voting rights of the French group Denain-Anzin Minéraux (DAM) from the Nord-Est group. DAM operates in Europe in the specialty minerals market and more specifically as a producer of kaolin, feldspar mica and quartz, mainly for ceramic applications.

As of December 31, 2005, the goodwill is determined provisionally and will be completed in 2006 after the asset valuation currently in progress will have been received.

Over the last two months of the period, DAM contributed for €12.5 million to the consolidated sales of the Group and for €0.8 million to the consolidated net income of the Group.

If the acquisition had been effective as of January 1, 2005, the contributive revenue would have reached €81.4 million and the net loss would have amounted to €1.7 million.

• Other acquisitions

The external growth of the Group was also sustained by the acquisition of several other entities of lesser importance, such as QA Refractories (South Africa) and Gran Bianco Carrara (Italy).

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

For all these 2005 acquisitions, no financial statements existed for these entities for prior periods published in IFRSs.

At their respective dates of acquisition, the fair values of assets, liabilities and contingent liabilities of the acquired entities is represented hereafter:

(€ millions)	Lafarge Refractories	World Minerals	Denain-Anzin Minéraux	Other 2005 acquisitions	Total
Assets - non-current					
Intangible assets	2.5	9.5	0.8	0.7	13.5
Property, plant and equipment	22.2	95.2	48.9	4.5	170.8
Other financial assets	1.9	1.3	0.9	-	4.1
Other receivables and other assets	-	0.4	-	-	0.4
Deferred tax assets	2.3	2.2	3.4	-	7.9
Assets - current					
Inventories	23.7	37.1	8.1	1.3	70.2
Trade accounts receivable	42.9	46.3	20.3	3.2	112.7
Marketable securities and other financial assets	1.3	11.7	0.4	-	13.4
Cash and cash equivalents	19.9	18.6	3.8	8.4	50.7
Other receivables and other assets	4.0	7.6	4.0	0.5	16.1
Total Assets	**120.7**	**229.9**	**90.6**	**18.6**	**459.8**
Minority interests	0.7	1.0	0.6	1.6	3.9
Liabilities - non-current					
Provisions for employee benefits	7.9	28.9	2.9	0.1	39.8
Other provisions	4.4	6.6	6.0	-	17.0
Loans and financial debts	69.8	60.7	24.6	2.2	157.3
Other debts	-	2.7	0.1	-	2.8
Deferred tax liabilities	5.4	5.1	1.9	1.9	14.3
Liabilities - current					
Trade accounts payable	26.1	16.8	12.1	2.0	57.0
Payable income taxes	1.9	2.5	0.4	-	4.8
Derivative instrument liabilities	0.1	-	-	-	0.1
Loans and financial debts	18.0	5.0	0.9	1.1	25.0
Bank overdrafts	0.2	0.2	-	0.7	1.1
Other debts and other liabilities	13.2	20.4	7.0	1.4	42.0
Total Liabilities	**147.7**	**149.9**	**56.5**	**11.0**	**365.1**
Fair value of the acquired net equity	**(27.0)**	**80.0**	**34.1**	**7.6**	**94.7**
Goodwill	87.9	104.3	23.1	8.4	223.7
Cost of business combinations	**60.9**	**184.3**	**57.2**	**16.0**	**318.4**

The following table reconciles the line Goodwill of the above table and the line Acquisitions of the first table of *note 15, Goodwill.*

(€ millions)	2005
Goodwill of 2005 business combinations	223.7
Adjustment of the cost of business combinations prior to 2005	1.2
Goodwill on 2005 increases in shares of interest	1.3
Goodwill - Acquisitions	**226.2**

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

(€ millions)	Lafarge Refractories	World Minerals	Denain-Anzin Minéraux	Other 2005 acquisitions	Increases in shares of interest and purchase price adjustments	Total
Cost of business combinations	(60.9)	(184.3)	(57.2)	(16.0)	(20.8)	(339.2)
Payables related to business combinations of the period	2.1	8.3	0.0	0.0	8.0	18.4
Cash paid	**(58.8)**	**(176.0)**	**(57.2)**	**(16.0)**	**(12.8)**	**(320.8)**
Cash from acquired entities	19.7	18.4	3.8	7.8	0.1	49.8
Acquisition of investments in consolidated entities after deduction of cash acquired	**(39.1)**	**(157.6)**	**(53.4)**	**(8.2)**	**(12.7)**	**(271.0)**

16 - INTANGIBLE ASSETS

(€ millions)	Software	Trademarks, patents and licences	Mining and use rights	Others	Total
Opening balance: January 2004					
Gross amount	26.6	8.1	-	34.1	68.9
Amortization	(9.5)	(5.6)	-	(19.8)	(34.9)
Net amount	**17.1**	**2.5**		**14.4**	**34.0**
Acquisitions of the period	2.3	0.2	-	0.9	3.4
Acquisitions resulting from business combinations	0.1	-	-	0.0	0.1
Disposals of the period	-	(0.1)	-	(0.6)	(0.7)
Net increases in amortization	(5.6)	(0.4)	-	(0.5)	(6.5)
Impairment losses recognized in net income	-	-	-	(0.3)	(0.3)
Foreign exchange differences	(0.4)	-	-	0.0	(0.4)
Reclassification and other	2.7	-	-	(3.3)	(0.6)
Opening balance: January 2005					
Gross amount	29.8	6.3	-	26.0	62.2
Amortization	(13.6)	(4.1)	-	(15.4)	(33.2)
Net amount	**16.2**	**2.2**		**10.6**	**29.0**
Acquisitions of the period	1.2	0.4	-	1.7	3.3
Acquisitions resulting from business combinations	2.8	2.2	4.8	3.7	13.5
Disposals of the period	(1.2)	-	-	(0.5)	(1.7)
Net increases in amortization	(7.5)	(0.6)	-	(0.6)	(8.7)
Impairment losses recognized in net income	-	(1.3)	-	(0.2)	(1.5)
Foreign exchange differences	1.1	0.1	-	0.4	1.6
Reclassification and other	4.7	1.8	-	(6.2)	0.3
Closing balance: December 2005					
Gross amount	43.4	12.6	5.4	22.1	83.5
Amortization	(26.1)	(7.8)	(0.6)	(13.2)	(47.7)
Net amount	**17.3**	**4.8**	**4.8**	**8.9**	**35.8**

For its only production activity of roof tiles and bricks of the business group Materials & Monolithics, Imerys is in the scope of the European directive no. 2003/87/CE dated October 13, 2003 which establishes within the Community a market for emission rights of greenhouse gases. At the end of the first year of the first three-year period of the European market (2005 – 2007), Imerys used 95.5% of the greenhouse gas emission quotas granted to the sites concerned in France, Spain and Portugal. According to *paragraph 2.9, Intangible assets of the note on accounting policies and methods*, no liability has been recognized and the rights received have been accounted for as intangible assets for a carrying amount of zero.

17 - PROPERTY, PLANT AND EQUIPMENT

(€ millions)	Mining assets	Land and buildings	Plant and equipment	Down payments and assets under construction	Others	Total
Opening balance: January 2004						
Gross amount	535.0	447.0	2,063.0	47.9	210.7	3,303.6
Depreciation	(32.7)	(167.3)	(1,436.6)	-	(166.9)	(1,803.5)
Net amount	502.3	279.7	626.4	47.9	43.8	1,500.1
Acquisitions of the period	15.6	8.9	59.3	119.0	17.9	220.7
Acquisitions resulting from business combinations	-	9.2	16.9	0.7	1.3	28.1
Disposals of the period	(0.6)	(11.7)	(15.6)	(1.3)	(1.5)	(30.7)
Net increases in depreciation	(26.5)	(13.6)	(100.0)	-	(12.9)	(153.0)
Impairment losses recognized in net income	1.1	(3.0)	(5.6)	-	(0.9)	(8.4)
Impairment losses reversed in net income	-	2.3	3.5	-	-	5.8
Foreign exchange differences	(16.2)	(8.6)	(21.2)	(2.5)	(0.9)	(49.4)
Reclassification and other	(16.7)	0.1	71.7	(58.8)	2.9	(0.8)
Opening balance: January 2005						
Gross amount	516.8	475.3	2,011.6	105.0	182.1	3,290.8
Depreciation	(57.8)	(212.0)	(1,376.2)	-	(132.4)	(1,778.4)
Net amount	459.0	263.3	635.4	105.0	49.7	1,512.4
Acquisitions of the period	21.3	11.8	80.5	101.2	9.1	223.9
Acquisitions resulting from business combinations	30.0	39.9	83.2	8.5	9.2	170.8
Disposals of the period	(18.7)	(26.0)	(11.6)	(0.8)	(5.3)	(62.4)
Net increases in depreciation	(29.1)	(14.9)	(113.4)	(2.0)	(14.6)	(174.0)
Impairment losses recognized in net income	(4.4)	(1.3)	(27.4)	-	(0.2)	(33.3)
Impairment losses reversed in net income	-	1.0	1.0	-	-	2.0
Foreign exchange differences	39.7	21.8	56.9	5.5	2.2	126.1
Reclassification and other	(0.6)	(3.5)	93.0	(78.5)	(2.1)	8.3
Closing balance: December 2005						
Gross amount	604.1	517.0	2,412.8	141.4	202.4	3,877.7
Depreciation	(106.9)	(224.9)	(1,615.2)	(2.5)	(154.4)	(2,103.9)
Net amount	497.2	292.1	797.6	138.9	48.0	1,773.8

Property, plant and equipment controlled as a result of a finance lease contract are recognized in the balance sheet for an amount of €10.5 million as of December 31, 2005 (€16.4 million as of December 31, 2004). It essentially relates to freight material. Commitments for future rent payments amount to €2.3 million for 2006, €5.7 million from 2007 to 2010 and €1.8 million beyond.

18 - IMPAIRMENT LOSSES

Every year, Imerys carries out impairment tests on all CGUs according to the terms of *paragraph 2.12, Impairment tests of the note on accounting policies and methods*. This approach is applied systematically insofar as goodwill is present in all the Group's CGUs. The future cash flows used for the calculation of the assets' value in use are measured after income taxes and are based on the last update of the Five-Year Plan validated by the General Management. The average discount rate used is of 8% after income taxes. It is based on a weighted average capital cost of 7.5% as assessed by independent financial analysts in Paris, increased by a country-market risk premium ranging from 0.5% to 2% depending on the CGUs. The results obtained from this calculation after income taxes are identical to those which would have been obtained with cash flows and rates before income taxes as required by IAS 36 on impairment of assets.

In 2004, these tests lead the Specialty Minerals business group to impair in full the industrial and mining assets of its Vermiculite activity of the Advanced Solutions division located in Zimbabwe. In 2005, the industrial and mining assets of Ardoisières d'Angers of the Materials & Monolithics business group were subject to an impairment loss of €4.5 million. The tests carried out in 2005 on the other CGUs are satisfactory.

These impairment tests complete the exhaustive review carried out by the Group division managers during which impairment losses may be recognized on individual assets. This is more particularly the case at the time of restructurings of industrial facilities as described in the *note 12, Other operating revenue and expenses*. The related amounts are presented in specific lines of the statements of changes in the related assets *(notes 15 to 17)*.

19 - INVESTMENTS IN ASSOCIATES

(€ millions)	2005	2004
Fair value at the beginning of the period	25.9	29.2
Of which carrying amount of goodwill	*1.6*	*1.6*
Disposals of the period	(1.0)	-
Aquisitions of the period	2.4	-
Income	4.6	3.3
Dividends paid	(1.8)	(1.5)
Other	1.8	(5.1)
Fair value at the end of the period	31.9	25.9
Of which carrying amount of goodwill	*1.6*	*1.6*

Main associates

	Share in capital held (in %)		Share in net shareholder's equity (€ millions)	
Entities	2005	2004	2005	2004
MST Mineralien Schiffahrt	50.0%	50.0%	20.2	17.6
Plibrico S.A. (Spain)	49.9%	49.9%	4.2	3.8
Dalian Jinsheng Fine Chemicals	50.0%	n.a.	2.4	n.a.
Other investments	-	-	5.1	4.5
Total	-	-	31.9	25.9

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

(€ millions)	Share in net income		Total sales		Total balance sheet	
Entities	2005	2004	2005	2004	2005	2004
MST Mineralien Schiffahrt	3.1	2.1	63.4	45.7	95.3	94.2
Plibrico S.A. (Spain)	0.6	0.5	17.6	16.6	14.5	13.9
Dalian Jinsheng Fine Chemicals	0.3	n.a.	1.8	n.a	6.4	n.a.
Other investments	0.6	0.8	-	-	-	-
Total	4.6	3.4	-	-	-	-

20 - CURRENT AND NON-CURRENT FINANCIAL ASSETS

(€ millions)	Available-for-sale financial assets	Other non-current financial assets	Other current financial assets	Marketable securities	Total
Opening balance: January 2004	15.2	11.4	0.6	8.4	35.6
Increases of the period	8.3	9.6	-	93.2	111.1
Decreases of the period	(4.5)	(6.5)	-	(5.9)	(16.9)
Impairment losses	2.8	0.5	-	-	3.3
Exchange rate differences	(0.6)	(0.3)	-	-	(0.9)
Other	(7.4)	(3.0)	-	-	(10.4)
Opening balance: January 2005	13.8	11.7	0.6	95.7	121.8
Increases of the period	20.2	3.4	2.0	11.4	37.0
Decreases of the period	(0.5)	(4.5)	(1.7)	(46.5)	(53.2)
Impairment losses	-	(0.1)	(0.6)	-	(0.7)
Exchange rate differences	(0.5)	0.3	0.2	-	0.0
Other	(17.0)	(0.5)	(0.1)	-	(17.6)
Closing balance: December 2005	16.0	10.3	0.4	60.6	87.3

Other current and non-current financial assets correspond to loans and deposits for €5.4 million, to defined benefit plan assets for €0.3 million, and to assets related to the financing of employee benefits which do not meet the qualification criteria of IAS 19 on employee benefits for €5.0 million. Marketable securities amount to €60.6 million as of December 31, 2005 (€95.7 million as of December 31, 2004). They are measured at their fair value obtained from banking institutions.

21 - CASH AND CASH EQUIVALENTS

(€ millions)	2005	2004
Cash	130.6	66.6
Short-term deposits	4.1	-
Total cash and cash equivalents	134.7	66.6
Bank overdrafts	(13.6)	(20.6)
Total net cash	121.1	46.0

22 - OTHER RECEIVABLES AND OTHER ASSETS – NON-CURRENT AND CURRENT

(€ millions)	2005	2004
Other receivables and other assets - non-current	31.5	20.8
Depreciation	(17.6)	(1.1)
Total non-current	13.9	19.7

The greater part of the depreciation on other non-current receivables and assets relates to tax receivables other than income taxes in Brazil.

(€ millions)	2005	2004
Other receivables and other assets - current	104.5	96.2
Depreciation	(5.4)	(4.6)
Total current	99.1	91.6

23 - INVENTORIES

	2005			2004		
(€ millions)	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount
Raw materials	168.3	(7.7)	160.6	129.6	(6.3)	123.3
Work in progress	46.7	(0.2)	46.5	32.6	(0.1)	32.5
Finished goods	236.4	(6.9)	229.5	176.5	(5.3)	171.2
Merchandises	40.6	(1.4)	39.2	75.0	(2.5)	72.5
Total	492.0	(16.2)	475.8	413.7	(14.2)	399.5

24 - TRADE ACCOUNTS RECEIVABLE

(€ millions)	2005	2004
Trade accounts receivable	613.0	512.6
Depreciation	(22.7)	(18.1)
Total	590.3	494.5

Variation of depreciation on trade receivables

(€ millions)	2005	2004
Opening balance	(18.1)	(21.0)
Increases	(5.9)	(4.6)
Decreases	6.6	7.1
Change in the scope of consolidation	(3.8)	(0.4)
Exchange rate differences	(1.2)	0.4
Others	(0.3)	0.4
Closing balance	(22.7)	(18.1)

25 - CAPITAL

On December 31, 2005, the share capital was increased by a nominal amount of €1 million as a result of the exercise during the year of 521,845 subscription options giving the right to the same number of shares. Consequently, Imerys' fully paid-up share capital was €127.9 million as on that date; it was divided into 63,971,865 shares of €2 in par value; 17,406,243 shares benefited from a double voting right pursuant to article 22 of Imerys' by-laws. The total number of voting rights attached to existing shares was 80,729,938.

On January 17, 2006, the Board of Directors cancelled 640,000 shares held in the Company that were directly acquired on the market by the Company in 2005. These were set aside in their entirety for the purposes of cancellation provided under the stock buyback program approved by the Ordinary & Extraordinary Shareholders' General Meeting of May 3, 2005. This cancellation of shares held by the Company in itself led to a reduction of its capital by a nominal amount of €1.3 million.

Consequently, as of January 17, 2006, Imerys' share capital totaled €126.7 million; it was divided into 63,331,865 shares of €2 in par value each, to which were attached a total of 80,693,064 voting rights. Shareholders should use these numbers, which were notified in the required legal and regulatory publications (published in *Bulletin des Annonces Légales Obligatoires* on January 25, 2006; Euronext notice no. 2006-356 dated February 6, 2006), when calculating the percentage of the Company's share capital and voting rights that they hold.

Share capital did not change and the number of voting rights did not change significantly between January 17, 2006 and the date of the present annual report.

Taking into account the 2,987,703 stock options granted to certain employees and executives of the Company and not yet exercised as of December 31, 2005, and the absence of any other securities that grant access to share capital, Imerys' potential share capital – with all rights exercised – was €133.9 million as of January 1, 2006 and €132.6 million as of January 17, 2006.

No directly registered shares have been pledged by the Company.

26 - PROVISIONS FOR EMPLOYEE BENEFITS

(€ millions)	2005	2004
Retirement plans	212.5	174.4
Medical plans	18.8	16.3
Other long-term benefits	4.7	4.5
Termination benefits	1.1	0.3
Total	**237.1**	**195.5**

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

Countries	France		Other European countries		North America		Asia - Oceania		Others	
(in %)	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Discount rates	4.00	4.50	4.77	5.36	5.68	6.01	3.31	3.42	8.12	10.50
Expected rates of return on plan assets	4.69	5.00	6.45	6.99	7.98	8.17	3.47	6.70	8.75	11.00
Expected rates of salary increases	3.01	4.00	3.20	3.21	3.10	2.78	3.32	2.95	7.23	7.50
Medical cost trend rates	-	-	-	-	10.25	9.75	-	-	6.65	7.00

As of December 31, 2005, the amounts contributed to external organizations to finance some defined benefit plans are invested as indicated hereafter:

Types of investments	2005
Shares	69.8%
Bonds	28.4%
Monetary	1.6%
Real estate	0.2%
Total	**100.0%**

Net expense

	Retirement		Medical		Other long-term employee benefits		Total	
(€ millions)	2005	2004	2005	2004	2005	2004	2005	2004
Interest cost	47.3	44.8	1.1	1.2	0.2	0.1	48.6	46.1
Current service cost	14.4	16.2	0.3	0.2	0.4	0.4	15.1	16.8
Expected return on plan assets	(48.5)	(44.0)	-	-	-	-	(48.5)	(44.0)
Amortization of past service cost	0.7	0.1	0.2	(0.2)	(0.3)	0.3	0.6	0.2
Amortization of actuarial (gains) losses	-	0.6	-	-	(0.3)	0.6	(0.3)	1.2
Curtailments and settlements	(2.2)	(1.7)	-	-	-	-	(2.2)	(1.7)
Recognized net expense	**11.7**	**16.0**	**1.6**	**1.2**	**0.0**	**1.4**	**13.3**	**18.6**
Effective return on plan assets	*(117.8)*	*(62.2)*					*(117.8)*	*(62.2)*

Change in the discounted value of obligations

(€ millions)	Retirement 2005	Retirement 2004	Medical 2005	Medical 2004	Other long-term employee benefits 2005	Other long-term employee benefits 2004	Total 2005	Total 2004
Opening discounted value of defined benefit obligations	820.7	785.4	16.7	18.1	4.5	2.1	841.9	805.6
Incoming entities	85.2	-	0.4	-	1.4	1.1	87.0	1.1
Outgoing entities	(0.8)	(2.2)	-	-	-	-	(0.8)	(2.2)
Interest cost	47.6	44.9	1.1	1.2	0.2	0.1	48.9	46.2
Current service cost	14.7	16.2	0.2	0.2	0.4	0.4	15.3	16.8
Benefit payments	(46.5)	(40.5)	(1.9)	(2.3)	(0.2)	(0.1)	(48.6)	(42.9)
Employee contributions	3.5	2.9	-	-	-	-	3.5	2.9
Plan amendments	12.5	0.3	0.4	-	-	0.2	12.9	0.5
Curtailments and settlements	(2.4)	(1.3)	-	-	(0.3)	-	(2.7)	(1.3)
Actuarial (gains) losses of the period	88.0	23.3	1.8	0.6	(0.3)	0.6	89.5	24.5
Transfers	1.1	-	-	-	(1.0)	0.1	0.1	0.1
Exchange rate differences	36.7	(8.3)	2.5	(1.1)	-	-	39.2	(9.4)
Closing discounted value of defined benefit obligations	1,060.3	820.7	21.2	16.7	4.7	4.5	1,086.2	841.9
of which funded defined benefit obligations	*993.9*	*771.9*	-	-	-	-	*993.9*	*771.9*
of which unfunded defined benefit obligations	*66.4*	*48.8*	*21.2*	*16.7*	*4.7*	*4.5*	*92.3*	*70.0*

Change in fair value of plan assets

(€ millions)	Retirement 2005	Retirement 2004	Medical 2005	Medical 2004	Other long-term employee benefits 2005	Other long-term employee benefits 2004	Total 2005	Total 2004
Opening fair value of plan assets	644.4	603.5	-	-	-	-	644.4	603.5
Incoming entities	49.1	-	-	-	-	-	49.1	0.0
Expected return on plan assets	49.2	44.4	-	-	-	-	49.2	44.4
Benefit payments	(46.5)	(40.5)	(1.9)	(2.3)	(0.2)	(0.1)	(48.6)	(42.9)
Employer contributions	16.8	22.8	1.9	2.3	0.2	0.1	18.9	25.2
Employee contributions	3.5	2.9	-	-	-	-	3.5	2.9
Plan amendments	13.4	-	-	-	-	-	13.4	0.0
Curtailments and settlements	(0.2)	18.1	-	-	-	-	(0.2)	18.1
Actuarial (gains) losses of the period	69.3	-	-	-	-	-	69.3	0.0
Exchange rate differences	29.7	(6.8)	-	-	-	-	29.7	(6.8)
Closing fair value of plan assets	828.7	644.4	0.0	0.0	0.0	0.0	828.7	644.4

The expected amount of contributions for the 2006 period is of €34.2 million.

Assets / liabilities in the balance sheet

(€ millions)	Retirement 2005	Retirement 2004	Medical 2005	Medical 2004	Other long-term employee benefits 2005	Other long-term employee benefits 2004	Total 2005	Total 2004
Discounted value of funded defined benefit obligations	(993.9)	(771.9)	-	-	-	-	(993.9)	(771.9)
Fair value of plan assets	828.7	644.4	0.0	0.0	0.0	0.0	828.7	644.4
Funded status	(165.2)	(127.5)	0.0	0.0	0.0	0.0	(165.2)	(127.5)
Discounted value of unfunded defined benefit obligations	(66.4)	(48.8)	(21.2)	(16.7)	(4.7)	(4.5)	(92.3)	(70.0)
Unrecognized past service cost	(1.0)	(0.1)	(0.1)	(0.3)	-	-	(1.1)	(0.4)
Closing unrecognized actuarial differences	24.5	5.0	2.5	0.7	-	-	27.0	5.7
Unrecognized assets due to a limit on prepaid assets	(4.1)	(3.0)	-	-	-	-	(4.1)	(3.0)
Assets (provisions) in the balance sheet	(212.2)	(174.4)	(18.8)	(16.3)	(4.7)	(4.5)	(235.7)	(195.2)
of which provisions	*(212.5)*	*(174.4)*	*(18.8)*	*(16.3)*	*(4.7)*	*(4.5)*	*(236.0)*	*(195.2)*
of which assets	*0.3*	-	-	-	-	-	*0.3*	-

27 - OTHER PROVISIONS

(€ millions)	2005	2004
Other non-current provisions	161.0	150.0
Other current provisions	12.8	12.0
Total	173.8	162.0

The other provisions can be analyzed as follows:

(€ millions)	Provisions for management risks	Environmental provisions and provisions for site restoration	Provisions for restructuring	Other provisions	Total
Opening balance: January 2004	27.6	52.7	28.1	26.8	135.2
Increases of the period	15.6	27.7	7.9	26.1	77.3
Utilization of provisions	(7.0)	(7.5)	(6.7)	(17.4)	(38.6)
Non-utilized decreases	(0.9)	(7.5)	(0.9)	(3.0)	(12.3)
Change in the scope of consolidation	0.4	-	0.5	0.5	1.4
Unwinding expense	-	3.1	-	-	3.1
Exchange rate differences	(1.9)	(0.5)	(0.4)	(0.6)	(3.4)
Reclassification and other	15.8	3.5	(6.1)	(13.9)	(0.7)
Opening balance: January 2005	49.6	71.5	22.4	18.5	162.0
Increases of the period	6.0	0.5	14.3	10.7	31.5
Utilization of provisions	(12.6)	(7.6)	(10.7)	(8.1)	(39.0)
Non-utilized decreases	(0.2)	(0.4)	(5.3)	(3.3)	(9.2)
Change in the scope of consolidation	3.3	8.6	0.2	4.2	16.3
Unwinding expense	-	3.0	-	(0.2)	2.8
Exchange rate differences	3.4	4.0	1.3	1.9	10.6
Reclassification and other	(0.1)	6.9	(5.0)	(3.0)	(1.2)
Closing balance: December 2005	49.4	86.5	17.2	20.7	173.8

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 Imerys legal department, with the assistance of designated local lawyers, manages all contentious claims implicating the Group. It draws up a synthesis whose conclusions, reviewed by the finance department and the Group's auditors, are outlined by the Legal Manager during the Audit Committee as part of its half-yearly examination of the risks the Group is confronted with. The amount recorded as provisions against such management risks equals €49.4 million as of December 31, 2005 (€49.6 million as of December 31, 2004). These provisions have a probable maturity between 2006 and 2010.

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 €86.5 million as of December 31, 2005 (€71.5 million as of December 31, 2004). The corresponding obligations have probable maturities between 2006 and 2010 for €67.4 million, between 2011 and 2020 for €13.2 million and for €5.9 million from 2021 onwards. Provisions recorded for the restructuring of Group activities and other provisions have a probable maturity between 2006 and 2010.

28 - OTHER DEBTS

Other non-current debts

(€ millions)	2005	2004
Payable income taxes	6.7	7.9
Tax debts	5.1	6.1
Social debts	0.9	1.6
Others	20.5	8.6
Total	33.2	24.2

Other current debts

(€ millions)	2005	2004
Capital expenditure payables	45.8	53.4
Tax debts	25.1	13.0
Social debts	99.3	86.8
Others	52.6	35.0
Total	222.8	188.2

29 - INCOME TAXES

Imerys SA and the majority of its French entities are included in a tax consolidation system which notably enables the Group to compensate within the integrated group potential profits and losses.

In 2005, two entities left the tax consolidation perimeter (Larivière and Boitel) and three joined it (Marcel Rivereau, Parnasse 22 and Parnasse 23). The tax consolidation perimeter included 25 entities as of December 31, 2005.

Tax consolidation perimeters also exist in other countries, mainly in the United States, the United Kingdom, in Spain, Germany and, since this period, in Italy.

Income taxes for the period

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

(€ millions)	2005	2004
Payable income taxes of the period	(101.9)	(100.6)
Payable income taxes - Prior period adjustments	5.1	(0.2)
Payable income taxes	**(96.8)**	**(100.8)**
Deferred taxes due to temporary difference variations	20.5	3.0
Deferred taxes due to rate variations	(0.2)	0.3
Deferred taxes	**20.3**	**3.3**
Total	(76.5)	(97.5)

(€ millions)	2005	2004
Current payable income taxes	(98.7)	(99.6)
Current deferred taxes	(2.3)	(22.3)
Income taxes on current income	**(101.0)**	**(121.9)**
Payable income taxes on other operating revenue and expenses	1.9	(1.2)
Deferred taxes on other operating revenue and expenses	22.6	25.6
Income taxes on other operating revenue and expenses	**24.5**	**24.4**
Total	(76.5)	(97.5)

Reconciliation between the legal income tax rate in France and the effective income tax rate

The effective tax rate on the current operating income, which is the most significant one, is of 26.1% decreasing by 5.7 points in comparison to 2004 (31.8%), of which two points can be explained by the variation of the net deferred tax position of the entity IRCC in Brazil, mainly due to the increase of the Brazilian Real.

The reconciliation with the legal rate in France for this period and the previous one can be analyzed as follows:

	2005	2004
Legal tax rate in France (including surtax and contribution)	34.9%	35.4%
Impact of national rate differences	(1.4%)	(1.6%)
Impact of permanent differences and tax incentives	(4.3%)	(2.8%)
Impact of unrecognized tax losses utilized	(1.2%)	(0.7%)
Other income taxes at different rates and bases and impact of rate changes on deferred taxes	1.3%	0.8%
Other (miscellaneous tax credits, tax losses created and unrecognized, prior period adjustments)	(3.2%)	0.7%
Effective tax rate on current operating income [1]	**26.1%**	**31.8%**

When taking into account the tax on other operating revenue and expenses, the effective tax rate[2] amounts to 19.9% compared to 28.9% in 2004. The low tax rate in 2005 can mainly be explained by the impact of the Larivière disposal, the realized gain having been charged to the Group's available long-term losses which did not give rise to any tax payment.

[1] *Current income taxes €101.0 million divided by the sum of the current operating income €434.0 million and the net financial income -€47.3 million*

[2] *Income taxes €76.5 million divided by the sum of the operating income €431.3 million and the net financial income -€47.3 million*

30 - INCOME TAXES – BALANCE SHEET

Breakdown of the net deferred tax position

(€ millions)	2005	2004
Deferred tax assets	34.6	30.0
Deferred tax liabilities	(76.4)	(83.2)
Net deferred tax position	**(41.8)**	**(53.2)**

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

Change in deferred taxes

(€ millions)	2005	Income	Translation	Perimeter	2004
Deferred tax assets	34.6	(21.0)	15.3	10.3	30.0
Deferred tax liabilities	(76.4)	41.3	(15.8)	(18.7)	(83.2)
Net deferred tax position	**(41.8)**	**20.3**	**(0.5)**	**(8.4)**	**(53.2)**

Deferred tax analysis by nature

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

	Balance sheet		Income
			Deferred tax expense
(€ millions)	2005	2004	2005
Deferred tax assets			
Provisions for retirement	55.0	51.7	(3.1)
Other provisions	32.0	28.6	(3.2)
Property, plant and equipment	48.5	60.7	(13.6)
Intangible assets	2.1	1.4	0.8
Financial assets	5.2	3.3	1.2
Current assets and liabilities	7.5	16.2	0.9
Tax losses carried forward	9.5	7.5	0.5
Others	27.2	6.1	2.3
Total	**187.0**	**175.5**	**(14.2)**
Deferred tax liabilities			
Property, plant and equipment	(197.2)	(209.5)	38.0
Intangible assets	(0.1)	-	(0.2)
Financial assets	(10.4)	(9.4)	0.4
Current assets and liabilities	(4.3)	(3.7)	0.3
Others	(16.8)	(6.1)	(4.0)
Total	**(228.8)**	**(228.7)**	**34.5**
Net deferred tax position	**(41.8)**	**(53.2)**	
Net deferred tax revenue			**20.3**

Deferred tax assets are recognized as carried forward tax losses when they are assessed as recoverable. As of December 31, 2005, these deferred tax assets come to €9.5 million and mainly correspond to the recoverable losses of the entity IRCC in Brazil. On the other hand, tax losses and credits not having been recognized as deferred tax assets due to their uncertain recovery, come to respectively €121 million and €31 million as of December 31, 2005, of which €93 million and €30 million expire after 2010 or can be carried forward without any time limit.

Deferred taxes are calculated by using effective rates over the period in question in accordance with the tax laws in force in each concerned country.

31 - LOANS, DEBTS AND FINANCIAL RESOURCES

Financial resources are the financing capacities available to the Group. These capacities exist either as drawn financial borrowings or as financing commitments granted by first-class leading banks.

Financial loans and debts represent the effective utilizations of the Group, obtained either on capital markets, or with banks or financial institutions.

Financial resources

Imerys manages the amount of its financial resources by comparing them regularly with the amount of its utilizations in order to measure, from the difference, the financial liquid borrowings to which it may have access.

The robustness of financial resources is assessed on the basis of their amounts and average maturity.

The tables below list resources by their due maturity and nature.

(€ millions)	2005	2004
Maturity less than one year	-	-
Maturity from one to five years	989.1	1,700.5
Maturity beyond five years	1,244.5	524.9
Total financial resources	2,233.6	2,225.4
Average life span (years)	*5.5*	*5.3*

(€ millions)	2005	2004
Eurobond / EMTN	609.7	609.7
Private investments / (EMTN and others)	294.5	274.9
Bond resources	904.2	884.6
Average life span (years)	*6.4*	*7.4*
June 2004 / July 2005 syndicated credit	750.0	750.0
Miscellaneous bilateral facilities	579.4	590.8
Bank resources	1,329.4	1,340.8
Average life span (years)	*4.9*	*3.9*
Total financial resources	2,233.6	2,225.4
Average life span (years)	*5.5*	*5.3*

Over the past three years, Imerys has sought to maintain the amount of its financial resources at approximately €2 billion (€2,026.9 million as of December 31, 2003, €2,225.4 million as of December 31, 2004 and €2,233.6 million as of December 31, 2005), and to lengthen their maturity.

- The main new financial resources acquired in 2005 are as follows:

On July 22, 2005, Imerys amended the June 2009 syndicated credit in order to lengthen its maturity by two years (new maturity July 2011).

Imerys also renegotiated most of its bilateral facilities in order to lengthen their maturity.

These renegotiations enabled Imerys to slightly modify the financial ratios of these facilities in order to take into consideration the IFRS impact on the balance sheet.

- The various bilateral bank credit facilities, the June 2004 syndicated credit as well as certain bond issues in the form of private offerings contain the following terms and conditions:
    - purpose: general corporate financing requirements;
    - obligations in terms of financial ratio compliance:
        1) net Financial Debt / Consolidated Net Worth ratio below 1.75 (for bond issues under private offerings), 1.60 (for bilateral bank credit facilities and syndicated credit of July 2005) at each half-yearly closing of consolidated accounts (the ratio as of December 31, 2005 was 0.67);
        2) net Financial Debt / Consolidated EBITDA ratio below 3.80 at each half-yearly closing of consolidated accounts, the consolidated EBITDA being calculated for the last 12 months (the ratio as of December 31, 2005 was 1.91);
        3) absence of any lien in favour of lenders;

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

Loans and debts

The table below describes the Group's loans and debts by maturity date. This analysis does not provide for an assessment of the stability of the loans and debts, which is described in the "financial resources" paragraph above. Medium-term financial resources provided by bilateral or syndicated bank credit facilities may be used for very short drawing periods (3 months) while remaining available for longer maturities (5 years).

(€ millions)	2005	2004
Maturity less than one year	426.2	119.0
Maturity from one to five years	428.9	376.3
Maturity beyond five years	466.9	536.8
Total gross financial debt	**1,322.0**	**1,032.1**
Cash, cash equivalents and marketable securities	(182.0)	(142.3)
Total net financial debt	**1,140.0**	**889.8**

The table below describes the loans and debts by nature:

(€ millions)	2005	2004
Eurobond / EMTN	609.7	609.7
Private investments (EMTN and others)	294.5	274.9
Accrued interests	6.5	4.1
Bond issues	**910.7**	**888.7**
Commercial papers issues	**380.2**	**110.0**
June 2004 syndicated credit	-	-
Miscellaneous bilateral facilities	-	-
Miscellaneous facilities due within one year	31.1	33.4
Draw-downs on bank facilities	**31.1**	**33.4**
Total gross financial debt	**1,322.0**	**1,032.1**
Cash, cash equivalents and marketable securities	(182.0)	(142.3)
Total net financial debt	**1,140.0**	**889.8**

Bond issue programs on capital markets

In 2005, Imerys did not legally update its Euro Medium Term Note program (EMTN), preferring to wait for the final evolutions of the European stock-exchange regulation and considering that this update was not essential for the correct management of its bond financings. However, the total amount of the program is €1 billion. Subject to its legal update, it would be used to issue notes (considered as ordinary bonds under French law) of a minimum maturity of 1 month and a maximum maturity of 30 years. As of December 31, 2005, outstanding securities total €460.1 million.

As of December 31, 2005, Imerys also has a French commercial paper program ("billets de trésorerie") limited to €800 million. The program is rated P-2 by Moody's. As of December 31, 2005, outstanding securities total €380.2 million and are slightly increasing in comparison with December 31, 2004 (€110 million). As of December 31, 2005, Imerys has access to €1,329.4 million of available bank facilities, part of which secures the €380.2 million commercial paper issue in accordance with the financial policy of the Group.

Available financial resources

The table below can be used to measure 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.

	2005			2004		
(€ millions)	Resources	Utilization	Available	Resources	Utilization	Available
Bonds	904.2	904.2	-	884.6	884.6	-
Commercial papers	-	380.2	(380.2)	-	110.0	(110.0)
Committed bank facilities	1,329.4	-	1,329.4	1,340.8	-	1,340.8
Bank facilities and accrued interest	-	37.6	(37.6)	-	37.5	(37.5)
Resources, utilizations and available amounts	**2,233.6**	**1,322.0**	**911.6**	**2,225.4**	**1,032.1**	**1,193.3**

As of December 31, 2005, available financial resources, after repayment of uncommitted resources, total €911.6 million (€1,193.3 million as of December 31, 2004), which gives the Group substantial room to manœuvre and is a guarantee of financial stability.

32 - FINANCIAL DEBT ANALYSIS

The net financial debt is an indicator used for the calculation of financial ratios which the Group has to respect due to financing agreements with financial markets *(note 31)*. The link between this indicator and the consolidated balance sheet is the following:

(€ millions)	2005	2004
Derivative instrument assets	(66.7)	(63.2)
- less hedging instruments on energy	*5.8*	*1.8*
Marketable securities and other financial assets	(61.0)	(96.3)
Cash and cash equivalents	(134.7)	(66.6)
Loans and financial debts - non-current	943.1	940.6
Derivative instrument liabilities	23.1	9.7
- less hedging instruments on energy	*(6.2)*	*(0.8)*
Loans and financial debts - current	423.0	144.0
Bank overdrafts	13.6	20.6
Net financial debt	**1,140.0**	**889.8**

Financial net debt distribution between floating and fixed rate by currency as of December 31, 2005

(€ millions)	Euro	US Dollar	British Pound	Japanese Yen	Other foreign currencies	Total
Debt at fixed rate on issue	609.7	144.1	-	50.4	-	804.2
Swap fixed rate into floating rate	(609.7)	(144.1)	-	(50.4)	-	(804.2)
Total debt at fixed rate	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Debt at floating rate on issue	491.4	7.7	5.7	1.7	11.3	517.8
Net cash	(92.7)	(29.5)	(16.6)	(3.4)	(39.8)	(182.0)
Swap fixed rate into floating rate	609.7	144.1	-	50.4	-	804.2
Exchange rate swap	(249.7)	186.1	4.1	(27.0)	86.5	0.0
Total debt at floating rate	**758.7**	**308.4**	**(6.8)**	**21.7**	**58.0**	**1,140.0**
Total net financial debt	**758.7**	**308.4**	**(6.8)**	**21.7**	**58.0**	**1,140.0**

Financial net debt distribution on issue by due dates

(€ millions)	2006 less than 1 year	2007-2011 1 to 5 years	2012 and later beyond 5 years	Total
Debt at fixed rate on issue	-	309.7	494.5	804.2
Swap fixed rate into floating rate on issue	804.2	(309.7)	(494.5)	0.0
Debt at floating rate on issue	517.8	-	-	517.8
Net cash	(182.0)	-	-	(182.0)
Total net financial debt	1,140.0	0.0	0.0	1,140.0

Distribution of interest rate hedging operations December 2005 – December 2006 by currency

(€ millions)	Euro	US Dollar	British Pound	Japanese Yen	Other foreign currencies	Total
Exposure at floating rate before hedging	758.7	308.4	(6.8)	21.7	58.0	1,140.0
Fixed rate hedges	(479.0)	0.0	0.0	0.0	0.0	(479.0)
Swap at average rate of:	*2.58%*	-	-	-	-	
Capped rate hedges	(471.2)	(164.4)	0.0	0.0	0.0	(635.6)
Cap at average rate of:	*3.00%*	*4.50%*	-	-	-	
Exposure at floating rate after hedging	(191.5)	144.0	(6.8)	21.7	58.0	25.4

Distribution of interest rate hedging operations in 2006 and later by due dates

(€ millions)	2006 less than 1 year	2007-2011 1 to 5 years	2012 and later beyond 5 years
Total exposure before hedging	1,140.0	1,140.0	1,140.0
Hedges at fixed rates	(479.0)	(118.3)	-
Swap at average rate of:	*2.58%*	*2.52%*	-
Hedges at capped rates	(635.6)	(338.5)	-
Cap at average rate of:	*3.39%*	*2.81%*	-
Total exposure after hedging	25.4	683.2	1,140.0

Sensitivity

As of December 31, 2005, interest rate variations are unlikely to substantially affect the Group's financial result in 2006. A 1% rise across all interest rate curves would have a negative impact of only €5 million on the Group's financial expense in 2006 (assuming a stable amount of debt and that every fixed-rate debt is replaced at its term by a floating-rate debt).

33 - EXCHANGE RATE RISK

The Group is exposed to different types of exchange rate risks:

- the balance sheet exchange rate risk resulting from variations in its net assets in other currencies than the euro (mainly in US Dollar);
- the transactional exchange rate risk resulting from variations in trade receivables and payables in foreign currencies.

Balance sheet exchange rate risk

Imerys manages the balance sheet exchange rate risk through the proportion of its financial debts stated in currencies other than the euro. In this way, any exchange rate fluctuation affecting net assets in these currencies is, to a certain extent, offset by a symmetrical effect resulting from the exchange rate fluctuation concerning its financial debts in the corresponding currencies.

In that framework, Imerys carried out foreign exchange rate swaps for a notional amount revalued at €249.7 million as of December 31, 2005. The table below describes the financial debt before and after the impact of these rate swaps.

	2005			2004		
(€ millions)	Before exchange rate swap	Exchange rate swap	After exchange rate swap	Before exchange rate swap	Exchange rate swap	After exchange rate swap
Euro	1,101.1	(249.7)	851.4	823.2	(398.7)	424.5
US Dollar	151.8	186.1	337.9	143.2	300.5	443.7
British Pound	5.7	4.1	9.8	5.9	67.5	73.4
Other currencies	63.4	59.5	122.9	59.8	30.7	90.5
Total	**1,322.0**	**0.0**	**1,322.0**	**1,032.1**	**0.0**	**1,032.1**

The portion of the financial debt in each currency, after swaps, is as follows:

(€ millions)	Euro	US Dollar	British Pound	Other currencies	Total
Financial debts	851.4	337.9	9.8	122.9	1,322.0
Cash and cash equivalents and marketable securities	(92.7)	(29.5)	(16.6)	(43.2)	(182.0)
Net financial debt	**758.7**	**308.4**	**(6.8)**	**79.7**	**1,140.0**

Transactional exchange rate risk

To keep exchange rate risks arising from the Group's commercial activity to a minimum, as far as possible, entities invoice their sales or are invoiced for their purchases in their operating currency. Whenever this is not the case, the transactional exchange rate risk may be hedged on a case-by-case basis. Overall, the Group's exposure to transactional exchange rate risks remains relatively low and as of December 31, 2005, there is no centralized policy for managing this risk.

The revenue and the Group's production costs are stated in a large number of foreign currencies, particularly the US Dollar, the Brazilian Real and the British Pound.

Sensitivity

Overall, the depreciation of the US Dollar against the euro has a negative impact on the Group's operating income mainly due to the conversion effect of the income generated in this currency.

However, this negative impact in terms of operating income is compensated to a certain extent by the associated reduction in the Group's financial expense. In fact, approximately 27% of Imerys' financial net debt is stated in US Dollars.

34 - INTEREST RATE RISK

Management process: policy, framework and resources

The interest rate risk is managed for the Group's consolidated net financial debt with the primary objective of guaranteeing its medium-term cost.

To do so, Imerys manages this risk centrally, based on trends in the Group's consolidated net financial debt. Knowledge of this debt is provided by a regular reporting that describes the financial debt of each entity and indicates its various components and characteristics.

Every year, the Group Treasury Department draws up a management policy document approved by the Financial Department and the Board of Directors. Reporting is reviewed monthly by the Financial Department and quarterly by the Board of Directors. This enables the situation to be monitored and the management policy to be adjusted as necessary.

As part of that management process, the Group Treasury Department works with leading banks and obtains data from leading financial information providers.

Management principles

The Group's policy is to obtain financing mainly in euros, the most accessible and least costly financial resource, at a floating rate. Medium-term fixed-rate bond issues are converted to floating rates using interest rate swaps.

In the framework of its general management policy, the Group defined the various derivative instruments to be used solely to hedge risks on firm and highly probable commitments. These products include interest rate swaps, options – including caps, floors, swaptions and futures. The Group does not authorize the use of derivatives for speculative purposes.

Finally, given trends in 12-18 month interest rates in 2005, the Group fixed the interest rate for part of its future financial debt (2006-2007) on various terms *(note 32)*.

35 - ENERGY PRICE RISKS

Like any industrial group, Imerys is exposed to the risk of fluctuating prices for the various energy sources - mainly natural gas and electricity (and coal to a lesser extent) – that enter into its activities' production cycle. The Group's geographical locations and energy supply sources remain diversified, but a general and strong increase in energy prices may have, as was the case in 2005, a significant impact on the operational profitability. In this type of situation, the Group makes important efforts to pass on energy price increases to the selling price of its products.

As energy supplies are sourced regionally, some local markets may be subject to significant but non-recurring price variations. The present situation is highly volatile.

Furthermore since the end of 2003, management of the natural gas risk, in both Europe and the United States, has been centralized. The Group Treasury Department is 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.

In the United States, the Group consumes slightly over 5.8 million MMBTU (BTU: British Thermal Unit) of natural gas with supply contracts based on the NYMEX Henry Hub index listed in New York.

As part of the management of its natural gas risk in the United States, the Group had as of December 31, 2005 various hedging options covering 2006.

All transactions on gas in the United States as of December 31, 2005 are described in the table below:

		Net notional amount in MMBTU	Maturity
Underlying position		5,800,000	
Management transactions			
Swaps	-	-	-
Options	-	-	-
	Purchases of Puts	(590,000)	<12 months
	Sales of Puts	2,030,000	<12 months
	Purchases of Calls	4,460,000	<12 months
	Sales of Calls	(2,730,000)	<12 months
Futures	Purchases of Futures	250,000	<12 months

In the United Kindgom, the Group consumes approximately 58 million therms with supply contracts based on the UK Natural Gas IPE index listed in London and electricity contracts.

All transactions on gas in the United Kingdom as of December 31, 2005 are described in the table below:

		Amount in therms	Maturity
Underlying position		57,900,000	
Management transactions			
Swaps	-	-	-
Options	-	-	-
	Purchases of Puts	(6,672,000)	<12 months
	Sales of Puts	20,232,000	<12 months
	Purchases of Calls	23,144,000	<12 months
	Sales of Calls	(15,780,000)	<12 months
Futures	Sales of Futures	(7,560,000)	<12 months
Forwards	-	-	-

In France, the Group consumes approximately 1,650 MWH of gas with supply contracts at fixed or variable prices based on the barrel price of Brent listed in London (equivalent of 613,000 barrels).

All Brent transactions as of December 31, 2005 are described in the table below:

		Amount in barrels	Maturity
Underlying position		613,000	
Management transactions			
Swaps	-	-	-
Options	-	-	-
	Purchases of Puts	-	-
	Sales of Puts	-	-
	Purchases of Calls	264,000	<12 months
	Sales of Calls	(264,000)	<12 months
Futures	-	-	-
Forwards	-	-	-

36 - HEDGES

Fair value hedges

As of December 31, 2005, the Group held interest rate swaps intended to hedge the exposure to changes in fair value of the different loans. The hedged loans as well as the interest rate swaps present the same characteristics.

Currency	Notional amount (in millions)	Fixed rate received	Floating rate paid
Japanese Yen	7,000	2.39%	Libor Yen 6 months
Euro	58	2.81%	Euribor 3 months
Euro	252	5.00%	Euribor 3 months
Euro	200	4.32%	Euribor 3 months
Euro	100	4.33%	Euribor 3 months
US Dollar	140	4.88%	Libor USD 3 months
US Dollar	30	5.28%	Libor USD 3 months

As of December 31, 2005, the Group also held an electricity swap in Great Britain intended to hedge the exposure to changes in fair value of the underlying physical contract. The swap and the underlying contract present the same characteristics.

Currency	Notional amount in MWh	Fixed price received in GBP/MWh	Floating price paid
British Pound	84,092	35.63	IPE Electricity Baseload

Cash flow hedges

As of December 31, 2005, the Group held a certain number of exchange rate instruments intended to hedge its future sales or purchases on the 2005 period. The amount recognized in the shareholders' equity comes to €+0.1 million and relates to transactions which will occur in 2006.

As of December 31, 2005, the Group held a certain number of interest rate instruments intended to hedge part of its debt at floating rate. The amount recognized in the shareholders' equity comes to €+1.6 million and mainly relates to a rate swap due on June 16, 2010.

As of December 31, 2005, the Group held a certain number of instruments intended to hedge the Group's gas consumption in the United States, in Great Britain and in France. The amount recognized in the shareholders' equity comes to €+1.5 million and relates to transactions which will occur in 2006.

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 gains or losses on these transactions are recorded in the shareholders' equity in order to compensate all exchange gains or losses of net investments in these entities.

As of December 31, 2005, the main loans and exchange rate swaps hedging net investments in foreign entities are the following: USD60.4 million, CHF45 million and JPY1,000 million.

37 - FAIR VALUE OF DERIVATIVE INSTRUMENTS

All derivative instruments on the various financial markets were revalued on the basis of December 31, 2005 prices, provided by third parties that are active on those markets. The fair value for each type of instrument as of December 31, 2005 amounts to:

(€ millions)	2005 Balance sheet market value including accrued interest	2004 Balance sheet market value including accrued interest
Interest rate instruments		
Forward contracts	44.4	40.2
Options	1.2	3.0
Foreign exchange instruments		
Forward contracts	(1.6)	9.1
Options	0.1	0.9
Energy risk instruments		
Forward contracts	(3.4)	0.0
Options	2.9	1.0

38 - MARKET VALUE OF BONDS

For listed bonds, the market value is equal to the closing price as of December 31, 2005.

For unlisted bonds, the market value is obtained by updating the future flows at market rates without risk.

(€ millions) Description of the bond	listed / unlisted	Effective tax rate	Market value in €	Balance sheet value
Bond JPY7 billion 3.40% maturity 9/16/2033	unlisted	3.47%	61.6	51.0
Bond USD140 million 4.88% maturity 8/6/2013	unlisted	4.98%	121.1	114.6
Bond USD30 million 5.28% maturity 8/6/2018	unlisted	5.38%	26.8	24.9
Bond €309.7 million 5.125% maturity 4/25/2014	listed	5.42%	344.3	345.0
Bond €300 million 6.00% maturity 5/7/2007	listed	6.04%	322.2	317.3

4. Notes to the cash flow statement

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

(€ millions)	2005	2004
Current net income, Group share	287.6	261.2
Amortization, depreciation and impairment losses	185.3	163.0
Net change in operating provisions	(22.4)	(2.5)
Rents of leased assets	(3.4)	(3.5)
Provisions for mining assets	(0.3)	0.1
Financial impairment losses and unwinding of the discount	6.0	2.9
Current deferred taxes	2.3	23.6
Minority interests on current income	2.7	2.7
Share in net income of associates	(4.6)	(3.4)
Dividends received from associates and other	1.8	1.6
Current operating cash flow before working capital changes	455.0	445.7

40 - OPERATING CASH FLOW BEFORE TAXES (EBITDA)

(€ millions)	2005	2004
Current operating income	434.0	421.8
Amortization, depreciation and impairment losses	185.3	163.0
Net change in operating provisions	(22.4)	(2.5)
Operating cash flow before taxes (EBITDA)	596.9	582.3
Rents of leased assets	(3.4)	(3.5)
Provisions for mining assets	(0.3)	0.1
Notional taxes on current operating income	(113.4)	(134.3)
Effective tax rate on current operating income	*-26.1%*	*-31.8%*
Current net operating cash flow	479.8	444.6

41 - CURRENT FREE OPERATING CASH FLOW

(€ millions)	2005	2004
Current net operating cash flow *(note 40)*	479.8	444.6
Intangible assets	(3.3)	(3.4)
Property, plant and equipment	(202.9)	(202.6)
Overburden mining assets	(23.3)	(16.6)
Debts on acquisitions	(21.5)	28.3
Paid capital expenditures	(251.0)	(194.3)
Increases in asset amortization and depreciation	*180.5*	*159.1*
Recognized capital expenditures / asset depreciation ratio	*127.1%*	*139.9%*
Carrying amount of current asset disposals	8.7	13.7
Change in the operational working capital requirement	(18.1)	(36.1)
Of which:		
Inventories	*(42.4)*	*(13.6)*
Trade accounts receivable	*(20.2)*	*(26.8)*
Trade accounts payable	*44.5*	*4.3*
Current free operating cash flow	219.4	227.9

From 1991 to 2005, the Group sales increased on average by +9.5% per year, the current operating income by +13.5% and the net income from current operations by +14.7% per year. This increase resulted from:

- an ambitious industrial investing policy which focuses on the modernization and rationalization of production capacities as well as on new product launches: capital expenditures total €581 million for the three last periods, i.e. 120% of amortization and depreciation;
- a sustained external growth in the Group's activities. After having acquired English China Clays (ECC) in 1999, when the Group devoted more than €1.5 billion to external growth, the Group devoted €1,120 million to its acquisitions from 2000 to the end of 2005.

  This development by acquisitions meets:

  - simple objectives: complete the range of products, enlarge the markets supplied, open up new geographical zones; and
  - permanent principles: acquire a leadership position due to a lasting competitive advantage (reserves, know-how, etc.), be able to valorize first-rate products and services supplied to customers by an adapted price policy, respect the profitability criteria fixed for each Group investment.

2005 was a very active year as far as development is concerned. The Group devoted €440 million to acquisitions, the highest amount since the acquisition of ECC. This amount includes €168.6 million of debts acquired on the occasion of these acquisitions. Moreover, industrial capital expenditures remained important with an amount of €229.5 million. This record amount in the Group's history includes the capital expenditures realized in the recently acquired entities. It represents 127% of amortization and depreciation, i.e. a higher ratio in 2005 than the historical average ratio for Imerys. Whereas in 2004 the Group's capital expenditures were strongly concentrated on the Pigments for Paper business group and on the development of its calcium carbonate activities, they were largely shared out in 2005 between the four business groups:

- the Specialty Minerals business group mainly concentrated on the optimization of their industrial facilities, particularly in Cornwall (United Kingdom) and the United States;

- the Pigments for Paper business group continued its development of calcium carbonates, notably with the capacity extension of its plant in Lixhe (Belgium);
- in the Materials & Monolithics business group, strategic projects of capacity extension for clay roof tiles and bricks in France have been conducted with success;
- in the Refractories, Abrasives & Filtration business group, the production capacity extension of certain specialty corundum products continues.

42 - CURRENT FREE CASH FLOW

(€ millions)	2005	2004
Current free operating cash flow	219.4	227.9
Net interest and investment income	(47.3)	(39.4)
Financial impairment losses and unwinding of the discount	6.0	2.9
Variation of the paid / received interest	(13.0)	1.0
Tax on net interest and investment income	12.4	12.6
Tax debt variation on current income	(6.8)	(33.0)
Current deferred tax variation on current income	2.3	23.6
Variation of other working capital accounts	15.6	26.8
Change in fair value	4.7	2.8
Gain on current asset disposal	0.0	(3.3)
Dividends received from associates	1.8	1.4
Current free cash flow	195.1	223.3

(€ millions)	2005	2004
Operating cash flow before working capital changes *(note 39)*	455.0	445.7
Paid capital expenditures *(note 41)*	(251.0)	(194.3)
Change in the working capital requirement	*(2.5)*	*(9.2)*
Variation of the paid / received interest	*(13.0)*	*1.0*
Tax debt variation on current income	*(6.8)*	*(33.0)*
Working capital requirement sub-total	***(22.3)***	***(41.2)***
Change in fair value	4.7	2.8
Carrying amount of current asset disposals	8.7	10.3
Current free cash flow	195.1	223.3

5. Segment information

43 - PRIMARY SEGMENT INFORMATION

43.1. Consolidated income statement by segments

As of December 31, 2005

(€ millions)	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Holdings	Inter-segment eliminations	Total Imerys group
External sales	784.5	751.8	920.4	587.3	1.2	-	3,045.2
Inter-segment sales	30.4	3.2	2.0	11.0	23.8	(70.4)	0.0
Sales	814.9	755.0	922.4	598.3	25.0	(70.4)	3,045.2
Revenue	819.2	763.2	924.9	602.2	35.4	(79.4)	3,065.5
Current operating income	95.2	73.8	197.8	95.4	(28.2)	-	434.0
Operating income	56.6	32.7	186.8	88.0	67.2	-	431.3
Net financial income							(47.3)
Share in net income of associates	-	3.4	0.6	0.6	-	-	4.6
Income taxes							(76.5)
Net income							312.1

Other elements included in the income statement

(€ millions)	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Net increase in operating amortization and depreciation	(54.1)	(63.7)	(36.1)	(28.7)	(2.7)	(185.3)
Net increase in operating provisions	6.2	8.5	3.1	3.1	1.5	22.4
Impairment losses on goodwill	(3.3)	-	-	(1.8)	-	(5.1)
Decreases in impairment losses on goodwill	-	-	0.2	0.4	-	0.6

Headcount

	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Management	449	205	547	341	83	1,625
Employees, technicians, supervisors	1,259	823	936	640	19	3,677
Workers	3,452	1,996	2,139	3,045	-	10,632
Headcount	5,160	3,024	3,622	4,026	102	15,934

As of December 31, 2004

(€ millions)	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Holdings	Inter-segment eliminations	Total Imerys group
External sales	765.7	757.5	849.6	494.6	3.1	-	2,870.5
Inter-segment sales	29.4	1.7	1.1	7.9	15.9	(56.0)	0.0
Sales	795.1	759.2	850.7	502.5	19.0	(56.0)	2,870.5
Revenue	**800.8**	**766.7**	**852.3**	**507.6**	**22.0**	**(58.5)**	**2,890.9**
Current operating income	**93.4**	**97.3**	**168.3**	**76.7**	**(13.9)**	**-**	**421.8**
Operating income	70.8	79.0	176.0	69.5	(19.1)	-	376.2
Net financial income							(39.4)
Share in net income of associates	-	2.1	0.5	0.8	-	-	3.4
Income taxes							(97.5)
Net income							242.7

Other elements included in the income statement

(€ millions)	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Net increase in operating amortization and depreciation	(48.9)	(57.6)	(31.9)	(23.5)	(1.1)	(163.0)
Net increase in operating provisions	5.8	1.5	(4.2)	(0.4)	(0.2)	2.5
Impairment losses on goodwill	(3.3)	-	-	(0.7)	(0.1)	(4.1)

Headcount

	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Management	437	230	556	263	107	1,593
Employees, technicians, supervisors	1,342	931	936	638	25	3,872
Workers	3,185	1,888	1,468	2,082	-	8,623
Headcount	4,964	3,049	2,960	2,983	132	14,088

43.2. Consolidated balance sheet by segments

December 31, 2005

(€ millions)	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Intangible assets, property, plant and equipment and financial assets	906.6	771.6	404.7	533.3	8.7	2,624.9
Inventories	116.7	106.7	93.3	159.4	(0.3)	475.8
Trace accounts receivable	170.4	96.9	204.0	117.7	1.3	590.3
Other receivables and other assets - current and non-current	30.2	33.8	17.0	19.7	12.3	113.0
Capital employed - Assets	**1,223.9**	**1,009.0**	**719.0**	**830.1**	**22.0**	**3,804.0**
Cash and cash equivalents	26.4	35.5	30.3	34.7	7.8	134.7
Segment assets	1,250.3	1.044.5	749.3	864.8	29.8	3,938.7
Investments in associates	1.2	26.0	4.2	0.5	-	31.9
Unallocated assets	-	-	-	-	-	188.6
Total assets						4,159.2
Trade accounts payable	85.5	74.0	101.5	57.1	(5.0)	313.1
Other debts and other liabilities - current and non-current	64.0	70.3	90.5	41.8	(10.6)	256.0
Capital employed - Liabilities	**149.5**	**144.3**	**192.0**	**98.9**	**(15.6)**	**569.1**
Provisions	61.8	46.6	58.1	64.0	180.4	410.9
Bank overdrafts	1.3	1.9	2.6	0.7	7.1	13.6
Segment liabilities	212.6	192.8	252.7	163.6	171.9	993.6
Payable income taxes (capital employed)	-	-	-	-	-	13.8
Other unallocated liabilities	-	-	-	-	-	1,465.6
Total current and non-current liabilities						2,473.0
Acquisitions of property, plant and equipment and intangible assets	(77.7)	(85.2)	(57.0)	(27.2)	(3.9)	(251.0)
Total capital employed	**1,074.4**	**864.7**	**527.0**	**731.2**	**37.6**	**3,221.1**

December 31, 2004

(€ millions)	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Holdings	Total Imerys group
Intangible assets, property, plant and equipment and financial assets	759.0	718.7	302.2	311.7	9.9	2,101.5
Inventories	92.9	88.1	106.8	111.7	-	399.5
Trace accounts receivable	140.0	94.7	184.7	74.2	0.9	494.5
Other receivables and other assets - current and non-current	25.8	42.2	17.2	15.5	10.6	111.3
Capital employed - Assets	1,017.7	943.7	610.9	513.1	21.4	3,106.8
Cash and cash equivalents	18.2	20.9	8.7	11.8	7.0	66.6
Segment assets	1,035.9	964.6	619.6	524.9	28.4	3,173.4
Investments in associates	-	20.9	3.8	1.2	-	25.9
Unallocated assets	-	-	-	-	-	215.0
Total assets						3,414.3
Trade accounts payable	64.6	59.8	113.7	39.1	(3.5)	273.7
Other debts and other liabilities - current and non-current	58.3	50.2	93.6	19.9	(9.6)	212.4
Capital employed - Liabilities	122.9	110.0	207.3	59.0	(13.1)	486.1
Provisions	50.0	51.6	49.6	31.0	175.3	357.5
Bank overdrafts	5.3	0.2	4.8	0.9	9.4	20.6
Segment liabilities	178.2	161.8	261.7	90.9	171.6	864.2
Payable income taxes (capital employed)	-	-	-	-	-	10.0
Other unallocated liabilities	-	-	-	-	-	1,177.5
Total current and non-current liabilities						2,051.7
Acquisitions of property, plant and equipment and intangible assets	(46.1)	(100.1)	(26.8)	(19.8)	(1.5)	(194.3)
Total capital employed	894.8	833.7	403.6	454.1	34.5	2,610.7

44 - SECONDARY SEGMENT INFORMATION

Revenue by geographical destination

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

(€ millions)	2005	2004
France	670.6	787.7
Other European countries	1,180.6	1,021.1
North America	718.2	685.0
Asia-Oceania	302.1	248.4
Other countries	173.7	128.3
Total	3,045.2	2,870.5

Segment assets

(€ millions)	2005	2004
France	788.7	651.3
Other European countries	1,427.0	1,265.3
North America	1,085.4	763.1
Asia-Oceania	237.9	185.0
Other countries	399.6	308.7
Total	**3,938.6**	**3,173.4**
Investments in associates	31.9	25.9
Unallocated assets	188.7	215.0
Total assets	**4,159.2**	**3,414.3**

Acquisitions of property, plant and equipment and intangible assets

(€ millions)	2005	2004
France	(65.5)	(30.4)
Other European countries	(88.7)	(76.0)
North America	(59.8)	(46.0)
Asia-Oceania	(8.4)	(21.0)
Other countries	(28.6)	(20.9)
Total	**(251.0)**	**(194.3)**

Headcount

	2005	2004
France	3,433	3,590
Other European countries	5,600	5,046
North America	3,192	2,512
Asia-Oceania	1,648	944
Other countries	2,061	1,996
Total	**15,934**	**14,088**

6. Other information

45 - 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. They exercise joint control on the Swiss group Pargesa that controls Imerys through a direct investment and an indirect investment in the Belgian group GBL; in this respect, Pargesa is a related party. The GBL group is a related party as it exercises a direct significant influence on Imerys. The amount recognized as an expense in 2005 as a compensation for the strategic assistance services provided by the Pargesa group totals €0.8 million (€0.8 million in 2004). The amount remaining as a liability as of December 31, 2005 totals €0.4 million (€0.4 million as of December 31, 2004).

Key management personnel of Imerys

The management mode of the Company changed in 2005; the Managing Board (with its Supervisory Board) was replaced by a Chief Executive Officer (with a separation of the office as Chairman of the Board of Directors) assisted by an Executive Committee.

Due to this change, the Group retained as main executives those in office as of December 31 of each period, i.e.:

- for 2004: the 4 members of the Managing Board in office as of December 31;
- for 2005: the 9 members of the Executive Committee (including the Chief Executive Officer who is also Director of the Company) in office as of December 31.

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

(€ millions)	Notes	2005	2004
Short-term benefits	1	3.5	2.5
Long-term benefits		0.0	0.0
Directors' fees	2	0.6	0.6
Post employment benefits	3	0.5	0.4
Termination benefits		0.0	0.0
Share-based payments	4	1.1	0.7
Total		5.7	4.2

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

2) Directors' fees - Board of Directors in 2005 and Supervisory Board in 2004

3) Post-employment benefits - Defined retirement benefit plans exist within the Group for the main executives of the Group's French entities who meet the required restrictive conditions. The chief executive officer as well as some of the main executives mentioned above (3 for 2004 and 6 for 2005) are among the beneficiaries of this benefit plan to which the Group contributed in 2004.

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

- a life annuity of a total gross annual amount (after recognition of pensions from obligatory and complementary pension plans) of 60% of their salary of reference, this salary of reference being limited to 8 times the annual limit of the French national health and pensions organization;
- subject to a payment limit of 25% of the above mentioned salary of reference of the last 12 calendar months preceding the withdrawal from the Group's headcount.

4) Share-based payments – This amount corresponds to expenses recognized as Imerys share options attributed to the concerned main executives as determined previously according to IFRS 2 and according to the terms described in *paragraph 2.19 of the accounting principles and methods.*

Post employment benefits for Imerys employees

The post-employment benefit plans for the benefit of Imerys employees are related parties. The amount of the contributions to external funds recognized as an expense in 2005 totals €12.9 million (€18.5 million in 2004), of which €8.6 million (€6.8 million in 2004) to Imerys UK Pension Fund Trustees Ltd. / ECC Combined Investment Fund (United Kingdom) and €2.0 million (€10.1 million in 2004) to Sun Trust Bank (United States).

46 - COMMITMENTS GIVEN

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

The main commitments given by the Group are as follows:

(€ millions)	2005	2004
Assets given as guarantee	29.0	12.9
Avals, sureties, guarantees	16.4	6.8
Other commitments	96.8	73.1
Total off balance sheet commitments	**142.2**	**92.8**

Additionally, some of the Group's entities have operating lease commitments, in particular for offices, rail cars and lorries. Commitments for future rent payments amount to €25.5 million for 2006, €70.9 million from 2007 to 2010 and €135.2 million beyond.

47 - COMMITMENTS RECEIVED

(€ millions)	2005	2004
Assets received as guarantee	6.5	9.6
Avals, sureties, guarantees	1.1	8.3
Other commitments	51.5	3.2
Total	**59.1**	**21.1**

48 - COUNTRY RISKS

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

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

The grading system of the Coface consists of 7 categories from A1 to D, with an increasing order of importance of the assessed risks. The last two categories corresponding to the highest risks include notably Argentina, Ukraine, Venezuela and Zimbabwe where the Group is present. The sales of the entities located in these countries represent 0.8% of the Group sales and 0.5% of the current operating income. The balance sheet total of these entities represents 0.2% of the consolidated balance sheet total of Imerys and 0.8% of the consolidated shareholders' equity, Group share.

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

49 - EVENTS AFTER THE BALANCE SHEET DATE

The annual consolidated financial statements as of December 31, 2005 were closed by the Board of Directors on March 7, 2006.

On February 28, 2006, Imerys completed the acquisition of 99.34% of the voting rights of Pargemine, a holding which owns the calcined clays activity, mainly for refractory and sanitary applications, of the group AGS (France).

50 - FINANCIAL STATEMENTS OF IMERYS SA

The financial statements of the parent company Imerys SA stand alone as of December 31, 2005 and show sales of €25.7 million and a net income of €100 million. This result does not accurately reflect the Group’s economic and financial reality.

7. Reconciliation of financial statements in French GAAP and IFRS

51 - SYNTHESIS OF TRANSITION ADJUSTMENTS

This note presents a synthesis of the principles and impacts of the transition adjustments from French GAAP to IFRSs. For a more detailed information, the reader is invited to refer to *chapter 3.2, Conversion to IFRSs* published in the 2004 annual report.

51.1. IFRS 1, First-Time Adoption of IFRSs

As an IFRS first-time adopter, Imerys presents an opening balance sheet as of January 1, 2004 that integrates a retrospective application of IFRSs, limited by some optional exemptions applied by Imerys:

IFRS 1 Optional Exemptions	Applied	Not applied
1. Business combinations	✔	
2. Fair value or revaluation as deemed cost	✔	
3. Employee benefits	✔	
4. Cumulative translation differences	✔	
5. Compound financial instruments		✔
6. Assets and liabilities of subsidiaries, associates and joint ventures		✔
7. Designation of previously recognized financial instruments		✔
8. Share-based payment transactions		✔
9. Insurance contracts		✔
10. Decommissioning liabilities included in the cost of property, plant and equipment		✔
11. Leases		✔
12. Fair value measurement of financial assets or liabilities at initial recognition		✔

As a result of the four exemptions applied as of January 1, 2004:

- Business combinations have not been adjusted. The goodwill of the entities Sans, Gélis and Financière d'Angers have been maintained in the consolidated reserves where they had been recognized in 1989 as the acquisitions of these entities had been financed by the issue of convertible bonds. Besides, some intangible assets that did not comply with the version revised in 2004 of IAS 38 on intangible assets have been reclassified to goodwill for €27 million (€10.3 million as of December 31, 2004).
- The carrying amount of property, plant and equipment has not been adjusted except for mineral reserves and resources, which are measured at fair value. The independent valuations performed in accordance with the European Mining Code on 74% of mineral reserves and resources have globally confirmed the quantities as of January 1, 2004 and agreed on a revaluation of the historical unit price of reserves. As the unit price of resources is derived from that of reserves by a discount calculation, the adjustment net of income taxes recognized in the consolidated reserves amounts to -€10,4 million (-€13,3 million as of December 31, 2004).
- Unrecognized actuarial differences of defined benefit plans have been recognized in the consolidated reserves. The incidence of this adjustment on consolidated reserves amounts to -€134.8 million (-€132.5 million as of December 31, 2004). It results in the cancellation of assets for €63.6 million (€63.9 million as of December 31, 2004), the recognition of provisions for €132.3 million (€128.2 million as of December 31, 2004) and the recognition of deferred tax assets for €42.4 million (€38.7 million as of December 31, 2004) and €18.7 million (€20.9 million as of December 31, 2004) of deferred tax liabilities.

- Translation differences of consolidated foreign entities have been reclassified in the consolidated reserves. Translation differences prior to January 1, 2004 have been reclassified as non-distributed accumulated profit and will not be recognized in the income statement upon any subsequent disposal or liquidation of the related foreign entities.

51.2. IAS 1, Presentation of financial statements

- Balance sheet. €9.1 million corresponding to various asset elements have been reclassified from current to non-current and €312.9 million corresponding mainly to commercial papers have been reclassified in the liabilities from non-current to current. Besides, the decompensation of some assets and liabilities resulted in an increase of the balance sheet total of €21.5 million. Finally, the mine sites overburden works presented as current assets under French GAAP have been reclassified as property, plant and equipment for €10 million.
- Income statement. The income statement no longer shows exceptional items. Revenue and expenses resulting from a limited number of well identified, non-recurring and significant events are recognized as other operating income and expenses, after the current operating income and before the operating income.
- Cash flow statement. The cash flow statement published by Imerys under French GAAP reconciled the opening and closing net debt. The IFRS cash flow statement analyzes the variation of cash and cash equivalents between the opening and closing of the period. Besides, it distinguishes the cash flows related to operating, investing and financing activities. Unlike the previous treatment, IFRS investing activities exclude the flows related to finance leases.

51.3. IFRS 2, Share-based payment

Share options granted after November 2002 and not vested on January 1, 2005 have been measured in accordance with the Black & Scholes model, considering the strike price, the duration of the option, the underlying share price, the volatility and the turnover rate of beneficiaries calculated over five years of historical data. Only the plans of May 2003 and May 2004 have had an impact on the income of the 2004 period *(chapter 6, paragraph 6.4.3, Details of option plans in force)*. The recognition of these plans represented an expense of €2.3 million in 2004 and was recognized as staff expenses against the consolidated shareholders' equity.

51.4. IFRS 3, Business combinations

The negative goodwill remaining as of January 1, 2004 have been reclassified in the consolidated reserves and goodwill ceased to be amortized. Goodwill amortization recognized in 2004 under French GAAP amounted to €30.3 million.

51.5. IAS 8, Accounting policies, changes in accounting estimates and errors

The goodwill of Imerys Minerals Ltd. has been subject to a correction of error at January 1, 2004 in relation to the recognition of deferred tax liabilities. The adjustment of accumulated amortization to that date recognized in the income statement under French GAAP has been reclassified against the IFRS shareholders' equity for €3.2 million

51.6. IAS 16, Property, plant and equipment

The implementation of the component approach on some items of property, plant and equipment resulted in an additional depreciation of €3.7 million as of January 1, 2004. The provisions for major repairs that were recognized under French GAAP in anticipation of the replacement of these components have been cancelled for an amount of €4.2 million as of January 1, 2004. Besides, some spare part inventories considered as property, plant and equipment under IFRS have been reclassified for an amount of €1 million.

51.7. IAS 17, Leases

Further to a detailed review of lease contracts, mainly for leases of heavy equipment (trucks, rail cars, mining equipment), €9.9 million of assets and €11.3 million of financial debts have been recognized, the scope of IAS 17 on leases being broader than under French GAAP. This adjustment results in a decrease in external expenses and an increase in amortization and financial expenses. The impact net of income taxes of this adjustment on the Group's consolidated income is inferior to €0.1 million.

51.8. IAS 18, Revenue

Discounts for early payment have been reclassified as a reduction of revenue for €2.2 million in 2004.

51.9. IAS 28, Investments in associates

Goodwill related to investments consolidated under the equity method have been included in the same line as these investments for an amount of €1.6 million.

51.10. IAS 32, Financial instruments: disclosure and presentation

As Imerys decided to apply the version revised in December 2003 as well as the March 2004 amendments of IAS 39 on the recognition and measurement of financial instruments, the Group also applied IAS 32 on the disclosure and presentation of financial instruments. As a consequence, Imerys' shares recognized as marketable securities under French GAAP have been cancelled in IFRS against the shareholders' equity for €5.9 million as of January 1, 2004.

51.11. IAS 39, Financial instruments: recognition and measurement

In order to improve the quality of comparative information, Imerys decided to apply the version revised in December 2003 as well as the March 2004 amendments of IAS 39 on the recognition and measurement of financial instruments. The impacts related to the application of this standard mainly affect the balance sheet and resulted in:

- an increase in financial instrument assets resulting on the one hand from their remeasurement at fair value for €36.6 million as of January 1, 2004 (€37.0 million as of December 31, 2004) and on the other hand, a reclassification of accrued interests as required by the standard for €16.2 million as of January 1, 2004 (€21.3 million as of December 31, 2004);
- an increase in financial debts corresponding to the remeasurement at fair value of the hedged debt for €26.8 million as of January 1, 2004 (€30.0 million as of December 31, 2004) as well as a reclassification of accrued interests and bond issue costs for €14.8 million as of January 1, 2004 (€12.3 million as of December 31, 2004);
- an increase in financial instrument liabilities corresponding on the one hand to their remeasurement at fair value for €10.4 million as of January 1, 2004 (€6.6 million as of December 31, 2004) and on the other hand to a reclassification of accrued interests for €3.1 million at December 31, 2004.

52 - BALANCE SHEET RECONCILIATION AS OF JANUARY 1, 2004

(€ millions)	Notes	French GAAP	Adjustments	IFRS
CONSOLIDATED ASSETS				
Goodwill	51.1 -51.9	501.4	26.0	527.4
Intangible assets	51.1	61.0	(27.0)	34.0
Mining assets	51.1	518.1	(15.7)	502.4
Property, plant and equipment	51.6 - 51.7	990.7	7.1	997.8
Investments in associates	51.9	27.6	1.6	29.2
Other financial assets	51.1	90.2	(63.6)	26.6
Other receivables and other assets		9.7	(0.5)	9.2
Deferred tax assets		8.6	49.7	58.3
Total non-current assets		**2,207.3**	**(22.4)**	**2,184.9**
Inventories		393.4	(1.6)	391.8
Trade accounts receivable		589.1	(0.2)	588.9
Derivative instrument assets	51.11	-	52.8	52.8
Marketable securities and other financial assets	51.10	14.3	(5.9)	8.4
Cash and cash equivalents		67.0	-	67.0
Other receivables and other assets	51.11	20.4	(0.9)	19.5
Total current assets		**1,084.2**	**44.2**	**1,128.5**
TOTAL CONSOLIDATED ASSETS		3,291.5	21.8	3,313.3
CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY				
Capital		127.0	-	127.0
Share capital premiums		218.1	-	218.1
Reserves		1,056.2	(150.3)	905.9
Shareholders' equity, Group share		**1,401.3**	**(150.3)**	**1,251.0**
Minority interests		**9.0**	**0.2**	**9.2**
Shareholders' equity		**1,410.3**	**(150.1)**	**1,260.2**
Provisions for employee benefits	51.1	73.5	132.3	205.8
Other provisions	51.4 - 51.6	140.9	(5.7)	135.2
Loans and financial debts	51.7- 51.11	749.3	49.9	799.2
Other debts		5.4	1.1	6.5
Deferred tax liabilities		107.2	(18.7)	88.5
Total non-current liabilities		**1,076.3**	**158.9**	**1,235.2**
Trade accounts payable		445.5	(0.4)	445.1
Payable income taxes		38.5	-	38.5
Derivative instrument liabilities	51.11	-	10.4	10.4
Loans and financial debts	51.7	19.1	3.0	22.1
Bank overdrafts		299.2	-	299.2
Other debts		2.6	-	2.6
Total current liabilities		**804.9**	**13.0**	**817.9**
TOTAL CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY		3,291.5	21.8	3,313.3

53 - BALANCE SHEET RECONCILIATION AS OF DECEMBER 31, 2004

The balance sheet reconciliation as of December 31, 2004 between French GAAP and IFRS differs from the version published in the 2004 annual report due to the finalization of two adjustments. As of December 31, 2004, the impact of these adjustments on the 2004 net income amounts to €2.6 million and to €5.5 million on the shareholders' equity, of which €2.9 million correspond to translation differences on these adjustments:

(€ millions)	2004
2004 IFRS net income published in the 2004 annual report (1)	237.4
Mining reserves (2)	2.5
Cost of share option plans (3)	0.1
2004 IFRS net income published in 2005 (1)	**240.0**

(1) Group share

(2) See note 51.1

(3) See note 51.3

(€ millions)	2004
2004 IFRS shareholders' equity published in the 2004 annual report (1)	1,348.0
Allocation of mining reserve restatements to entities	5.5
2004 IFRS shareholders' equity published in 2005 (1)	**1,353.5**

(1) Group share

(€ millions)	2004
Total 2004 IFRS balance sheet published in the 2004 annual report	3,452.2
Above adjustments on shareholders' equity	5.5
Deferred tax offset according to tax perimeters	(43.4)
Total 2004 IFRS balance sheet published in 2005	**3,414.3**

Balance sheet reconciliation as of December 31, 2004

(€ millions)	Notes	French GAAP	Adjustments	IFRS
CONSOLIDATED ASSETS				
Goodwill	51.1 - 51.4 - 51.5 - 51.9	521.1	39.0	560.1
Intangible assets	51.1	39.3	(10.3)	29.0
Mining assets	51.1	475.7	(16.7)	459.0
Property, plant and equipment	51.7	1,043.3	10.1	1,053.4
Investments in associates	51.9	24.3	1.6	25.9
Available-for-sale financial assets		13.8	-	13.8
Other financial assets	51.1	75.6	(63.9)	11.7
Other receivables and other assets		19.7	-	19.7
Deferred tax assets		24.6	5.4	30.0
Total non-current assets		**2,237.4**	**(34.8)**	**2,202.6**
Inventories		400.5	(1.0)	399.5
Trade accounts receivable		493.5	1.1	494.6
Derivative instrument assets	51.11	4.9	58.3	63.2
Marketable securities and other financial assets	51.10	96.6	(0.3)	96.3
Cash and cash equivalents		66.5	-	66.5
Other receivables and other assets	51.11	97.5	(5.9)	91.6
Total current assets		**1,159.5**	**52.2**	**1,211.7**
TOTAL CONSOLIDATED ASSETS		3,396.9	17.4	3,414.3
CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY				
Capital		126.9	-	126.9
Share capital premiums		204.9	-	204.9
Reserves		925.0	(143.3)	781.7
Net income		209.4	30.6	240.0
Shareholders' equity, Group share		**1,466.2**	**(112.7)**	**1,353.5**
Minority interests		**8.9**	**0.2**	**9.1**
Shareholders' equity		**1,475.1**	**(112.5)**	**1,362.6**
Provisions for employee benefits	51.1	67.3	128.2	195.5
Other provisions		150.0	-	150.0
Loans and financial debts	51.7 - 51.11	916.7	23.9	940.6
Other debts		23.2	1.0	24.2
Deferred tax liabilities		147.2	(64.0)	83.2
Total non-current liabilities		**1,304.4**	**89.1**	**1,393.5**
Other provisions		12.0	-	12.0
Trade accounts payable		273.7	-	273.7
Payable income taxes		10.0	-	10.0
Derivative instrument liabilities	51.11	-	9.7	9.7
Loans and financial debts	51.7 - 51.11	112.4	31.6	144.0
Bank overdrafts		20.6	-	20.6
Other debts		188.7	(0.5)	188.2
Total current liabilities		**617.4**	**40.8**	**658.2**
TOTAL CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY		3,396.9	17.4	3,414.3
Net financial debt		882.3	7.5	889.8

54 - INCOME STATEMENT RECONCILIATION AS OF DECEMBER 31, 2004

(€ millions)	Notes	French GAAP	Adjustments	IFRS
Sales	51.8	2,872.7	(2.2)	2,870.5
Other revenue from operations		20.3	0.1	20.4
Revenue		**2,893.0**	**(2.1)**	**2,890.9**
Raw materials and consumables used		(1,015.8)	(0.2)	(1,016.0)
Change in W.I.P. and finished goods inventories and assets produced by the entity		11.5	-	11.5
External expenses	51.7	(685.1)	4.0	(681.1)
Staff expenses	51.3	(565.9)	(2.2)	(568.1)
Taxes and duties		(38.3)	-	(38.3)
Amortization, depreciation and impairment losses	51.1 - 51.7	(158.3)	(4.7)	(163.0)
Net change in operating provisions	51.1	4.5	(2.0)	2.5
Other operational revenue and expenses		(19.8)	3.2	(16.6)
Current operating income		**425.8**	**(4.0)**	**421.8**
Other operating revenue and expenses	51.4 - 51.5	(71.8)	26.2	(45.6)
Operating income		**354.0**	**22.2**	**376.2**
Revenue from securities		5.3	(1.0)	4.3
Gross financial debt expense	51.7 - 51.8	(39.3)	0.7	(38.6)
Net financial debt expense		**(34.0)**	**(0.3)**	**(34.3)**
Other financial revenue and expenses		(11.1)	6.0	(5.1)
Net financial income		**(45.1)**	**5.7**	**(39.4)**
Income taxes		(100.2)	2.7	(97.5)
Share in net income of associates		3.4	-	3.4
Net income		**212.1**	**30.6**	**242.7**
Minority interests		(2.7)	-	(2.7)
Net income, Group share		**209.4**	**30.6**	**240.0**
of which :				
Current operating income, Group share		259.8	1.4	261.2
Other net operating revenue and expenses, Group share		(50.4)	29.2	(21.2)

55 - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€ millions)	Notes	Capital	Share capital premiums	Consolidated reserves	Total
Shareholders' equity, Group share as of December 31, 2003 in French GAAP		127.0	218.1	1,056.2	1,401.3
Fair value of financial instruments	51.11	-	-	(0.2)	(0.2)
Reclassification of treasury shares as marketable securities	51.10			(5.9)	(5.9)
Finance lease adjustments	51.7	-	-	(0.9)	(0.9)
Adjustments of provisions for major repairs	51.6	-	-	2.7	2.7
Actuarial differences of employee benefits	51.1	-	-	(134.8)	(134.8)
Fair value of mineral reserves	51.1	-	-	(10.4)	(10.4)
Approach by components of property, plant and equipment	51.6	-	-	(2.8)	(2.8)
Reclassification of negative goodwill	51.4	-	-	2.1	2.1
Reclassification of minority interests on IFRS adjustments		-	-	(0.1)	(0.1)
Shareholders' equity, Group share as of January 1, 2004 in IFRS		127.0	218.1	905.9	1,251.0
Dividends (€1.25 per share)		-	-	(79.3)	(79.3)
Variation of the translation reserve		-	-	(50.6)	(50.6)
Capital decreases		(1.3)	(29.9)	-	(31.2)
Capital increases		1.2	16.7	-	17.9
Fair value of financial instruments	51.11	-	-	0.4	0.4
Transactions on treasury shares	51.10	-	-	6.3	6.3
Cost of share options	51.3	-	-	2.2	2.2
Complement. amortization goodwill of Imerys Ltd 1999-2003 following deferred tax adjustment	51.5	-	-	(3.2)	(3.2)
Share of shareholders in 2004 net income		-	-	240.0	240.0
Shareholders' equity, Group share as of December 31, 2004		126.9	204.9	1,021.7	1,353.5
Proposed dividends		-	-	(95.2)	(95.2)
Shareholders' equity, Group share after distribution as of January 1, 2005		126.9	204.9	926.5	1,258.3

3.2 Statutory financial statements

Financial commentary

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

In 2005, the net income of the Company comes to €100 million whereas the 2004 net income reached €283 million.

The main factors for the period were:

- The evolution of Group investment securities held directly or indirectly by the Company through the following transactions:
  - the disposal on April 18, 2005 by Imerys of Larivière, a company specialized in the distribution of roofing products;
  - the subscription to the capital increase of Imerys USA on the occasion of the acquisition of World Minerals Inc. on July 14, 2005, a company specialized in minerals for beverage filtration;
  - the acquisition by Imerys on October 28, 2005 of Denain-Anzin Minéraux, actively involved in Europe in minerals for ceramics. Denain-Anzin Minéraux was then sold to Mircal in December 2005;
  - in January 2005, the Group equally acquired Lafarge Refractories.

  During the period, the net value of the shares held by Imerys thus decreased by €71 million, coming to €2,470 million as of December 31, 2005. The Company received €121,2 million of dividends in 2005, no dividend had been received in 2004.
- The increase of financial resources:
  - in order to ensure the realization of the acquisitions, the financial debts of Imerys SA increased by €452 million in 2005;
  - the structure of financing means has however not been modified.
- The incidence of the Group's development on the operating income:
  - the operating expenses of the Company increase by €10 million in 2005. This increase has been invoiced, as far as rendered services are concerned, to the subsidiaries as part of the assistance contracts, which explains the growth in sales, increasing by €4 million and reaching €26 million in 2005.
- The relocation of the Imerys headquarters on February 7, 2005 from 33 avenue du Maine, 75755 Paris Cedex 15 to 154 rue de l'Université, 75007 Paris.
- The return to a mode of management of a Board of Directors approved by the Shareholders' General Meeting of May 3, 2005; the Company had been managed since 1998 by an Executive Board and a Supervisory Board.

Income statement

(€ thousands)	Notes	2005	2004	2003
Operating revenue		**26,997**	**22,032**	**26,279**
Rendering of services		25,665	21,373	22,510
Decreases in provisions and transfer of expenses		1,332	659	3,769
Operating expenses		**(52,887)**	**(42,796)**	**(36,383)**
Purchases and external services		(35,933)	(28,099)	(22,562)
Taxes and duties		(1,469)	(1,379)	(1,403)
Staff expenses		(12,829)	(10,941)	(10,887)
Amortization, depreciation and provisions		(2,013)	(1,752)	(878)
Other expenses		(643)	(625)	(653)
Operating income		**(25,890)**	**(20,764)**	**(10,104)**
Financial income	10	**72,646**	**(19,200)**	**164,909**
Revenue from subsidiaries and affiliates		121,175	-	126,924
Net financial expenses		(31,803)	(29,974)	(24,200)
Increases and decreases in provisions		11,026	3,548	3,125
Exchange rate gains and losses		(27,752)	7,226	59,060
Current income		**46,756**	**(39,964)**	**154,805**
Exceptional income	11	**29,004**	**304,092**	**1,465**
Exceptional revenue		190,672	869,660	581,195
Exceptional expenses		(161,668)	(565,568)	(579,730)
Income taxes	12	**24,236**	**18,488**	**(4,968)**
Net income		**99,996**	**282,616**	**151,302**

Balance sheet

(€ thousands)	Notes	2005	2004	2003
ASSETS				
Intangible assets	13	3,313	2,898	2,077
Accumulated amortization	13	(1,416)	(892)	(658)
Net intangible assets		**1,897**	**2,006**	**1,419**
Property, plant and equipment	13	8,671	11,478	9,535
Accumulated depreciation	13	(3,577)	(5,900)	(5,210)
Net property, plant and equipment		**5,094**	**5,578**	**4,325**
Investments	14	2,473,432	2,544,133	2,201,433
Provisions	14 - 20	(3,003)	(2,896)	(2,896)
Net investments		**2,470,429**	**2,541,237**	**2,198,537**
Loans related to investment securities	15 -17	1,005,561	472,972	557,832
Provisions	20	(613)	-	-
Loans related to investment securities - net value		**1,004,948**	**472,972**	**557,832**
Other financial investments	16 - 17	41,065	2,884	2,279
Non-current assets		3,523,433	3,024,677	2,764,392
Other receivables	17	32,307	40,627	22,184
Derivative instruments		6,904	4,861	-
Marketable securities	18	59,900	90,913	12,255
Cash and cash equivalents		1,953	1,485	3,170
Current assets		101,064	137,886	37,609
Regularization accounts	17	7,445	21,261	16,450
TOTAL ASSETS		3,631,942	3,183,824	2,818,451
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital		127,944	126,900	126,966
Additional paid-in capital		219,453	204,873	218,094
Revaluation reserve		-	-	-
Reserves		956,678	961,666	961,666
Retained earnings		425,113	232,633	165,604
Net income for the period		99,996	282,616	151,302
Shareholders' equity	19	**1,829,184**	**1,808,688**	**1,623,632**
Provisions for risks and charges	20	**25,483**	**36,807**	**35,089**
Financial debts	21	1,740,098	1,288,308	1,126,585
Other debts	21	17,981	21,795	19,021
Derivative instruments	21	3,487	3,882	719
Debts		**1,761,566**	**1,313,985**	**1,146,325**
Regularization accounts	21	15,709	24,344	13,405
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,631,942	3,183,824	2,818,451

Cash Flow Statement

(€ thousands)	2005	2004	2003
Cash flow from operating activities			
Net income	99,996	282,616	151,302
Expenses and revenue with no impact on cash flow			
Amortization and depreciation	2,549	1,403	715
Provisions	(10,600)	(3,666)	(48,865)
Income on disposal of assets	(30,361)	(307,544)	12,181
Operating cash flow before working capital changes	61,584	(27,191)	115,333
Change in working capital requirement	5,054	(10,608)	(22,161)
Cash flow from operating activities	66,638	(37,799)	93,172
Cash flow from investing activities			
Acquisitions of assets			
Intangible assets and property, plant and equipment	(3,792)	(2,764)	(1,242)
Financial (investments and related assets)	(124,202)	(894,874)	(532,407)
Disposals of assets			
Intangible assets and property, plant and equipment	7,573	-	1
Financial (investments and related assets)	181,342	859,664	530,615
Cash flow from investing activities	60,921	(37,974)	(3,033)
Cash flow from financing activities			
Change in financial debts	453,823	164,886	(171,012)
Change in loans and other financial assets	(532,590)	80,432	134,927
Cash flow from financing activities	(78,767)	245,318	(36,085)
Capital operations			
Capital increase	15,624	17,957	30,734
Capital reduction by cancellation of treasury shares	-	(31,244)	(22,495)
Dividends paid	(94,961)	(79,285)	(67,529)
Cash flow from operations on equity	(79,337)	(92,572)	(59,290)
Change in cash and cash equivalents	(30,545)	76,973	(5,236)
Cash and cash equivalents at the beginning of period (1)	92,398	15,425	20,661
Cash and cash equivalents at the end of period (1)	61,853	92,398	15,425
Change in cash and cash equivalents	(30,545)	76,973	(5,236)

Detail of movements on treasury shares

(€ thousands)	2005	2004	2003
Purchases of treasury shares	38,159	31,244	26,180
Sales of treasury shares	-	-	(2,563)
Treasury shares allocated to the Employee Shareholding Plan	-	-	(1,122)
Capital reduction by cancellation of treasury shares	-	(31,244)	(22,495)
Gross amount of treasury shares booked as investments as of December 31	38,159	0	0

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

Attachment

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

1. Accounting policies and methods

The annual accounts are established in accordance with the current French accounting regulations.

The methodology generally used is the historical cost method for the items recorded in the books (with the exception of certain revalued assets).

In accordance with the French CRC regulation no. 2004-06 related to assets, Imerys SA carried forward the net carrying amount of trademark registering costs created internally indicated in the opening balance sheet. Henceforth, trademark registering costs will be recorded in the expenses of the period. The first application of this regulation constitutes a change in the method of the period. The Company also applies the CRC regulation no. 2002-10 on assets; the first application did not have any impact on the financial statements of the 2005 period.

1 - INTANGIBLE ASSETS

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

The first application of the CRC regulation no. 2004-06 related to assets resulted in a decrease of the gross amounts of intangible assets of €428 thousand and a correlative amortization decrease of €180 thousand corresponding to the amounts indicated in the opening balance sheet.

2 - PROPERTY, PLANT AND EQUIPMENT

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

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

Depreciation methods and periods are as follows:

Buildings - Offices	straight-line method	from 20 to 30 years
Machinery and equipment	straight-line method	over 10 years
Other property, plant and equipment		
• Equipment and office furniture	straight-line method	over 5 and 10 years
• Office equipment	straight-line method	over 5 years
• IT equipment	straight-line method	over 3 years

3 - LONG TERM INVESTMENTS

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

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

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

4 - RECEIVABLES AND DEBTS IN FOREIGN CURRENCIES

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

5 - GLOBAL POSITION OF CHANGE

When operations in foreign currencies result in the symmetrical book-keeping of an asset and a liability presenting close deadlines, the related exchange rate impacts that they generate are neutralized reciprocally until the deadline of the operations. In this case, the exchange risk cannot materialize and assets and liabilities incline towards a global position that is compensated. The amount of the provision for the currency exchange loss on the asset is limited to the portion of unrealized losses exceeding unrealized gains.

6 - MARKETABLE SECURITIES

Their value in use is assessed at their average trading price of the last month of the fiscal year for the listed stocks, at the last known redemption price for the SICAV's (money market funds) and at their net asset value for the FCP's (equity funds). Unrealized losses of value are subject to a provision for depreciation, the unrealized gains are not recorded.

7 - PROVISIONS

Provisions for risks

The provisions for risks cover identified risks and are determined in the following method:

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

Provisions for charges

They mainly include:

- provisions for the supplementary pension plan and pensions for the former salaried employees;
- charge for retirement indemnities calculated according to the retrospective method.

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

8 - RISKS PERTAINING TO FINANCIAL MARKETS

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

The main instruments and risks are described hereafter:

- The derivative instruments used to cover the exchange rate risk are mainly forward buying and selling foreign currency contracts as well as change options. A global position of change is established when operations in foreign currencies (hedged elements and hedging instruments) result in the symmetrical book-keeping of an asset and a liability presenting close characteristics. For those options conforming to the Group's risk management policy, but not being qualified as hedging options, a provision for risks and charges is registered when the market value is inferior to the original contract value. The unrealized gains are not recognized.
- The Company implements swaps and options in order to cover the exchange rate risk. The expenses and products concerning the hedging instruments are recorded in the income statement in a symmetrical way to the expenses and products of hedged elements.
- In order to cover energy price risks which affect its participations, the Company uses option contracts as well as forward buying and selling contracts. The expenses and products concerning hedging instruments are recorded in the income statement in a symmetrical way to the expenses and products of hedged elements. For those options conforming to the Group's risk management policy, but not being qualified as hedging options, a provision for risks and charges is registered when the market value is inferior to the original contract value. The unrealized gains are not registered.

9 - TAX CONSOLIDATION

Since 1993, the Imerys company and some of its French subsidiaries have been assessed under Article 223 A of the French Tax Code in respect of group taxation. Two entities left the tax consolidation perimeter in 2005: Larivière and Boitel (both have been disposed of) and three joined the tax consolidation perimeter: Marcel Rivereau, Parnasse 22, Parnasse 23. The tax consolidation perimeter included 25 entities as of December 31, 2005 mentioned below:

- Imerys
- Ardoisières d'Angers
- Ceradel Socor
- Cératéra SAS
- César
- Charges Minérales du Périgord
- Damrec
- Imerys Kiln Furniture France
- Imerys Minéraux France
- Imerys Services
- Imerys Tableware France
- Imerys TC
- KPCL KVS
- Marcel Rivereau
- Minemet Holding
- Mircal
- Mircal Brésil
- Mircal Europe
- Parimetal
- Parnasse 16
- Parnasse 17
- Parnasse 21
- Parnasse 22
- Parnasse 23
- Setac

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

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

2. Notes to the income statement

10 - FINANCIAL RESULTS

(€ thousands)	2005	2004	2003
Financial revenue			
Revenue from subsidiaries and affiliates [(1)]	121,175	-	126,924
Other investment income – net [(1)]	88,738	60,942	53,778
Decreases in provisions and transfer of expenses	16,790	19,770	16,917
Exchange rate gains	44,232	59,916	213,129
	270,935	140,628	410,748
Financial expenses			
Financial interest and expenses on derivative instruments [(2)]	120,541	90,916	77,978
Increases in financial provisions	5,765	16,222	13,792
Exchange rate losses	71,983	52,690	154,069
	198,289	159,828	245,839
Financial income	72,646	(19,200)	164,909
[(1)] of which revenue related to controlled entities	*23,958*	*12,939*	*140,733*
[(2)] of which expenses related to controlled entities	*7,240*	*5,073*	*3,814*

In 2005, the Company received €121.2 million of dividends.

Moreover, the Company consented debt abandonments for an amount of €6.5 million on the occasion of the restructuring of the subsidiaries of the group Lafarge Refractories.

As a holding company, Imerys manages its balance sheet exchange rate risk, notably linked to the foreign net assets held directly or indirectly by the Company and also resulting from the loans and advances granted to the subsidiaries and entities controlled by the Company in accordance with the intra-group treasury contracts. Therefore, the proportion of the financial indebtedness drawn in other foreign currencies than the euro is adjusted. In 2005, Imerys recorded a net exchange loss of €27.8 million (a gain of €7.2 million was realized in 2004 and a gain of €59.1 million in 2003) mainly due to the hedging of foreign investments by Imerys. These assets are not subject to revaluation based on the closing rate, in absence of revaluation of the investment securities in the balance sheet.

11 - EXCEPTIONAL INCOME

(€ thousands)	2005	2004	2003
Gains and losses on disposals of assets	30,360	307,544	(12,181)
Other exceptional revenue	1	7,600	1,680
Decreases in provisions	1,234	2,396	47,410
Increases in provisions	(1,996)	(1,995)	(1,971)
Other exceptional expenses	(595)	(11,453)	(33,473)
Exceptional income	29,004	304,092	1,465

The exceptional gains result from the disposal of the Larivière shares as well as from the disposal of part of the Montparnasse real estate where the former headquarters of Imerys were located.

12 - INCOME TAXES

(€ thousands)	2005	2004	2003
Taxes on long-term capital gains	-	-	-
Income taxes	24,236	18,488	(4,968)
Total	**24,236**	**18,488**	**(4,968)**

Breakdown of the tax charge of the Company

(€ thousands)	Result before taxes	Taxes	Result after taxes
Current income	46,756	-	46,756
Exceptional income	29,004	-	29,004
Impact of the tax consolidation	-	24,236	24,236
Total	**75,760**	**24,236**	**99,996**

In accordance with the terms of the tax conventions signed by each company of the Group, the tax charge or revenue recorded in the accounts of Imerys is composed of:

- the tax charge of the Company, calculated as if it was not fiscally consolidated;
- the net amount of complementary charges and revenue resulting from the tax consolidation.

In this context, Imerys recorded a revenue of €24,236 thousand for the 2005 period.

As regards Imerys, it registers in 2005 a loss of €63.0 million which has been used by the consolidated group following the rules of tax consolidation. At the end of the 2005 period, the balance of carried forward short-term losses is of €171.9 million.

The tax consolidation structure headed by the Imerys company has long-term losses of €25.4 million and no short-term losses.

Variation of deferred taxes (deferred tax basis)

(€ thousands)	As of December 31, 2005		As of December 31, 2004	
Description	Assets	Liabilities	Assets	Liabilities
Temporary differences				
Deductible next year	-	5,136	-	18,146
Deductible later	-	10,887	-	9,789
Deducted expenses or taxed revenue not yet recognized	1,514	15,405	15,524	24,379
Total	**1,514**	**31,428**	**15,524**	**52,314**
Potentially taxable items				
Special reserve for long-term capital gains	-	273,471 (1)	-	273,471
Others	-	-	-	-
Total	**-**	**273,471**	**-**	**273,471**

(1) According to article no. 39 of the Financial Rectification Law 2004 ("Loi de Finance Rectificative"), an amount of €200 million were transferred from the special reserves of long-term gains to an account of ordinary reserves after approval of the Shareholders' General Meeting of May 3, 2005. This transfer was already taken into account in the potential taxation elements published in the 2004 annual report.

3. Notes to the balance sheet

13 - VARIATIONS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(€ thousands)	Gross amount 12.31.2004	Acquisitions	Disposals	Gross amount 12.31.2005
Intangible assets	**2,898**	**843**	**428**	**3,313**
Land	560	-	258	302
Buildings	3,549	-	1,580	1,969
Other property, plant and equipment	7,369	2,213	3,182	6,400
Property, plant and equipment	**11,478**	**2,213**	**5,020**	**8,671**
Total gross intangible assets and property, plant and equipment	**14,376**	**3,056**	**5,448**	**11,984**

(€ thousands)	Amortization and depreciation as of 12.31.2004	Increases	Decreases	Amortization and depreciation as of 12.31.2005
Amortization on intangible assets	**892**	**704**	**180**	**1,416**
Depreciation of buildings	2,153	87	961	1,279
Depreciation of property, plant and equipment	3,747	779	2,228	2,298
Depreciation of property, plant and equipment	**5,900**	**866**	**3,189**	**3,577**
Total amortization and depreciation of intangible assets and property, plant and equipment	**6,792**	**1,570**	**3,369**	**4,993**

14 - CHANGES IN THE VALUE OF INVESTMENT SECURITIES

The gross value of equity interest decreases by €70,701 thousand.

The main acquisitions and sales concern the following entities:

- the disposal of Larivière shares for a gross amount of €101,299 thousand;
- the subscription to the capital increase of Imerys USA for €30,599 thousand.

Depreciation allowances come to €3,003 thousand, increasing by €107 thousand compared to 2004.

15 - LOANS RELATED TO INVESTMENT SECURITIES

The amount of loans related to investment securities increased by €532,589 thousand. These receivables correspond to intra-group credit agreements aimed at optimizing the cash management. A provision for depreciation has been accrued in 2005 for €613 thousand.

16 - OTHER FINANCIAL INVESTMENTS

During the 2005 period, 640,000 Imerys shares have been repurchased in the framework of the Share Buy-back Program for which the Shareholders' General Meeting of May 3, 2005 renewed the authorization. These shares in process of cancellation are registered in other financial investments for €38,159 thousand as of December 31, 2005 *(note 19)*.

17 - OTHER RECEIVABLES

(€ thousands)	Gross amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Receivables from investment securities	**1,005,561**	**597,608**	**407,340**	**613**
Other financial investments	**41,065**	**38,214**	**42**	**2,809**
Other receivables				
Operating receivables	30,910	30,910	-	-
Bond issuance premium	1,397	191	664	542
Total other receivables	**32,307**	**31,101**	**664**	**542**
Regularization account				
Prepaid expenses	3,608	1,486	1,886	236
Expenses to be amortized over several periods	2,323	271	1,040	1,013
Unrealized exchange rate losses	1,514	1,514	-	-
Total regularization account	**7,445**	**3,271**	**2,926**	**1,249**
Total	1,086,378	670,194	410,972	5,213

18 - MARKETABLE SECURITIES – NET VALUES

(€ thousands)	2005	2004	2003
SICAV's and mutual funds [(1)]	59,405	90,605	-
Treasury shares [(1)]	495	253	5,863
Deposit for liquidity provider contract	-	55	6,392
Certificates of deposit and negotiable bonds	-	-	-
Obligations	-	-	-
Total	59,900	90,913	12,255

(1) Inventory of marketable securities as of December 31, 2005

Nature	Quantity	Average cost price per unit (€)	Average rate December 2005 (€)
SICAV Natexis Securite Jour	693	49,683.00	49,683.00
SICAV Dresdner Eurocash	4,141	6,031.11	6,031.11
Imerys shares (liquidity provider contract)	8,170	61.08	60.63

19 - BREAKDOWN IN CHANGES OF SHAREHOLDERS' EQUITY

(€ thousands)	Number of shares	Capital	Share capital premiums	Reserves [1] Legal	Regulated	Other	Retained earnings	Income for the year	Total
Shareholders' equity as of 01/01/03									
before allocation of net income	15,751,950	126,016	210,804	12,725	473,471	475,470	72,711	160,423	1,531,620
Allocation of 2002 income	-	-	-	-	-	-	92,893	(160,423)	(67,530)
Movements of the period:									
Cancellation of 153,639 shares of €8	(153,639)	(1,230)	(21,265)	-	-	-	-	-	(22,495)
Subscription of 272,434 shares by exercise of options	272,434	2,180	28,555	-	-	-	-	-	30,735
15,870,745 shares of €8	15,870,745	126,966	218,094	12,725	473,471	475,470	165,604	0	1,472,330
Net income as of 12/31/03								151,302	151,302
Shareholders' equity as of 01/01/04									
before allocation of net income	15,870,745	126,966	218,094	12,725	473,471	475,470	165,604	151,302	1,623,632
Allocation of 2003 income	-	-	-	-	-	-	72,017	(151,302)	(79,285)
Movements of the period:									
Split of the nominal : shares of €2 [2]	63,482,980	-	-	-	-	-	-	-	-
Cancellation of 640,000 shares of €2	(640,000)	(1,280)	(29,964)	-	-	-	-	-	(31,244)
Subscription of 607,040 shares by exercise of options	607,040	1,214	16,743	-	-	-	-	-	17,957
Exceptional tax on Regulated Reserves	-	-	-	-	-	-	(4,988) [3]	-	(4,988)
63,450,020 shares of €2	63,450,020	126,900	204,873	12,725	473,471	475,470	232,633	0	1,526,072
Net income as of 12/31/04	-	-	-	-	-	-	-	282,616	282,616
Shareholders' equity as of 01/01/05									
before allocation of net income	63,450,020	126,900	204,873	12,725	473,471	475,470	232,633	282,616	1,808,688
Allocation of 2004 income	-	-	-	-	-	-	187,655	(282,616)	(94,961)
Movements of the period:									
Subscription of 521,845 shares by exercise of options	521,845	1,044	14,580	-	-	-	-	-	15,624
Reclassification of regulated reserves	-	-	-	-	(200,000)	200,000 [3]	-	-	0
Tax on regulated reserves (long-term gains)	-	-	-	-	-	(4,988)	4,988 [3]	-	0
Change in method CRC 04-06	-	-	-	-	-	-	(163) [4]	-	(163)
63,971,865 shares of €2	63,971,865	127,944	219,453	12,725	273,471	670,482	425,113	0	1,729,188
Net income as of 12/31/05								99,996	99,996
Shareholders' equity as of 01/01/06									
before allocation of net income	63,971,865	127,944	219,453	12,725	273,471	670,482	425,113	99,996	1,829,184
Cancellation of 640,000 actions of €2 [5]	(640,000)	(1,280)	(36,879)	-	-	-	-	-	(38,159)
Proposition for allocation of income [6]	63,331,865	-	-	-	-	-	(4,502)	(99,996)	(104,498)
Shareholders' equity as of 01/17/06									
with proposition for allocation of income	63,331,865	126,664	182,574	12,725	273,471	670,482	420,611	0	1,686,527

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

[2] *According to the Shareholders' General Meeting on May 3, 2004.*

[3] *According to article no. 39 of the Financial Rectification Law 2004 ("Loi de Finance Rectificative") concerning special reserves of long-term gains, Imerys registered on December 31, 2004 the exceptional tax on special reserves and thus diminished the position "retained earnings" for an amount of €4,988 thousand. By decision of the Shareholders' General Meeting of May 3, 2005, this amount has been allocated to reserves and €200 million have thus been transferred from special reserves of long-term gains to ordinary reserves.*

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

[5] *Proposed for the approval of the Board of Directors on January 17, 2006*

[6] *Proposed to the Shareholders' General Meeting on May 2, 2006.*

The Shareholders' General Meeting on May 3, 2004 approved the proposition to reduce the nominal of the Imerys share to €2 per share. Since then, the nominal of the Imerys share is of €2.

In 2005, 521,845 shares were created as a result of exercised options. Detailed information is available in *paragraph 5.2 of the annual report*.

Stock option subscription plans in force as of December 31, 2005

		Position as of 12/31/2004	Grant of options	Exercised options	Cancellations, regularizations	Position as of 12/31/2005
Plan	1998	34,796		25,000		9,796
Plan	1999	171,000		94,700		76,300
Plan	2000	165,900		41,680	(2,860)	127,080
Employee Shareholder Plan	2000	48,116		10,120	120	37,876
Plan	2001	367,920		171,425	(5,360)	201,855
Employee Shareholder Plan	2001	69,704		15,456	120	54,128
Plan	2002	487,000		161,000	2,000	324,000
Employee Shareholder Plan	2002	68,048		2,284	100	65,664
Plan	2003	688,720			38,660	650,060
Employee Shareholder Plan	2003	37,424		180		37,244
Plan	2004	834,600			55,900	778,700
Plan	2005		635,000		10,000	625,000
		2,973,228	**635,000**	**521,845**	**98,680**	**2,987,703**
Number of potential ordinary shares by exercise of share options						**2,987,703**

See the more detailed table in paragraph 6.4.3 of the present document.

Number of shares

Position as of December 31, 2004	**63,450,020**
Number of shares created in 2005 by exercise of options with a nominal amount of €2	521,845
Cancellation of shares in 2005 with a nominal amount of €2	-
Position as of December 31, 2005	**63,971,865**
Number of shares liable to be created	2,987,703
Total number of potential ordinary shares as of December 31, 2005	66,959,568
Cancellation of shares with a nominal amount of €2 - Board of Directors of January 17, 2006	(640,000)
Total number of potential ordinary shares as of January 17, 2006	66,319,568

After the cancellation of the 640,000 treasury shares bought back by the Company during the 2005 period, the exercise of all granted share options would dilute the share capital by 4.51%.

20 - PROVISIONS

(€ thousands) Type of provisions	Amount at the beginning of the period	Increases			Decreases			Amount at the end of the period
		Operating	Financial	Exceptional	Operating	Financial	Exceptional	
Provisions for depreciation of assets								
Investments	2,896	-	107	-	-	-	-	3,003
Receivables from investment securities	-	-	613	-	-	-	-	613
Non-consolidated investments	-	-	-	-	-	-	-	-
Bond issuance premium	189	-	191	-	-	-	-	380
Marketable securities	-	-	4	-	-	-	-	4
Total	**3,085**	**-**	**915**	**-**	**-**	**-**	**-**	**4,000**
Provisions for risks								
Management risks	6,607	-	-	903	-	-	-	7,510
Provisions for exchange rate losses	15,524	-	1,514	-	-	(15,524) (2)	-	1,514
Staff-related risks	1,558	-	-	733	-	-	(558) (1)	1,733
Environmental risks	7,372	-	1,134	-	-	-	(676) (1)	7,830
Financial instruments	598	-	1,413	-	-	(598) (2)	-	1,413
Risks on subsidiaries and investments	-	-	-	360	-	-	-	360
Subtotal	**31,659**	**-**	**4,062**	**1,996**	**-**	**(16,122)**	**(1,234)**	**20,360**
Provisions for charges								
Pensions	20	-	-	-	(19) (3)	-	-	1
Future employee benefits	2,461	444	-	-	(450) (1)	-	-	2,455
Other social contributions and tax expenses	2,667	-	-	-	-	-	-	2,667
Subtotal	**5,148**	**444**	**-**	**-**	**(469)**	**-**	**-**	**5,123**
Total	**36,807**	**444**	**4,062**	**1,996**	**(469)**	**(16,122)**	**(1,234)**	**25,483**
Grand Total	**39,892**	**444**	**4,977**	**1,996**	**(469)**	**(16,122)**	**(1,234)**	**29,483**

(1) Provisions decreased in accordance with used amounts for € 1,684 thousand.

(2) Provisions decreased in accordance with the last available financial elements.

(3) The other decreases in provisions result from a better evaluation of the risks of December 31, 2005 and to the expiration of other risks.

As head of the group, Imerys registers management risk and environmental provisions. They particularly relate to environmental liability guarantees following the disposal of certain investments.

As of December 31, 2005, a provision for financial risks has been registered in order to take into consideration the unrealized loss on financial instruments, concerning hedging transactions on foreign currencies and on energy prices. Some of these instruments, in accordance with the Group's financial risk management policy, are, in fact, not recognized as hedging instruments at Imerys SA. The financial instruments held as of December 31, 2005 are described in note 25 and following.

The provision for future employee benefits mainly represents commitments on defined benefit plans, after taking into consideration the value of assets invested at a rate of 4.69% in 2005. In 2005, the retained hypotheses for the calculation of retirement obligations are a discount rate of 4% and an average wage increase of 3%. Actuarial differences are recognized according to the "corridor" method.

Net expense

(€ thousands)	Retirement 2005	Retirement 2004	Other long-term employee benefits 2005	Other long-term employee benefits 2004	Total 2005	Total 2004
Interest cost	183	176	-	-	183	176
Current service cost	351	276	-	-	351	276
Expected return on plan assets	(37)	(58)	-	-	(37)	(58)
Amortization of past service cost	(4)	(4)	-	-	(4)	(4)
Amortization of actuarial (gains) losses	12	-	-	-	12	-
Curtailments and settlements	-	-	-	-	-	-
Recognized net expense	505	390	-	-	505	390
Return on plan assets	*(211)*	*(68)*	-	-	*(211)*	*(68)*

Change in the discounted value of obligations

(€ thousands)	Retirement 2005	Retirement 2004	Other long-term employee benefits 2005	Other long-term employee benefits 2004	Total 2005	Total 2004
Opening discounted value of defined benefit obligations	4,610	3,553	47	47	4,657	3,600
Interest cost	183	176	-	-	183	176
Current service cost	351	276	-	-	351	276
Benefit payments	-	(9)	-	-	-	(9)
Employee contributions	-	-	-	-	-	-
Plan amendments	0	-	-	-	0	-
Actuarial (gains) losses	104	634	-	-	104	634
Closing discounted value of defined benefit obligations	5,248	4,630	47	47	5,295	4,677
of which funded defined benefit obligations	*4,804*	*4,238*	-	-	*4,804*	*4,238*
of which unfunded defined benefit obligations	*444*	*392*	*47*	*47*	*491*	*439*

Change in fair value of plan assets

(€ thousands)	Retirement 2005	Retirement 2004	Other long-term employee benefits 2005	Other long-term employee benefits 2004	Total 2005	Total 2004
Opening fair value of plan assets	1,279	1,167	-	-	1,279	1,167
Expected return on plan assets	37	58	-	-	37	58
Benefit payments	-	(9)	-	-	-	(9)
Employer contributions	536	53	-	-	536	53
Employee contributions	-	-	-	-	-	-
Plan amendments	-	-	-	-	-	-
Actuarial (gains) losses of the period	174	10	-	-	174	10
Closing fair value of plan assets	2,026	1,279	-	-	2,026	1,279

Assets / liabilities in the balance sheet

(€ thousands)	Retirement 2005	Retirement 2004	Other long-term employee benefits 2005	Other long-term employee benefits 2004	Total 2005	Total 2004
Discounted value of funded defined benefit obligations	(4,804)	(4,238)	-	-	(4,804)	(4,238)
Fair value of plan assets	2,026	1,279	-	-	2,026	1,279
Funded status	(2,778)	(2,959)	-	-	(2,778)	(2,959)
Discounted value of unfunded defined benefit obligations	(444)	(392)	(47)	(47)	(491)	(439)
Unrecognized past service cost	(28)	(32)	-	-	(28)	(32)
Closing unrecognized actuarial differences	841	949	-	-	841	949
Unrecognized assets due to a limit on prepaid assets	-	-	-	-	-	-
Assets (provisions) in the balance sheet	(2,409)	(2,434)	(47)	(47)	(2,456)	(2,481)
of which provisions for retirement	*(1)*	*(20)*	-	-	*(1)*	*(20)*
of which provisions for future employee benefits	*(2,408)*	*(2,414)*	*(47)*	*(47)*	*(2,455)*	*(2,461)*

21 - DEBTS AND REGULARIZATION ACCOUNTS AS OF DECEMBER 31, 2005

(€ thousands)	Amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Financial debts	1,740,098	835,941	409,657	494,500
Other debts	21,468	19,024	2,444	-
Deferred revenue	304	304	-	-
Unrealized exchange rate gains	15,405	15,405	-	-
Total	1,777,275	870,674	412,101	494,500

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

The financial debts per foreign currency share out as follows:

(€ thousands)	Amount
Euro	1,521,372
US Dollar	149,520
British Pound	5,919
Japanese Yen	50,914
Other foreign currencies	12,373
Total	1,740,098

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

(€ thousands)	Amount	Maturity less than one year	Maturity from one to five years	Maturity beyond five years
Bonds	904,157	-	409,657	494,500
Commercial papers	380,200	380,200	-	-
Group financial current accounts	439,052	439,052	-	-
Bank overdrafts and accrued interest	16,689	16,689	-	-
Total	1,740,098	835,941	409,657	494,500

22 - ACCRUED RECEIVABLES AND PAYABLES

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

(€ thousands)	Accrued receivables	Accrued payables
Operating	-	2,373
Financial	25,447 [1]	5,412
Total	25,447	7,785

[1] *accrued interests on swaps*

4. Other information

23 - OFF BALANCE SHEET COMMITMENTS

The significant off balance sheet commitments of the Company are detailed in notes 23 to 27.

The syndicated credit renewed on July 22, 2005 for an authorized amount of €750 million is not guaranteed by the Company. It was neither used at December 31, 2004, nor at December 31, 2005.

The amount of bilateral multi-currencies credit lines confirmed, unutilized and available for the benefit of Imerys, is €537 million as of December 31, 2005.

Other commitments given

	For the benefit of				
(€ thousands)	Subsidiaries	Equity interest	Other controlled entities	Other	Total
Avals, sureties, guarantees	103,634	-	56,933	20,529	181,096

Other commitments received

	Received from				
(€ thousands)	Subsidiaries	Equity interest	Other controlled entities	Other	Total
Avals, sureties, guarantees	-	-	6,500	2,596	9,096

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

24 - OTHER COMMITMENTS IN RELATION TO SUBSIDIARIES

In 2005, the Company has granted new letters of intent for €102.1 million. Consequently and considering the commitments which came to maturity in 2005, the amount of the global commitment increased from €25.1 million as of December 31, 2004 to €114.6 million as of December 31, 2005.

25 - COMMITMENTS ON EXCHANGE RATE RISKS

As of December 31, 2005, the Company had net commitments regarding forward purchases and sales against euros divided up by foreign currencies as follows:

Foreign currency (in thousands)	Forward purchases	Forward sales	Forward net position	Forward net position exchange value in €
Australian Dollar	11,300	-	(11,300)	(7,015)
Canadian Dollar	-	22,684	22,684	16,528
Swiss Franc	-	45,095	45,095	28,998
British Pound	-	2,825	2,825	4,122
Japanese Yen	3,751,000	-	(3,751,000)	(27,005)
Mexican Peso	24,450	-	(24,450)	(1,940)
Danish Krone	1,275	-	(1,275)	(160)
Swedish Krona	-	407,345	407,345	43,388
Czech Koruna	-	13,200	13,200	455
Thai Baht	--	337,000	337,000	6,933
South African Rand	84,000	-	(84,000)	(11,254)
US Dollar		225,535	225,535	191,180
Total				244,230

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

26 - COMMITMENTS ON INTEREST RATE RISK

As part of its interest rate risk management policy, the Company set up the following hedging instruments (in thousands of euros) as of December 31, 2005:

Currency	Average liability at fixed rate (or options in the currency)	Average fixed rate	Average liability at capped rate (option not in the currency)	Average fixed rate
US Dollar	-	-	164.4	4.50%
Euro	479.0	2.58%	471.2	3.00%

As of December 31, 2005 the hedges by nature and in notional amounts could be analyzed as follows:

	Maturity less than 1 year	Maturity from 1 to 5 years	Maturity beyond 5 years
• € millions			
Swaps paying at fixed rate	350	268	-
Swaps receiving at fixed rate	-	458	300
Caps purchased	275	350	-
Caps sold	125	150	-
• USD millions			
Swaps paying at fixed rate	-	-	-
Swaps receiving at fixed rate	-	-	170
Caps purchased	200	-	-
Floors purchased	-	-	-
Floors sold	200	-	-
Caps sold	200	-	-
• JPY millions			
Swaps paying at fixed rate	-	-	-
Swaps receiving at fixed rate	-	-	7,000

All hedging instruments in place correspond to identified risks as of December 31, 2005 at Imerys.

27 - ELEMENTS CONCERNING ENERGY PRICE RISKS

Following its policy to manage centrally energy price risks which affect its participations, the Company has implemented different hedging options concerning the identified risks as of December 31, 2005 at Imerys:

Hedging of energy price risks in the United States

		Net notional amounts in millions of MMBTU	Maturity
• **Management transactions**			
Swaps			
Options			
	Purchases of Puts	(590,000)	< 12 months
	Sales of Puts	2,030,000	< 12 months
	Purchases of Calls	4,460,000	< 12 months
	Sales of Calls	(2,730,000)	< 12 months
Futures	Purchases of Futures	250,000	< 12 months
Forwards	-	-	-

Hedging of energy price risks in the United Kingdom

		Net notional amounts in therms	Maturity
• **Management transactions**			
Swaps			
Options			
	Purchases of Puts	(6,672,000)	< 12 months
	Sales of Puts	20,232,000	< 12 months
	Purchases of Calls	23,144,000	< 12 months
	Sales of Calls	(15,780,000)	< 12 months
Futures	Sales of Futures	(7,560,000)	< 12 months
Forwards	-	-	-

Hedging of energy price risks in the France

		Net notional amounts in barrels	Maturity
• **Management transactions**			
Swaps			
Options			
	Purchases of Puts		
	Sales of Puts		
	Purchases of Calls	264,000	< 12 months
	Sales of Calls	(264,000)	< 12 months
Futures	-	-	-
Forwards	-	-	-

The above-mentioned transactions mainly cover natural gas risks for 2006.

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

(€ thousands)	Total	Of which controlled entities [1]
Investment securities	2,470,429	2,470,039
Receivables from investment securities	1,004,948	1,004,948
Other investments	41,065	-
Other receivables	30,910	25,141
Financial debts	1,740,098	436,991
Other debts	21,468	3,153

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

29 - PRINCIPAL SHAREHOLDERS

as of December 31, 2005	Number of shares	% of interest	% of voting rights [1]
Pargesa Netherlands BV	17,141,712	26.80%	42.47%
Groupe Bruxelles Lambert	16,744,028	26.17%	20.74%
Group employees	216,355	0.34%	0.41%
Owned by the Group	648,170	1.01%	0.00%
Public	29,221,600	45.68%	36.38%
Total	**63,971,865**	**100.00%**	**100.00%**

[1] Total voting rights : 80,729,938.

Imerys' consolidated financial statements are included in the consolidation structure of the companies Pargesa Netherlands BV and Groupe Bruxelles Lambert.

30 - HEADCOUNT AS OF DECEMBER 31, 2005

Employees of the entity	Non-executives	Executives	Total
Full-time	22	65	87
Part-time	3	-	3
Total	**25**	**65**	**90**

31 - REMUNERATION FOR SENIOR MANAGEMENT

(€ thousands)	2005	2004	2003
Board of Directors [1] [2]	624	622	607
General management [3]	1,092	1,981	2,745
Total	**1,716**	**2,603**	**3,352**

[1] Director's fees.
[2] Supervisory Board until May 3, 2005 and Board of Directors from May 3, 2005 to December 31, 2005
[3] Including the only corporate representatives, i.e. the members of the Managing Board until May 3, 2005 and the Managing Director from May 3, 2005 to December 31, 2005

32 - POST CLOSING EVENTS

On January 17, 2006, the Board of Directors of the Company approved the capital reduction by cancellation of 640,000 treasury shares held by the Company itself as of December 31, 2005. After this transaction, the share capital of Imerys SA is of €126,663,730. It consists of 63,331,865 shares with a nominal of €2.

On February 28, 2006, the Group made the acquisition of the French group AGS located in Clérac (Charente-Maritime).

33 - TABLE OF SUBSIDIARIES AND EQUITY INTERESTS AS OF DECEMBER 31, 2005

Inventory of marketable securities

	Local units (thousands)			
	Capital as of 12.31.2005	Shareholders' equity other than share capital as of 12.31.2005	Number of shares held by Imerys	Type of securities
1 – Subsidiaries (at least 50% of equity held by Imerys)				
Imerys TC	161,228	585,386	80,613,850	shares of €2
Larivière (sold on April 18, 2005)	-	-	-	-
Mircal	526,615	89,776	35,107,681	shares of €15
Imerys USA	367,000	386,480	1,000	shares of USD0,01
Imerys Services	38	98	2,499	shares of €15
Imerys Nederland BV	12,110	3,758	1,225	shares of €453
Mircal Europe	56,365	581,605	56,365,195	shares of €1

	(€ thousands)								
	% of interest held by Imerys	Gross amount of securities held	Net amount of securities held	Loans and advances granted by Imerys and not repaid	Borrowings taken up by Imerys and not repaid	Sureties avals given by Imerys	Dividends collected by Imerys in 2005	2005 sales	2005 net income or loss
1 – Subsidiaries (at least 50% of equity held by Imerys)									
Imerys TC	100.00	758,369	758,369	-	134,637	-	95,124	447,500	105,231
Larivière (sold on April 18, 2005)	-	-	-	-	-	-	25,676	-	-
Mircal	100.00	630,692	630,692	159,859	-	-	-	-	24,131
Imerys USA	100.00	513,530	513,530	141,661	-	103,634	-	2,506	(19,644)
Imerys Services	99.96	38	38	-	2,456	-	-	12,821	8
Imerys Nederland BV	4.58	1,696	1,696	-	3,504	-	-	1,040	1,968
Mircal Europe	100.00	565,483	565,483	-	69,376		-	-	25,715
2 – Equity interests (10 to 50% of equity held by Imerys)									
		50	50	-	-	-	-	-	-
3 – Miscellaneous equity interests (in non significant French entities)									
		3,574	571	-	225	-	375	-	-
Total		2,473,432	2,470,429	301,520	210,198	103,634	121,175	463,867	137,409

3.3 Audit fees

Terms of service of auditors

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

Organization of the audit of Imerys subsidiaries

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

Periods	2005	2004	2003
Audit fees *(€ thousands)*	6,195	3,926	4,706
Hours	43,645	31,030	37,802
Distribution			
Ernst & Young Audit	59%	56%	60%
Deloitte & Associés	34%	36%	32%
Other firms	7%	8%	8%

Fees as of December 31, 2005:

The total fees paid in 2005 to the two Statutory Audit firms of the parent company Imerys are as follows:

	2005		2004	
(€ thousands)	Ernst & Young network	Deloitte network	Ernst & Young network	Deloitte network
Audit				
Certification and auditing of corporate accounts	3,539	2,350	1,970	1,278
Assignments directly related to the audit mission	97	3	216	126
Sub-total	3,636	2,353	2,186	1,404
Other occasional assignments				
Legal, fiscal, social	35	6	247	29
Information technology	-	-	31	6
Internal audit	-	-	0	-
Other (to specify if > 10% of audit fees)	43	-	79	-
Sub-total	78	6	357	35
Total	3,714	2,359	2,543	1,439

CHAPTER 4

THE GROUP'S BUSINESS

The Group's Business

4.1. History and strategy

4.1.1. HISTORY

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

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

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

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

In 1999, with the acquisition of English China Clays plc (ECC, United Kingdom), one of the world's foremost specialists in industrial minerals, the Group became a global leader in white pigments [(1)]. By increasing its stake in Rio Capim Caulim S.A. (Brazil) from 49.7% to almost 100%, the Group optimized its potential in the kaolin business. In parallel, the Group continued to extend its industrial base in minerals for refractories (Transtech and Napco in the United States; Rhino Minerals in South Africa).

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

The organizational structure adopted at that time - Pigments & Additives, Building Materials, Refractories, Ceramics & Specialties – was intended to foster the integration of ECC's activities into the Group. When that process was completed, the Group's structure was again modified in 2003. In particular, the Pigments & Additives and Ceramics & Specialties business groups were reorganized in line with the main markets served: Pigments for Paper, Specialty Minerals, Building Materials and Refractories & Abrasives.

From 2000 to 2004, the Group broadened its product range, entered new markets and extended its geographic network into high-growth zones.

The **Refractories** business group expanded to include **Abrasives** with the takeover in July 2000 of the world's leading producer of white and brown fused aluminum oxide, the Austrian group Treibacher Schleifmittel, in which Imerys bought up the remaining shares in July 2002.

(1) Throughout the Reference Document, information on market positions corresponds to evaluations made by Imerys on the basis of its market knowledge, or is derived from trade publications such as Roskill and Industrial Minerals, or from reports drawn up by Kline & Company, Inc.

- In **raw materials for ceramics**, the Group developed its positions in halloysite (New Zealand China Clays), ball clays and feldspar (K-T, United States and Mexico), and extended its presence in Asia, mainly in applications for the sanitaryware (MRD-ECC and MRD, Thailand) and floor tiles (Imerys Ceramics Jiangmen, Co Ltd, a joint venture in Guangdong province, China) markets. Also in floor tiles, Imerys bought out Euroargille's 50% stake in Eurec (Italy). Finally, in Portugal it set up a 50/50 joint venture with the Portuguese company Euroarce to market ceramic materials for white vitrified products.
- In **advanced technical solutions,** Imerys added carbon black (assets of Erachem Comilog, Belgium) to its **Graphite** activity and gained leadership in refractory **kiln furniture** in Europe (Burton Apta, Hungary) and Asia (Siam Refractory Industry Co, Ltd, Thailand). It also increased **vermiculite** production capacities (Australian Vermiculite Industries Pty Ltd).
- In **calcium carbonates**, Imerys expanded in Central and South America (Quimbarra, chiefly in Brazil), Asia (Honaik, mainly in Malaysia, and Qingyang Company, a joint venture in Anhui province, China) and France (AGS-BMP's calcium carbonate activities). This growth was stepped up in 2004 in Pigments for Paper, especially in ground and precipitated calcium carbonates with the construction of three new production units that went into production in 2005 in India (Imerys Newquest (India) Private Ltd, a joint venture with India's leading papermaker Ballarpur Industries Ltd), China (to supply UPM-Kymmene's paper mill in Changshu, Jiangsu province) and Sweden (to supply M-real's mill in Husum).
- Finally, in **Building Materials,** the Group developed on the Iberian peninsula (Campos Ceramicas Fabricas, Portugal; Tecasa, Spain) and in France, where it strengthened its positions in terra cotta bricks and facing bricks (Marcel Rivereau and takeover of Terre Cuite Valletaise).

At the same time, the Group withdrew from activities that no longer corresponded to its core business, particularly its dimension stone activity (Georgia, United States).

2005 was a very active year for external growth. Several acquisitions were made *(see paragraph 4.1.2 below)*, including Lafarge Refractories (France), World Minerals (United Stated) and then Denain - Anzin Minéraux (France). In parallel, the Group completed its refocusing on minerals processing with the divestment of its distribution activities in roofing products (Larivière, France), specialty chemicals (CDM AB, Sweden) and mainly basic refractory minerals (American Minerals, Inc., United States).

These operations led Imerys to reorganize its activities into four new business groups: **Specialty Minerals**, **Pigments for Paper**, **Materials & Monolithics** and **Refractories, Abrasives & Filtration**.

4.1.2. STRATEGY

Imerys' strategy enables the Group to post steady growth in profits. That strategy is implemented with great continuity and led to 10.1% growth in current net income in 2005. As the year's results once again show, it is based on strict management of all activities, sharing value creation with shareholders and ploughing cash flow back into the Group's development.

Sustained capital expenditure

Capital expenditure totaled €229.4 million in 2005. This all-time record amount for the Group includes expenditure in recently acquired companies. It represents 127% of depreciation expense in 2005, a higher proportion than Imerys' historical average.

In 2004, the Group's capital expenditure was largely focused on the Pigments for Paper business group and the development of calcium carbonate activities. In 2005, it was shared between all four business groups:

- Specialty Minerals mainly focused on the optimization of industrial assets, particularly in Cornwall (United Kingdom) and the United States;
- The Pigments for Paper business group continued its development in calcium carbonates, particularly through a production capacity increase in its Lixhe (Belgium) plant;
- In Materials & Monolithics, strategic capacity extension projects in clay roof tiles and bricks in France were successfully completed;
- In the Refractories, Abrasives & Filtration business group, production capacity for some specialty fused aluminas is being extended at the Villach (Austria) plant.

Large-scale strategic acquisitions

In 2005, Imerys seized the worthwhile external growth opportunities that arose, in accordance with the same strict value creation criteria as in the past. In addition to the relatively small acquisitions made regularly by the Group (including developments in ground calcium carbonate in Italy, Tunisia and Vietnam), three major operations were carried out in the year, fully in line with the development orientations defined in 1999:

- the acquisition of Lafarge Refractories, which was completed early in the year, made Imerys the European leader in monolithic refractories and gave it an Asian foothold in that business. The combination of those activities with Imerys' existing businesses in the sector (Plibrico) to form a new entity named Calderys went satisfactorily and should lead to future progress;
- in mid-July, World Minerals, the world leader in minerals for filtration (diatomite and perlite), joined Imerys. This enabled the Group to penetrate new mineral markets and applications that fit perfectly with its core business and skills. Since its acquisition, World Minerals' strategic business strengths and its performance improvement potential have been confirmed. The actions needed to leverage that potential have already been undertaken;
- at the end of October, Imerys acquired Denain-Anzin Minéraux. This company contributes two minerals that the Specialty Minerals business group did not have in Europe – feldspar (floor tile and glass applications) and mica (coating and paint applications) – and bolsters its positions in kaolin, mainly for ceramic and glass fiber applications. It also brings a new business to the Group - quartz for electro-metallurgical applications.

2005, therefore, was a very busy year in terms of acquisitions, which accounted for total expenditure of €439.6 million. This is the highest amount since the acquisition of ECC in 1999. It reflects Imerys' confidence in the future of its businesses and its development model.

Regularly increasing dividends

At the Shareholders' General Meeting of May 2, 2006, Imerys will propose payout of a €1.65 dividend with respect to financial 2005, i.e. a +10.0% increase.

Over the past five years, the dividend per share has risen by + 83.3% on aggregate. This increase reflects the Group's constant concern for sharing the value created with its shareholders.

Unchanged financial flexibility

The amounts spent in 2005 to develop Imerys did not affect its financial flexibility in the slightest. The Group ended the year with consolidated net debt of €1,140 million, which only represents 67.6% of shareholders' equity and 1.9 times EBITDA(1). These ratios are very close to their end-2004 levels (65.3% and 1.5, respectively).

This was made possible by the high cash flow generated by the Group (current operating cash flow(2) totaled €479.8 million, up +7.9% from 2004) and by proceeds from the sale of Larivière, a roofing products distribution business. This divestment also completed Imerys' refocusing on its minerals processing business.

As on December 31, 2005, Imerys has total financial resources of €2.2 billion, i.e. €1.1 billion more than its net financial debt on the same date. The average maturity of those resources was further extended to 5.5 years, their cost was optimized and they remain balanced between bank and debenture resources, with repayment dates that are spread out over time. Consequently, the Group's financial structure is extremely sound.

After continuing to prove the validity and feasibility of its development strategy in 2005, Imerys still has all the room to maneuver needed to seize any opportunities that may arise in the future.

(1) *EBITDA: current operating income plus net depreciation and provisions.*

(2) *Current operating cash flow: current operating income plus net depreciation and provisions (EBITDA) minus tax on current operating income*

4.2. General structure of the Group

Imerys is organized into four business groups. These are in turn structured into operating divisions that are centered on clearly identified markets. A business and market-based structure was preferred over a structure based on legal entities. This customer-driven organization favors the implementation of consistent policies in each line of business.

IMERYS
TRANSFORM TO PERFORM

Specialty Minerals business group	• Performance Minerals & Ceramics Europe [1] • Performance Minerals & Ceramics North America [2] • Performance Minerals & Ceramics South America • Imerys Asia-Pacific [3] • Advanced Technical Solutions
Pigments for Paper business group	• Europe • North America • South America • Imerys Asia-Pacific [3]
Materials & Monolithics business group	• Building Materials • Monolithic Refractories
Refractories, Abrasives & Filtration	• Minerals for Refractories • Minerals for Abrasives • Minerals for Filtration

[1] *Formed, as of February 1, 2005, by the combination of the former Performance Minerals Europe & Fine Ceramics and Tiles Minerals divisions.*
[2] *Formed, as of March 10, 2005, by the combination of the former Performance Minerals North America and KT-Clays & Ceramics divisions*
[3] *Common division to the Specialty Minerals and Pigments for Paper business group as of March 1, 2005*

2005 sales
by business group

26%	Specialty Minerals
25%	Pigments for Paper
30%	Materials & Monolithics
19%	Refractories, Abrasives & Filtration

In 2005, an important change was made to Imerys' organization with the return to a management structure based on a Board of Directors, with a distinction between the duties of Chairman and Chief Executive Officer (CEO). This keeps supervisory and management bodies separate and enables the Group to continue implementing best practices in terms of Corporate Governance.

Since the Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2005 which approved this new management structure for the Company, an Executive Committee has replaced the Managing Board and the Operating Committee. Chaired by Gérard Buffière, the Executive Committee is made up of the Group's main line and support managers. It implements the Group's strategy, monitors each business group's activity, defines Group-wide action policies and fosters the sharing of know-how between business groups.

The role of business group and division heads is to manage and develop their activities in line with the Group's strategic orientations. These are set out in a multi-year plan that includes internal and external growth objectives.

Appointed deputy CEO in 2005, Jérôme Pecresse took over management of the Refractories, Abrasives & Filtration business group on April 1, 2006. On the same date, he was replaced as Chief Financial Officer by Hugues Gruska.

Executive Committee members		Division managers
Gérard Buffière	> **Chief Executive Officer**	
Richard Bown	> **Research & Technology**	
Hugues Gruska	> **Finance**	
Denis Musson	> **General Counsel**	
Bernard Vilain[(1)]	> **Human Resources**	
Jérôme Pecresse	> **Deputy Chief Executive Officer**	
	> **Refractories, Abrasives & Filtration**[(2)]	
	Minerals for Refractories[(2)]	Jérôme Pecresse
	Minerals for Abrasives	Jérôme Pecresse
	Minerals for Filtration	Dan Moncino
Jens Birgersson[(3)]	> **Pigments for Paper**	
	Paper Europe	Christophe Daulmerie
	Paper North America	Susan Boss
	Paper South America	Ernest Gay
	Imerys Asia-Pacific	Jonathan Wilson
Thierry Salmona	> **Specialty Minerals**	
	Performance Minerals & Ceramics Europe	Olivier Hautin
	Performance Minerals & Ceramics North America	Catherine H. LaFiandra
	Performance Minerals South America	Paulo Russomano
	Advanced Technical Solutions	Thierry Salmona
	Imerys Asia-Pacific	Jonathan Wilson
Christian Schenck	> **Materials & Monolithics**	
	Building Materials	Christian Schenck
	Monolithic Refractories	Erik Zobec

(1) *As from July 15, 2005, replacing Catherine H. LaFiandra,* (2) *As from April 1, 2006* (3) *As from September 5, 2005, replacing Rich Ryan.*

4.3. Specialty Minerals

The Specialty Minerals business group offers its customers global access to a wide range of minerals including kaolins, clays, calcium carbonates, graphites and carbons, color pigments, feldspar, quartz, mica and vermiculite, many of them offering matching characteristics. The business group also provides prepared bodies for the tableware and sanitaryware industries.

With its vast mineral reserves strategically located around the globe, the business group is able to propose a diverse range of technical products, including raw materials for ceramics, functional fillers and additives, that are essential to the many industries it serves. Its principal markets are plastics, paint and coatings, tableware, sanitaryware, floor and wall tiles, as well as the mobile energy and technical ceramics industries.

The business group continues to reinforce its strong strategic position, through innovation, by constantly improving its state-of-the-art industrial facilities and its quality systems, and by leveraging its extensive in-depth knowledge of mineral processing technologies and customer applications.

2005 sales: €815 million

45%	Performance Minerals & Ceramics Europe
33%	Performance Minerals & Ceramics North America
7%	Performance Minerals & Ceramics South America
15%	Advanced Solutions

5,160 employees

41%	Performance Minerals & Ceramics Europe (2,090 employees)
28%	Performance Minerals & Ceramics North America (1,450 employees)
11%	Performance Minerals & Ceramics South America (576 employees)
20%	Advanced Solutions (1,044 employees)

4.3.1. BUSINESS GROUP ORGANIZATION

As of March 2005, the business group encompasses four divisions:

- Performance Minerals & Ceramics Europe;
- Performance Minerals & Ceramics North America;
- Performance Minerals & Ceramics South America;
- Advanced Solutions,

and shares with the Pigments for Paper business group the management of the **Imerys Asia-Pacific** division.

Effective February 1, 2005, Performance Minerals & Ceramics Europe is the new division comprised of the former **Performance Minerals Europe & Fine Ceramics** and **Tiles Minerals** businesses**.** This new organization, which encompasses Performance Minerals Europe as well as Floor Tiles, Tableware and Sanitaryware, will enable the division to better co-ordinate development activities in Europe and Asia as well as enhancing its ceramic expertise.

In March 2005, the business group also combined the North American Performance Minerals and K-T businesses into a new division named **Performance Minerals & Ceramics North America.** This integration is designed to strengthen the business group's position in its markets by further implementing its multi-mineral strategy, provide common customers with a single point of contact and further consolidate purchasing, logistics and sales.

On October 28, 2005, the business group completed the acquisition of Denain-Anzin Minéraux (DAM - France), a major European producer of minerals (kaolin, quartz, feldspar, mica) for the ceramics and glass fiber industries. As of that date, DAM is part of the Performance Minerals & Ceramics Europe division.

The Specialty Minerals business group recorded €815 million in sales for the financial year ending December 31, 2005, contributing 26% of Imerys' consolidated sales.

The business group has 102 industrial facilities in 24 countries.

4.3.2. BUSINESS GROUP OVERVIEW

	Sectors of Activity	Products	Main applications	Markets	Brands	Market positions
	PERFORMANCE MINERALS &	Kaolin, Calcined kaolin GCC PCC Dolomite Mica	Additives for: Rubber, Sealants & Adhesives, Paints, Plastics, Catalyst substrates	Agriculture Food Construction Automotive Pharmacy & Personal care	**> Performance Minerals** Barralin™, Brasmite ™, Barraleve™, Camel-Wite™, Carbital™, Drikalite™, Eckalite™, Filmlink™, Gamaco™, Honcal™, InFilm™, Kaopolite™, Mar'blend™, Marblemite™, MetaStar™, Micronic™, Micro-White™, Minspar™, Mica Mu™, Neogen™, Opacilite™, Polestar™, Polsperse™, Polwhite™, Polarite™, Polcarb™, Pool Mix™, Queensfil™, Snowflake P.E.™ Speswhite™, Stockalite™, Supreme™, Imerseal™	**World #1** in minerals for breathable polymer films
CERAMICS	FINE CERAMICS	Feldspar Clays Halloysite Pegmatite Kaolin Ceramic bodies & glazes Quartz	Ceramics, Electro-Ceramics, Glazes, Sandstone	Hobbycraft Sanitaryware Tableware Fiberglass Electro-metallurgy	**> Tableware** ECC (SSP™, SP™, Grolleg™, Regal™), KPCL NZCC (Premium) **> Sanitaryware** Hycast Forza™, Hycast LR™, Hycast Rapide™, Hycast VC™, Hycast Veloce™, Hycast Zodiac™, Kernick™, KT Cast™, KTS-Classic™, Martin #5™, MaxiCast™, Minspar 200™, NSC™, Old Mine #4™, OptiKas T™, Remblend™, Sancast™, Standard Porcelain™, Thaicast S1™, Thaicast S2™, MRD-Turbocast ™, XtraCast™	**European #1** in ceramic bodies for porcelain
CERAMICS	TILES MINERALS	Kaolins, Ball clays, Feldspar, Feldspathic sands Kaolins, Ball clays, Ground silica, Feldspar & feldspathic sands "Grès de Thiviers" Natural colors	Raw materials for bodies Raw materials for glazes & engobes Stains for porcelain tiles	Floor & wall tiles	Imerys Tiles Minerals, Cesar	**European #2** in raw materials for floor tiles
	ADVANCED SOLUTIONS	**Graphite** Natural graphite, Synthetic graphite, Carbon black, Cokes, Dispersions, Silicon carbide	Additives, Powders, Blends & Aqueous dispersions	Mobile energy Engineering materials Polymers Metallurgy Refractories Lubricants	**> Graphite** MC-Composite, Rollit®, Timrex®, Timroc®, Timworld®, Ensaco™, Super P™	**World #1** in high- performance graphite powders
		Kiln Furniture Cordierite, mullite or silicon carbide products	Kiln furniture & components	Roof tiles Fine ceramics Floor & Wall tiles Kiln construction Thermal applications	**> Kiln furniture** Imerys Kiln Furniture™, Refral™, Diceron™, Lomba™, Refractarios Cedonosa™, Apta™	
		Vermiculite Vermiculite	Insulating materials, Friction linings, Vermiculite plaster, Vermiculite composite	Agriculture Building & Construction Automotive	**> Vermiculite** Imerys Vermiculite™	

4.3.3. PERFORMANCE MINERALS & CERAMICS

Through their extensive and varied portfolio of raw materials and ceramic bodies, the Performance Minerals and Ceramics divisions provide their customers with tailor-made solutions.

In a highly technical field, the development of partnerships with customers is essential within the value-added markets of performance minerals (polymers, paints, adhesives and insulation) and ceramics (tableware, sanitaryware, tiles, glass and electrometallurgy).

4.3.3.1. Products

In order to address and satisfy the ever-changing needs of their markets, the Performance Minerals & Ceramics divisions have access to many high-quality raw material reserves from their operations all over the world. A number of these raw materials have exceptional properties such as outstanding whiteness, high mechanical strength and excellent rheology. Their conversion processes are adapted to the requirements of specific applications.

Raw materials & ceramic bodies

The main raw materials and ceramic bodies produced and marketed by the Performance Minerals & Ceramics divisions are as follows:

- Ball clays

Ball clay is a secondary sedimentary material, formed from parent rock in one geographic area and transported by water to another before deposition.

After extraction, the raw component clays are selected, processed and blended to provide the required properties, such as good rheological stability for casting applications or high plasticity and strength for both tableware and sanitaryware applications. Imerys ball clays can be found in France in numerous deposits (Tournon St Martin, Allier and Provins basins), in the United Kingdom (Devon and Dorset), the United States (Kentucky, Mississippi and Tennessee), Ukraine, Thailand (Lampang Province) and China (Guangdong Province).

- Kaolins

Kaolin is a white mineral derived from the geological alteration of granite or similar rock. Also known as china clay, it is mined in open quarries by hydraulic processes or by dry extraction. Kaolin has many uses in fine ceramics, ranging from superwhite tableware to the ever-increasing technical demands of the sanitaryware industry. For performance minerals, kaolin is used in many industries including paints, rubbers, plastics and sealants. For a number of applications, kaolin is calcined, then processed in some cases. Calcination transforms kaolin at high temperature, resulting in a brighter, more inert mineral that imparts different values to the end application.

Imerys mines outstanding kaolin reserves located in the United Kingdom (Cornwall and Devon), France (Brittany and Allier), the United States (South Carolina and Georgia), New Zealand (Matauri Bay), Ukraine (Beyala Balka) and Thailand (Ranong Province).

- Ground Calcium Carbonate (GCC)

GCC, derived from sediments of shellfish and other marine fauna exposed to various degrees of heat and pressure over time, is mined from marble and chalk quarries, then ground by hydraulic or dry processes until the required particle size distribution is obtained before any further processing. GCC is a white pigment that improves the physical characteristics of finished products.

The business group has extensive GCC reserves in North America, Brazil, Mexico, Vietnam, Malaysia, China, North Africa, Turkey and Europe.

- Precipitated Calcium Carbonate (PCC)

PCC is produced artificially from natural limestone. Natural limestone is burned to form lime and then re-precipitated with carbon dioxide. This controlled process delivers a pigment with well defined shape and size and excellent optical properties.

The business group has PCC production plants in Mexico, Argentina and Brazil.

- Feldspar

Feldspar is a natural mineral used for the vitrification of ceramic bodies. It can also be used to increase the hardness of plastics.

The business group has feldspar deposits in Germany (Sarre), Spain (Caceres - Estremadura, Salamanca and Valencia regions), France (Burgundy, Limousin, Pyrénées Orientales), Italy (Sardinia) and the United States (North Carolina).

- Quartz

Quartz is the most common mineral on earth. It is present in almost all mineral environments and is an essential component of many rocks. It is a important mineral with multiple applications. The business group produces high-purity quartz in two forms: block (quartz veins) and shingle. Both forms offer similar properties, including strength, attractiveness and resistance to wear, and are available in many varieties and colors. Imerys mines quartz either when mining kaolin or feldspar or from pure quartz deposits in France (Lot, Dordogne).

- Mica

The term “mica” covers a group of aluminosilicate minerals with a platy structure, each with its own physical and chemical characteristics. The business group mines mica with kaolin and feldspar. Mica is mostly mined in powder form and is distinguished from other minerals by qualities including insulation and elasticity.

Imerys’ mica deposits are located in France (Brittany and Morvan).

- Natural colors

Natural colors for ceramics, used as body stains, mostly come from France. In recent years, the business group has developed a broad range of colors to widen the market for the red color “Grès de Thiviers.”

- Ceramic bodies

Ready-to-use ceramic bodies, glazes and engobes are available in spray-dried granulate and slurry form. Product formulations are prepared with a combination of different raw materials in accordance with the specific needs of the customer. The business group has body plants in the Czech Republic, France, Germany, Italy and Mexico.

Applications

- Performance Minerals

Marketed in Europe, North and South America and Asia, performance minerals are mineral additives based on kaolin, ball clays, calcium carbonate (GCC and PCC), mica and feldspar. They are added to finished or intermediary products to deliver higher functionality and processibility to reduce total raw material cost.

Applications include:

- Paints & Coatings

Imerys has an extensive range of kaolins, calcined kaolins, calcium carbonates, mica and feldspar, used as extenders to improve paint quality and opacity.

- Plastic & films

The development of increasingly sophisticated applications for plastics and film materials means that the requirements placed on fillers, and the specific properties imparted by them, have become more demanding. To meet this challenge, Imerys has an excellent range of high-quality mineral extenders at its disposal including calcium carbonates (sometimes stearate coated), kaolins, calcined kaolins (sometimes silane treated) and now micas.

- Rubber

Kaolins, treated and untreated calcined kaolins, ball clays and calcium carbonates, which may be stearate-coated, as well as feldspars are used in many rubber applications. Imerys' range of kaolins provides good processibility, chemical resistance and barrier properties, together with good whiteness and strength dependent on their particle size. Ball clays offer the same properties but with a darker color.

- Sealants & Adhesives

In adhesives and sealants, kaolins impart good barrier effects and rheology control. The low surface hydroxyl content of calcined kaolins leads to low moisture pick-up, resulting in excellent performance in moisture-sensitive sealant applications. Calcined kaolins are effective as structure building elements. Finely ground calcium carbonates are also used in a wide range of sealants and adhesive applications to improve rheological properties and reduce the water or volatile content of the compound. Some products are hydrophobized with stearate coating to reduce moisture pick-up, ease handling and improve dispersion.

- Industrial and Consumer Products

Imerys has a wide range of minerals that enhance the properties of products used everyday in construction, landscaping, drilling mud and personal care products.

These include white marble aggregates used in coatings for swimming pools and limestone products for lawn care. Calcium carbonates are used in water treatment systems, air purification in the energy sector and in personal care products such as toothpaste and soap.

- Ceramics

The business group offers premium-quality raw materials such as kaolins, ball clays, feldspar, halloysite and pegmatite together with ready-to-use ceramic bodies, marketed primarily in Europe, Middle East, North Africa, Asia and North America.

Applications include:

- Tableware

The business group offers a comprehensive range of raw materials, ceramic bodies and glazes suitable for all types of tableware applications, including SSP™, Standard Porcelain™ and Grolleg™ kaolins. Body types include porcelain, bone china, vitreous china, stoneware and earthenware, for which properties such as fired color, translucency and plasticity are crucial.

The offering also includes bodies for electro-porcelain.

- Sanitaryware

The business group continues to develop its product portfolio of kaolins, ball clays and ceramic bodies to meet the increasing demands of sanitaryware manufacturing. Applications for these products include conventional porcelain, vitreous china and stoneware.

- Tiles Minerals

• Raw materials for tile bodies

Manufacturing floor or wall tile bodies requires primarily ball clays, feldspars, sands and feldspathic sands. For high white applications, kaolins are used.

The business group supplies all these products to the main tile manufacturers, which are concentrated in the Sassuolo (Italy) and Castellon (Spain) regions. It also serves other European tile manufacturing markets, including France and the United Kingdom, as well as emerging markets in Eastern Europe, the Mediterranean basin, the Middle East and Southeast Asia.

• Raw materials for glazes and engobes

In glazed tile technology, tile decoration is achieved by adding glazes and engobes to the surface of the body. These products require a variety of high-value raw materials, several of which are supplied by the Tiles Minerals business unit: ground silica and ground fluxes,[(1)] kaolins and ball clays, carbonates. Most of these products are marketed under world-renowned brands.

• Blends

The Tiles Minerals business unit offers its customers innovative solutions such as new blends from its Modena and Ravenna (Italy) or Castellon (Spain) blending plants, as well as specific products including blends from raw materials sourced in France, Sardinia, United Kingdom and Ukraine to serve Europe's fast-growing glaze porcelain tile market.

• Natural colors

Natural colors are used to stain floor and wall tiles.

Imerys is the only supplier able to offer a range of natural colors, pure or blended, for use in body stains, rather than coloring solutions obtained with synthetic products.

Over some 30 years, Imerys has built up great experience and know-how, particularly through working with "Grès de Thiviers" sandstone and its naturally red color, a range that was broadened in 2004.

• Glass

Imerys' feldspars improve manufacturing processes for flat and hollow glass. Their properties make it possible to melt quartz at a lower temperature and to control the viscosity of glass during manufacturing. In addition, feldspar's alumina content gives the finished products firmness, flexibility, cohesion and chemical resistance.

• Fiberglass

Some of the business group's kaolins are used as high performance raw materials for the manufacture of insulating or reinforcing materials such as glass wool or fiberglass. Their benefit lies in their alumina content, the low amount of iron, titanium or other impurities they contain and their specific particle size distribution.

• Electrometallurgy

Imerys mines high-purity quartzes (> 99.8% silica) that are intended for the production of ferroalloys, whether silicon, for which quartz is the basic raw material, or ferro-silicon. Silicon, an essential component of aluminum-based alloys, is also the basic material for silicone and silane chemistry. Ferrosilicon is used in special steel alloys.

Innovation

In the past two years, the business group has bolstered its research effort by forming a dedicated team for new product development. This ongoing initiative is coming to fruition with several promising new products in the development stage. The main research areas are functional additives, particle size distribution, nanocomposites and new minerals.

• Performance Minerals

In 2005, Performance Minerals continued to focus their efforts on innovation and developing new products in partnership with its market leader customers.

(1) *Fluxes: feldspar family products.*

- Europe

New GCC-based products for the paint and plastics markets were successfully launched to meet customers' specific needs. For instance, the Imercarb™ range of marble-based additives improves the performance of paint formulas thanks to controlled mineral whiteness and fineness.

In polymer applications, the Infusion™ and Supercoat™ ranges continued to grow. FilmLink™ and Imerseal™ technologies – a GCC that improves the performance of breathable films and a new generation of carbonates for sealants, respectively – benefited from the divisions' market knowledge and the strong relations forged with customers.

- North America

2005 showed significant growth in the use of fine GCC, particularly in polyolefin blow molding and injection-molded applications (e.g. bottles for chemicals or household products). Although the PVC market slumped due to the rise of an alternative offering for façades (stucco, bricks, etc.), the division continued its growth in the PVC coating sector thanks to Infusion™, a specially treated product that increases mineral content and reduces PVC quantity while maintaining high strength and reducing raw material costs.

Another successful innovation launched in the past two years is FilmLink™ 2500 on the Bi-axial Oriented Polypropylene *(BOPP)* market. The product's commercial applications are synthetic paper and bottle labels.

Arbocarb™, a mineral additive for wood-plastic composites, a "green" product that combines polypropylene or PVC with wood powder or fiber, has also developed successfully since 2004. It offers an alternative to wood in technical applications such as floor coatings, railings, doors, etc. This new line limits the use of more expensive resins. It also reduces the risk of warping and improves the finished parts' mechanical qualities while lowering the overall cost of the formulation.

Similarly, Imerseal™ is a GCC-based substitute used in sealants and adhesives.

Efforts were also undertaken to explore alternatives to the conventional applications in ceramics and fiberglass for mica, feldspar or ball clays, for example paint, coatings, plastics and rubber.

- South America

In South America, the division continued to focus on replacing mineral products in powder form by the Brasmite™ slurry range. This line of slurry products was developed specifically for larger and medium size paint manufacturers. The objective was to blend several white minerals in order to provide a slurry alternative with optimum cost/benefit for the formulation of decorative paints, with particular emphasis on properties such as hiding power and washing resistance.

- Asia

In 2004, Imerys invested in a Malaysian production plant dedicated to GCC for use as a filler in the latex glove industry. The increase in the plant's output in 2005 enables the division to strengthen its positions on this growing market.

• Ceramics

- Tableware

Efforts continued to enhance and broaden the product portfolio, including studies on atomization parameters and the pressability of bodies for isostatic pressing.

- Sanitaryware

The emphasis was on pressure casting, with considerable interest shown by the industry. This type of automated casting process is enjoying substantial growth in Europe. The recently launched kaolin MaxiCast™ has performed well in this application, especially in combination with Hycast LR™, a lower residue ball clay. In response to this trend, a low residue ball clay, Hycast Veloce™, has been launched by special customer request. This is a fast-casting ball clay that reduces pressure casting times and so increases machine output and productivity. Specific raw materials have also been developed to address growing demand for high–performance porcelain sandstone.

In Mexico, the business group continues to design and develop sanitaryware bodies using local kaolins with controlled particle size distributions.

In the United States, the emphasis is on the supply of ball clays for the growing fiberglass market and on the development of mica and feldspar.

- Tiles Minerals

Following the worldwide success of its strong, high white clays, the Tiles Minerals business unit kept up its efforts to find new solutions for high white bodies designed to imitate natural stone.

In Italy, the blend range was redesigned to meet evolving market needs more closely.

4.3.3.2. Markets

In 2005, markets were difficult overall, especially for Performance Minerals.

- Performance Minerals

Performance Minerals markets remained slack in Europe. In North America, despite a favorable environment, markets were disrupted by the hurricanes in the third quarter.

- Europe

The Performance Minerals Europe business is closely linked to the construction and automotive sectors. While European automobile production has been stable in recent years,[1] the construction sector increased +1.3% overall in 2005, compared with +2.2% in 2004[2] As in previous years, the sector was marked by regional disparities, with difficult conditions in Germany, the United Kingdom and Italy offset by better business in other European countries.

- North America

Major contributing factors in the growth of North American Performance Minerals include the building and construction markets, which remained dynamic due to the rise in housing starts and housing-related expenditure. The building and construction markets account for a large share of the division's revenue in North America (approximately 60%). Additional market segments that benefited from growth in 2005 include plastics, paint and coatings, decorative marble, sealants & adhesives and catalyst substrates.

- South America

The Brazilian economy's significant upturn in 2004 did not continue into 2005, with the central bank struggling to control inflation. The sharp rise in interest rates led to a slowdown in domestic demand for much of the year. Exports, however, remained very high.

In Argentina, growth continued for the fourth year in succession, enabling Gross National Product to return to the same level in pesos as the year before the economic crisis of 2000.

The main growth market for the business group in the region was paper, while toothpaste was stable and demand for plastics and decorative paint decreased, mainly as a result of difficulties on the Brazilian construction market.

- Asia-Pacific

Asia remains a key sector for Performance Minerals with good results in China, Japan and Malaysia. New markets continue to develop in this high-growth region, leading to new outlets for the business group.

[1] *Sources: Eurostat – Industry and service database (February 2005) and European Association of Automobile Manufacturers.*

[2] *S ource: Euroconstruct, winter conference press release – Barcelona, November 28 & 29, 2005.*

- Ceramics

The ceramics market decreased overall in Europe and North America.

- Tableware

The market continues to decline both in Western Europe and in the United States. Following manufacturer bankruptcies and many plant closures, production that was historically located in Western Europe is moving East (Eastern Europe, but more significantly to Asia, in particular China). Asia is gaining an ever-increasing share of the global tableware market, mainly because of lower manufacturing costs. Eastern European tableware manufacturers' share of the European market is also increasing thanks to improved quality. However, Imerys' high-performance kaolin reserves are strategically located in both Asia-Pacific and Western Europe, enabling the Group to keep pace with this movement.

In the United States, the market continues to decline with falling volumes and plant closures. North American tableware producers continue to source more products from Asia, driving down local demand for raw materials.

- Sanitaryware

The Sanitaryware business unit implements its growth strategy in a highly competitive market. In high cost manufacturing areas such as Western Europe, the trend towards greater automation continued in order to reduce costs and increase yields.

Lower cost production areas such as the Middle East, Eastern Europe and North Africa continued their volume growth, while Southeast Asian and Chinese manufacturing zones remained dynamic as a result of the new production capacities started up by major customers.

The North American sanitaryware market is also affected by rising imports from Asia, Mexico and South America. Rationalization continues at a number of manufacturers with either plant closures or production cuts.

- Tiles minerals

The upper and medium range glaze tiles sector was healthy, especially in Spain. However, the overall growth of the floor and wall tiles market was interrupted in Western Europe as the Italian and Spanish markets, which are traditionally exporters, suffered from the euro's appreciation against the dollar and competition from emerging countries. Eastern Europe, the Middle East, Southeast Asia, India, China and South America, particularly Brazil, are growing regions in terms of floor and wall tile production.

Main competitors of the Performance Minerals & Ceramics divisions:

- **In Performance Minerals:** AKW and Dorfner (Germany); Sibelco group (Belgium); Reverte (Spain); Omya (Switzerland); Goonvean (United Kingdom); Burgess, Engelhard, Franklin Industrial Minerals, J.M. Huber, Specialty Minerals, Unimin and Zemex (United States).
- **In Ceramics:** AKW (Germany); Sibelco group (Belgium); Kaolin AD (Bulgaria); Burella and Ecesa (Spain); Zemex and Unimin (United States); Soka (France); Maffei and Minerali (Italy); Mota (Portugal); Lasselberger and Sedlecky Kaolin (Czech Republic); Goonvean (United Kingdom) and various feldspar (Turkey) or clay (Ukraine) producers.

4.3.3.3. Industrial facilities, quality and sales organization

Industrial facilities

The Performance Minerals & Ceramics divisions have the following industrial facilities:

	Europe	Americas	Asia-Pacific & Africa
Kaolin	Berrien, Finistère *(France)* Ploemeur, Morbihan *(France)* Beauvoir, Allier *(France)* Obidos, Armoreira *(Portugal)* Lee Moor, Devon *(United Kingdom)* Marsh Mills, Devon *(United Kingdom)* St Austell, Cornwall *(United Kingdom)* Beyala Balka *(Ukraine)*	Embu Guaçu, SP *(Brazil)* Dry Branch, Georgia *(United States)* Langley, South Carolina *(United States)* Sandersville, Georgia *(United States)*	Kerikeri *(New Zealand)* Ranong *(Thailand)*
Clays	Beaujard, Seine et Marne *(France)* Beaulon, Allier *(France)* Charolais, Saône et Loire *(France)* Littry, Calvados *(France)* Nançay, Cher *(France)* Neuvy St Sépulchre, Indre *(France)* St Pierre le Moutier, Nièvre *(France)* Tournon St Martin, Indre *(France)* Bovey Tracy, Devon *(United Kingdom)* Wareham, Devon *(United Kingdom)* Popanianska *(Ukraine*)	Crenshaw, Mississippi *(United States)* Gleason, Tennessee *(United States)* Mayfield, Kentucky *(United States)*	Jiangmen, Guangdong *(China)* Lampang *(Thailand)*
GCC	Lixhe *(Belgium)* Axat *(France)* Villers sous Saint-Leu *(France)* Massa Avenza *(Italy)* [(3)] Beverley, Yorkshire *(United Kingdom)*	Brás Cubas, Mogi das Cruzes[(1)], SP *(Brazil)* Cachoeiro do Itapemirim, ES *(Brazil)* Sertaozinho, Maua, SP *(Brazil)* Denganthza *(Mexico)* Cockeysville, Maryland *(United States)* Dalton, Georgia *(United States)* Gouverneur, New York *(United States)* Marble Hill, Georgia *(United States)* Sahuarita, Arizona *(United States)* Sylacauga, Alabama *(United States)* Tucson, Arizona *(United States)* Whitestone, Georgia *(United States)*	Dalian[(2)], Liao Ning *(China)* Nanling, Anhui *(China)* Ipoh *(Malaysia)* Lopburi *(Thailand)* Feriana[(4)] *(Tunisia)*
PCC		Capitan Bermudez *(Argentina)* Ledesma, Jujuy *(Argentina)* Los Berros, San Juan *(Argentina)* Arcos, Minas Gerais *(Brazil)* Limeira, São Paulo *(Brazil)* Santanésia Pirai, Rio Janeiro *(Brazil)* Cuautitlan *(Mexico)*	

[(1)] *EDK, a joint venture 50% owned by Imerys.* [(2)] *Dalian Jinsheng Fine Chemicals Co. Ltd, a joint venture 50% owned by Imerys.*
[(3)] *Gran Bianco Carrara, a joint venture 60% owned by Imerys.* [(4)] *Blancs Minéraux de Tunisie, a joint venture 68% owned by Imerys.*

	Europe	Americas	Asia-Pacific & Africa
Ceramic bodies	Kahla *(Germany)* Neustadt bei Coburg *(Germany)* Schmelitz *(Germany)* Wiesendorf *(Germany)* Aixe sur Vienne, Haute Vienne *(France)* Juriol, Haute Vienne (*France)* Marcognac, Haute Vienne *(France)* Civita Castellana (*Italy)* Ilhavo *(Portugal)* Karlovy Vary *(Czech Republic)*	Dolores *(Mexico)* Monterrey *(Mexico)*	Cong Hua, Guangdong *(China)* Jiangmen, Guangdong *(China)*
"Grès de Thiviers" sandstone	St Sulpice de Mareuil, Dordogne *(France)*		
Feldspar & feldspathic sands	Nohfelden *(Germany)* Montebras, Creuse *(France)* Etang sur Arroux, Saône et Loire *(France)* Lansac, Pyrénées Orientales *(France)* Salvezines, Aude *(France)* Acehuche, *Caceres (Spain)* Alberto *(Spain)*	Spruce Pine, North Carolina*(United States)*	
Mica	Ploemeur, Morbihan *(France)* Etang sur Arroux, Saône et Loire *(France)*		
Quartz	Thiviers, Dordogne *(France)* Thédirac, Lot *(France)* Ploemeur, Morbihan *(France)* La Chapelle Agnon, Puy de Dôme *(France)*		
Blends	Nules, Valencia *(Spain)* Caudiès, Pyrénées Orientales *(France)* Port la Nouvelle, Aude *(France)*		

Quality

The Performance Minerals and Ceramics divisions are strongly committed to quality improvement.

- Europe: all activities in the United Kingdom are ISO 9001:2000 certified. Civita Castellana (Italy) is ISO 9000 certified and all European ceramic body sites are either ISO 9001:2000 or ISO 9002 certified. The certification process is nearing completion for Tiles Minerals sites. In France, the Feldspaths du Sud, Feldspath du Morvan and Kaolins de Bretagne (Ploemeur and Berrien) sites are certified ISO 9001:2000.

- North America: the Performance Minerals division has completed ISO 9001:2000 certification of all kaolin and calcium carbonate operations; the Ceramics Americas plants in Crenshaw, Mayfield, Langley, Spruce Pine (United States) and Monterrey (Mexico) are now certified ISO 9001:2000.

- In South America, the Arcos, Bras Cubas, Cachoeiro and Limeira (Brazil) plants are certified ISO 9001:2000.

Sales Organization

The Performance Minerals & Ceramics divisions have strategic bases worldwide and their products are marketed either by their own sales teams or by their networks of independent agents or distributors.

4.3.3.4. 2005 highlights

The business group's priorities in 2005 remained industrial optimization and external growth.

- Europe

- In October 2005, the acquisition of Denain-Anzin Minéraux (DAM) gave the business group great synergy potential and significant additions to its product range (quartz, feldspar, mica) and enabled it to consolidate its positions, particularly in kaolin for ceramic and fiberglass applications. Mainly based in France, DAM posted sales of €81.4 million in 2005.

- The business group significantly strengthened its geographic positions in GCC through two acquisitions in 2005: in Italy, it acquired a 60% stake in Gran Bianco Carrara, an Italian producer of GCC for paint and plastics and in Tunisia, Imerys increased its interest in Blancs Minéraux de Tunisie, the country's leading producer of GCC for performance minerals, from 25% to 68%. These two operations enhanced the business group's growth opportunities in Southern Europe and North Africa.

- In Villers sous Saint-Leu (France), production capacity for processed fine GCC was extended. This will allow the business group to develop its European offering for the plastics and rubber industry.

- In Lixhe (Belgium), the start-up of new Imercarb™ production facilities will enable the unit to serve other industries in addition to the continental Europe paint sector.

- In the United Kingdom, capital expenditure concerned the clay crushing center in Cornwall. This investment is already profitable and will enable the business group to offer its customers a high level of service. Also in Cornwall, capital expenditure in refining and drying facilities will improve manufacturing processes. Finally, the rationalization of production platforms in Devon and Cornwall will reduce costs.

- North America

In the United States, the modernization of industrial facilities is close to completion:

- The Sylacauga (Alabama) GCC plant has benefited from new facilities and the ultrafine carbonates plant has been relocated and rationalized;
- The small GCC plant in Wheatland (Wyoming) was closed in July 2004 and the mine will be remediated over the next two years;
- The modernization and capacity increase program at the Dry Branch (Georgia) kaolin plant is continuing. A new stage in the unit's restructuring began in the autumn, involving a reduction in calcined kaolin production capacity;
- In Sandersville (Georgia), rationalization of the kaolin for fiberglass plant has been completed. Production has been concentrated on a single site and the plant's capacity has been extended;
- The Spruce Pine (North Carolina) unit began to produce micas.

In Mexico, continued modernization and rationalization of facilities at the Liquid Quimica Mexicana plant enabled the unit to improve further the quality of both carbonates (PCC and GCC) and equipment, reduce maintenance costs and rationalize production. At K-T Clays de Mexico, the floating process was modified to improve beneficiation of co-products.

- South America

During 2005, the Performance Minerals & Ceramics South America division strengthened its positions by modernizing its production capacities and adapting its product mix to niche markets. Efforts were also made on vocational training.

In Brazil, operations were optimized at the Ripasa (Limeira) PCC production plant to increase capacity to 100 kt/yr, and the Bras Cubas (Mogi das Cruzes) GCC plant started up a new production unit for superfine GCC for plastic components.

- Asia

In Asia, Imerys is now able to take advantage of the growth in demand for high performance specialty products, thanks to the start-up of two new production units in the region.

In Nanling (Anhui province, China), new FilmLink™ and Carbital™ production units will enable the business group to meet high demand on Asian markets for products for breathable films and other polymer applications.

In July 2005, Imerys and Topking Ceramic Mineral Machining Factory (Jiangmen, Guangzhou), a Chinese producer of clays and ceramic bodies, created a joint venture, Imerys Ceramics Jiangmen Co., Ltd (60% held by Imerys). This gives the business group a clay and body production platform to support its development on the growing Chinese floor tiles, tableware and sanitaryware market.

4.3.4. ADVANCED SOLUTIONS

The Advanced Solutions division provides its global markets with graphite and carbon-based solutions, ceramic kiln furniture and vermiculite. Through its three business units, the division focuses on both internal and external growth, with the primary goal of meeting its customers' increasingly demanding needs. The division's core strategy for all its units is to optimize every product portfolios and offer a complete range of solutions for each of the application areas it serves.

4.3.4.1. Graphite & Carbon

The Graphite & Carbon business unit encompasses R&D, production and sales activities for natural graphite, synthetic graphite and conductive carbon black.

4.3.4.1.1. Products

Timcal is the world leader in technical applications for high-performance graphite and carbon black, providing customers with an extensive range of synthetic and natural graphite products, as well as a combination of the two types, with the addition as required of other carbon-based materials, such as coke, scraps and silicon carbide.

To meet the challenging needs of its customers in an industry that demands constant innovation, Timcal's products are sold in various forms such as additives, powders, blends or aqueous dispersions.

The business unit develops its high-quality synthetic graphite through a complex process of baking petroleum coke at very high temperatures. For natural graphite, Timcal supplies its customers from Lac-des-Iles, its Canadian mine – the largest graphite mine in North America – and from selected very high-quality external production sources.

With its carbon black facility in Belgium, Timcal is also able to supply its customers with highly conductive carbon black powders, pellets or carbon-based solutions to be used in the mobile energy and conductive polymer markets.

Applications

The Graphite & Carbon business unit's activities are strictly market-driven, ensuring high-quality products and services for its customers in every application field.

- Mobile energy

This sector covers alkaline batteries, Zn-C batteries, Lithium-ion rechargeable batteries, fuel cells, supercaps and can coatings. In the fiercely contested portable energy market, Timcal is the world leader due to the variety of its products, which range from graphite and carbon black powders to conductor coatings for battery cans. The use of an electrode containing graphite or carbon black makes lithium-ion batteries safer and more efficient. These lithium-based hi-tech rechargeable batteries are used for mobile telephones, laptop computers and video cameras.

Fuel cells (systems for converting chemical energy into electricity through a continuous fuel supply) are still in the development process and require new graphites, carbon blacks and technically advanced graphite dispersions.

- Engineering materials

This sector includes, for the automotive industry, friction pads, clutch facings, seals, iron powder metallurgy, carbon brushes and foils. Other applications include sintered ceramics, hard metals, pencil leads, catalysts and synthetic diamonds. In the engineering market, Timcal's success is ensured by cutting-edge graphite processing facilities that enable the company to satisfy customer's strict requirements in terms of service as well as the physical and chemical characteristics of products. Through its unique combinations of synthetic and natural graphite, Timcal is able to provide its customers with tailor-made solutions.

- Additives for polymers

With the addition of the highly conductive carbon black facility to its portfolio, Timcal is now able to offer a unique and comprehensive range of products in the niche market of conductive polymers, including combinations of graphite and carbon black. Applications include conductive coatings, plastics & resins, PTFE[1] elastomers, rubber, cables and flame retardants.

- Lubricants

In a sector that is heavily dependent on the oil drilling business, Timcal's continued leadership is based on its reputation and experience in this field and, more specifically, on its extensive knowledge of graphite dispersions. Applications include hot metal forming, descaling agents, casting and powders for lubricants.

- Refractories and metallurgy

In the natural graphite processing sector, the refractories industry now represents a significant outlet for the business unit in terms of volume. Applications include bricks, monolithics, carbon raisers and metal topping.

Innovation

In 2005, Timcal developed and marketed a new generation of graphite powders for Lithium-ion batteries (T-SLC). Development of other graphite products for Li-ion batteries continues and innovative natural graphite-based products designed for carbon-brushes, metallurgy, powders for friction products and lubricants (BE range) are in the promotion stage.

4.3.4.1.2 Markets

In 2005, Timcal's business benefited from the relative scarcity of Chinese graphite exports. In addition, high oil prices had a favorable impact on its business in the lubricant industry. Similarly, the healthy economic climate in the electronics industry had a positive effect on the carbon clack activity.

Main competitors of the Graphite & Carbon business unit:

Kropfmuehl (Germany), National de Graphite (Brazil).

4.3.4.1.3. Industrial facilities, quality and sales organization

Industrial facilities

The Graphite & Carbon business unit has the following industrial facilities:

Europe	North America	Asia
Willebroek *(Belgium)*	Lac-des-Iles *(Canada)*	Changzhou *(China)*
Bodio *(Switzerland)*	Terrebonne *(Canada)*	Fuji *(Japan)*

[1] *PTFE: polytetrafluorethylne*

Quality

The Changzhou operation is certified ISO 9002; Lac-des-Iles, Willebroek and Bodio are certified ISO 9001:2000.

Sales organization

Timcal is well represented around the globe by its own experienced commercial and technical teams, which are organized by geographic region. In areas where Timcal does not have its own representation, selected agents are in regular customer contact. This global representation provides customers with constant support, ensuring that product solutions can be found quickly.

4.3.4.1.4. 2005 highlights

In 2005, Timcal particularly consolidated its positions on the Li-ion battery market through the new product range, T-SLC.

4.3.4.2. Kiln furniture

The Kiln furniture business unit develops, designs, produces and globally markets firing supports and components for industrial kiln construction, mainly for roof tile production and fine ceramics, including tableware, sanitaryware and wall and floor tiles, but also for other thermal applications, such as metal sintering and ferrites etc.

4.3.4.2.1. Products

The business unit offers its customers a wide and diversified range of kiln furniture products specifically designed to meet the needs of all production conditions, including temperature, firing cycles, load and handling systems. Kiln furniture products are shaped items made from refractory materials such as cordierite, mullite or silicon carbide, which support the final product during the production process. Kiln furniture must be strong enough to resist mechanical and thermal shocks and be as lightweight as possible to ensure lower energy consumption and more efficient firing.

Applications

The business unit has a design unit that visualizes, models, develops and optimizes kiln furniture products using a computer-aided design system that incorporates state-of-the-art simulation programs showing thermal-mechanical performance and behavior under mechanical shock and vibration. This leading-edge technology is a critical factor in meeting the requirements of the most demanding customers.

The business unit's main products are used in the following markets:

- Roof tiles

The Kiln Furniture business unit manufactures "H" and "U" type firing supports for roof tiles applied in traditional tunnel or intermittent kilns, usually on kiln cars. The supply chain is enhanced by the design and production of kiln car linings and substructures that are especially suited to these supports and significantly increases the consumables' lifespan. Extremely flexible and lightweight firing tray systems are based on superstructures and construction elements that are produced using the business unit's silicon carbide.

- Fine ceramics

For the fine ceramics markets, the business unit produces pressed, cast or extruded individual or stackable firing supports for tableware and sanitaryware, cast or pressed cassettes for wall and floor tiles. Complete kiln car sub/superstructures are produced from cordierite-mullite or silicon carbide with the objective of rationalizing available firing capacity and protecting the product from deformation and contact reaction. Floor and wall tiles are now mainly fired in roller hearth kilns on extruded and machined mullite-based rollers.

Innovation

In 2005, the business unit fine-tuned an ultra-lightweight infrastructure for kiln cars intended for heavy clay products such as bricks or roof tiles.

The basic system has already been tried and tested in many applications for fine ceramics including sanitaryware, and combines products from several manufacturing methods, including pressing, extrusion and casting. This gives customers the benefit of a flexible and easily replaceable system that, because of its light weight, makes energy savings of approximately 60% possible compared with a conventional refractory concrete tunnel. The choice of materials used - cordierite or silicon carbide – delivers mechanical resistance and solidity.

4.3.4.2.2. Markets

In spite of disparities between the economies of the major European countries (France, United Kingdom and Germany), the roof tile industry grew slightly in terms of capital expenditure and replacements.

The fine ceramics market is still suffering from an adverse general environment in Europe, with ongoing capacity reductions, transfers to countries with lower labor costs and an increasingly common preference for black ceramics over white.

In Thailand, the Kiln Furniture business unit has to address new competition, both domestic and Chinese.

Main competitor of the Kiln Furniture business unit:

Saint Gobain (France)

4.3.4.2.3. Industrial facilities, quality and sales organization

Industrial facilities

The Kiln Furniture business unit has the following industrial facilities.

Europe	Asia-Pacific
Cuntis, Galicia *(Spain)* La Guardia, Galicia *(Spain)*	Saraburi *(Thailand)*
Lamotte-Beuvron, Loir-et-Cher *(France)*	
Hódmezövásárhely *(Hungary)*	

Quality

Every plant in the business unit is certified ISO 9001:2000.

Sales organization

The Kiln Furniture business unit's products are marketed through an integrated sales organization organized into four geographic zones and supported by an international network of agents and distributors.

4.3.4.2.4. 2005 highlights

In the second quarter 2005, the business unit had to handle substantial orders from the roof tiles sector. It was able to satisfy that demand from its different operations in France, Spain and Hungary.

4.3.4.3. Vermiculite

The Vermiculite business unit is specialized in the mining and conversion of vermiculite from the Group's deposits in Zimbabwe and Australia.

4.3.4.3.1. Products

Vermiculite is sold worldwide, mainly to the heat insulation, soundproofing, fire protection, agriculture, automotive, construction and building industries.

4.3.4.3.2. Markets

The business unit continues to actively seek new business opportunities in order to develop and strengthen its current position in the European, Asian and Australian markets, despite a difficult environment, and the emergence of new competitors, particularly from China.

Main competitor of the Vermiculite business unit:

Palabora (South Africa).

4.3.4.3.3. Industrial facilities and quality

Industrial facilities

The Vermiculite business unit has the following industrial facilities.

Africa	Asia-Pacific
Shawa *(Zimbabwe)*	Alice Springs *(Australia)*

Quality

Certification of the Shawa (Zimbabwe) operation is in progress.

4.3.4.3.4 2005 highlights

Production capacity was increased at the Shawa plant from 40,000 to 70,000 metric tons per year.

Transfer of finished product inventory to the port of Beira (Mozambique) enables the business unit to meet customers' needs more quickly.

4.4. Pigments for Paper

The Pigments for Paper business group is comprised of the Group's activities in kaolin and calcium carbonate for the paper industry. Its structure is designed to serve the needs of its international papermaker customers in an evolving global market.

2005 sales: €755 million - By geographic destination:

52%	Europe
29%	Americas
19%	Asia-Pacific

.

3,024 employees

56%	Europe (1,693 employees)
26%	Americas (788 employees)
18%	Asia-Pacific (543 employees)

4.4.1. BUSINESS GROUP ORGANIZATION

Under the supervision of a Management Committee, several activities in the Pigments for Paper business group are managed globally, including international key accounts, kaolin resource optimization and new product and process development. All other activities, including regional customer management and the day-to-day operation of resources, are managed locally. This approach provides for efficient asset management and greater responsiveness to the needs of international customers, without losing sight of the regional requirements of every papermaker customer or every Imerys operating unit.

The Pigments for Paper business group's regional activity remains concentrated in the following geographic zones, where most paper production is located:

- Pigments for Paper Europe;
- Pigments for Paper North America;
- Pigments for Paper South America;
- Pigments for Paper Asia-Pacific.

The management of the Pigments for Paper business group is based in La Hulpe (Belgium), with regional centers in Atlanta (Georgia, United States), St Austell (Cornwall, United Kingdom) and Singapore. For the Asia-Pacific region, there are satellite offices in Tokyo (Japan), Shanghai (China), Kuala Lumpur (Malaysia) and Melbourne (Australia).

As of March 1, 2005, Specialty Minerals and Pigments for Paper activities in the Asia-Pacific zone are grouped together in a new division, Imerys Asia-Pacific.

The Pigments for Paper business group supplies more than 400 paper mills, 21% of which are in North America, 57% in Europe and 22% in the rest of the world, mainly Asia-Pacific, the region driving growth in the paper industry. More than 20% of those customers buy several pigment categories from Imerys.

The Pigments for Paper business group's sales for the year ending December 31, 2005 totaled €755 million, which represents 25% of Imerys' consolidated sales.

The business group has 44 industrial sites in 19 countries.

4.4.2 BUSINESS GROUP OVERVIEW

Geographic zone	Products	Applications	Markets	Brands	Market positions
PIGMENTS FOR PAPER AMERICAS PIGMENTS FOR PAPER EUROPE PIGMENTS FOR PAPER ASIA-PACIFIC	Kaolin GCC PCC	Fillers Coatings	**Graphic papers** › Printing & writing: Coated woodfree, Coated mechanical, Uncoated woodfree, Uncoated mechanical › Newsprint	› Kaolins: ACME™, Alphatex™, Capim™, Intrafill™, Intramax™, Opacitex™ › GCC: Carbital™, G400™, Intracarb™ › PCC: Opti-Cal™ CP, Opti-Cal™ HB, Opti-Cal™HP, Opti-Cal™ NB	**World #1** in kaolin for paper **World #2 in** GCC for paper **World #3 in** PCC for Paper
			Packaging › Coated packaging: Coated bleached board, Coated unbleached kraft, Coated recycled board › Uncoated packaging: Containerboard, Liner board, Corrugated medium	› Kaolins: Astra-Cote™, Astra-Glaze™, Astra-Gloss™, Astra-Jet™, Astra-Plate™, Astra-Plus™, Capim™, Contour™, Deltatex™, KCS™, Premier™, SPS™, Supragloss™, Supramatt™, Suprasmooth™, Suprawhite™ › GCC: Carbilux™, Carbital™, Carboflex™, Carbopaque™ › PCC: Opti-Cal™	

4.4.3. PRODUCTS

Imerys is a world leader in pigments for the paper industry.

The Pigments for Paper business group offers a wide range of kaolins, ground calcium carbonates (GCC) and precipitated calcium carbonates (PCC), which are used in the paper industry as fillers and coatings. These products are differentiated by their chemical composition, particle size distribution, shape, whiteness and viscosity.

The great diversity of its products allows the business group to provide multi-pigment solutions for its customers' specific needs. It offers the world's broadest range of pigments for the paper industry.

- Kaolin

Kaolin is white clay that is mined in open quarries by hydraulic processes or by dry extraction.

Kaolin improves paper properties in terms of gloss, smoothness and printability. Processes such as calcination improve the whiteness and opacifying effect of untreated kaolin.

Imerys is the only producer in the world that is active in all three high-quality kaolin regions for paper applications: Cornwall (United Kingdom), Georgia (United States) and the Amazon delta (Brazil). The location and exceptional quality of these mineral reserves are the best in the industry. Imerys is the world's largest producer of kaolin for paper.

Each of these mineral deposits offers unique and specific geological characteristics, resulting from the formation of the deposit itself:

- Cornwall provides filler and coating kaolins that are especially suited to the European supercalendered paper and lightweight coated paper markets;
- Georgia kaolins are used for all coating applications in the North American and Japanese paper industries. Calcined Georgia kaolins are used worldwide for their opacifying effect;
- the coating kaolins produced in Brazil are particularly appreciated for their particle size distribution, which gives outstanding whiteness and opacity.

Imerys' kaolin mines are ideally located near specialized ports with optimized logistical facilities in Brazil (Barcarena), the United States (Savannah, Georgia) and the United Kingdom (Par and Fowey, Cornwall).

- Ground calcium carbonate (GCC)

GCC is mined from various marble (calcium carbonate) quarries, and then ground, using hydraulic or dry processes, to the required particle size distribution. GCC is especially renowned for its whiteness.

Imerys is the world's second-largest producer of GCC for paper. It directly owns or has long-term contracts for extensive calcium carbonate reserves in North America, Brazil, Asia (Malaysia, China and Vietnam) and Europe.

The business group's production plants are located close to customers' mills, providing for high service quality and logistical flexibility.

- Precipitated calcium carbonate (PCC)

PCC is produced artificially from limestone by reacting lime with carbon dioxide, precipitating high-quality calcium carbonate. The process can be controlled to obtain specific particle sizes or shapes.

Imerys is the world's third-largest producer of PCC. With the engineering and technological expertise to meet its customers' evolving technical specifications, the business group produces PCC-based filler and coating pigments in its plants in the United States, Europe and South America.

Applications

Kaolin, GCC and PCC are used in the paper industry as fillers and coatings.

Fillers are added to the paper fiber mixture at the beginning of the papermaking process, just prior to the formation of the paper web. These mineral fillers are designed to impart texture, opacity, whiteness and printability. Filler pigments have an increasingly important role in the success of uncoated woodfree, newsprint and supercalendered paper, as expectations in terms of print performance are constantly rising.

Coating products are used in sophisticated formulations containing different pigment and chemical components to achieve high levels of brightness, gloss and print performance. They are applied to the paper surface in a thin, even film to produce opaque, white, smooth and glossy paper with no increase in weight.

Innovation

The business group's technical expertise and its ability to constantly improve manufacturing efficiency enable it to adapt its product portfolio to customers' specific, evolving needs.

The specifications required by papermakers are increasingly precise and stringent, not only to meet paper quality criteria but also to achieve optimum machine performance in terms of speed and utilization rates. The scale of capital expenditure for a modern paper mill (e.g. almost €500 million for a machine producing approx. 350,000 – 400,000 metric tons of paper per year) is an increasingly important economic issue for paper manufacturers. The investment cannot be profitable without full-capacity production of top quality paper.

The choice of pigment – or pigment blend – has a major impact on paper quality, machine efficiency and the number of production defects per manufacturing day. Consequently, pigment producers' technical know-how and research & development capabilities are increasingly important selection criteria.

Recognizing the importance of technical progress to its success, the Pigments for Paper business group has over 100 technology specialists working worldwide. The business group holds over 193 granted and 126 pending patents. Patent filings for 6 new technologies were made in 2005. This extensive portfolio gives the business group a competitive edge in terms of processes using pigments to optimize manufacturing efficiency and enables it provide the paper industry with the widest range of pigments on the market.

In most cases, a single pigment type is not enough to deliver all the properties required by the customer (whiteness, gloss, opacity, printability, manufacturing process optimization). This led the business group to opt for a multi-pigment approach, consisting of meeting each customer's formulation needs through a combination of pigments. This unique formulating know-how, together with the business group's comprehensive range of pigments, makes it the leading partner for papermakers seeking to upgrade their production facilities or start up a new plant.

This technical approach led the business group to take part in several major industrial projects in 2005. In carbonates, the business group launched Carboflex™, a new range of coating pigments for the competitive "high-opacity steep" GCC market. The technology is based on an innovative blend of GCC and PCC. The combination of several products enables the business group to address customers' specific needs more closely by delivering higher performance than conventional "steep" GCC products. This is a good example of the benefits resulting from Imerys' multi-pigment offering.

The business group also extended its kaolin-based product offering and launched several new products in 2005, all designed for specific applications. The extreme gloss of Brazilian kaolins led the business group to develop printing technology for lightweight coated papers intended for rotogravure. A new development drawing on the hiding power of British kaolins also allowed the business group to improve the gloss of lightweight coated papers for offset printing while increasing paper mill speed.

4.4.4. MARKETS [1]

After an excellent 2004 (+5.1%), the global market for printing and writing papers, the business group's main outlet, only recorded slight growth in 2005 (+1.7%, mainly concentrated in Asia).

Pigments for Paper Americas

Production of printing and writing papers in North America decreased slightly (-1.1%) in 2005, compared with a +3.7% increase in 2004. Only the uncoated mechanical paper segment showed any real growth in 2005, driven by rising demand for supercalendered papers, papers for directories and lightweight coating papers, which offset lower production in other segments.

Production of coated mechanical paper was affected by the strike that crippled the UPM-Kymmene plant in Miramichi (Canada) for a large part of the year.

Pigments for Paper Europe

The European market was badly hit in the second quarter by the seven-week strike in the Finnish paper industry. Paper production slowly returned to normal over the summer and was stable for the year as a whole (-2.9% in the 1st half; +3.0% in the 2nd).

Pigments for Paper Asia-Pacific

Printing and writing paper markets were healthy in 2005. Demand rose significantly (+4.2%) on most markets, leading to a +5.6% increase in paper production from 2004 with the start-up of major production capacities, especially in the woodfree paper segment.

Main competitors of the business group

On a global market, the following competitors have international presence:

- Kaolin: AKW (Germany); PPSA and Cadam (Brazil); Engelhard, Huber and Thiele (United States);
- GCC: Omya (Switzerland) and various small local competitors;
- PCC: Minerals Technologies and Huber (United States); Omya (Switzerland).

(1) *Source: RISI (Resources Information System, Inc.).*

4.4.5. INDUSTRIAL FACILITIES, QUALITY AND SALES ORGANIZATION

Industrial facilities

The Pigments for Paper business group has the following industrial facilities:

	Americas	Europe	Asia-Pacific
Kaolin	Barcarena, Para *(Brazil)* Deep Step Road, Georgia *(United States)* Dry Branch, Georgia *(United States)* [1] Sandersville, Georgia *(United States)*	St Austell, Cornwall *(United Kingdom)*	Pittong *(Australia)*
GCC	Bras Cubas, Mogi das Cruzes, SP *(Brazil)* [1] Cockeysville, Maryland *(United States)* [1] Kimberly, Wisconsin *(United States)* Sylacauga, Alabama *(United States)* [1]	Lixhe *(Belgium)* Ste Croix de Mareuil *(France)* Avenza *(Italy)* Avezzano *(Italy)* Massa *(Italy)* Köping *(Sweden)* Sundsvall *(Sweden)* Canakkale *(Turkey)* [4] Salisbury, Wiltshire *(United Kingdom)*	Burnie *(Australia)* Changshu *(China)* Nanling *(China)* Qingyang *(China)* Bhigwan *(India)* [2] Kerinci *(Indonesia)* [3] Fuji *(Japan)* Miyagi *(Japan)* Ipoh *(Malaysia)* Kaohsiung *(Taiwan)* Van Tien *(Vietnam)*
PCC	Capitán Bermúdes, Santa Fé *(Argentina)* [1] Ledesma, Jujuy *(Argentina)* [1] Santanésia Pirai, Rio de Janeiro *(Brazil)* [1] Limeira, São Paulo *(Brazil)* [1] Bennettsville, South Carolina *(United States)* Canton, Caroline du Nord *(United States)* Somerset, Maine *(United States)*	Husum *(Sweden)*	
Slurry make-down		Kotka *(Finland)* Vlaardingen *(Netherlands)* Falkenberg *(Sweden)* Gävle *(Sweden)* Uddevalla *(Sweden)*	

[1] *Mainly serving the Performance Minerals market, but also the Paper market.*
[2] *Imerys NewQuest (India) Private Limited, a joint-venture 74% owned by Imerys.*
[3] *PT. Esensindo Cipta Cemerlang, a joint venture 49% owned by Imerys.*
[4] *Assos Mermer, a joint venture 50% owned by Imerys.*

Quality

The business group's kaolin plants in Georgia (United States) and Cornwall (United Kingdom) and its calcium carbonate plants in Alabama and Maryland (United States), Salisbury (Wiltshire, United Kingdom), Lixhe (Belgium), Massa and Avezzano (Italy), and Tunadal and Köping (Sweden) are certified ISO 9001:2000.

Sales organization

The business group's products are marketed through its own sales force specializing in paper applications.

4.4.6. 2005 HIGHLIGHTS

In 2005, the business group was affected by adverse market conditions and rises in external costs. In that context, industrial optimization and fixed cost reduction efforts were stepped up. Moreover, the strategic projects undertaken for carbonates in 2004 came on stream in Asia and Europe.

- Kaolin

In response to sharp inflation in energy and chemicals, the business group stepped up its cost base optimization drive. Two restructuring plans were carried out in Cornwall (United Kingdom), a major kaolin production zone. They resulted in an almost 15% reduction in manpower.

In Brazil, capacity optimization at Imerys RCC's kaolin plant enabled the unit to respond to growth in global demand for coating kaolins, which are prized for their whiteness and opacity.

- Calcium carbonate

In 2005, the business group's strategy to develop its positions in calcium carbonates came to fruition with the start-up of the projects begun in 2004.

- In Bhigwan, India, the new GCC production plant created in partnership with Ballapur Industries Ltd (Bilt), India's leading papermaker, was gradually ramped up during the year;

- A new GCC processing plant was built in Changhsu, Jiangsu province (China). This new unit came on stream in the first quarter of 2005, at the same time as UPM-Kymmene's new paper mill on the same site. In parallel, the business group invested in a new kaolin production unit that will also supply the UPM-Kymmene plant;

- In line with this development strategy in calcium carbonates, in November Imerys acquired from the Banpu group (Thailand) a 66.7% share in Yen Bai Banpu (Vietnam). This joint venture mines exceptionally white GCC reserves in Vietnam;

- In Sweden, Imerys was selected in 2004 by M-real, one of Europe's leading papermakers, to supply calcium carbonates to its Husum (Sweden) plant. In line with this long-term contract, the PCC satellite plant newly built in Husum and the production capacity extension at Imerys' GCC plant in Sundsvall came on stream in January 2005 and reached full capacity in the record time of three months.

4.5. Materials & Monolithics

Following the acquisition in January 2005 of the group Lafarge Refractories, the European leader in Monolithic refractories, then the divestment of Larivière in April 2005, the Materials & Monolithics business group is now comprised of the activities of the former building Materials business group, as well as Monolithic Refractories, which previously belonged to the Refractories & Abrasives business group.

Through its Building Materials division, the business group is France's leading producer of clay roof tiles, bricks and chimney blocks and of high-quality natural slates.

The Monolithic Refractories division is the European leader for the refractory mixes used in many industries (steel, casting, cement, power generation, petrochemicals and incineration).

2005 sales: €922.4 million - By division:

62%	Building Materials
38%	Monolithic Refractories

3,622 employees

61%	Building Materials (2,210 employees)
39%	Monolithic Refractories (1,412 employees)

4.5.1. ORGANIZATION OF THE BUSINESS GROUP

The business group is comprised of the following two divisions:

- Building Materials,
- Monolithic Refractories.

The Materials & Monolithics business group's sales totaled €922.4 million as on December 31, 2005, making a 30% contribution to the Group's consolidated sales.

The business group has 43 industrial sites in 14 countries.

4.5.2. OVERVIEW OF THE BUSINESS GROUP

Division	Department	Products	Markets	Brands	Market positions
BUILDING MATERIALS	CLAY ROOF TILES & BRICKS FRANCE	**Roof tiles and accessories**	Roofing renovation	**› Roof tiles** *umbrella brand:* Imerys Toiture™ *7 regional labels:* Gelis™, Huguenot™, Jacob™, Ste-Foy™, Sans™, Phalempin™, Poudenx™	French #1 for clay roof tiles, bricks and chimney blocks
		Structure materials		**› Bricks** *umbrella brand:* Imerys Structure™ *product brands:* Briques Gélis, Monomur Gélis, Optibric™	
		Structure bricks *(walls and partitions)*		**› Partitions** *umbrella brand:* Imerys Structure™ *product brands:* "Carrobric" system	
		Chimney blocks & Concrete products	New housing	**› Chimney blocks** *umbrella brand:* Imerys Structure™ *product brands:* Conduits Ceramys™, "Tereco™" system **› Concrete products** *umbrella brand:* Imerys Structure™ *product brands:* Planchers Fabre "Bétoconcept" system	
	CLAY ROOF TILES & BRICKS INTERNATIONAL	**Roof tiles and accessories**	Roofing renovation	**› Roof tiles** *in Spain* - Collado™ *in Portugal* - Campos™	
		Structure materials Structure bricks *(walls and partitions)*	New housing	**› Partitions** *in Spain* - Ladryeso™, Tecasa	
	SLATES	Natural slates	Historical monuments	**Historique H1 & H2, Armor and Armen ranges** Angers-Trélazé ®	French #1 for natural slates
			Public buildings	**Traditional, Extra-Fort and Cottage ranges** Angers-Trélazé ®	
			Single-family housing	**Azur, Angevine, Domaniale, Citadine and Manoir ranges** Angers-Trélazé ®	

Division	Products	Applications	Markets	Brands	Market positions
MONOLITHIC REFRACTORIES	Monolithic refractories Prefabricated shapes	Cast/vibrated castables Gunning materials Ramming mix Dry mix Taphole clays Insulating castables	Steel Casting Aluminum Cement Incineration Power generation Petrochemicals	Alkon, Kerex, Monrox, Phlocast, Phlox, Plicast®, Pliflow®, Pligun®, Plistix®, Refralblo, Rodarox, Spraycast®, Pliram®, Plitap®, Plichem®, Pliral®, Pliron®, Pliline®, Therco, Ultracast	**European #1** in monolithic refractories

4.5.3. BUILDING MATERIALS

4.5.3.1. Products

The Building Materials division's products are mainly made from clay and are intended for the construction market, particularly the individual house building and renovation segments.

The business group has substantial clay reserves near its various production units. Management policy for these quarries includes the purchase or exchange of land. This allows clay reserves to be constantly reconstituted, thus ensuring the durable operation of existing production units, while providing for future site restoration or rehabilitation. In that framework, three new quarries were opened in France in 2005: Saint-Germer-de-Fly (Oise), Pargny sur Saulx (Marne) and Peynet (Gironde).

The business group's customers and partners are mainly traders in building materials.

Clay Roof Tiles & Bricks France

The Clay Roof Tiles & Bricks France department is comprised of all production and sales activities for clay roof tiles and roofing accessories, structure bricks, chimney blocks and prestressed concrete products.

- Roof tiles & accessories

With over 60 models and 100 colors of flat tiles, Roman tiles and large and small interlocking tiles, the department meets the requirements of local traditions and specificities. Ranges are united under an umbrella brand, Imerys Toiture™, and 7 regional brands with high customer awareness for different tile models: Gélis™, Huguenot™, Jacob™, Phalempin™, Poudenx™, Sans™ and Ste Foy™. The department also markets a wide range of accessories (approx. 700 models), forming a comprehensive offering for roofers. The range includes roofing elements that are fitted without mortar or seal, freeing roofers from the finishing work previously carried out on building sites.

- Clay bricks

Clay bricks (Gelis™, Monomur and Optibric™) are used for the construction of interior and exterior walls, and for lining and interior partitions (terra cotta bricks, "Carrobric" system). Their load-bearing or insulating function differentiates them from façade bricks which serve an essentially decorative purpose.

- Chimney blocks

Clay chimney blocks (Ceramys™) are used to evacuate smoke from boilers or chimneys. The wide range offered by the division meets the specific requirements of the different energy sources used for housing boilers, inserts and traditional open-hearth fires. It also includes a range of clay chimney caps that are adapted to the architectural specificities of every region.

- Prestressed concrete products

Prestressed concrete products, mainly joists, are used for floor construction. Filler blocks are placed between each joist. These can be made from a variety of materials, including clay, which is Imerys Structure's specificity. In addition to joists, the range also includes structural beams that are adapted to each use and allow for quicker installation at the construction site.

Clay Roof Tiles & Bricks International

The Clay Roof Tiles & Bricks International department is comprised of all the production and sales activities for clay roof tiles, roofing accessories and structure bricks of the company Imerys TC España (formerly Ceramica Collado and Tecasa) in Spain, and the production and sales activities for clay roof tiles and roofing accessories of Campos Fabricas Ceramicas ("Campos") in Portugal.

Slates

Ardoisières d'Angers operates two underground slate quarries in Trélazé (Maine et Loire, France). The slate's exceptional purity is guaranteed as it is mined at depths of 100 to 500 meters.

Angers Trélazé® natural slate enjoys almost 90% unassisted awareness with roofing professionals, through the company's long history and its presence on the finest jewels in France's architectural heritage (Versailles, Chambord, Chenonceaux, the Louvre, etc.). While historical monuments only account for a small proportion of sales, they are an outstanding showcase for the company, as the prestige of the roofed buildings reflects on all marketed ranges, including upscale single-family houses.

The advantages of natural slate are that it withstands harsh weather, particularly frost, and is waterproof, stable and flexible, which makes it easy to use. Slates are especially suited to steeply sloping roofs.

4.5.3.2. Innovation

Thanks to a dynamic innovation policy supported by perfect knowledge of the trading business and of the technical constraints of contractors and end customers, the Building Materials division constantly renews its products.

Innovation efforts are mainly focused on developing increasingly functional and attractive products (combining technical performance with speed of fitting), and on improving customer services.

- Clay roof tiles

The success of many models first marketed in 2004 – "Vieux Saintonge" color Aquitaine Poudenx and Gironde 50 Roman tiles, "Amarante" color Panne H2 Huguenot – was confirmed in 2005. Moreover, the Diamant tile was established with architects through its innovative design.

New products and colors also enhanced the range of roof tiles and accessories in 2005:

- The development of new colors with an aged appearance can bring roofs into perfect harmony with local traditions. The "Rouergue" color for the Médiane Gélis line and the "Esterel" and "Antique" colors for the Canal Restauration Gélis line perfectly reproduce the uneven, warm appearance of old roofing;
- The flat tile range was enhanced through four new colors: "Val de Seine" and "Senois" for the 17x27 Phalempin and "Ardoisé" and "Alezane" for the 20x30 Huguenot. Each color blends into the landscape, in complete harmony with the region's specific features;

- The new Artoise and Auxoise models fit perfectly into the architectural heritage of Belgium and Northern France, offering an attractive, technically advanced and economical solution (10 tiles per m^2 instead of 22);
- The blocking Canal Gironde tile reconciles economic and local constraints. With an invisible anti-slip system, the new model meets the requirements of the Vendée region in terms of both shape and fitting habits;
- Another innovation was presented at the Batimat construction trade fair in November 2005. Following on from the photovoltaic tile, the thermal roof tile will be marketed in 2006. This tile slots perfectly into roofing and produces energy and hot water using healthy, renewable and environment-friendly energy;
- In Spain, the department marketed the K1 Klinker, the first tile with significantly above-standard mechanical strength and absorption. The Roman range was extended with new "Poniente", "Levante" and "Pirineos";
- With its sleek lines, the Campos Mas tile is similar to conventional Portuguese roll tiles. Its side and end play provides for great ease of fitting. Colors have also been designed for export markets: "Vieja," "Castilla" and "Mudejar."

• Clay bricks

Imerys Structure's strong growth is based on a broad offering of clay construction systems, meeting two essential needs voiced by customers: quicker laying and higher value-added.

Partition brick market

- Carrée, a large partition brick, enables partitions to be built more quickly as its size (50 x 50cm) makes it easier to handle and reduces the number of movements needed. Following the takeover of the company Marcel Rivereau in December 2004, two new models extended the range in en 2005: Mégabrique and Maxiplafond;
- Carroflam, the only uncoated, quick-laying, fire-resistant clay partition on the market, proved a great success in public buildings such as hospitals and catering kitchens.

Wall brick market

Glued products are enjoying sharp growth as they perfectly meet the essential needs expressed by building contractor customers in terms of swift laying, easy fitting and value-added creation.

- Narrow-join Monomur (30 and 37.5cm), a distributed insulating construction system, makes laying quicker and easier, thanks to higher finishing quality;
- Following narrow-join Optibric™, the first large brick of its kind and an altenative to concrete blocks, Imerys Structure launched vertical-perforation Optibric™ in 2005. The new product offers several benefits: ease and speed of fitting, improved heat insulation, high mechanical strength and suitability to earthquake-prone regions. Multi-family housing and public buildings are the relevant market segments.

The performance of narrow-join products has significantly contributed to professionals' acceptance of this laying method.

- Long accessories (roller shutter lintels, posts and boxes) enable building work to be completed faster. This range guarantees finishing quality as products are homogenous. Long products speed up implementation and improve productivity;
- Enduibric is an alternative to plaster with identical appearance, implementation and finishing quality. This lime-based lining is perfectly in line with the high environmental quality process (HQE).

On the chimney block market

Tereco™ is a new ventilated chimney block for low-temperature boilers. It is fitted by silicone seal and based on rectified product technology.

Private customers' expectations in terms of natural, healthy products and comfortable quality living are also driving the growing success of clay products.

4.5.3.3. Markets

The business group's activity is predominantly linked to the development of the individual housing market.

Clay Roof Tiles & Bricks France

- French clay roof tiles market

In France, after an excellent 2004, the roofing segment continued to develop with over +1.4% growth in 2005 compared with the previous year[1] thanks to a dynamic single-family housing market (up 6% over the year) and despite a slight fall in the renovation sector (down -3.4%).

- French clay bricks market

Clay bricks for outside walls and interior partitions mainly concern the single-family house building market, in which they have approximately 25% penetration. In structure bricks in 2005, clay product sales rose +8.9% with further market share gains from concrete blocks.

- French clay chimney blocks market

On the clay chimney blocks market, against competition from metal conduits and the development of flueless heating methods (e.g. vent chimneys), sales decreased slightly in 2005. However, clay remains the most widely used material for chimney blocks in new single-family housing in France, particularly for open hearths.

Clay Roof Tiles & Bricks International

In Spain, the market remained exceptionally high, whereas the slump continued in Portugal (20% fewer completed construction projects in 2005 than in 2004). Sharp growth in Campos' export sales did not completely make up for the decline in the domestic market.

Slates

In 2005, Ardoisières d'Angers continued with its strategy of drawing value from resources by focusing on upscale and renovation markets (public buildings and historical monuments).

On a French market characterized by oversupply and falling prices, Angers-Trélazé® slate held onto its market position, despite tight competition on the single-family housing segment.

The division's main competitors

- Clay Roof Tiles & Bricks France: Bouyer-Leroux, Lafarge Couverture, Terreal (France) and Wienerberger (Austria);
- Clay Roof Tiles & Bricks International: Borja, Escandella, Mazaron, Uralita, HDR and La Oliva (Spain); Lusoceram, Coelho da Silva and Margon (Portugal);
- Slates: Cupa Pizarras, Samaca, Aspigal (Spain) and La Canadienne (Canada).

(1) *Source : FFTB (French brick & roof tile federation).*

4.5.3.4. Industrial facilities, quality and sales organization

Industrial facilities

The Building Materials division has the following manufacturing and sales locations.

	Roof tiles	Structure bricks	Chimney blocks	Concrete products
Clay Roof Tiles & Bricks France	Blajan *(Haute-Garonne)* Commenailles *(Jura)* Damiatte *(Tarn)* Grossouvre *(Cher)* Léguevin *(Haute-Garonne)* Pargny sur Saulx *(Marne)* Phalempin *(Nord)* Quincieux *(Rhône)* Sainte-Foy-l'Argentière *(Rhône)* Saint Geours d'Auribat *(Landes)* Saint-Germer-de-Fly *(Oise)* Wardrecques *(Pas de Calais)*	Bessens *(Tarn & Garonne)* Colomiers *(Haute-Garonne)* Gironde sur Dropt *(Gironde)* La Boissière du Doré *(Loire Atlantique)* Mably *(Loire)* Saint-Marcellin *(Loire)*	Vergongheon *(Haute-Loire)* Vihiers *(Maine & Loire)*	Pibrac *(Haute-Garonne)*
Clay Roof Tiles & Bricks International	Roof tiles	Structure bricks		
	Almansa, Albacete *(Spain)* Aveiro *(Portugal)*	Castellbisbal, Catalogne *(Spain)*		
Slates	Trélazé – Les Fresnais *(Maine et Loire, France)* Trélazé – Les Grands Carreaux *(Maine et Loire, France)*			

Given the essentially local nature of its markets, the Building Materials division's industrial and commercial network ensures that it has optimum coverage of the French market, which represented 92% of its sales in 2005.

Quality

- Clay Roof Tiles & Bricks France

All Imerys TC sites have been certified ISO 9001 since November 2004, and all the products manufactured by the company comply with a standard (NF) or "Avis Technique" independent construction industry norms.

French NF standards certify the following characteristics:

- for tiles – appearance, geometry, bending strength, impermeability and frost resistance. The new NFM (NF Montagne)[1] label sets even higher quality standards than NF. Imerys TC is currently the only French manufacturer to have undertaken a certification process at this level for some of its products. Omega 10, Standard 14, Standard 9, HP 10 and Alpha 10 are the only roof tiles with the NF Montagne label;
- for bricks and chimney blocks: dimensions, physical and mechanical characteristics.

[1] *NF Montagne: label created by CSTB (French scientific and techncial center for the construction industry).*

- Clay Roof Tiles & Bricks International

The Almansa (Spain) site is ISO 9001 certified and the Aveiro (Portugal) and Castellbisbal (Spain) sites are in the certification process.

- Slates

Angers-Trélazé® natural slate was the first slate to be awarded the NF-Ardoises label by AFNOR in March 2005.

Sales organization

- Clay Roof Tiles & Bricks France

To meet its customers' needs as closely as possible, the sales organization of the Clay Roof Tiles & Bricks divisions is structured by regional market and product range – roof tiles, bricks, concrete products and chimney blocks. The sales teams' close proximity to their customers is the key factor. To simplify business relations, a single sales contact, in charge of all stages from ordering through to delivery, is dedicated to every customer.

The aim of the communication strategy implemented in 2005 was to build an innovative and differentiating project for the Imerys Toiture™ (roofing) and Imerys Structure™ brands. A strong message based on "earth" values was put across - "From a higher perspective, you can see how earth protects people" – with the help of a French personality who attaches importance to nature and protecting the environment, Sylvain Augier, producer and host of TV programs featuring France's heritage.

Imerys Toiture enhanced its customer service by putting a new website online. www.imerys-toiture.com offers product selection guidance through over 500 photos of finished roofs.

www.e-toiture.com, a portal for roofing leaders, is especially useful for professionals with over 6,000 sites hosted and features that meet their specific needs (product quantity calculations, technical validation tools, etc.). The focus is also on training. Imerys TC's three training and advanced skill centers for clay roofing professions (in Quincieux, Saint Germer de Fly and Léguevin) took in 900 trainees in 2005.

Imerys Structure has also set up interactive and computer tools to support its local services.

With five dedicated professional sections and a private customer section, www.imerys-structure.com has specific content for every profession, as well as groundbreaking decision assistance tools (quantity calculators, selection guides, etc.). These include:

- "Précocarrobric", which assists prescribers in their choices to help them prepare projects for technically advanced partitions (Carrobric);

- "Devis-brique", which helps customers be more autonomous and responsive by assisting them with estimates and quantity forecasts for walls and partitions.

Finally, Imerys Structure facilitates "Le Club Poseurs" which now includes almost 350 fitting companies.

- Clay Roof Tiles & Bricks International

On the highly competitive Roman roof tile market in Spain, the department strove to bolster its image as an upscale producer through a relevant marketing campaign. Moreover, the integrated sales network stepped up its direct promotion action with firms and architects.

In Portugal, to make up for the slump in the domestic market, the sales team made many useful contacts with materials traders located near Spanish regions.

- Slates

As part of its customer retention policy, in 2005 Ardoisières d'Angers carried out several sales training sessions for roofing firms belonging to "Club de la Bleue", with the aim of developing their potential for Angers-Trélazé® slate and helping them to move upmarket.

4.5.3.5. 2005 highlights

In early April 2005, Imerys sold its 98.77% stake in Larivière – a roofing products distribution network - to AXA Private Equity. This operation, in which Larivière's management team was involved, was in line with Imerys' refocusing on minerals processing.

The Building Materials division invests substantially to modernize its production assets. It is also gradually developing its industrial positions outside France, especially in Spain and Portugal.

On the industrial side, the creation of a single Clay Roof Tiles & Bricks unit provided a significant lever for reducing costs and improving manufacturing efficiency by pooling key functions such as industrial processes.

Clay Roof Tiles & Bricks France

- Clay Roof Tiles

The production rationalization program continued in 2005. Production was rebalanced between the Pargny sur Saulx (Marne) and Saint-Germer-de-Fly (Oise), Commenailles (Jura) and Sainte-Foy-l'Argentière (Rhône), and Léguevin (Haute Garonne) and St Geours d'Auribat (Landes) sites to develop products closer to their catchment area. A new line was installed at the Sainte-Foy-l'Argentière (Rhône) plant in June 2005 to adjust the division's production capacities to market needs. Substantial efforts were also made to reduce energy costs.

- Clay bricks and chimney blocks

Capital expenditure continued in 2005 with the setup of rectifying machines on the Gironde-sur-Dropt (Gironde) and Colomiers (Haute-Garonne) sites for the production of rectified products (bricks laid by gluing). Industrial facilities at the La Boissière du Doré (Loire Atlantique) and Bessens (Tarn et Garonne) sites were adapted to wall brick manufacturing. A new production unit is under construction at Mably (Loire) to meet high demand for new-generation narrow-join wall bricks and is due to come on stream in the first half of 2006.

Clay Roof Tiles & Bricks International

The new upscale Klinker range, of significantly higher quality than Spanish roof tiles, was well received by customers.

In Portugal, efforts mainly focused on improving product quality to meet the requirements of export markets.

Slates

In 2005, Ardoisières d'Angers continued to transfer production volumes from Les Fresnais to Les Grands Carreaux (Maine et Loire).

In September 2005, the company began a treatment process for small slate blocks that will eventually lead to higher production at constant mined volume and, therefore, more efficient use of deposits.

4.5.4. MONOLITHIC REFRACTORIES

The Monolithic Refractories division stems from the merger of the activities of Plibrico - established in 1914 and a subsidiary of the Imerys group since 1996 - and of Lafarge Refractories, acquired on January 6, 2005. This business set, renamed Calderys, is the European leader in Monolithic refractories. The division’s technical expertise enables it to offer complete refractory solutions (products, engineering, installation and supervision).

4.5.4.1. Products

Monolithic refractories are materials that are used for constructing or repairing refractory linings applied at high temperatures and in harsh conditions. They are also used for manufacturing prefabricated refractories, also called ready shapes.

Monolithic refractories are formulated with natural and/or synthetic mineral raw materials, including chamotte, andalusite, mullite, bauxite, tabular or fused alumina, spinel ("acid" monolithics), and magnesia, dolomite and chromite ("basic" monolithics). Refractory cements, clays and chemicals are incorporated as binders. Monolithics can be installed by casting, gunning and/or ramming.

The value added by monolithics, their usefulness for many applications and their relative ease of use are driving slow but steady market share growth for monolithics versus shaped refractories (bricks) in all industries.

› Applications

The division’s technical solutions are found in every industry where high temperatures are necessary, such as iron & steel, ferrous and non-ferrous metal casting (including aluminum), electricity plants, incinerators, cement, petrochemicals and chemicals.

Products embody the technical solutions offered to industrial customers and meet their precise requirements. As well as the monolithic refractories produced by the division, solutions may include ready shapes and other products in the range, such as insulating products, anchor systems and accessories that further enhance performance.

› Innovation

A new technical assistance structure was created to forge stronger links between the division’s Research & Development and its sales teams. The aim is to determine customer expectations more accurately and identifying market openings and research avenues. Centralizing requests enables the division to make the most relevant selections and meet customer needs more swiftly through better knowledge of processes. The division’s laboratory, based in Lyon (France), widened its scope of investigation to include casting and petrochemicals.

The Diamond Roof system, developed for reheating furnaces, was well received. It increases radiant surface, leading to energy savings when reheating steel.

4.5.4.2. Markets

The monolithic refractories market was firm until the summer, then went through a downturn because of a less favorable environment in the European steel industry, before picking up again in December. In 2005, steel production decreased in Europe, refractory sales were affected by producers’ postponement of some major equipment renewal programs.

In Asia, China and India continued to grow, while other markets were stable.

› The division’s main competitors:

RHI (Austria), Vesuvius (Belgium) and Intocast (Germany).

4.5.4.3. Industrial facilities, quality and sales organization

Industrial facilities

The Monolithics Refractories division has the following industrial sites:

Europe	Americas	Africa & Asia/Pacific
Hangelar, Neuwied, Scheuerfeld *(Germany)* Sézanne *(France)* Györ *(Hungary)* Fiorano *(Italy)* Oosterhout *(Netherlands)* Leeds *(United Kingdom)* Amäl, Höganäs *(Sweden)* Vladimirovka *(Ukraine)*	Puerto Ordaz *(Venezuela)*	Vereeniging *(South Africa)* Unanderra *(Australia)* Kaoshu *(Taiwan)*

Quality

Save for Puerto Ordaz (Venezuela), and Vladimirovka (Ukraine) for which the certification process is ongoing, all industrial sites of the division are ISO 9001 :2000 certified.

Sales organization

In order to guarantee a market-oriented approach and offer its customers complete refractory solutions, the division has sales offices or subsidiaries in all its major markets, i.e. more than 26 countries. The acquisition of Lafarge Refractories in January 2006 improved geographic reach in Europe (Germany, France, Scandinavia, etc.) and in emerging countries (Poland, Russia, Ukraine, etc.). The Division's bases in Asia (China, Japan, Taiwan), Australia, South Africa and Venezuela are strong development platforms for those regions.

4.5.4.4. 2005 highlights

In May 2005, the division acquired QA Refractories, a South African specialist in monolithic refractories mainly serving the ferroalloys, cement and thermal power plant markets.

In June 2005, construction began for a new aluminous refractory concrete and taphole clay production plant in China. Located near Shanghai, the facility is scheduled to come on stream in late 2006 to supply the local cast iron and casting market.

4.6. Refractories, Abrasives & Filtration

The Refractories, Abrasives & Filtration business group has the comprehensive technical expertise needed to offer a diverse range of products that deliver precise and strictly repeatable characteristics, especially in terms of thermal, mechanical and chemical resistance and fluid filtration. Through their in-depth knowledge of global resources, advanced processing know-how and understanding of downstream markets, the units in the business group are particularly well qualified to provide solutions for the specific demands of the industries they serve.

2005 sales: €598.3 million - By division:

38%	Minerals for Refractories
43%	Minerals for Abrasives
19%	Minerals for Filtration[1]

4,026 employees

31%	Minerals for Abrasives (1,251 employees)
30%	Minerals for Refractories (1,219 employees)
39%	Minerals for Filtration (1,556 employees)

4.6.1. BUSINESS GROUP ORGANIZATION

Following the sale of the activities of American Minerals (United States), a specialist in basic refractory minerals conversion and trading, to Prince Minerals, Inc. in March, then the acquisition of the World Minerals group (United States), the world leader in minerals for beverage filtration, in July, the Monolithic Refractories division joined the new Materials & Monolithics business group. The Refractories & Abrasives business group, now called Refractories, Abrasives & Filtration, it organized in three divisions:

- Minerals for Refractories;
- Minerals for Abrasives;
- Minerals for Filtration.

The Refractories, Abrasives & Filtration business group's sales for the year ending December 31, 2005 totaled €598.3 million, which represents 19% of the Imerys Group's consolidated sales.

The business group has 59 industrial sites in 18 countries.

(1) *Division consolidated as from July 14, 2005.*

4.6.2. OVERVIEW OF THE BUSINESS GROUP

Division	Products	Main applications	Markets	Brands	Market positions
MINERALS FOR REFRACTORIES	Calcined clays Andalusite Calcined kaolin Alumina Silica Bauxite Bentonite	Refractories	Steel, glass & aluminum industries Casting Electronics Ceramics Construction Cement Drilling mud	Alpha Star® Andamul™ Durandal™ Ecca Calcined clays™ Kerphalite™ Kersand™ Krugerite™ Molochite™ Mulcoa® Pursite™ Randalusite™ Teco-Sil® Teco-Sphere®	**World #1** in silico-aluminous minerals for refractories
MINERALS FOR ABRASIVES	Fused aluminum oxides	Abrasives Sand blasting Rolling Surface treatment	Automobile Aerospace Construction Steel Glass	Alodur® Mulgrit™	**World #1** in minerals for abrasives
	Silicon carbides Electrocast spinels	Refractories			
MINERALS FOR FILTRATION	Diatomite	Filter aids Functional fillers	Beer, fruit juice	Celite®, DiaFil®	
			Edible oils Food	Diactiv® Primisil®	
			Chemicals	Kenite® Micro-Cel®	
			Pharmaceuticals Sweeteners Water Wine	Cal-flo® Silasorb™ Celkate® Fibra-Cel®	**World #1** in minerals for filtration
			Agriculture Polymers Rubber Polishes Paint Cosmetics Insulation	CelTix™	
			Food Paper Plastic films	R-Series™	
	Perlite	Filtration, Horticulture	Food Agriculture	Harborlite® Europerl®	**World #1** in perlite-based products and expanded perlite
	Expanded perlite	Insulation and soundproofing Construction Refractories Coatings Roofing	Paint Construction Dental	OpTiMat™ ActivBlock™	

4.6.3. CENTER FOR ABRASIVES AND REFRACTORIES RESEARCH AND DEVELOPMENT (CARRD)

In 2004 it was decided to combine the innovation resources in minerals for refractories and abrasives in a single R&D center. Scientists from different backgrounds and countries were brought together and provided with state-of-the-art equipment. The aim of the center is to foster synergy between the various research orientations in minerals for refractories and minerals for abrasives.

The center has a vast unit dedicated to pilot trials and focuses extensively on developing applications.

The skills of CARRD's international teams cover every sector of activity in minerals for refractories and abrasives, in particular high-temperature chemistry, crystallization, physical chemistry of solutions and suspensions, chemistry of surfaces, tribology, technology of electro –fused compounds, crushing and milling, powders, ceramics, refractories and abrasives processing.

One year on from its opening, the Center is fully operational. In addition to basic research, technical assistance to the business group's plants and their customers accounts for 25% of CARRD's activities. In that framework, technical cooperation agreements have been signed with several customers.

CARRD's activities have resulted in two patent applications and the addition of a new product to the business group's offering: Alodur™ KKD, designed to improve the shaping and mechanical properties of refractories and monolithics at high temperature.

4.6.4. MINERALS FOR REFRACTORIES

The Minerals for Refractories division results from a series of acquisitions made by Imerys in this field. It is comprised of all the Group's activities in the production and conversion of raw materials for acid and basic refractories, in which the Group has a front-rank global position.

4.6.4.1 Products

Raw materials

The raw materials supplied by the Minerals for Refractories division are used by the refractory industry for their mechanical strength, chemical resistance and thermal properties.

Raw materials for acid refractories contain alumina and silica. The division has several very high quality silico-aluminous deposits around the world:

- andalusite in Glomel (France) and South Africa;
- kaolins from Cornwall (United Kingdom), Georgia and Alabama (United States).

It also offers the widest range of quality refractory raw materials: mullite produced in Georgia (United States), calcined kaolin (Molochite™), fused silicon and fused alumina, spherical, tabular alumina, bauxite and silicon carbide.

Applications

Refractory materials are natural or synthetic raw materials that resist extreme temperatures (> 1,500°C) under harsh physical and chemical conditions.

The main applications for the division's products are:

- refractories for the steel, glass, cement, and aluminum industries;
- kiln furniture for the ceramics industry;
- investment casting;
- electronic components.

Demand is evolving towards products with increasingly stringent technical requirements for which the Minerals for Refractories division can draw full benefit from its specific strengths. Segments such as minerals for electronic component manufacturing and investment casting (e.g. fused or spherical silica) require higher-precision and higher-quality products, for which the division can bring its technical expertise into play.

Each entity in the Minerals for Refractories division specializes in the production and marketing of specific minerals, with global coordination at division level.

- C-E Minerals, Inc. (United States) is the world leader in the production and supply of industrial refractory minerals, including Mulcoa®, a mullite with high alumina content, white fused alumina, Teco-Sil® fused silica, Teco-Sphere® spherical silica, Alpha Star® high density refractory bauxite, brown fused alumina, silicon carbide and tabular alumina for refractory products, electronic components and investment casting;
- Molochite™, produced by Imerys Minerals Ltd (United Kingdom), is a unique abrasion-resistant alumino-silicate refractory aggregate obtained by the calcination of specially selected kaolins resulting in an excellent resistance to thermal shock. Molochite™ is used predominately in kiln furniture, investment casting and special refractory products;
- Damrec (France) is the world's largest producer of andalusite, which is used primarily in steelmaking but also in the aluminum, glass and cement industries. Damrec offers a complete line of products under the brands Durandal™, Kerphalite™, Kersand™, Krugerite™, Purusite™ and Randalusite™;
- Ecca Holdings (Pty) Ltd and Cape Bentonite (Pty) Ltd are South African producers of ceramic clays and bentonite, respectively. Bentonite is used primarily in the casting, pelletizing, drilling mud and environmental segments. Ceramic clays are sold to the local South African market, chiefly for floor tiles.

Innovation

The division is continuing to work on non-refractory applications. Co-products from andalusite processing, for example, are used in soil-based compost production.

Damrec continued to develop a product range meeting American Foundry Standards (AFS) that offers an economical and environment-friendly alternative to chromite or zircon sand for the casting industry.

4.6.4.2. Markets

2005 was marked by a sharp rise in the cost of energy.

Steel production, a major outlet for refractories, decreased in Europe (-3.6%) and the United States (-5.8%). Trends varied on the division's other markets.

The semi-conductors market, the outlet for fused silica, remained affected by production transfers from North America to China. On the other hand, demand stayed firm in the investment casting sector, especially in North America, driven by business development in aerospace, gas turbines and defense.

The division's main competitors:

Various producers in China, Central Europe and South Africa.

4.6.4.3. Industrial facilities, quality and sales organization

Industrial facilities

The Minerals for Refractories division has the following industrial facilities.

	Americas	Europe	Africa & Asia-Pacific
Clays Fused silica Sizing of alumina products	 Greeneville, Tennessee *(United States)* Newell, West Virginia *(United States)* Puerto Ordaz *(Venezuela)*		Cyferfontein *(South Africa)* Guiyang *(China)* Zhanjiang *(China)*
Andalusite		Glomel *(France)*	Apiesdoring *(South Africa)* Havercroft *(South Africa)* Krugerpost *(South Africa)* Thabazimbi *(South Africa)*
Bentonite			Heidelberg *(South Africa)*
Calcined clays			Bronkhorstpruit *(South Africa)*
Molochite™		St Austell, Cornwall *(United Kingdom)*	
Mullite	Andersonville, Georgia *(United States)*		

Quality

The Andersonville and Greeneville sites are certified ISO 9002.

All facilities in the andalusite (France and South Africa) and Molochite™ business units are certified ISO 9001:2000.

Sales organization

Europe Commerce Refractory (Luxembourg), the Minerals for Refractories division's European sales structure, continued to develop its business. In May 2005 it was awarded the Internet Business Trophy by the Luxembourg Chamber of Commerce and Association of Information Society Professionals (APSI) for the innovative nature of its extranet, an online sales platform specialized in refractory raw materials.

4.6.4.4. 2005 highlights

The division continues to modernize and improve the industrial efficiency of its production units. The new mullite crushing and grading equipment at the C-E Minerals plant in Andersonville (Georgia, United States) is running in line with technical and economic expectations, significantly reducing logistical costs. In the Glomel (France) andalusite plant, new automated palletizing and wrapping equipment not only improves packaging quality but also reduces plastic consumption.

In South Africa, Imerys has implemented an active policy in recent years to promote Historically Disadvantaged South Africans (HDSA) in its local subsidiaries. In practical terms, this involves actions such as the following:

- providing social assistance for mines' neighboring communities;
- working as a priority with local suppliers committed to Black Economic Empowerment (BEE) programs;
- contributing to employees' education, particularly as regards literacy;
- training employees in Imerys' businesses;
- increasing the number of HDSA managers;
- taking part in the fight against AIDS.

A project to open a new andalusite mine in Segorong (South Africa) began in September. This strategic operation, which requires the relocation of a village, is being carried out in close consultation with neighboring communities.

4.6.5. MINERALS FOR ABRASIVES

The division converts calcined bauxite and alumina into high-performance materials (fused alumina grains) to fulfill the specific requirements of the abrasives and refractories industry.

4.6.5.1. Products

The division mainly processes fused aluminum oxide. Its characteristics are superior hardness, mechanical strength, thermal stability and chemical resistance.

These products are obtained by fusing alumina or bauxite in an electric arc furnace. During fusion, the physical characteristics of aluminum oxide are changed, resulting in higher density and different crystal structure and size.

- The main bauxite-based product is regular brown fused alumina with high or low titanium oxide content;
- white fused alumina is by far the most important alumina-based product, while other products include mono-crystalline grain and various other grains containing performance-enhancing additives such as titanium, chromium or zirconium.

The division's products are also differentiated by their particle size distribution, with a distinction between macro grits and micro grits, depending whether they are larger or smaller than 70 microns. In recent years, there has been a widespread shift in usage from macro grits to micro grits. Strong growth is expected to continue in the micro grit segment.

Applications

Fused aluminum oxide is widely used in applications in both the abrasive and refractory industries because of its wear resistance and thermal properties.

The end markets for fused aluminum oxide products cover the following applications:

- bonded abrasives, such as grinding and cutting wheels, segments, honing stones, etc.;
- coated abrasives, such as sand paper, fiber discs, abrasives belts, etc.;
- sand-blasting;
- monolithic refractories and shaped refractories with superior mechanical and chemical corrosion resistance;
- various other applications such as laminates, lapping, ceramics, surface treatment, etc.

Innovation

In 2005, the division developed Alodur™ KKD, a dense bubble fused alumina designed to improve the shaping and mechanical properties of refractories and monolithics at high temperature. Alodur™ KKD can also be used in other applications, including fillers, insulation and grinding.

The division also drew on the know-how of the Group's Kiln Furniture division to develop a new range of sintered abrasives produced by extrusion. These are currently being tested by selected customers.

Fused alumina is an increasingly essential component for the production of fine grinding and cutting wheels, which are mainly used in the construction and machine tool manufacturing industries. In recent years, the emergence of fine wheels – 100-150 mm in diameter and just 1 mm thick – has revolutionized the cutting wheel sector.

4.6.5.2. Markets

The abrasives markets slackened gradually throughout the year, as several underlying markets (European construction and automotive sectors) are currently flat. In the United States, the industrial gas turbine and aircraft manufacturing sectors continued to grow.

The division's main competitors:

Alcan (Canada); Almatis, Washington Mills (United States); Motim (Hungary); Zaporozhye Abrasives (Ukraine) and various Chinese producers.

4.6.5.3. Industrial facilities, quality and sales organization

Industrial facilities

The Minerals for Abrasives division has the following industrial facilities.

Europe	Americas	Asia
Laufenburg *(Germany)*	Salto *(Brazil)*	Guiyang *(China)*
Zschornewitz *(Germany)*	Niagara Falls *(New York, United States)*	
Villach *(Austria)*		
Domodossola *(Italy)*		
Sokolov *(Czech Republic)*		
Ruse *(Slovenia)*		

Quality

The Villach (Austria), Laufenburg and Zschornewitz (Germany), Domodossola (Italy), Sokolov (Czech Republic) and Ruse (Slovenia) sites are certified ISO 9001:2000; the Salto (Brazil) site is certified ISO 9002. Certification is in progress for the other sites and CARRD.

Sales organization

Minerals for Abrasives products are marketed through the division's network of sales units located in its main markets. Products for the European refractory industry are sold by Europe Commerce Refractory (Luxembourg).

4.6.5.4. 2005 highlights

The division carried out extensive capital expenditure in 2005. In Zschornewitz (Germany), production capacity was increased for special products; a new production unit for fine abrasive powders for surface treatment applications was also installed on the site. Construction of a new ultrafine (micronized) powder plant began in Villach (Austria) in response to growing demand. This unit should go into production in late 2006.

4.6.6. MINERALS FOR FILTRATION

The Minerals for Filtration division, created with the acquisition of the World Minerals group (United States) on July 14, 2005, is the world's leading supplier of diatomite and expanded perlite-based products. These two natural raw materials have exceptional qualities: low density, chemical inertia, high contact surface and high porosity. Their unique properties mean that the divisions' products are sought after in many applications, particularly as filtration aids.

4.6.6.1. Products

Diatomite is a silica-based mineral resulting from the fossilized remains of microscopic freshwater or marine plants called diatoms.

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

The division also supplies other products such as calcium silicate-based or magnesium silicate-based products.

Applications

Diatomite-based products are used as filtration aids in many industrial applications, especially in the food (beer, fruit juice, water, wine, edible oils), pharmaceutical or chemical sectors. As functional additives, their main applications are in the paint and plastic film industries, but they are also used in agriculture and for cosmetics, polish and rubber.

The unique properties of perlite and expanded perlite make them suitable for a wide range of industries and applications, including filtration, horticulture, heat and cryogenic insulation, soundproofing, building materials, lightweight refractories, coatings (e.g. for swimming pools) roofing and dentistry.

The high surface area and adsorption capabilities of calcium silicate- or magnesium silicate-based products gives them properties that are valued to convert liquids, semi-solids or sticky ingredients into dry, flee-flowing powders used to make rubber, sweeteners, flavorings and pesticides.

Innovation

The division has developed low density, multicellular perlite microspheres for use in many applications, such as sealants, adhesives and decorative marble.

4.6.6.2. Markets

Filtration markets were stable overall during the period.

The division's main competitors:

- Diatomite: Eagle Picher Minerals, Grefco (United States); CECA (France); Showa (Japan);
- Perlite: Grefco (United States); CECA (France); S & B Minerals (Greece).

4.6.6.3. Industrial facilities, quality and sales organization

Industrial facilities

The Minerals for Filtration division has the following industrial facilities:

	Americas	Europe	Asia
Diatomite	Arica *(Chile)* Fernley, Nevada *(United States)* Lompoc, California *(United States)* Quincy, Washington *(United States)* Guadalajara *(Mexico)*	Murat, Cantal (*France*) Alicante *(Spain)*	Changbai *(China)* Lingjiang *(China)*
Perlite	Paulinia *(Brazil),* Santiago *(Chile)* Antonito, Colorado *(United States)* Escondido, California *(United States)* Green River, Wyoming *(United States)* Laporte, Texas *(United States)* Milford, Utah *(United States)* Quincy, Florida *(United States)* Vicksburg, Michigan (*United States)* Youngsville, North Carolina (*United States*)	Wissembourg, Bas Rhin *(France)* Almeria (*Spain)* Barcelona *(Spain)* Corsico *(Italy)*	Dikili *(Turkey*)

Quality

The Arica (Chile), Alicante, Almeria and Barcelona (Spain), Changbai and Linjiang (China), Escondido, La Porte, Lompoc, Quincy, Vicksburg, Youngsville (United States), Murat (France) and Corsico (Italy) facilities are certified ISO 9001:2000.

Sales organization

To be close to its customers, the division has sales offices on its main markets and is supported by an international network of agents and distributors.

4.6.6.4. 2005 highlights

In May 2005, the acquisition of the Milford, Utah (United States) perlite plant gave World Minerals a foothold in the microsphere market and a platform to develop in the horticultural substrates market in the United States.

4.7. The Group's risk factors

4.7.1. RISKS RELATING TO FINANCIAL MARKETS
(SEE NOTE 31 ET SEQ. TO THE CONSOLIDATED FINANCIAL STATEMENTS).

4.7.1.1. Loans, debts and financial resources

Financial resources are the financing capacities available to the Group. These capacities exist either as drawn financial borrowings or as financing commitments granted by first-class leading banks.

Financial loans and debts represent the effective utilizations of the Group, obtained either on capital markets, or with banks or financial institutions.

Financial resources

Imerys manages the amount of its financial resources by comparing them regularly with the amount of its utilizations in order to measure, from the difference, the financial liquid borrowings to which it may have access.

The robustness of financial resources is assessed on the basis of their amounts and average maturity.

The tables below list resources by their due maturity and nature.

(€ millions)	2005	2004
Maturity less than one year	-	-
Maturity from one to five years	989.1	1,700.5
Maturity beyond five years	1,244.5	524.9
Total financial resources	2,233.6	2,225.4
Average life span (years)	*5.5*	*5.3*

(€ millions)	2005	2004
Eurobond / EMTN	609.7	609.7
Private investments / (EMTN and others)	294.5	274.9
Bond resources	904.2	884.6
Average life span (years)	*6.4*	*7.4*
June 2004 / July 2005 syndicated credit	750.0	750.0
Miscellaneous bilateral facilities	579.4	590.8
Bank resources	1,329.4	1,340.8
Average life span (years)	*4.9*	*3.9*
Total financial resources	2,233.6	2,225.4
Average life span (years)	*5.5*	*5.3*

Over the past three years, Imerys has sought to maintain the amount of its financial resources at approximately €2 billion (€2,026.9 million as of December 31, 2003, €2,225.4 million as of December 31, 2004 and €2,233.6 million as of December 31, 2005), and to lengthen their maturity.

- The main new financial resources acquired in 2005 are as follows:

On July 22, 2005, Imerys amended the June 2009 syndicated credit in order to lengthen its maturity by two years (new maturity July 2011).

Imerys also renegotiated most of its bilateral facilities in order to lengthen their maturity.

These renegotiations enabled Imerys to slightly modify the financial ratios of these facilities in order to take into consideration the IFRS impact on the balance sheet.

- The various bilateral bank credit facilities, the June 2004 syndicated credit as well as certain bond issues in the form of private offerings contain the following terms and conditions:
  - purpose: general corporate financing requirements;
  - obligations in terms of financial ratio compliance:
    1) net Financial Debt / Consolidated Net Worth ratio below 1.75 (for bond issues under private offerings), 1.60 (for bilateral bank credit facilities and syndicated credit of July 2005) at each half-yearly closing of consolidated accounts (the ratio as of December 31, 2005 was 0.67);
    2) net Financial Debt / Consolidated EBITDA ratio below 3.80 at each half-yearly closing of consolidated accounts, the consolidated EBITDA being calculated for the last 12 months (the ratio as of December 31, 2005 was 1.91);
    3) absence of any lien in favor of lenders;
    4) the failure to comply with the obligations of each loan would lead to the cancellation of its available amount and make outstanding advances and bonds under the contract immediately callable.

Loans and debts

The table below describes the Group’s loans and debts by maturity date. This analysis does not provide for an assessment of the stability of the loans and debts, which is described in the “financial resources” paragraph above. Medium-term financial resources provided by bilateral or syndicated bank credit facilities may be used for very short drawing periods (3 months) while remaining available for longer maturities (5 years).

(€ millions)	2005	2004
Maturity less than one year	426.2	119.0
Maturity from one to five years	428.9	376.3
Maturity beyond five years	466.9	536.8
Total gross financial debt	**1,322.0**	**1,032.1**
Cash, cash equivalents and marketable securities	(182.0)	(142.3)
Total net financial debt	**1,140.0**	**889.8**

The table below describes the loans and debts by nature:

(€ millions)	2005	2004
Eurobond / EMTN	609.7	609.7
Private investments (EMTN and others)	294.5	274.9
Accrued interests	6.5	4.1
Bond issues	**910.7**	**888.7**
Commercial papers issues	**380.2**	**110.0**
June 2004 syndicated credit	-	-
Miscellaneous bilateral facilities	-	-
Miscellaneous facilities due within one year	31.1	33.4
Draw-downs on bank facilities	**31.1**	**33.4**
Total gross financial debt	**1,322.0**	**1,032.1**
Cash, cash equivalents and marketable securities	(182.0)	(142.3)
Total net financial debt	**1,140.0**	**889.8**

Bond issue programs on capital markets

In 2005, Imerys did not legally update its Euro Medium Term Note program (EMTN), preferring to wait for the final evolutions of the European stock-exchange regulation and considering that this update was not essential for the correct management of its bond financings. However, the total amount of the program is €1 billion. Subject to its legal update, it would be used to issue notes (considered as ordinary bonds under French law) of a minimum maturity of 1 month and a maximum maturity of 30 years. As of December 31, 2005, outstanding securities total €460.1 million.

As of December 31, 2005, Imerys also has a French commercial paper program ("billets de trésorerie") limited to €800 million. The program is rated P-2 by Moody's. As of December 31, 2005, outstanding securities total €380.2 million and are slightly increasing in comparison with December 31, 2004 (€110 million). As of December 31, 2005, Imerys has access to €1,329.4 million of available bank facilities, part of which secures the €380.2 million commercial paper issue in accordance with the financial policy of the Group.

Available financial resources

The table below can be used to measure 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.

	2005			2004		
(€ millions)	Resources	Utilization	Available	Resources	Utilization	Available
Bonds	904.2	904.2	-	884.6	884.6	-
Commercial papers	-	380.2	(380.2)	-	110.0	(110.0)
Committed bank facilities	1,329.4	-	1,329.4	1,340.8	-	1,340.8
Bank facilities and accrued interest	-	37.6	(37.6)	-	37.5	(37.5)
Resources, utilizations and available amounts	2,233.6	1,322.0	911.6	2,225.4	1,032.1	1,193.3

As of December 31, 2005, available financial resources, after repayment of uncommitted resources, total €911.6 million (€1,193.3 million as of December 31, 2004), which gives the Group substantial room to maneuver and is a guarantee of financial stability.

4.7.1.2. Financial debt analysis

The net financial debt is an indicator used for the calculation of financial ratios which the Group has to respect due to financing agreements with financial markets *(note 31)*. The link between this indicator and the consolidated balance sheet is the following:

(€ millions)	2005	2004
Derivative instrument assets	(66.7)	(63.2)
- less hedging instruments on energy	*5.8*	*1.8*
Marketable securities and other financial assets	(61.0)	(96.3)
Cash and cash equivalents	(134.7)	(66.6)
Loans and financial debts - non-current	943.1	940.6
Derivative instrument liabilities	23.1	9.7
- less hedging instruments on energy	*(6.2)*	*(0.8)*
Loans and financial debts - current	423.0	144.0
Bank overdrafts	13.7	20.6
Net financial debt	1,140.0	889.8

Financial net debt distribution between floating and fixed rate by currency as of December 31, 2005

(€ millions)	Euro	US Dollar	British Pound	Japanese Yen	Other foreign currencies	Total
Debt at fixed rate on issue	609.7	144.1	-	50.4	-	804.2
Swap fixed rate into floating rate	(609.7)	(144.1)	-	(50.4)	-	(804.2)
Total debt at fixed rate	0.0	0.0	0.0	0.0	0.0	0.0
Debt at floating rate on issue	491.4	7.7	5.7	1.7	11.3	517.8
Net cash	(92.7)	(29.5)	(16.6)	(3.4)	(39.8)	(182.0)
Swap fixed rate into floating rate	609.7	144.1	-	50.4	-	804.2
Exchange rate swap	(249.7)	186.1	4.1	(27.0)	86.5	0.0
Total debt at floating rate	758.7	308.4	(6.8)	21.7	58.0	1,140.0
Total net financial debt	758.7	308.4	(6.8)	21.7	58.0	1,140.0

Financial net debt distribution on issue by due dates

(€ millions)	2006 less than 1 year	2007-2011 1 to 5 years	2012 and later beyond 5 years	Total
Debt at fixed rate on issue	-	309.7	494.5	804.2
Swap fixed rate into floating rate on issue	804.2	(309.7)	(494.5)	0.0
Debt at floating rate on issue	517.8	-	-	517.8
Net cash	(182.0)	-	-	(182.0)
Total net financial debt	1,140.0	0.0	0.0	1,140.0

Distribution of interest rate hedging operations December 2005 – December 2006 by currency

(€ millions)	Euro	US Dollar	British Pound	Japanese Yen	Other foreign currencies	Total
Exposure at floating rate before hedging	758.7	308.4	(6.8)	21.7	58.0	1,140.0
Fixed rate hedges	(479.0)	0.0	0.0	0.0	0.0	(479.0)
Swap at average rate of:	*2.58%*	-	-	-	-	
Capped rate hedges	(471.2)	(164.4)	0.0	0.0	0.0	(635.6)
Cap at average rate of:	*3.00%*	*4.50%*	-	-	-	
Exposure at floating rate after hedging	(191.5)	144.0	(6.8)	21.7	58.0	25.4

Distribution of interest rate hedging operations in 2006 and later by due dates

(€ millions)	2006 less than 1 year	2007-2011 1 to 5 years	2012 and later beyond 5 years
Total exposure before hedging	1,140.0	1,140.0	1,140.0
Hedges at fixed rates	(479.0)	(118.3)	-
Swap at average rate of:	*2.58%*	*2.52%*	-
Hedges at capped rates	(635.6)	(338.5)	-
Cap at average rate of:	*3.39%*	*2.81%*	-
Total exposure after hedging	25.4	683.2	1,140.0

Sensitivity

As of December 31, 2005, interest rate variations are unlikely to substantially affect the Group's financial result in 2006. A 1% rise across all interest rate curves would have a negative impact of only €5 million on the Group's financial expense in 2006 (assuming a stable amount of debt and that every fixed-rate debt is replaced at its term by a floating-rate debt).

4.7.1.3. Exchange rate risk

The Group is exposed to different types of exchange rate risks:

- the balance sheet exchange rate risk resulting from variations in its net assets in other currencies than the euro (mainly in US Dollar);
- the transactional exchange rate risk resulting from variations in trade receivables and payables in foreign currencies.

Balance sheet exchange rate risk

Imerys manages the balance sheet exchange rate risk through the proportion of its financial debts stated in currencies other than the euro. In this way, any exchange rate fluctuation affecting net assets in these currencies is, to a certain extent, offset by a symmetrical effect resulting from the exchange rate fluctuation concerning its financial debts in the corresponding currencies.

In that framework, Imerys carried out foreign exchange rate swaps for a notional amount revalued at €249.7 million as of December 31, 2005. The table below describes the financial debt before and after the impact of these rate swaps.

	2005			2004		
(€ millions)	Before exchange rate swap	Exchange rate swap	After exchange rate swap	Before exchange rate swap	Exchange rate swap	After exchange rate swap
Euro	1,101.1	(249.7)	851.4	823.2	(398.7)	424.5
US Dollar	151.8	186.1	337.9	143.2	300.5	443.7
British Pound	5.7	4.1	9.8	5.9	67.5	73.4
Other currencies	63.4	59.5	122.9	59.8	30.7	90.5
Total	1,322.0	0.0	1,322.0	1,032.1	0.0	1,032.1

The portion of the financial debt in each currency, after swaps, is as follows:

(€ millions)	Euro	US Dollar	British Pound	Other currencies	Total
Financial debts	851.4	337.9	9.8	122.9	1,322.0
Cash and cash equivalents and marketable securities	(92.7)	(29.5)	(16.6)	(43.2)	(182.0)
Net financial debt	758.7	308.4	(6.8)	79.7	1,140.0

Transactional exchange rate risk

To keep exchange rate risks arising from the Group's commercial activity to a minimum, as far as possible, entities invoice their sales or are invoiced for their purchases in their operating currency. Whenever this is not the case, the transactional exchange rate risk may be hedged on a case-by-case basis. Overall, the Group's exposure to transactional exchange rate risks remains relatively low and as of December 31, 2005, there is no centralized policy for managing this risk.

The revenue and the Group's production costs are stated in a large number of foreign currencies, particularly the US Dollar, the Brazilian Real and the British Pound.

Sensitivity

Overall, the depreciation of the US Dollar against the euro has a negative impact on the Group's operating income mainly due to the conversion effect of the income generated in this currency.

However, this negative impact in terms of operating income is compensated to a certain extent by the associated reduction in the Group's financial expense. In fact, approximately 27% of Imerys' financial net debt is stated in US Dollars.

4.7.1.4. Interest rate risk

Management process: policy, framework and resources

The interest rate risk is managed for the Group's consolidated net financial debt with the primary objective of guaranteeing its medium-term cost.

To do so, Imerys manages this risk centrally, based on trends in the Group's consolidated net financial debt. Knowledge of this debt is provided by a regular reporting that describes the financial debt of each entity and indicates its various components and characteristics.

Every year, the Group Treasury Department draws up a management policy document approved by the Financial Department and the Board of Directors. Reporting is reviewed monthly by the Financial Department and quarterly by the Board of Directors. This enables the situation to be monitored and the management policy to be adjusted as necessary.

As part of that management process, the Group Treasury Department works with leading banks and obtains data from leading financial information providers.

Management principles

The Group's policy is to obtain financing mainly in euros, the most accessible and least costly financial resource, at a floating rate. Medium-term fixed-rate bond issues are converted to floating rates using interest rate swaps.

In the framework of its general management policy, the Group defined the various derivative instruments to be used solely to hedge risks on firm and highly probable commitments. These products include interest rate swaps, options – including caps, floors, swaptions and futures. The Group does not authorize the use of derivatives for speculative purposes.

Finally, given trends in 12-18 month interest rates in 2005, the Group fixed the interest rate for part of its future financial debt (2006-2007) on various terms *(note 32)*.

4.7.2. ENERGY PRICE RISKS
(SEE NOTE 35 TO THE CONSOLIDATED FINANCIAL STATEMENTS).

Imerys is exposed to the risk of fluctuating prices for the various energy sources - mainly natural gas and electricity (and coal to a lesser extent) – that enter into its activities' production cycle. The Group's geographical locations and energy supply sources remain diversified, but a general and strong increase in energy prices may have, as was the case in 2005, a significant impact on the operational profitability. In this type of situation, the Group makes important efforts to pass on energy price increases to the selling price of its products.

As energy supplies are sourced regionally, some local markets may be subject to significant but non-recurring price variations. The present situation is highly volatile.

Furthermore since the end of 2003, management of the natural gas risk, in both Europe and the United States, has been centralized. The Group Treasury Department is 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.

In the United States, the Group consumes slightly over 5.8 million MMBTU (BTU: British Thermal Unit) of natural gas with supply contracts based on the NYMEX Henry Hub index listed in New York.

As part of the management of its natural gas risk in the United States, the Group had as of December 31, 2005 various hedging options covering 2006.

All transactions on gas in the United States as of December 31, 2005 are described in the table below:

		Net notional amount in MMBTU	Maturity
Underlying position		5,800,000	
Management transactions			
Swaps	-	-	-
Options	-	-	-
	Purchases of Puts	(590,000)	<12 months
	Sales of Puts	2,030,000	<12 months
	Purchases of Calls	4,460,000	<12 months
	Sales of Calls	(2,730,000)	<12 months
Futures	Purchases of Futures	250,000	<12 months

In the United Kingdom, the Group consumes approximately 58 million therms with supply contracts based on the UK Natural Gas IPE index listed in London and electricity contracts.

All transactions on gas in the United Kingdom as of December 31, 2005 are described in the table below:

		Amount in therms	Maturity
Underlying position		57,900,000	
Management transactions			
Swaps	-	-	-
Options	-	-	-
	Purchases of Puts	(6,672,000)	<12 months
	Sales of Puts	20,232,000	<12 months
	Purchases of Calls	23,144,000	<12 months
	Sales of Calls	(15,780,000)	<12 months
Futures	Sales of Futures	(7,560,000)	<12 months
Forwards	-	-	-

In France, the Group consumes approximately 1,650 MWH of gas with supply contracts at fixed or variable prices based on the barrel price of Brent listed in London (equivalent of 613,000 barrels).

All Brent transactions as of December 31, 2005 are described in the table below:

		Amount in barrels	Maturity
Underlying position		613,000	
Management transactions			
Swaps	-	-	-
Options	-	-	-
	Purchases of Puts	-	-
	Sales of Puts	-	-
	Purchases of Calls	264,000	<12 months
	Sales of Calls	(264,000)	<12 months
Futures	-	-	-
Forwards	-	-	-

4.7.3. HEDGES *(SEE NOTE 36 TO THE CONSOLIDATED FINANCIAL STATEMENTS).*

Fair value hedges

As of December 31, 2005, the Group held interest rate swaps intended to hedge the exposure to changes in fair value of the different loans. The hedged loans as well as the interest rate swaps present the same characteristics.

Currency	Notional amount (in millions)	Fixed rate received	Floating rate paid
Japanese Yen	7,000	2.39%	Libor Yen 6 months
Euro	58	2.81%	Euribor 3 months
Euro	252	5.00%	Euribor 3 months
Euro	200	4.32%	Euribor 3 months
Euro	100	4.33%	Euribor 3 months
US Dollar	140	4.88%	Libor USD 3 months
US Dollar	30	5.28%	Libor USD 3 months

As of December 31, 2005, the Group also held an electricity swap in Great Britain intended to hedge the exposure to changes in fair value of the underlying physical contract. The swap and the underlying contract present the same characteristics.

Currency	Notional amount in MWh	Fixed price received in GBP/MWh	Floating price paid
British Pound	84,092	35.63	IPE Electricity Baseload

Cash flow hedges

As of December 31, 2005, the Group held a certain number of exchange rate instruments intended to hedge its future sales or purchases on the 2005 period. The amount recognized in the shareholders' equity comes to +€0.1 million and relates to transactions which will occur in 2006.

As of December 31, 2005, the Group held a certain number of interest rate instruments intended to hedge part of its debt at floating rate. The amount recognized in the shareholders' equity comes to +€1.6 million and mainly relates to a rate swap due on June 16, 2010.

As of December 31, 2005, the Group held a certain number of instruments intended to hedge the Group's gas consumption in the United States, in Great Britain and in France. The amount recognized in the shareholders' equity comes to +€1.5 million and relates to transactions which will occur in 2006.

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 gains or losses on these transactions are recorded in the shareholders' equity in order to compensate all exchange gains or losses of net investments in these entities.

As of December 31, 2005, the main loans and exchange rate swaps hedging net investments in foreign entities are the following: USD60.4 million, CHF45 million and JPY1,000 million.

4.7.4. INDUSTRIAL AND ENVIRONMENTAL RISKS *(SEE SECTION 4.8 - SUSTAINABLE DEVELOPMENT)*

In every country in which it operates, Imerys is subject to strict environmental regulations. In particular, those regulations set standards for air emissions, noise and visual pollution, water quality, waste disposal and post-mining site restoration.

Most of the industrial activities that form Imerys' core business have an impact, even if only a limited one, on their environment. In the majority of cases, that impact is inherent in mining activities (quarries) and in facilities for the downstream processing of extracted minerals, whether mineralurgical separation operations or heat treatment (fusion or calcination).

The risks to which Imerys is exposed in carrying out its activities are the subject of a structured prevention and internal control program *(see section 6.6. Report of the Chairman of the Board of Directors on internal control).* To the best of Imerys' knowledge, these risks, which are reflected in the financial statements, are unlikely to have a significant impact on the Group's business, financial position or cash flow.

Emissions and effluents

Imerys' activities have a potential to generate dust or smoke, or run-off containing inert mineral particles. The Group makes constant efforts to improve its industrial facilities and processes in order to measure and limit those dust or smoke emissions. Acid drainage -acidification of process or run-off water by some minerals– is a well-known and widespread source of pollution in some sectors of the mining industry.

Direct emissions of greenhouse gases almost exclusively comprise carbon dioxide from combustible or fuel consumption. In some special cases, they may also concern process emissions, such as through the decomposition of carbonates contained in clays in their natural state when firing roof tiles or bricks, or the production process for synthetic graphite and carbon black. These processing emissions may actually be "negative" when the process captures CO_2, such as for precipitated calcium carbonate (PCC), which is obtained by reaction-absorption of carbon dioxide by lime.

Toxic substances

In its production processes, Imerys does not make extensive use of substances likely to cause major accidental pollution of soil, air or water.

Health & Safety

It is a core value of Imerys to protect the Health & Safety of its employees and to ensure its facilities and equipment are safe on all its sites. The industrial mining business involves daily operational work that requires employees to be trained properly to use chemicals and explosives, to operate many types of mobile equipment -trucks, front-end loaders, underground mining equipment, forklifts and conveyor belts- and to work at heights.

Consequently, Imerys strives to have effective and strong Health & Safety programs that create safe working practices and conditions and conducts periodic audits of its production facilities to assess compliance with regulations and to drive constant improvement.

4.7.5. COUNTRY RISKS *(SEE NOTE 48 TO THE CONSOLIDATED FINANCIAL STATEMENTS)*

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

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

The grading system of the Coface consists of 7 categories from A1 to D, with an increasing order of importance of the assessed risks. The last two categories corresponding to the highest risks include notably Argentina, Ukraine, Venezuela and Zimbabwe where the Group is present. The sales of the entities located in these countries represent 0.8% of the Group sales and 0.5% of the current operating income. The balance sheet total of these entities represents 0.2% of the consolidated balance sheet total of Imerys and 0.8% of the consolidated shareholders' equity, Group share.

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

4.7.6. LEGAL RISKS - GOVERNMENTAL, LEGAL OR ARBITRATION PROCEEDINGS
(SEE NOTE 27 TO THE CONSOLIDATED FINANCIAL STATEMENTS).

The Group is exposed to actions and claims arising from the ordinary course of its business. The most common claims or actions concern allegations of personal injury or financial loss by third parties calling on the civil liability of Group companies or their possible breach of certain contractual obligations or of applicable legal or regulatory provisions on social, property or environmental matters.

Imerys is also bound by certain contractual obligations of compensation with respect to past divestments of assets.

Imerys' Legal Department manages all claims involving the Group, with the assistance of local lawyers whom it appoints. It draws up a summary report, the conclusions of which are reviewed with the Financial Department and the Group's auditors, and presented by the General Counsel to the Audit Committee as part of its semi-annual examination of the risks facing the Group. The amount of provisions booked for management risks is €49.4 million as on December 31, 2005 (€49.6 million as on December 31, 2004). The likely term of these provisions is from 2006 to 2010.

Although the outcome of all outstanding actions and claims cannot be foreseen with certainty, taken individually or as a whole, their settlement, even if adverse for the companies involved, is not likely to have any material impact on the Company or Group's financial statements

More generally, as on the date of the present Annual Report, to the best of Imerys' knowledge, no governmental, legal or arbitration proceedings are likely to affect significantly the business, financial position or cash flow of the Group.

4.7.7. MATERIAL CONTRACTS

To the best of Imerys' knowledge, apart from the contracts entered into as part of the ordinary course of business and apart from contracts relating to the business acquisition or divestment operations or financing operations mentioned in the present Annual Report:

- no other material contracts have been signed by any Group company in the two years prior to the present Annual Report,
- and there are no such contracts in existence as on the date of the present Annual Report,
- that contain provisions entailing an obligation or commitment likely to have significant impact on the Group's business, financial position or cash flow.

4.7.8. CUSTOMER AND SUPPLIER RELATIONS

In 2005, sales to Imerys' 10 largest customers represented 18.5% of the Group's consolidated sales, with no customer accounting for 4% of total sales.

Purchases from Imerys' 10 largest suppliers (including transport and energy) represented 14.1% of the Group's purchases in 2005, with no supplier accounting for 4% of the Group's total purchases.

4.7.9. RISK INSURANCE AND COVERAGE

The Group's policy with regard to the protection of its earnings and assets against identifiable risks is to seek, insofar as possible, the most suitable solutions on the insurance market that offer the best balance between their cost and the extent of the coverage provided.

The coverage of major risks that are common to all the operating divisions' activities is almost exclusively integrated into "All Risks Except"-type international Group insurance programs taken out on the market with insurers having internationally recognized reputations and financial solidity. This integration enables the Group to benefit from the most extensive coverage with the highest limits while optimizing its cost. In the context of the active external growth policy implemented by the Group, steps are taken to ensure that acquired businesses are immediately integrated into Group insurance programs or benefit from coverage terms that are at least equivalent while restricting their integration to the additional coverage offered by those programs compared with the local insurance policies that apply to such businesses.

The Group's companies also use the market to cover the specific risks of some of their non-recurrent activities or operations through the services of the brokers in charge of managing the Group's insurance programs, or when such insurance is made obligatory by applicable local regulations.

The two main Group insurance programs cover civil liability and property damage and business interruption.

Civil liability

The purpose of this program is to cover the Group's tort or contractual liability in the event of bodily injury, property damage or consequential damage occurring during operations or after the delivery of products, and any damage resulting from accidental pollution.

The Group's activities are first covered by local policies issued in each country ("1st line") as well as by a Master policy issued in France and an additional policy in excess of the limit of cover of the Master policy ("Excess").

The Master and Excess policies, taken out with a pool of insurers led by XL Global Risk, are regularly used in addition to the limits and coverage of several specific sub-programs, particularly in North America to cover Automobile Civil Liability and Employer's Liability, and in addition to the obligatory Employer's Civil Liability policy issued in the United Kingdom.

The coverage provided by the Group Civil Liability program, subject to the exclusions that are common practice on the insurance market for this type of risk and to sub-limits applied to certain defined events, amounts to €100 million per claim and per year.

The current Group Civil liability Program, effective as from January 1, 2006, is renewable on July 1, 2007. Applicable deductible levels, which may vary according to local 1st line policies, are mostly in the range of €15,000 per claim except in North America, where they are USD250,000.

The continued efforts made by divisions on risk prevention and product quality control enabled the Group to control the cost of its Civil Liability insurance for the renewal period.

Property damage and business interruption

This program is in particular intended to cover property damage caused suddenly and directly affecting the insured property, as well as any resulting operating losses.

As of 2002, the Group's activities are covered for property damage and business interruption under a Master policy that is issued in France and applies directly to European countries and in addition to local policies in other countries.

The significant increase in the amount of premiums recorded by the Group in 2002 and the raising of applicable deductible levels, which result from the overall trend among insurers of tightening their terms and conditions for taking out industrial risk coverage, have led Imerys to transfer only risks of intensity to the insurers. As of January 1st, 2002, "frequency" risks are retained in captive reinsurance that is consolidated in the Group's accounts, for maximum amounts of €700,000 per claim and €2 million in total per year.

The Master policy provides the Group, subject to the exclusions that are common practice on the insurance market for this type of risk, with coverage for property damage and business interruption of €120 million per claim.

The current Group property damage and business interruption program was renewed on January 1st, 2005 with FM Global (United States) and taken out for three years.

The enhanced risk prevention policy implemented by the Group and the absence of any significant claims since 2002 have enabled it to return to more reasonable premium rates that take better account of the moderate theoretical level of risk associated with the Group's activities and its historical average rate of claims.

In assigning its property damage and business interruption program under a multi-year framework to a company that is renowned for its expertise in prevention engineering, Imerys intends to continue its enhanced risk awareness and protection efforts in line with its overall Sustainable Development program. Insurance engineers conduct regular preventive visits on most of the Group's industrial sites, resulting in recommendations that enable the Group to customize its prevention program and improve its management of property damage and business interruption risks.

More than 100 sites were visited in that framework in 2005. 25% of the assets insured under the Group property damage and business interruption program are now considered by FM Global as "Highly Protected Risks." The Group's aim is to increase that proportion swiftly to over 50% of insured assets.

Other Group–wide risks

The Group's other main insurance programs are intended to cover the following risks, which are common to all its legal entities or several of its business groups:

- Directors & Officers' liability;
- motor fleet insurance (European program);
- shipping (marine cargo and charterer);
- work accidents (particularly in the United States and the United Kingdom).

The Group judges that it currently benefits from sufficient insurance coverage, in terms of both scope and the amounts or limits of guarantees, for the principal risks related to the pursuit of its activities worldwide.

4.7.10. RISKS RELATING TO TRANSPORT

Sea transport

Given the geographic dispersal of its mineral reserves, industrial facilities and markets, as well as the nature of its products, the Group makes extensive use of sea freight to optimize product transport costs, particularly in the Pigments for Paper business group. This freight is chiefly in bulk or container form.

The Group judges that its principal exposure to this risk is the sea transport of bulk kaolin from Brazil or the United States and transport in the Mediterranean basin, the latter being less exposed to sharp fluctuations in the Chinese economy. For very large flows such as transport from Brazil, the Group maintains its policy of long-term contracts in partnership with certain ship-owners.

Risks relating to rail transport

Traditional national operators have financial autonomy requirements that lead them to apply sharp price rises. The Group's activities that are most affected are Pigments for Paper, Tiles Minerals and Graphite. The gradual opening of the European rail transport market should, nevertheless, provide the Group with an opportunity to keep the impact of those price rises to a minimum.

In general, Imerys' exposure to these transport-related risks is limited, as customers commonly take on the cost of delivering the Group's products from production plant through to destination on a contractual basis.

4.8. Sustainable Development

4.8.1. IMERYS' SUSTAINABLE DEVELOPMENT PROCESS

Strategy and implementation

Three years ago, Imerys began the set up of a coordinated Sustainable Development policy. The Group's aim is to support its industry's international mobilization on these issues, meet the growing expectations of stakeholders (investors, insurers, local communities, environmental associations, customers, etc.) and, in more pragmatic terms, make environmental and social performance a key component of the Group's own performance.

Imerys Sustainable Development process capitalizes on its operating divisions' expertise and know-how. The divisions had already a multitude of often innovative best practices before a general policy was adopted. To make those initiatives part of an overall process, six actions areas [1], each including a priority axis, were defined. In parallel, a Sustainable Development steering committee was created, bringing together several corporate departments: Research & Technology, internal & external Communication, Human Resources, Environment Health & Safety, and Legal. Three members of Imerys Executive Committee are also on the steering committee. As of January 2006, the Group Vice President Environment, Health & Safety is in charge of coordinating Sustainable Development strategy.

Second Sustainable Development report to be published in summer 2006

The first report fully dedicated to Sustainable Development was published in 2004, referring to the 2003 figures. This document gave an overview of the Group's environmental and social aspects: its impact on the environment, the actions taken in favor of its employees and its Sustainable Development objectives. Designed to complement the Annual Report as an information tool, this document was written for a broad spectrum of audiences: customers, the communities where the Group operates in, employees, shareholders, public authorities, financial analysts, suppliers, etc.

The second report will review the actions taken in the past three years and set out Imerys' tangible Sustainable Development goals for the years ahead.

As for the first report, three internal work groups were in charge of the coordination of the reporting on the Environment, Health & Safety and Human Resources, and of choosing and defining the most relevant key performance indicators. Their work took into account quantifiable, significant items for each of Imerys' business groups, in accordance with legal authorities' recommendations. It also factored in the orientations of the trade associations with which the Group regularly works.

Reporting Methodology and Key Performance indicators

Imerys decided to develop global indicators based on definitions and calculation methods that are precisely defined by groups of in-house experts and which are meaningful when consolidated by all the Group's activities. The indicators are not intended to cover all the main lines in the Global Reporting Initiative (GRI)[2], but instead are specifically tailored to Imerys businesses. For the sake of relevance to the Group's activities, some definitions may differ from those in the GRI. Energy consumption and CO_2 emissions are reported according to the GRI Energy Protocol and WBCSD's[3] GHG Protocol[4], respectively. It should be noted that CO_2 emissions include emissions related to the production of purchased electrical energy.

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(1) *Environment, Health & Safety, Human Resources, Community Relations, Innovation and Corporate Governance.*

(2) *GRI is an independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines; started in 1971, is an official collaborating centre of the United Nations Environment Programme.*

(3) *WBCSD: World Business Council for Sustainable Development.*

(4) *GHG Protocol: Greenhouse Gas Protocol Initiative.*

Imerys has begun to extend gradually the reporting scope of its Sustainable Development process. This decision, made in order to ensure the reliability of published data, led to the initial selection, for the first year, of four countries in which the scale of operations enables approximately 60% of the Group's worldwide workforce to be covered through a limited network of correspondents. France, Brazil, the United Kingdom and the United States were selected for this purpose.

The scope was widened in 2005. The data to be published in 2006 in the second Sustainable Development report will cover all countries in which Imerys is active for Human Resources, Health and Safety. Environmental data will be based on the Group's structure, except for the Asia-Pacific zone.

Specific reporting tools were used for each group of indicators, which corresponded to the Group's different corporate departments.

The scope for this Annual Report, for each family of indicators, according to the entities covered by each reporting tool, is defined hereunder.

2005 reporting scope by family of indicators

Family of indicators	Scope of 2005 Annual Report
Environment	France, UK, USA, Brazil (except for (i) the US sites belonging to Minerals for Abrasives and Minerals for Refractories divisions, and (ii) companies or businesses acquired after January 1, 2005)
Health & Safety	France, UK, USA, Brazil (except for (i) the US sites belonging to Minerals for Abrasives and Minerals for Refractories divisions, and (ii) companies or businesses acquired after January 1, 2005)
Human Resources	All countries in which Imerys is active

For Environmental and Health & Safety data, only the Group's manufacturing sites are taken into account under the current scope. Trading activities, sales agencies and administrative offices, for which the majority of the chosen indicators would be irrelevant, have been excluded from the scope of reporting. This exclusion is a minor alteration to data for energy consumption and CO_2 emissions data.

Imerys also works with contractors at a number of its sites, mainly for mining and on-site transport. When the data on fuel used are available, typically when Imerys purchased the fuel, the data have been included. However, where the Group's contractor purchased the fuel, the figures have not been included , because they could not be recorded with the required accuracy and reliability. Finally, only data relating to companies where Imerys has operating control have been included.

Imerys Sustainable Development charter

A Sustainable Development charter (see box below), a genuine commitment to a limited number of basic objectives, was approved by the Group General Management on February, 2004. It was circulated widely in the Group.

The Imerys Sustainable Development charter

Imerys is an international group that specializes in mining and processing a wide range of minerals.

High standards in terms of social and environmental behavior are essential in the management of our activities, in order to achieve both our financial and non-financial goals. These standards comply with the principles of Sustainable Development: economic performance, socially responsible behavior, Health & Safety and environmental responsibility.

Sustainable Development takes the expectations of all the Company's stakeholders into account:

- guarantee the Health and Safety of our employees in the workplace;
- empower our employees, acknowledge the quality of their actions, motivate them and offer them career prospects;
- respect local communities;
- manage the environment responsibly;
- use our mining reserves as economically and efficiently as possible;
- forge special relations with our customers and suppliers;
- develop high-quality and environment-friendly products and technologies;
- communicate regularly and openly with our shareholders.

Every Imerys operating division must apply these Sustainable Development principles in its strategic plan and its decision-making process.

Imerys will take every step to improve constantly the social and environmental performance of its activities. Awareness-raising and training programs will be developed and delivered in-house. Wherever relevant, quantifiable measurements will be taken to observe the progress made.

First in-house Sustainable Development Challenge

Imerys launched its first Sustainable Development Challenge in late 2004. The competition was open to every division in all the countries in which the Group is based. Twenty-one projects of high quality were in competition, attesting the teams' commitment to local action and their determination to act as a good corporate citizen. A jury, made up of one representative of each business group and the eight members of the Sustainable Development steering committee, met twice to define the selection process and vote for the winners. Seven award categories were created: Global, Environment, Recycling, Human Resources, Innovation, Community and Prospective. The following eight projects were rewarded.

- Global: Imerys Pigments (Qinyang) Co, Ltd (China – Pigments for Paper): a responsible partner in Qingyang County's Development,
- Environment: Ex æquo: Imerys TC (France – Materials & Monolithics): new permit and clay pit expansion provide for flora preservation at Saint Germer-de-Fly/ Ceratera (France – Specialty Minerals): Monpothier pit remediation,
- Recycling: Imerys Carbonates Llc (USA – Specialty Minerals): agreement with the company Martin Marietta for recycling waste stone for road stone project in Sylacauga, Alabama,
- Human Resources: Imerys do Brasil Ltda (Brazil – Specialty Minerals): autonomous maintenance on Brazilian sites,
- Innovation: Imerys Minerals Ltd (UK – Specialty Minerals): Improved thermal barrier agricultural film,

- Community: Treibacher Schleifmittel Ltda Brazil (Brazil – Refractories, Abrasives & Filtration): Sponsoring an Elementary School at Salto, in partnership with SESI[(1)],
- Prospective: Imerys Minerals Ltd (UK – Specialty Minerals): Two feasibility studies: one on secondary aggregates and a second on projects with social, economic and environmental added value through a Community Interest Company.

Imerys supported the winning projects by funding 15-50% of their budget and gave over a special issue of its in-house magazine Imerys News to the challenge. The eight prize-winning projects are described on www.imerys.com.

4.8.2. ENVIRONMENT

Most of the industrial activities that form Imerys' core business have an impact, if even limited, on their environment. In the majority of cases, that impact is inherent in mining activities (quarries) and in facilities for the downstream processing of extracted minerals, whether mineralurgical separation operations or heat treatment (fusion or calcination).

4.8.2.1. Resources use

The nature of mining means that it consumes surface. In practice, this consumption is usually restricted to the area being "borrowed" for the shortest possible time then returned after restoration or allocation to a different purpose from its original use. Many of the deposits mined by Imerys around the world are suited to on-going site restoration. This continuous restoration is particularly significant for most secondary kaolin and clay deposits, which are characterized by near-horizontal layers and a high volume of covering material. In other words, mining can progress horizontally; the covering material initially stripped is soon reused to fill the space left by extraction operations. This process makes it possible to restore soil to a natural topographic state.

A significant use of biomass (wood powder) is made in the Building Materials division *(see page 177).*

Some operations withdraw fresh water from the environment. At this stage, Imerys can not report any consolidated data on water consumption, due to the diversity of industrial processes and the wide variety of hydrogeological and climate environments in which the Group divisions operate. Investigations are on-going to develop a meaningful set of indicators.

4.8.2.2. Emissions and effluents

Imerys' activities have a potential to generate dust or smoke, or run-off containing inert mineral particles. The Group continuously evaluates and improves its operations to minimize dust and smoke emissions. Acid drainage- acidification of process or run-off water by some minerals– is a well-known and widespread source of pollution in certain categories of the mining industry. Imerys has only experienced this phenomenon in a single location: the Glomel, France andalusite mine (Minerals for Refractories division), where ore contains pyrite, a cause of run-off water acidification. This phenomenon has long been addressed by end-of-pipe treatment and preventive measures have been established for historical impacts.

Direct emissions of greenhouse gases almost exclusively comprise carbon dioxide from combustibles or fuel consumption. In some special cases, they may also concern process emissions, such as through the decomposition of carbonates contained in clays in their natural state when firing roof tiles or bricks, or when producing synthetic graphite or carbon black. Precipitated calcium carbonate (PCC), which is obtained by reaction-absorption of carbon dioxide by lime, on the contrary, captures CO_2. These absorptions, related to the PCC production process, have not been subtracted from CO_2 emissions in the reported figures.

Many divisions have carried out actions to reduce their CO_2 emissions. As an example, in the UK kaolin operations:

[(1)] *SESI : public Brazilian institution involved in developing social projects in the industry.*

- Closure of heavy fuel oil dryers and maximization of gas fired production,
- CHP (Combined Heat and Power) output raised to maximum levels,
- Elimination of energy-inefficient products from portfolio.

4.8.2.3. Waste

Production by the Group of industrial waste is extremely limited, unlike the generation of mining waste. The latter is made up of stripping material and tailings. Stripping material is usually deposited on a provisional basis, awaiting use in mining site restoration. Significant and increasing amounts of waste or overburden material are sold as secondary aggregates for construction. Tailings results from the operations that separate the ore as such from other materials in the deposit. Whenever they cannot be recovered, these materials are stored or used to fill the space left at the end of a pit's lifespan. Imerys' production processes do not entail important use of substances that are likely to cause major accidental pollution of the soil, air or water.

4.8.2.4. A regulated industry and a process based on best practices

In every country in which it operates, Imerys is subject to strict environmental regulations. In particular, those regulations set standards for air emissions, noise and visual pollution, water quality, waste disposal and post-mining site restoration.

In addition to the Sustainable Development charter that the Group adopted in February 2004, the following actions illustrate Imerys' environmental commitment:

- the definition and implementation of compliance auditing guidelines for all Group's industrial facilities. The objective is to implement a schedule for performing Environmental, Health & Safety (EHS) audits of all significant industrial facilities on a three year cycle. This compliance auditing program will be verified by a third party;
- environmental policies and procedures, intended to coordinate and harmonize the Group's actions in this field. A policy to define Imerys guidelines for mining site restoration is currently in the internal review process;
- ISO 14001 certification, obtained or in the acquisition process for many of the Group's sites;
- many decentralized and innovative initiatives on environmental impact prevention, site restoration or participation in local operations for reintroducing threatened animal or plant species are the subject of best practices that are shared throughout the Group;
- in addition, Imerys participates in the Post-Mining-Alliance, a global organization to promote good practice and action in integrated mine closure planning and post-mining regeneration.

4.8.2.5. Environmental reporting

Environmental Management System (EMS)

- Percentage[1] of manufacturing sites with EMS by country

	ISO 14001 certified sites		Sites meeting the main criteria for the ISO 14001 standard but not certified	
	2005	2004	2005	2004
France	12%	6%	0%	5%
United Kingdom	92%	94%	0%	0%
United States	0%	0%	95%	98%
Brazil	21%	3%	54%	38%
Total	**34%**	**32%**	**28%**	**29%**

[1] *Weighted by headcounts as on December 31.*

- Percentage[1] of manufacturing sites with EMS by business group

	ISO 14001 certified sites		Sites meeting the main criteria for the ISO 14001 standard but not certified	
	2005	2004	2005	2004
Pigments for Paper	62%	67%	36%	32%
Specialty Minerals	30%	20%	40%	50%
Refractories, Abrasives & Filtration	30%	30%	45%	0%
Materials & Monolithics	8%	8%	0%	0%

(1) *Weighted by headcounts as on December 31.*

Compliance

Four environmental non-compliance cases in the United States and four cases in the United Kingdom gave rise to fines paid in 2005 totaling Euros 20,647 (as compared with Euros 7,172 in 2004, Euros 26,800 in 2003 and Euros 79,000 in 2002).

Total CO_2 emissions[1] related to energy consumption and process

In thousand of tons	CO2 energy 2005	CO2 energy 2004	CO2 process 2005	CO2 process 2004	Total[2] 2005	Total[2] 2004
France	406	394	84	84	490	478
United Kingdom	363	386	0	0	363	386
United States	659	686	0	0	686	686
Brazil	191	244	30	26	221	270
Total [3]	1,619	1,710	114	110	1,760	1,820

Energy use [4]

In thousand of Gj	Total direct energy consumption 2004	Total direct energy consumption 2005	*of which natural gas*	*of which electricity*	*of which fossil fuel*	*of which biomass (wood powder)*
France	7,736	7,826	*5,987*	*868*	*343*	*628*
United Kingdom	5,230	5,018	*3,081*	*1,298*	*639*	*0*
United States	8,367	7,873	*4,889*	*2,270*	*714*	*0*
Brazil	4,002	3,457	*0*	*1,249*	*2,208*	*0*
Total	25,335	24,174	*13,957*	*5,685*	*3,904*	*628*

(1) *Including emissions corresponding to purchased electricity.*

(2) *CO_2 energy + CO_2 process.*

(3) *On the reporting scope*

(4) *Based on the definition of GRI indicator EN, in TJ, and in percentage between the four energy sources.*

4.8.3. HEALTH & SAFETY

It is a core value of Imerys to protect the Health & Safety of its employees and require a safe working environment at all Imerys locations. The mining and minerals processing industry involves daily operational work that requires employees to be trained properly to use chemicals and explosives, to operate many types of mobile equipment -trucks, front-end loaders, underground mining equipment and forklifts, work around conveyor belts- and to work at heights.

Due to this type of work, Imerys strives to have effective and strong Health & Safety programs that create safe working practices and conditions. Imerys conducts periodic audits of its operating facilities to assess compliance with laws and regulations and to drive continual improvement.

The workers' health and safety in mining and minerals industry is strongly regulated on both a national and local level in most of countries were Imerys is operating.

Compliance with local regulations on worker safety and the observance of exposure thresholds for regulated emissions are the minimum standard required across the Group. However, many operations within the Group have implemented Health & Safety programs to go beyond this minimum standard and Imerys has won national safety awards in the United States, the United Kingdom and Brazil.

4.8.3.1. Implementing Group reporting

Health & Safety performance varies across the Group and the differences cannot be explained solely by the industrial processes used or the particular country of operation.

To understand these differences better and continuously improve its Health & Safety practices, the Group has standardized the reporting of Health & Safety statistics. This Group reporting, which to date has been implemented on a monthly basis, provides information on the number of work accidents resulting in days away from work (frequency) as well as the total number of days workers are away from work (severity).

4.8.3.2. Health & Safety key performance indicators

Imerys records all accidents involving contractors, temporaries and salaried employees. However, the frequency and severity rates indicated below relate only to employees paid directly by Imerys.

Frequency rate[1] by country

	France	United Kingdom	United States	Brazil	Total in the four countries	Total Group
2003 frequency rate	15.9	13.8	3.9	4.8	10.3	Na
2004 frequency rate	21.5	13.5	4.7	2.4	12.4	na
2005 frequency rate	**18.72**	**16.63**	**3.75**	**2.75**	**10.57**	**12.29**

[1] *Frequency rate: (number of lost-time accidents x 1,000,000) / number of work hours.*

Severity rate [1] by country

	France	United Kingdom	United States	Brazil	Total in the four countries	Total Group
2003 severity rate	0.64	0.20	0.47	0.07	0.38	na
2004 severity rate	0.70	0.24	0.57	0.03	0.46	na
2005 severity rate	**0.75**	**0.23**	**0.38**	**0.10**	**0.40**	**0.36**

[1] *Severity rate: (number of lost days x 1,000) / number of work hours.*

4.8.4. HUMAN RESOURCES

Imerys Human Resources' goal is to develop principles and procedures aligned with practical and empowered decentralized operational activities, in accordance with relevant local legislation. The Group has established a set of Human Resources principles which apply across the Group. Thus, every employee contributes individually and effectively to the company's success and has the possibility of developing his or her skills.

These principles apply to key areas such as:

- recruitment: attract the best,

- mobility: fill vacancies with existing skills within the Group,

- compensation: have coordinated systems in line with local markets,

- training: foster sharing of best practices, ideas and projects.

This process also guarantees transparency and integrity.

4.8.4.1. Human Resources organization

Consistently with decentralization, the operational Human Resources ("HR") professionals are responsible for creating effective policies, programs and procedures for each division that are compliant with local laws and regulations and recognize the cultural and operational differences that exist in Imerys' diverse operations.

Human Resources at Imerys is structured with most resources at the operational level, directly supporting the operations. These professionals are directly designated to a division and support the operations on a daily basis to provide advice and guidance. This group of HR professionals also allows Imerys to leverage local expertise in the employment and labor laws of each country or region in which the Group operates.

HR support specialists contribute to Group-wide projects and programs and assist line HR managers in their areas of expertise.

4.8.4.2. Human Resources principles

The Group has developed a human resources policy centered on the following principles:

- meet employees' expectations, particularly in terms of working conditions and safety, motivation and personal development;
- provide managers with management principles that comply with the Group's spirit and ethics, particularly with regards to behavior, standards, dialog and respect for other employees;
- foster harmonious integration with the environment through compliance with the regulations and laws of the countries in which the Group operates and through active involvement in local communities.

› Ethical standards

The Group is committed to complying with applicable laws and regulations that govern the work place in the countries in which Imerys operates, particularly as regards health and safety, respect for privacy, child labor and working conditions, hours and compensation.

› Diversity

Imerys is fully committed to diversity in the workplace and offers equal employment opportunities throughout its operations. Non-discrimination principles apply in all the Group's divisions, in particular for all issues related to recruitment, training and career progression.

Although Imerys continues to make progress through its commitment, there is still work to be done in this important endeavor and Imerys continues to reach out to minority groups, women and disabled employees and candidates.

In the United States, operating divisions ensure that they meet the requirements of the Affirmative Action program, which is intended to check whether non-discrimination practices are actually implemented in the company's decisions.

In South Africa, the Group follows an active policy intended to promote representatives of historically disadvantaged communities within its local subsidiaries.

4.8.4.3. Human Resources mission

Organization

In addition to its natural role of helping line management to optimize the structures of the entities in their charge, Human Resources must also define clear principles for decision-making, especially for sensitive subjects such as appointments and compensation.

Recruitment

The constant recruitment of talents is crucial to the Group's achievement of its growth objectives. New recruits enable Imerys to cope with the workload resulting from growth and, above all, facilitate the progression of in-house managers into critical positions for the Group. This is the case when a new management team has to be appointed for a newly acquired business or when the success of a significant geographic expansion project must be ensured.

Recruitment also depends on the definition of common standards. These are now set out in a "map of the attitudes and skills" needed to join Imerys and develop in the Group.

Career management

One of the main principles of Imerys' career management is promotion from within. The Group strives to consider internal candidates first whenever possible and appropriate before turning to external possibilities. Internal mobility at Imerys applies to both operating and support positions.

Every manager is charged with the responsibility to inspire every employee to develop his or her individual potential in the context of the Group's needs. In a more formalized process, the Group has set up a methodology designed to provide better knowledge of each individual manager's achievements and potential, identify future resources and needs and prepare succession plans. This process, based on annual assessment interviews between every manager and his or her superior, takes place annually on a division level. An overview of each business group is then compiled and presented to the Executive Committee.

In 2005, 331 positions were filled in internally. As examples:

- The VP & General Manager of the Performance Minerals & Ceramics North America (NAPMC) division became VP & General Manager of the Filtration division following the acquisition of the World Minerals group (United States),
- The Group Human Resources VP took the responsibility of the NAPMC division,
- The Controller of the Kiln Furniture business unit was appointed Manager Strategy & Development of the Specialty Minerals business group,
- The Marketing Manager of the Performance Minerals & Ceramics Europe division joined the Asia Pacific team as Manager for the Ceramics business,
- Plibrico General Manager became VP & General Manager of the Monolithics Refractories division following the acquisition of Lafarge Monolithic Refractories (France).

Training

Imerys considers that having qualified employees who are well prepared for their jobs is essential. In that respect, divisions must set up relevant training programs to ensure that their employees' skills are upgraded and developed.

Training for new recruits and future senior and other managers is currently rolled out at Group level. This is in addition to the training carried out in operating divisions and contributes to the sharing of best practices and the recognition of participants.

Compensation and benefits

The compensation principles developed by the Group refer to competitive local practices and to promoting internal fairness.

Imerys continued to enhance its expertise in compensation and benefits in 2005 in order to create more relevant and consistent programs that both meet its economic goals and help to motivate and retain its employees.

More specifically, the Compensation & Benefits function is already at work on creating an improved internal mobility program for career development internationally, creating procedures to make more consistent decisions on compensation philosophies, monitoring any exposure or compliance issues on the technical issues of pensions, benefits, and other regulated areas. Despite strengthening this HR expertise, Imerys remains consistent with its philosophy of decentralization and has not imposed a singular compensation and benefits structure or incentive program across the board. The consistent element across all compensation programs for managers, however, is a direct link to performance based on defined criteria such as operating income and cash flow generation. Imerys' philosophy is to reward quantifiable, comparable performance.

Collective profit-sharing and bonus plans in France

Virtually all of the Group's companies in France have signed profit-sharing and bonus agreements. In other countries, many Group companies have set up collective profit-sharing plans in accordance with local regulations and customs.

The sums paid with respect to employee profit-sharing and bonus plans in the Group's French companies over the past five years are as follows:

(millions of Euros)

2005	2004	2003	2002	2001
8.9	10.4	9.1	11.6	9.9

Industrial Relations

The Group seeks to develop constructive contractual and communication policies with its employees and their representatives in compliance with local regulations.

The European Works Council (EWC) was created in 2001 and meets once a year in a plenary session. Fifteen countries (Austria, Belgium, Czech Republic, Denmark, Spain, Finland, France, Germany, Hungary, Italy, Netherlands, Portugal, Slovenia, Sweden, United Kingdom) are represented by a 16-member employee delegation. The Council has four Officers who meet twice a year.

The agreement organizing the workings of the EWC has been renewed for four years by all employee representatives. It includes progress on many points that facilitate industrial relations.

The need to improve the efficiency and productivity of the Group's activities may lead to internal restructuring operations and job cuts. In such situations, the Group's policy is for divisions to make a priority of finding internal placement solutions for the employees concerned and to set up retraining and support programs to assist them in finding outside employment or in seeing through a personal work project.

Internal communications

Internal communication procedures define the responsibilities of the managers of the Group's different entities and make the necessary coordination possible. A network of internal communication correspondents transmits information, particularly news on the Group.

Appointment or organizational announcements up to a certain functional level are managed by the Group's Internal Communications department.

The main goals of the in-house magazine "Imerys News" are to develop a feeling of belonging, share experience and provide information.

Human Resources reporting

Monthly Human resources reporting was recently set up. This includes in-depth indicators on workforce per country, activity and job category, as well as an analysis of the different types of contract under which Imerys employees work. Data on vocational training and handicap is also provided, but needs to be stabilized and refined further. This should make it possible to assess the Group's efforts on employee development.

The Group organizational chart is published twice a year and shows the main command and functional relations within Imerys. It includes approximately 500 positions with the names of incumbents.

4.8.4.4. 2004 & 2005 HR Key Performance Indicators

Employee headcount

	12/31/2005	12/31/2004	12/31/2003
Total	15,934	14,088	13,802

+ 10% increase in headcount between December 31,2004 and December 31,2005. This increase is mainly due to the change of perimeter, linked with acquisitions and cessions during the period.

Over 15,934 employees, 665 have definite term contracts.

Employees by business group *(scope: the whole Group)*

	12/31/2005	12/31/2004
Specialty Minerals	5,160	4,964
Pigments for Paper	3,024	3,049
Materials & Monolithics	3,622	2,960
Refractories, Abrasives & Filtration	4,026	2,983
Holdings	102	132
Total	15,934	14,088

Employees by geographic zone *(scope: the whole Group)*

	12/31/2005	12/31/2004
Europe	9,033	8,636
- of which France	3,433	3,590
- of which other European countries	5,600	5,046
North America	3,192	2,512
Asia-Pacific	1,648	944
Rest of world	2,061	1,996
Total	15,934	14,088

The 2005 increase of North America headcount is mainly due to integration in this geographical scope of Mexican employees, previously recorded in "Rest of world".

Employee turnover

Turnover by country

	France	United Kingdom	United States	Brazil	Total in the four countries	Total Group
2003 Turnover	9.4%	24.5%	21.0%	35.0%	18.8%	Nc
2004 Turnover	9.3%	7.2%	11.9%	13.1%	9.9%	Nc
2005 Turnover	10.1%	15.0%	14.2%	19.4%	13.4%	13.1%

Turnover by business group

	Specialty Minerals	Pigments for paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Corporate & shared services	Total Group
2005 Turnover	17.8%	11.9%	9.2%	9.4%	12.1%	13.1%

The turnover rate is the estimated number of departures in the year compared with the total headcount as on 12/31/2004 for the business group or country in question. 2005 totals were calculated in proportion to the data entered in the new HR reporting system from June 1 to December 31, 2005.

Career management and mobility

Number of transfers between business groups and divisions	France	United Kingdom	United States	Brazil	Total in the four countries	Total Group
2003	18	141	60	92	311	nc
2004	15	31	8	12	66	nc
2005	62	132	45	33	272	331

2005 figures are estimated proportionately on the basis of proportion to the data entered in the new HR reporting system from June 1 to December 31, 2005.

Diversity

Percentage of women by country

	France	United Kingdom	United States	Brazil	Total in the four countries	Total Group
Overall Employees						
2003	14.0%	10.0%	13.7%	7.0%	12.0%	Nc
2004	13.4%	8.5%	12.4%	7.7%	11.9%	Nc
2005	14.80%	8.98%	13.25%	8.99%	Nc	12.9%
Salaried Employees						
2003	29.6%	24.6%	46.9%	26.2%	31.2%	nc
2004	21.8%	23.0%	33.9%	26.9%	25.0%	Nc
2005	29.60%	23.48%	31.79%	25.61%	nc	28.7%

Percentage of women by business group

	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Corporate & shared services	Total Group
Overall Employees						
2005	14.6%	9.6%	12.4%	10.9%	40.8%	12.9%
Salaried Employees						
2005	31.8%	23.9%	26.0%	27.1%	41.4%	28.7%

Labor Management

In 2003, Imerys lost 10,540 working hours due to strikes (on the basis of the HR reporting scope, i.e. France, United Kingdom, United States, Brazil.

In 2004, Imerys lost 2,947 working hours due to strikes (on the basis of the HR reporting scope, i.e. France, United Kingdom, United States, Brazil).

In 2005, 6,531 working hours were lost due to strikes (estimate based on data entered in the new HR reporting system from June 1 to December 31, 2005, for the scope of the whole Group).

• Employee Shareholding (see paragraph 5.2.5. Employee Shareholder Plan)

The Imerys Employees Shareholders' Plan (ESP) subscriptions were implemented on a yearly basis from 2000 to 2003. The last ESP covers 15 countries and all Imerys employee statuses.

Employee shareholders as of December 31, 2005 (scope: HR reporting)

	2005		2004	
	Total number of employee shareholders	Percentage of total number of employees	Total number of employee shareholders	Percentage of total number of employees
France	1,006	29.30%	1,192	33%
United Kingdom	328	14.95%	391	17%
United States	351	12.44%	445	18%
Brazil	192	19.61%	222	22%
Sweden	35	10.84%	36	26.28%
Portugal	23	27.38%	23	30.26%
South Africa	10	1.69%	10	1.75%
Canada	18	21.18%	18	24.66%
Germany	78	11.66%	80	14.29%
Austria	73	18.39%	76	18.27%
Belgium	27	14.59%	31	18.67%
Switzerland	32	17.68%	32	17.68%
Spain	48	10.02%	51	16.04%
Italy	47	14.69%	48	19.92%
Netherlands	5	8.47%	5	8.20%
Total	**2,273**	**14.27%**	**2,660**	**20.98%**

4.8.5. COMMUNITY RELATIONS

Most of Imerys' pits are located in areas where mining has long been a key part of the local economic scene. Natural slate has been mined in Trélazé (France) for 400 years; kaolin has been mined for 200 years in Cornwall (UK) and 40 years in Georgia (USA); and the andalusite site in Brittany (France) has been in operation for 35 years. Most sites are located in industrialized countries and in zones that already have transport infrastructure that provides easy access to the relevant markets. Imerys' ores deposits are usually vast in relation to their markets and geological prospecting mostly concerns extensions of active deposits, with the aim of processing the ore in existing facilities. For these reasons, mine openings and closures – operations that can have a heavy impact on the communities concerned – are very limited in number.

The mining or production units in Imerys' divisions are medium-size. There is only one location in Imerys where management teams employ more than 500 employees: St Austell in Cornwall (United Kingdom). The Group's units worldwide are closely integrated with their surrounding communities, all the more so when Imerys is a major local employer, either direct or indirect.

Adapting actions to local situations

Rather than carrying out major flagship programs, the rule at Imerys is to adapt to the diverse situations and specific concerns of every community.

In that context, the Group's decentralized management principles apply effectively. Because Imerys plant managers are in close relation with the communities in which they work, they are in the best position to address local issues, choose suitable partners and build contacts with the relevant authorities or associations, in an action framework that is adapted to local situations and concerns.

Given their diversity and heterogeneous nature, these actions, carried out in partnership with widely varied communities, are unsuited to standardized Group-level reporting. They are obviously coordinated, validated and evaluated by the divisions to which the operating units belong.

In St Austell, Cornwall (United Kingdom), efforts around mineral mining and processing sites are focused chiefly on keeping dust releases to a minimum and optimizing transport in order to reduce impact for the neighboring population. In Brazil, the emphasis is on social initiatives with underprivileged populations, including the development of public health and literacy projects and the involvement of local communities in conservation and bio diversity actions for restoring quarries.

The Imerys Group employs approximately 600 people in South Africa, a country where prevalence of AIDS disease is 20.1%(1). Imerys South Africa's teams have developed their plan to fight the spread of the AIDS virus. The primary goal is to prevent new employees from being contaminated and to provide the necessary care for any sick people. In 2005, Imerys South Africa drafted and circulated its non-discrimination policy and launched the initial phase of the action plan, which focuses on prevention and on training sessions for all employees. A KAP (knowledge, attitudes, perception) survey measured employees' awareness of the disease, their knowledge in the risks associated to certain sexual practices and in behavior with respect to HIV-positive colleagues. The response rate was 89%.

In 2005, Imerys also provided support for victims of the December 2004 tsunami. The Building Materials division decided to help "Les Architectes de l'Urgence" Association (Emergency Architects) in rebuilding 526 houses in Sigli, a fishing village in Banda Aceh, Indonesia. Materials, roof tiles and bricks were contributed in accordance with local traditions and with a sustainable development approach. A priority was made of drawing on local populations' know-how and delivering training. Two technical demonstrators from Imerys TC and the Export Manager spent a week on site to help local teams fit Imerys products.

(1) *Source: UNICEF, End 2001, Adult prevalence rate (15-49 years).*

4.8.6. EXTERNAL REVIEW REPORT ON SUSTAINABLE DEVELOPMENT REPORTING PROCEDURES

Ernst & Young Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris–La Défense

At the request of Imerys, we have reviewed the reporting procedures for Human Resources, Safety and Environment indicators published for fiscal year 2005.

Imerys management was responsible for preparing the procedures as well as indicators related to Human Resources, Safety and Environment. Our responsibility is to report our findings based on our review described as follows.

Nature and scope of our procedures

As agreed, we carried out the following agreed-upon procedures:

- we reviewed and assessed the relevance, reliability, neutrality and precision of the reporting procedures as regards to the Group's activities,
- at the Group level, we conducted interviews with the directions responsible for the Human Resources, Safety and Environment reporting. At this level, we reviewed the data collection, consolidation and control procedures,
- we visited four sites in three countries : the Fresnais site (Ardoisières d'Angers) in France for the Materials & Monolithics business group, the Lompoc site (World Minerals) in the United State for the Refractories, Abrasive & Filtration business group, the Sandersville site (Imerys Pigment) in the United States for the Pigments for Paper business group, and the Bras Cubas site (Imerys Comercio de Extraçao de Minerios) in Brazil for the Specialty Minerals business group. At this level, we appreciated the correct understanding and the application of the reporting procedures.

In performing our review, we were assisted by our specialized Sustainable Development teams.

According the ISAE audit standard (International Standard on Assurance Engagement), the procedures we performed are less detailed than an audit carried out for the purpose of providing a level of assurance with respect to the data; however, they have enabled us to report the following findings:

Findings on the reporting procedures

As regards the Human Resources, Safety and Environment procedures, we have found that:

- the indicators' definitions take into account the specificity of the Group's activities and its international presence,
- after the Environment reporting, the implementation of adequate reporting tools has been carried on in the group for Human Resources and Safety reporting,
- the Human Resources, Safety and Environment reporting perimeters could be clarified, in particular concerning the integration of new entities,
- the formalization of the reporting procedures should be reinforced, in particular concerning the controls.

Paris, March 20, 2006

ERNST & YOUNG Audit

Jean-Roch VARON

ERNST & YOUNG
Environment and Sustainability Services

Eric DUVAUD

4.9. Mineral reserves and ressources

Imerys through its subsidiaries operates mines and quarries, which are owned or controlled by the Group, in various countries around the World. The Group ensures access to these mineral reserves to meet the requirements for its current and development activities and seeks continuously to consolidate its existing position and to diversify with minerals of different properties or qualities.

To guarantee product consistency and compliance with customer requirements, the quality control procedure starts prior to the mining stage through the thorough knowledge of the composition of the deposit and continues with sampling and analyses conducted throughout the mining, mineral beneficiation and industrial processes.

Estimates of the Group's Mineral Reserves and Resources as presented in the tables in this report were produced in accordance with the European "Code for Reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves" ("Reporting Code") of October 2001[1] Similar codes have been adopted in Australia (JORC), South Africa (SAMREC), USA and Canada and constitute best available practice for the definition and valuation of Mineral Reserves and Resources.

The estimates include the Mineral Reserves and Resources owned or controlled through long term user rights granted to it with the exception, however, of Reserves and Resources for which available information was insufficient to meet the requirements of the "Reporting Code".

Reserves or Resources to which the Group has access under supply agreements (e.g. bauxite or alumina supply for the Minerals for Abrasives Division, or ground calcium carbonates supply in Carrara, Italy) are not included in these tables).

Competent Persons[2] were appointed in order to cover all the mining sites of the Group. These Competent Persons, mostly full time Imerys Group employees, provide the Group's " Technology & Mineral Resources" with team their estimations on the Group's Reserves and Resources relating to their respective operational or geographical assigned scope.

Pursuant to the provisions of the "Reporting Code", all Competent persons have issued a written declaration permitting the compilation of the estimates reported for public reporting. A central register is maintained to this effect on the Group level.

In continuation with the auditing of the Reserves and Resources by external auditors conducted for the first time in 2004 within the view of the transition to IFRS standards, a three year cycle of internal auditing was initiated in 2005. This auditing, performed by the Group's "Technology & Mineral Resources" team, forms an integral part of the Group's internal audit system in which each activity will be audited at least once every three years. This action is aimed at verifying, by an experienced engineer or geologist, having no subordination link with the audited site, the compliance with the requirements of the "Reporting Code", the standardization of reporting criteria throughout the Group and serves as a means of ensuring continuous improvements in the management and exploitation of the Group's mineral resources.

Reserve estimates are based on current mining, economic and market parameters and forecasts.

In recognition of the need for greater transparency in the disclosure of Mineral Reserves and Resources estimates, the Group, in line with the section entitled "Reporting of industrial minerals, stone and aggregates" in the "Reporting Code" has grouped the estimates compiled for each mine or quarry by commodity and geographic region, simply to protect commercially sensitive information, in terms of quality and quantity, from the many operators in each of the market segments served by the Group.

Due to the regrouping of estimates it is not possible to give the expected life for each mine or quarry, but on the basis of the geological surveys conducted and the modifying factors applied the Group foresees that its mineral reserves and resources will be sufficient to sustain the long term operation of its activities at their current annual rate, with existing technologies and under present and forecast market conditions.

Reserves are quoted in addition to Resources and are stated on the basis of thousands of metric tons of dry sellable product equivalent.

The mineral Reserve and Resource estimates in the following tables reflect the situation on the 31 December 2005. Estimates as at 31 December 2004 are shown for comparison.

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[1] *(www.iom3.org/divisions/earth_sciences/reportingcode240303.pdf).*

[2] *"Competent Persons" profile is defined in the Reporting Code.*

Ongoing exploration work and acquisitions concluded during the year amounted to increases in reserves of 50.8 million tons and resources of 544.1 million tons.

Increased relating to acquisitions mainly come from World Minerals, Inc. (Minerals for Filtration) and Denain-Anzin Minéraux (feldspar, feldspathic sands & pegmatite, kaolin and specialty minerals).

Definitions

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

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

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

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

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

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

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

Risks and uncertainties

Mineral Reserves and Resources are estimates of the size and quality of the ore deposits based on currently available technical, economic, market and other parameters. Due to unforeseen changes in these parameters and the uncertainty inherently associated with resource evaluation no assurance can be given that the estimates of Mineral Reserves and Resources shown in this report will be recovered as anticipated by the Group. With continued geological exploration and evaluation Mineral Reserves and Resources may change significantly, either positively or negatively.

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

• **Mineral reserves** (estimations as on 12/31/2005 vs. 12/31/2004)

Commodity	Region	2005 Proved (Kt)	2005 Probable (Kt)	2005 Total (Kt)	2004 Proved (Kt)	2004 Probable (Kt)	2004 Total (Kt)
Ball Clay	Europe (incl. Africa)	4,098	12,341	16,439	4,403	8,272	12,675
	North America	6,535	690	7,225	8,326	2,537	10,863
	Asia	1,029	0	1,029	992	77	1,068
	Total	11,662	13,031	24,693	13,721	10,886	24,606
Carbonates *(calcite, marble, chalk, limestone, dolomite & dimension stone)*	Europe	3,837	7,334	11,171	4,704	6,575	11,279
	North America	180,988	49,654	230,642	145,753	68,065	213,818
	South America	15,534	4,000	19,534	11,050	8,500	19,550
	Asia	0	5,500	5,500	0	2,000	2,000
	Total	200,359	66,488	266,847	161,507	85,140	246,647
Clays *(brick & roof tile raw materials)*	Europe	75,123	18,704	93,827	71,466	10,151	81,617
Feldspar, feldspathic sand & pegmatite	Europe	23,176	13,897	37,073	0	4,401	4,401
	North America	1,100	0	1,100	2,785	0	2,785
	Total	24,276	13,897	38,173	2,785	4,401	7,186
Graphite	North America	85	120	205	100	0	100
Kaolin	Europe (incl. Africa)	12,070	32,781	44,851	7,393	29,684	37,077
	North America	33,507	6,686	40,192	25,125	6,015	31,140
	South America	16,843	0	16,843	15,537	1,456	16,993
	Asia	476	3,728	4,205	557	3,276	3,834
	Total	62,896	43,195	106,091	48,613	40,431	89,044
Minerals for filtration *(diatomite & perlite)*	Europe	343	672	1,015	-	-	-
	North America	6,385	1,744	8,129	-	-	-
	South America	0	1,117	1,117	-	-	-
	Asia	326	0	326	-	-	-
	Total	7,054	3,533	10,587	-	-	-
Minerals for refractories *(refractory kaolin, bauxitic kaolin, bauxite, flint clays, andalousite & quartzite)*	Europe (incl.Africa)	1,751	2,462	4,213	1,535	1,308	2,843
	North America	6,043	0	6,043	6,498	0	6,498
	South America	0	0	0	0	0	0
	Total	7,794	2,462	10,256	8,033	1,308	9,341
Slates	Europe	88	65	153	116	89	205
Specialty minerals *(bentonite, Thiviers sandstone, quartz & vermiculite)*	World	2,236	1,586	3,822	404	320	724

Notes :

- *ongoing exploration work, geological assesments and mining activities as well as changes in ownership of certain mineral rights due to acquisitions or sales are reflected in the movements of the estimates reported for 2005 against those reported for 2004.*
- *In line with provisions made for the reporting of industrial minerals in the Reporting Code, reserves estimates have been grouped to protect their sensitive nature.*
- *Estimates are quoted on a contained dry sellable kilo-metric ton equivalent basis. Clay estimates are quoted as dry processable metric tons.*

• **Mineral resources** (estimations as on 12/31/2005 vs. 12/31/2004)

Commodity	Region	2005 Measured (Kt)	2005 Indicated (Kt)	2005 Inferrred (Kt)	2005 Total (Kt)	2004 Measured (Kt)	2004 Indicated (Kt)	2004 Inferred (Kt)	2004 Total (Kt)
Ball Clay	Europe (incl. Africa)	0	822	7,689	8,511	1,938	6,739	14,627	23,304
	North America	6,762	16,152	12,435	35,349	9,529	18,598	7,139	35,266
	Asia	200	0	0	200	2,575	43	0	2,617
	Total	**6,962**	**16,974**	**20,124**	**44,060**	**14,042**	**25,380**	**21,766**	**61,187**
Carbonates *(calcite, marble, chalk, limestone, dolomite & dimension stone)*	Europe	2,220	13,312	0	15,532	1,045	11,985	0	13,030
	North America	155,909	156,300	163,217	475,426	257,101	144,268	142,658	544,027
	South America	35,379	48,900	317,983	402,262	35,400	48,900	317,983	402,283
	Asia	0	25,000	18,200	43,200	0	8,000	5,000	13 ,000
	Total	**193,508**	**243,512**	**499,400**	**936,420**	**293,546**	**213,153**	**465,641**	**972,340**
Clays *(brick & roof tile raw materials)*	Europe	14,069	15,013	1,653	30,735	22,581	12,555	645	35,781
Feldspar, feldspathic sand & pegmatite	Europe	4,776	3,980	25,302	34,058	0	1,772	4,171	5,943
	North America	0	2,068	470	2,538	3,600	450	0	4,050
	Total	**4,776**	**6,048**	**25,772**	**36,596**	**3,600**	**2,222**	**4,171**	**9,993**
Graphite	North America	0	60	0	60	52	60	0	112
Kaolin	Europe (incl. Africa)	3,649	9,164	77,637	90,452	262	6,473	78,877	85,612
	North America	24,106	12,375	31,646	68,128	29,835	14,126	33,617	77,579
	South America	1,717	0	9,443	11,160	2,473	2,786	6,316	11,575
	Asia	0	5,201	3,178	8,379	0	1,110	3 ,502	4,612
	Total	**29,473**	**26,741**	**121,905**	**178,119**	**32,570**	**24,496**	**122,312**	**179,378**
Minerals for filtration *(diatomite & perlite)*	Europe	224	3,793	356,551	360,568	-	-	-	-
	North America	3,437	25,471	34,751	63,659	-	-	-	-
	South America	0	30	75,706	75,736	-	-	-	-
	Asia	0	0	0	0	-	-	-	-
	Total	**3,661**	**29,294**	**467,008**	**499,963**	-	-	-	-
Minerals for pour refractories *(refractory kaolin, bauxitic kaolin,, bauxite, flint clays, andalousite & quartzite)*	Europe (incl. Africa)	989	993	5,278	7,259	1,695	905	5,519	8,118
	North America	11,954	0	0	11,954	12,235	0	0	12,235
	South America	0	1,539	0	1,539	0	1,500	0	1,500
	Total	**12,943**	**2,532**	**5,278**	**20,753**	**13,930**	**2,405**	**5,519**	**21,853**
Slates	Europe	91	82	241	414	130	106	335	571
Specialty minerals *(bentonite, Thiviers sandstone, quartz & vermiculite)*	World	1,322	1,087	3,141	5,550	624	499	617	1,740

Notes :

- *ongoing exploration work, geological assesments and mining activities as well as changes in ownership of certain mineral rights due to acquisitions or sales are reflected in the movements of the estimates reported for 2005 against those reported for 2004.*
- *In line with provisions made for the reporting of industrial minerals in the Reporting Code, resources estimates have been grouped to protect their sensitive nature.*
- *Estimates are quoted on a contained dry sellable kilo-metric ton equivalent basis. Clay estimates are quoted as dry processable metric tons.*

4.10. Innovation

4.10.1. RESEARCH & TECHNOLOGY

Research teams play an active role in accelerating Imerys'growth. Drawing on in-depth knowledge of minerals and processing, they develop cost-effective, targeted products. By delivering innovative solutions, the Group's researchers help customers to improve the quality of their products, add new features and reduce their production costs.

Working closely with end markets

Every solution developed by Imerys creates an effect that a customer requires. To achieve that effect, research teams, drawing on their expertise, in mineral properties and applications, engineer the physical parameters and surface chemistry of selected minerals. This process draws on partnerships with customers and is supported by a decentralized, coordinated Research & Technology structure.

The Group's innovation capabilities are centered on five sites:

- Par Moor, Cornwall *(United Kingdom)* ;
- Sandersville, Georgia, and Lompoc, California *(United States)* ;
- Bodio *(Switzerland) ;*
- Villach *(Austria).*

These centers have all state-of-the-art analytical and processing facilities. Lompoc, resulting from the acquisition of the World Minerals group in 2005, specializes in diatomite and perlite, and brings expertise in filtration science to the Group as well as strenghtening its knowledge in paints, plastics, agriculture and pharmaceutical markets.

Ten regional laboratories dedicated to the Group's different business groups and divisions also support its innovation capabilities. They focus on specific products and process development programs for every customer in Specialty Minerals, Pigments for Paper, Materials & Monolithics and Refractories Abrasives & Filtration.

The Research & Technology teams are supported by a central Technology & Minerals unit with a threefold mission:

- catalyze innovation by pooling knowledge;
- develop the geological expertise needed to appraise and renew the Group's mineral reserves;
- help divisions to assess the geological, engineering and mining aspects of their external growth projects.

The central group has also continued to support Sustainable Development initiatives and indicators. A meaningful illustration of Imerys commitment in this field is the appointment in this team of a post-mining regeneration specialist.

In total, 270 scientists and technicians work in Imerys laboratories. In 2005, 0.9% of consolidated sales were ploughed back into Research & Technology.

Sharing skills and protecting know-how

The mining and mineral processing techniques used by the Group's various divisions are mainly related to the deposits and /or raw materials used, but are similar in some cases.

Imerys recognizes this and has inter-business group networks to share skills more effectively in key areas of mine practice, mineral processing and technology. In 2005, these networks held three seminars, working on diverse topics, including packaging, energy management and surface science. Knowledge management and skill databases are being piloted in selected areas to further enhance knowledge sharing and to accelerate the innovation process.

In parallel, to protect its expertise and know-how, and ensure technical excellence, Imerys continues to formalize key Research & Technology processes. Common policy and procedures for estimating mineral reserves and resources were agreed by the Group geologists network in 2004, leading to the Group-wide implementation of uniform methods. This set of rules guarantees methodological consistency in appraising reserves and enables the Group to consolidate results.

Innovating in a framework of sustainability

Imerys Research & Technology designs products for environmental use and additives that save energy or replace potential pollutants, as well as products with "green" value. The Group's innovations are an integral part of its Sustainable Development process.

Many examples bear out this determination:

- natural diatomites are used as pesticids to avoid the use of toxic chemicals;
- synthetic graphites avoid the need for mercury or cadmium in manufacturing alkaline batteries;
- high quality kaolins are used to make certain substrates for catalytic converters.

Other meaningful illustrations are the work being carried out with major papermaking customers to recycle boilers ashes as a component in a novel paper filler and the work as part of a DTI (UK government Department of Trade and Industry) sponsored project to develop non toxic mineral additives for corrosion protective paints.

In its own processing, the Group's team aim to save the natural resources needed to make products or to make better use of them by developing processes that can draw value from previously unusable resources.

4.10.2. INTELLECTUAL PROPERTY

Imerys innovation capital is essential to its performance. The Legal Department is closely associated in the product development process of each division. An active campaign continues with the Intellectual Property Department raising the awareness among all employees involved of the need for strict confidentiality of the work and innovation resulting from Research and Technical assistance teams within Imerys. In 2005, several seminars were organized around the world by in-house intellectual property legal specialists with research and marketing teams to bolster legal protection of the Group's rights on its products and processes.

The Group's policy with regard to intellectual property is to continuously enrich and extend the protection of its essential assets. The Group therefore has a broad, diversified portfolio of pending and registered trademarks and patents. Imerys holds over 3106 trademark registrations and applications, 974 issued or pending patents, 173 Industrial Designs, and 3 utility models. The acquisition of Lafarge Refractories, World Minerals and Denain-Anzin Minéraux groups in 2005 has contributed 774 trademark registrations and applications, and 146 patents and patent applications to these totals.

To ensure effective legal protection for its new name (since 1999), the "Imerys" brand name has been registered in over 90 countries. Furthermore, the Imerys Group has registered or filed for almost 800 domain names, including the first phase of the ".eu" domain name filings.

The Group also focus on optimizing the cost/benefit ratio of its patents and related rights. This involves selecting the most appropriate and cost effective IP rights for the technology involved to maximize the resulting competitive advantage from its innovations (e.g. patent filing, publication, secrecy). In addition, the Group periodically rationalizes its patent and trademark portfolios to ensure its resources are applied to the technologies and brands that continue to have the most value to Imerys.

Imerys also intends to defend its intellectual property rights aggressively to maintain the competitive advantages they provide.

To the best of Imerys' knowledge, no patent, license, trademark, brand name, industrial design or model has a decisive bearing on the Group's overall business or profitability. In addition, to the best of Imerys' knowledge, there is no intellectual property litigation or opposition that could either individually or in the aggregate have a material adverse effect on the Group's activities or financial situation.

4.10.3. NEW INFORMATION TECHNOLOGIES

Intranet

The primary function of Imerys intranet is to be an authoritative source of information for the Group's employees. A first part presents recent information concerning internal announcements, share prices, and career opportunities; a second part concerns basics such as key figures and the Group's businesses ; finally, a third part contains data base, including sites and employees directories.

A new version of the Group intranet went live February 2004. The main improvement concerned simplified access right for employees connecting from their workplace. The home page was redesigned in 2005, in order to offer a direct access to key data and to enmphasize several recent information simultaneously. Built as a portal, this home page provides links to several intranet existing within the group : Purchase ("e-buy"), Treasury ("e-cash"), Policies & Procedures ("Blue Book").

"E-buy", the dedicated intranet for the Group-wide purchasing function, with access restricted mainly to the network of purchasing correspondents in the Group's divisions. It is a general source of information for the buying function, a training tool and a platform for co-operation on every purchasing category.

"E-cash" is the new Group's Treasury portal. It provides each financial manager access to the bank accounts statements of the companies within its scope of responsibility.In addition, each subsidiary being financed through the Group cash pooling, e-cash enables intra group transactions (such as financing and loans, and international netting). Then, e-cash is a communication tool for Imerys Treasury organization and management principles, and therefore, contributes to enforce the internal control systems within the Group.

"Blue-Book" is used to release the Group's charters, policies and procedures (such as the Ethic Code, or the anti-fraud policy).

Some divisions have also created their own intranet to foster internal communication and sharing of experience and data.

Internet Sites

Centered on the Group's corporate site www.imerys.com *(see paragraph 5.7. of the Annual Report)*, divisions have developed 22 websites that present their activities and their products and services lines.

The corporate site www.imerys.com was completely redesigned in 2005 to fit to Imerys new signature : "Transform to Perform", and be consistent with the graphic chart used by all communication supports within the Group.

The site architecture has been simplified, and there are now 3 well-defined sections (Our Group, Finance, and Sustainable Development), with enriched content :

- creation of a new shareholders'corner (Finance section), mainly dedicated to individual shareholders. The sections " Being an Imerys Shareholder" gives detailed information on shareholding, buying & selling shares, taxation and Imerys publications. This Shareholders'corner plays the part of a Shareholder's notebook.
- Maps, per geographical area and per business group, reflecting Imerys locations in Europe, North and South Americas,

Asia-Pacific and Africa. A search engine provides the addresses of headquarters and of industrial sites of all the business groups and divisions of Imerys;

- Practical tools have been improved. The glossary has been developed : it includes, among others, various definitions relating to industrial minerals, and benefit from a search engine facilitating browsing.

Average daily visit of Imerys website is constantly increasing, to reach 675 visits/day vs. 600 in 2004. In 2005; over 220,000 internauts visited www.imerys.com , and read more than 1,100,000 pages, making an average of 5 pages per person a day.

4.11. Recent events and communication schedule

4.11.1. RECENT EVENTS

On February 28, 2006, Imerys completed the acquisition of the French group AGS. Located in Clérac (Charente-Maritime), AGS achieved sales of approximately €50 million in 2005. Out of its mining deposits, AGS produces clays, of which it calcines a large part (chamottes and metakaolins) before selling them, primarily on the refractory and sanitaryware markets. AGS is now part of Imerys' Refractories, Abrasives & Filtration business group.

Except for post-closing events mentioned in the Attachment to the Consolidated Financial statements, no major change occurred in the financial situation and the business of the Company since December 31, 2005.

4.11.2. COMMUNICATION SCHEDULE

The provisional schedule for Imerys' financial publication is 2006 is as follows:

- January 31: Publication of 2005 consolidated sales.
- March 8: Publication of 2005 results.
- May 2: Ordinary Shareholders' General Meeting and publication of 1st quarter 2006 results.
- May 17: Payment of dividend.
- July 26: Publication of 1st half 2006 provisional results.
- September 6: Publication of 1st half 2006 definitive results.
- November 8: Publication of 3rd quarter 2006 results

CHAPTER 5

GENERAL INFORMATION

General Information

5.1. Information concerning the Company

Corporate name: Imerys

This name was adopted by the Extraordinary and Ordinary Shareholders' Meeting of September 22, 1999. Until then, the Company's corporate name was Imetal.

Registered office:

The Company's registered office, previously located Tour Maine-Montparnasse – 33, avenue du Maine – 75015 Paris – France, was transferred on February 7, 2005 to:
154, rue de l'Université
75007 Paris - France
Telephone: +33 (0) 1 49 55 63 00
Fax: +33 (0) 1 49 55 63 01

Legal status and law of incorporation

As of May 3, 2005, Imerys is a French Limited Liability Company (Société Anonyme) with Board of Directors (Conseil d'Administration) governed by the provisions of articles L. 225-17 to L. 225-56 of the Code of Commerce, the provisions of decree 67-236 of March 23, 1967 and its by-laws. Previously, the Company had the form of a French Limited Liability Company (Société Anonyme) with a Managing Board (Directoire) and Supervisory Board (Conseil de Surveillance).

The Company was incorporated in accordance with French law.

Date and term of incorporation

Imerys was incorporated on April 22, 1880. Its term of incorporation, initially set at fifty years, was extended until June 30, 2024 (article 5 of the by-laws).

Corporate purpose

Imerys is the head company of an industrial and commercial group that is specialized in Minerals Processing.

Under the terms of article 3 of the by-laws, "The Company's purpose, in France and abroad, is as follows:

- the search for, the acquisition, the leasing, the sale and the operation of any mines and quarries, of any kind whatsoever;
- the processing and transformation of, and trading in, any minerals, metals, organic or non-organic materials and mineral substances, as well as their by-products and alloys;
- the manufacturing of any processed products in which minerals, metals, organic or non-organic materials and mineral substances are used;
- the purchase, obtaining, operation, concession and sale, in whole or in part, on a temporary or permanent basis, of any patents, certificates or licenses pertaining to the above-mentioned purposes;
- the creation, acquisition, sale, concession of any buildings and plants, of any means of transportation and energy sources;
- the participation in any country, in any mining, quarrying, commercial, industrial and maritime operations aimed at favoring or developing the Company's own industries and businesses, through the creation of new companies, alliances, holding companies or otherwise; and, generally, any mining, quarrying, commercial, industrial, maritime, real estate, personal property and financial operations relating directly or indirectly, in whole or in part, to any of the above-specified purposes or any other similar or related purposes."

Register of Companies

562 008 151 R.C.S. Paris
A.P.E. (main activity): 741 J
SIRET 562 008 151 00093

Access to corporate documents:

The by-laws, minutes of Shareholders' General Meetings, Company and consolidated financial statements, Auditors' reports and all documents provided for shareholders may be consulted at the Company's registered office.

Financial year *(article 28 of the by-laws)*

The financial year is 12 months. It begins on January 1 and ends on December 31 of each year.

Allocation of profits *(article 30 of the by-laws)*

Income for each financial year shall be determined in accordance with legal and regulatory provisions in force, as follows:

- at least 5% of net earnings for the financial year, minus any previous losses, are withheld to make up the legal reserve. This withholding ceases to be obligatory when such reserve is equal to 10% of the share capital;
- earnings for the financial year, minus the above and plus any earnings carried over, after deduction of any earnings retained or sums assigned to one or more reserves by the Shareholders' Meeting, are distributed among shares, without distinction;
- the Shareholders' Meeting may grant to each shareholder, for all or part of the dividend being distributed, or for advances on dividends, the option to be paid in cash or in shares.

Identifiable bearer shares *(article 9 of the by-laws)*

The Company is authorized, under the terms and conditions provided by legal provisions in force, to ask Euroclear France for the information needed to identify the owners of bearer shares that grant, whether immediately or at a later date, voting rights in its Shareholders' Meetings, as well as the quantity of shares or other securities held by each owner and, as the case may be, any restrictions that may apply to such shares or other securities.

Shareholders' General Meetings *(articles 21 and 22 of the by-laws)*

- Convening

Shareholders' General Meetings are convened under the terms and conditions provided by legal provisions in force and are held either at the registered office or in any other place specified on the Notice of Meeting.

- Conditions for admission

All shareholders have the right to take part in Shareholders' General Meetings – whether in person, via a proxy or by correspondence – subject to the obligation to prove their identity and, in the case of holders of bearer shares, to deposit a share certificate. Registration or deposit formalities must be completed by the day before the meeting at the latest.

Any shareholder may also, by decision of the Board of Directors as notified in the Notice of Meeting, take part in General Meetings and vote by data transmission and/or any other means of telecommunication, under the terms and conditions provided by legal provisions in force.

- **Conditions for exercise of voting rights**

All documents provided by articles 133 and 135 of Decree 67.236 of March 23, 1967, including a correspondence or proxy voting form, are sent to shareholders on request. This form cannot be validly taken into consideration unless it is completed in accordance with legislation in force and returned to the registered office or to the address given on the Notice of Meeting. Moreover, any shareholder may, by decision of the Board of Directors as notified in the Notice of Meeting, obtain and return the form for voting by correspondence or proxy, by data transmission or any other means of telecommunication, under the terms and conditions provided by legal provisions in force.

- **Double voting rights**

As of the Shareholders' General Meeting of July 2, 1968, shares registered in the name of the same shareholder for at least two years carry a double voting right. This right is authorized by law and provided by article 22 of the by-laws, and is intended to reward the Company's shareholders for their loyalty. The double voting right is also granted to new free shares granted to shareholders under a capital increase operation, on the basis of the old shares for which they already benefited from this right. The double voting right ceases ipso jure when a registered share is converted to a bearer share or is transferred, except in cases of collateral assignment or transfer as life interest or by inheritance or family bequest. Finally, the double voting right may be cancelled by decision of an Extraordinary Shareholders' General Meeting with prior authorization by the Special General Meeting of the holders of such right.

- **Restriction of voting rights:** None

- **Different voting rights:** None

Disclosure of threshold crossings

Imerys' by-laws do not contain any clause imposing disclosure requirements in the case of holdings that cross certain thresholds, other than the thresholds set down by the law.

Any shareholder, whether acting alone or with others, whose holding comes to rise above or fall below one of the holding thresholds for the Company's capital and/or voting rights provided by legislation in force must comply with the provisions of articles L. 233-7 to L. 233-11 of the Code of Commerce and, more specifically, inform the Company or, as the case may be, any person that the Company may have designated for that purpose, within five days of their holding crossing the threshold in question. In the event of failure to comply with this obligation, the provisions of article L. 233-14 of the Code of Commerce shall apply.

5.2. Information concerning the share capital

5.2.1. NOMINAL AMOUNT OF THE SHARE CAPITAL AND NUMBER OF VOTING RIGHTS

- On December 31, 2005, the share capital was increased by a nominal amount of €1,043,690 as a result of the exercise during the year of 521,845 subscription options giving the right to the same number of shares. Consequently, Imerys' fully paid-up share capital was €127,943,730 as on that date; it was divided into 63,971,865 shares of €2 in par value; 17,406,243 shares benefited from a double voting right pursuant to article 22 of Imerys' by-laws. The total number of voting rights attached to existing shares was 80,729,938.

- On January 17, 2006, the Board of Directors cancelled 640,000 shares held in the Company that were directly acquired on the market by the Company in 2005. These were set aside in their entirety for the purposes of cancellation provided under the stock buyback program approved by the Ordinary & Extraordinary Shareholders' General Meeting of May 3, 2005. This cancellation of shares held by the Company in itself led to a reduction of its capital by a nominal amount of €1,280,000.

Consequently, as on January 17, 2006, Imerys' share capital totaled €126,663,730; it was divided into 63,331,865 shares of €2 in par value each, to which were attached a total of 80,693,064 voting rights. Shareholders should use these numbers, which were notified in the required legal and regulatory publications (published in *Bulletin des Annonces Légales Obligatoires* on January 25, 2006; Euronext notice #2006-356 dated February 6, 2006), when calculating the percentage of the Company's share capital and voting rights that they hold.

Share capital did not change and the number of voting rights did not change significantly between January 17, 2006 and the date of the present Annual Report.

Taking into account the 2,987,703 stock options granted to certain employees and executives of the Company and not yet exercised as on December 31, 2005, and the absence of any other securities that grant access to share capital, Imerys' potential share capital – with all rights exercised – was €133,919,136 as on January 1, 2006 and €132,639,136 as on January 17, 2006.

No directly registered shares have been pledged by the Company.

5.2.2. CHANGES IN SHARE CAPITAL OVER THE PAST FIVE YEARS

Changes in the number of shares and in the Company's share capital over the past five years are as follows:

Year	Operations	Nominal amount of changes in capital	Issue premium	Number of securities issued	Par value of securities	Successive amounts of the Company's share capital	Number of shares comprising share capital
2001	Cancellation of shares	(594,608)	(7,598,224)	(74,326)	€8	127,126,264	15,890,783
	Exercise of stock options	127,200	1,165,348	15,900	€8	127,253,464	(1) 15,906,683
2002	Cancellation of shares	(1,558,064)	(21,730 836)	(194,758)	€8	125,695,400	15,711,925
	Exercise of stock options	320,200	3,295,762	40,025	€8	126,015,600	(1) 15,751,950
2003	Cancellation of shares	(1,229,112)	(21,265,612)	(153,639)	€8	124,786,488	15,598,311
	Exercise of stock options	2,179,472	28,555,087	272,434	€8	126,965,960	(1) 15,870,745
2004	Division of par value by 4	-	-	-	€2	-	63,482,980
	Cancellation of shares	(1,280,000)	(29,963,700)	(640,000)	€2	125,685,960	62,842,980
	Exercise of stock options	1,214,080	16,743,319	607,040	€2	126,900,040	(1) 63,450,020
2005	Exercise of stock options	1,043,690	14,580,282	521,845	€2	127,943,730	(1) 63,971,865
2006	Cancellation of shares	(1,280,000)	(36,878,581)	(640,000)	€2	126,663,730	(2) 63,331,865

(1) *Figures as on December 31.* (2) *Figures as on January 17.*

5.2.3. FINANCIAL AUTHORIZATIONS

Securities representing shares in capital

- General authorizations

A set of financial authorizations, in accordance with the new provisions of articles L. 225-129 et seq. of the Code of Commerce, as introduced by the order of June 24, 2004 for the reform of securities, was granted to the Board of Directors by Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2005. These financial authorizations were intended to allow the Company, if necessary, to increase its permanent capital at the appropriate time either by capitalization of reserves, income and issue, share or other premiums or by the issue of various securities granting access, immediately or in the future, to Imerys' share capital with or without preemptive subscription rights. The maximum nominal amount(*) of the capital increases that may be carried was set at:

- €60 million for capital increases implemented with or without preemptive subscription rights;
- €90 million as overall limit for all the capital increases.

Moreover, the maximum nominal amount of loan instruments that may be issued under these financial authorizations was set at €2 billion.

Furthermore, the Board of Directors was authorized by the Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2005 to:

- set the issue price of the various securities that may be issued in the event of discontinuation of shareholders' preemptive subscription rights, within the limit of 10% of the Company's share capital per year;
- carry out one or more capital increases, within the limit of 10% of the share capital, in order to remunerate, except in the case of a public exchange offer, contributions in kind made to the Company and comprised of securities that give access to capital, including in a company of which the shares are not admitted for trading on a regulated market.

Pursuant to the power granted by the Shareholders' General Meeting, the Board of Directors delegated to the Chief Executive Officer, on July 26, 2005, the specific powers needed to carry out increases in the Company's capital by capitalization of reserves, income and issue, share or other premiums within the limit of a maximum nominal amount of €10 million.

All of these authorizations will expire on July 2, 2007.

None of these general authorizations were used in financial 2005. To date, there are no securities issued by Imerys that grant access, immediately or in the future, to its share capital.

As on the date of the present Annual Report, the Board of Directors does not, for the time being, intend to exercise any of the financial authorizations granted to issue securities representing shares in the Company's capital. These authorizations and the options that they offer are advantageous in that they give Imerys access, at short notice and at the best conditions offered by financial markets, to new financial resources that may be useful for the Group when the time comes.

- Specific authorizations in favor of the Group's employees or executives

- Capital increases reserved for Group employees

The Extraordinary and Ordinary Shareholders' General Meeting held on May 3, 2005 delegated to the Board of Directors the powers needed to carry out capital increases reserved for the employees of companies that join the Group Savings Plan adopted on September 1, 2000, as last amended on August 29, 2003. The maximum nominal amount of capital increases liable to be carried out in this way by the issue of shares is set at €1.6 million, i.e. a maximum of 800,000 shares; the price of the shares to be issued must be determined in accordance with the provisions of article L. 443-5 of the Labor Code.

(*) *Plus the additional amount of any shares that may be issued to protect, in accordance with the law, the rights of holders of securities or rights giving access to shares of capital.*

This authorization will expire on July 2, 2007.

During financial 2005, this authorization was not used. Furthermore, as on the date hereof, the Board of Directors does not for the time being intend to use it during 2006.

- Free allotments of shares[(1)]

The Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2005 authorized the Board of Directors, in accordance with the provisions of articles L. 225-197-1 et seq. of the Code of Commerce, to make free allotments of shares to certain employees and executives of the Group. The maximum nominal amount of the free shares likely to be granted under this authorization, combined with the shares likely to be allotted under stock subscription or purchase options granted by the Company, is set at €5.5 million, i.e. a maximum number of 2,750,000 shares.

Taking into account the subscription options already allotted (*see paragraph below*), the balance of the current authorization granted to the Board of Directors as on December 31, 2005 was €4.23 million, i.e. 2,115,000 shares.

This authorization will expire on July 2, 2008.

During financial 2005, this authorization was not used. As on the date hereof, the Company intends to make free allotments of shares in financial 2006, on an exceptional basis and for a limited number of beneficiaries, in accordance with the policy described in paragraph 6.4.4. hereafter.

- Stock subscription or purchase options[(2)]

The Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2005 delegated full powers to the Board of Directors in order to grant options for the subscription of new shares or the purchase of existing shares to certain employees and executives of the Group. The maximum nominal amount of the shares likely to be covered by the options granted under this authorization, combined with that of the shares granted under free allotments by the Company, is set at €5.5 million, i.e. a maximum number of 2,750,000 options.

This authorization will expire on July 2, 2008.

To date, the Board of Directors has used this authorization to allot 635,000 subscription options to Group employees. Given that the Company has not made any free share allotments to date (*see paragraph above*), the balance of the current authorization granted to the Board of Directors as on December 31, 2005, was €4.23 million, i.e. 2,115,000 options.

As on the date hereof, the Company intends during 2006 to set up new Imerys share subscription option plans, on one hand pursuant to its general allotment policy described in paragraph 6.4.1. below and, on the other hand, under the new Imerys Employee Shareholder plan to be implemented in 2006 (*see paragraph 5.2.5. of the Annual Report*).

- Share buyback authorization

The Extraordinary and Ordinary Shareholders' General Meeting held on May 3, 2005 renewed in favor of the Board of Directors the authorization previously granted to the Managing Board by the Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2004 to allow the Company to buy back its own shares, pursuant to the provisions of articles L. 225-209 et seq. of the Code of Commerce, within the limit of 10% of the total number of shares issued and outstanding on January 1, 2005, i.e. 6,345,002 shares, and within the limit of a total purchase volume of €634.5 million. At the same Shareholders' General Meeting, the maximum purchase price was set at €100 per share and the minimum selling price at €30 per share.

[(1)] *For more information on the framework for free share allotments, see paragraph 6.4.4. of the Annual Report.*

[(2)] *For more information on the framework for share subscription options, see paragraph 6.4.1. of the Annual Report.*

The objective of this authorization is to enable the Company to make purchases or to have purchases made of its own shares:

- through an investment services firm acting in the name and on behalf of the Company under a liquidity contract in accordance with a code of conduct recognized by AMF;
- with respect to employees' participation in shareholding plans set up by the Company or for the purposes of granting stock purchase options or free shares to certain employees and executives of the Group;
- for the delivery or exchange of shares with respect to external growth operations;
- for the purposes of the subsequent cancellation of the shares acquired by reducing the Company's capital, in order to remunerate any capital increases likely to result from the exercise of previously granted stock subscription options.

Pursuant to the power granted to it by the Shareholders' General Meeting, on May 3, 2005 the Board of Directors delegated to the Chief Executive Officer the specific powers needed to make purchases or have purchases made of the Company's own shares, under the conditions and within the limits set by the General Meeting (for details of the operations carried out under the share buyback programs in force during the past financial year, see paragraph 5.2.4. of the Annual Report).

As the authorization granted by the Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2005 expires on November 2, 2006, its renewal in favor of the Board of Directors will be proposed at the next Shareholders' General Meeting. The number of shares likely to be acquired under the new authorization may not exceed 10% of the number of securities issued and outstanding as on January 1, 2006, i.e. 6,397,186 shares. The maximum purchase price would be €110 per share and the minimum sales price €40 per share (for more information on the arrangements for the new program proposed at the Shareholders' General Meeting, see paragraph 7.1.3. and section 7.4. of the Annual Report).

- Cancellation

The Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2005 granted the Board of Directors the authorization to cancel Company shares held with respect to the share buyback programs authorized by its shareholders, within the limit of 10% of capital per 24-month period and to reduce the share capital accordingly.

The Board of Directors used this authorization on January 17, 2006 to cancel 640,000 shares and reduce the nominal amount of share capital by €1,280,000.

This authorization will expire on May 2, 2007.

Other securities

The total nominal amount of ordinary bonds issued by the Company was €1,104.2 million, on the date of their issuance (see accompanying note 31 to the consolidated financial statements).

As the decision to issue ordinary bonds is now within the competence of the Board of Directors, in accordance with article L. 228-40 of the Code of Commerce, the Board of Directors delegated full powers to the Chief Executive Officer on July 26, 2005 for the purposes of carrying out such issues, especially with respect to the Company's EMTN program, within the limit of an annual maximum nominal amount of €1.5 billion and a maximum nominal amount per operation of €350 million.

As on the date hereof, the Chief Executive Officer has not made use of this delegation of powers.

All the financial authorizations granted to the Board of Directors are set out in detail in the table below.

The table below summarizes the main characteristics of each type of authorized security issue, i.e.:

1. The duration of the issue authorization granted to the Board of Directors;
2. The maximum nominal amount of the capital increase that may result, immediately or in the future, from the issue of each of the securities in question;
3. The maximum nominal amount of the issue of loan instruments;
4. The amounts already used by the Board of Directors under each of the financial authorizations; and,
5. The maximum nominal amount of potential dilution that may result from the use of the financial authorizations.

TABLE SUMMARIZING EXISTING FINANCIAL AUTHORIZATIONS

Type of issue	Date of authorization	Expiry of authorization (duration)	Nominal maximum amount of capital increase that may result, immediately or in the future, from the issue (excluding adjustments)	Maximum amount of issue of loan instruments [1]	Use of existing authorizations (amount)	Potential dilution that may result from the use of authorizations (%) [2]
General authorizations						
All securities, with preemptive subscription rights	May 3, 2005	July 2, 2007 (26 months)	60 M€	2,000 M€	n / a	31.92
All securities, without preemptive subscription rights, the Board of Directors may grant a priority period	May 3, 2005	July 2, 2007 (26 months)	60 M€	2,000 M€	n / a	31.92
Capitalization of reserves, earnings and issue or share premiums	May 3, 2005	July 2, 2007 (26 months)	n / a	n / a	n / a	n / a
Payment for securities contributed under contributions in kind	May 3, 2005	July 2, 2007 (26 months)	12.8 M€[3]	2,000 M€	n / a	9.09
Overall limit of general authorizations			90 M€	2,000 M€	n / a	41.30
Specific authorizations in favor of employees and executives						
Shares reserved for Group employees under the Group Savings Plan without preemptive subscription rights	May 3, 2005	July 2, 2007 (26 months)	1.6 M€	n / a	n / a	1.24
Share subscription options[4] and free share allotments	May 3, 2005	July 2, 2008 (38 months)	5.5 M€	n / a	1.27 M€	4.12
Overall limit of specific authorizations in favor of employees and executives			7.1 M€	n / a	1,27 M€	5.26
Authorized total			97.1 M€	2,000 M€	1.27 M€	43.15

In accordance with articles 155 et seq. of French decree 67-236 of March 23, 1967, in the event of a capital increase and/or issue of composite securities, the impact of the operation on the situation of existing shareholders must be indicated, particularly as regards to their share of the Company's profits and shareholder's equity. This information will be provided on a case-by-case basis, should one of the authorizations summarized above be exercised.

(1) *Maximum nominal amount of securities representing claims on the Company likely to give access to ordinary shares.*
(2) *On the basis of the current par value of €2 per share and the amount of share capital as on January 1, 2006.*
(3) *I.e. 10% of share capital as on December 31, 2005.*
(4) *Potential dilution with respect to stock subscription options granted and not exercised as on the date hereof is 4.46% (see paragraph 6.4.1. of the Annual Report).*

5.2.4. SHARE BUYBACK PROGRAM

Board of Directors'report

Pursuant to the law of July 26, 2005 for economic confidence and modernization ("*Loi Breton*") and in accordance with article L. 225-209 of the Code of Commerce, on March 7, 2006 the Board of Directors drew up the following report on the sale and purchase transactions carried out by the Company on its own shares in 2005, and those carried out until February 28, 2006.

As described in paragraph 5.2.3. of the Annual Report, The Extraordinary and Ordinary Shareholders' General Meeting held on May 3, 2005 renewed, in favor of the Board of Directors and for a period of 18 months, i.e. until November 2, 2006, the authorization previously granted to the Managing Board by the Extraordinary and Ordinary Shareholders' General Meeting held on May 3, 2004 to allow the Company to buy back its own shares, pursuant to the provisions of articles L. 225-209 et seq. of the Code of Commerce, within the limit of 10% of the total number of shares issued and outstanding on January 1, 2005, i.e. 6,345,002 shares and within the limit of a total purchase volume of €634.5 million. At the same Shareholders' General Meeting, the maximum purchase price was set at €100 per share and the minimum selling price at €30 per share.

• Objectives of the Company's share buyback program

The authorizations granted by the General Shareholders' Meeting are intended to enable the Company to make purchases or to have purchases made of its own shares:

- through an investment services firm acting in the name and on behalf of the Company under a liquidity contract in accordance with a code of conduct recognized by AMF;
- with respect to employees' participation in shareholding plans set up by the Company or for the purposes of granting stock purchase options or free shares to certain employees and executives of the Group;
- for the delivery or exchange of shares with respect to external growth operations;
- for the purposes of the subsequent cancellation of the shares acquired by reducing the Company's capital, in order to offset any capital increases likely to result from the exercise of previously granted stock subscription options.

• Liquidity contract

As from June 1, 2004, the Company appointed Rothschild & Cie Banque ("Rothschild") to implement a new liquidity contract, in compliance with the AFEI [1] code of conduct, for a period of one year, renewable by tacit agreement. The total cash amount allocated by the Company to the implementation of this liquidity contract, initially set at €12 million, was increased to €24 million by an amendment entered into on September 28, 2005.

[1] *Association Française des Entreprises d'Investissement (French association of investment firms).*

- Operations carried out in 2005

The following transactions were carried out with respect to the Company's share buyback programs in 2005:

	Transactions carried out from January 1 to May 2, 2005		Transactions carried out from May 3 to December 31, 2005	
Date of Shareholders' Meeting authorizing the program	May 3, 2004		May 3, 2005	
AMF approval number	04-261		05-248	
	Aggregate gross flow		Aggregate gross flow	
	(*) Purchase	(*) Sale	(*) Purchase	(*) Sale
Transactions carried out by the Company				
Number of shares	(**)152,602	-	(**)487,398	-
Average price of transactions (€)	59.42	-	59.69	-
Total amount of transactions (€)	9,067,203	-	29,091,379	-
Transactions carried out via a liquidity contract				
Number of shares	189,066	69,774	528,899	644,229
Average price of transactions (€)	61.26	62.87	60.97	61.20
Total amount of transactions (€)	11,582,494	4,386,698	32,246,836	39,428,869
Total transactions				
Number of shares	341,668	69,774	1,016,297	644,229
Average price of transactions (€)	60.44	62.87	60.35	61.20
Total amount of transactions (€)	20,649,697	4,386,698	61,338,215	39,428,869

(*) *All prices and amounts are given excluding fees and commission.*
(**) *All shares acquired on the market by the Company during financial 2005 were set aside for subsequent cancellation.*

It is stated as need be that no Imerys shares were acquired by the Company during financial 2005 for the purposes of employees' participation in shareholding plans set up by the Company, granting stock purchase options or free shares to certain employees and executives of the Group or the delivery or exchange of shares with respect to external growth operations.

All the transactions made by the Company or Rothschild with respect to Imerys share buyback programs are carried out on a spot basis without any open purchasing or selling position being taken.

As on December 31, 2005, taking into account the 4,208 shares held by the Company in itself that were still in the portfolio on January 1, 2005, the balance of the shares held by the Company in itself was 648,170, which represents 1.01% of the share capital. The book value of this portfolio was €38,688,562 and its market value €39,603,187.

It is specified that on January 17, 2006, the Board of Directors cancelled 640,000 of the Company's own shares that were acquired directly on the Market by the Company during financial 2005 and assigned in their entirety for the purposes of cancellation.

- Operations carried out with respect to the share buyback program in force as on February 28, 2006

The transactions carried out from May 3, 2005 to February 28, 2006 with respect to the share buyback program in force, authorized by the Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2005 and given AMF approval number 05-248, were as follows:

	Transactions carried out from May 3, 2005 to February 28, 2006					
	Aggregate gross flow		Open positions as on February 28, 2006			
			Open buying positions		Open selling positions	
	Purchases	Sales or transfers	Call options bought	Forward purchases	Call options sold	Forward sales
Number of securities	1,299,292(*)	915,394				
Average maximum term	n/a	n/a				
Average transaction price (€)	62.13	63.49	nil	nil	nil	nil
Average exercise price (€)	n/a	n/a				
Total amount of transactions (€)	80,729,153	58,119,629				

(*) *of which 182,995 shares acquired from January 1 to February 28, 2006, all with respect to the liquidity contract.*

As on February 28, 2006, the results of the share buyback program in force were as follows:

- Percentage of capital directly or indirectly held by the Company itself at the beginning of the program: 1.24%;
- Number of securities held in portfolio: 20,000, all assigned to the liquidity contract;
- Number of shares cancelled with respect to the program in the past 24 months: 1,280,000;
- Book value of portfolio: €1,437,195;
- Market value of portfolio: €1,433,000.

The Company did not use any derivatives with respect to the share buyback program in force.

- Renewal of share buyback program

As the authorization granted by the Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2005 expires on November 2, 2006, its renewal in favor of the Board of Directors for a further period of 18 months, i.e. until November 2, 2007, will be proposed at the Extraordinary and Ordinary Shareholders' General Meeting of May 2, 2006 (see paragraph 7.1.3. and section 7.4. of the Annual Report). The number of shares likely to be acquired under the new authorization may not exceed 10% of the number of issued and outstanding shares as on January 1, 2006, i.e. 6,397,186 shares. The maximum purchase price will be €110 per share and the minimum sale price €40 per share.

This new authorization will have exactly the same objectives as previous programs as set out above, i.e. to enable the Company to make purchases or to have purchases made of its own shares:

- through an investment services firm acting in the name and on behalf of the Company under a liquidity contract in accordance with a code of conduct recognized by AMF;
- with respect to employees' participation in shareholding plans set up by the Company or for the purposes of granting stock purchase options or free shares to certain employees and executives of the Group;
- for the delivery or exchange of shares with respect to external growth operations;
- for the purposes of the subsequent cancellation of the shares acquired by reducing the Company's capital, in order to offset any capital increases likely to result from the exercise of previously granted stock subscription options.

Operations carried out since the execution of the Board of Directors'report

The transactions carried out, since the execution of the Board of Directors' report, (see paragaph above) i.e from March 1 to March 31, 2006 with respect to the share buyback program in force, were as follows:

	Transactions carried out from March 1 to March 31, 2006					
	Aggregate gross flow		Open positions as on March 31, 2006			
			Open buying positions		Open selling positions	
	Purchases	Sales or transfers	Call options bought	Forward purchases	Call options sold	Forward sales
Number of securities	274,730(*)	19,186	nil	nil	nil	nil
Average maximum term	n/a	n/a				
Average transaction price (€)	69.23	71.32				
Average exercise price (€)	n/a	n/a				
Total amount of transactions (€)	19,020,350	1,368,294				

(*) *of which 180,386 shares acquired with respect to the liquidity contract, and 94,344 acquired on the market by the Company and set aside for subsequent cancellation*

As on March 31, 2006, the results of the share buyback program in force were as follows:

- Percentage of capital directly or indirectly held by the Company itself at the beginning of the program: 1.24%;
- Number of securities held in portfolio: 275,544 (of which 181,200 assigned to the liquidity contract and 94,344 set aside for subsequent cancellation);
- Number of shares cancelled with respect to the program in the past 24 months: 1,280,000;
- Book value of portfolio: €19,028,155;
- Market value of portfolio: €19,150,308.

5.2.5. EMPLOYEE SHAREHOLDER PLAN

As on December 31, 2005, 0.34% of capital and 0.41% of voting rights in the Company were held by Group employees under the Imerys Group Savings Plan, either directly a via a mutual fund (for the breakdown of employee shareholders by country, see paragraph 4.8.4. of the Annual Report).

After a two-year break, the Company intends to set up another "Imerys Employee Shareholder" plan in 2006 along similar lines to the programs previously carried out. However, its previous scope (Austria, Belgium, Brazil, Canada, France, Germany, Italy, Netherlands, Portugal, South Africa, Spain, Sweden, Switzerland, United Kingdom, United States) could be extended to new countries (particularly Chile, Hungary, Mexico, Slovenia, Thailand and Ukraine), subject to the operation being compatible with applicable local regulations.

5.3. Distribution of share capital and voting rights

5.3.1. DISTRIBUTION OF SHARE CAPITAL AND VOTING RIGHTS

Changes in the distribution of share capital and voting rights over the past three years are as follows:

	On Dec. 31, 2003				On Dec. 31, 2004				On Dec. 31, 2005			
	Number of shares held	% of share capital	Voting rights attached	% of voting rights	Number of shares held	% of share capital	Voting rights attached	% of voting rights	Number of shares held	% of share capital	Voting rights attached	% of voting rights
PARGESA	17,217,712	27.12	34,435,424	35.32	17,191,712	27.09	34,383,424	42.53	17,141,712	26.80	34,283,424	42.47
GBL (1)	16,744,028	26.38	33,488,056	34.35	16,744,028	26.39	16,744,028	20.71	16,744,028	26.17	16,744,028	20.74
Sub-total	**33,961,740**	**53.50**	**67,923,480**	**69.67**	**33,935,740**	**53.48**	**51,127,452**	**63.24**	**33,885,740**	**52.97**	**51,027,452**	**63.21**
JP Morgan Chase & Co	-	-	-	-	-	-	-	-	3,249,623	5.08	3,249,623	4.02
Group employees (2)	245,740	0.38	275,080	0.28	238,950	0.38	338,953	0.42	216,355	0.34	328,967	0.41
Held by the Company	144,128	0.23	-	-	4,208	ns	-	-	648,170	1.01	-	-
Public	29,131,372	45.89	29,288,844	30.05	29,271,122	46.14	29,385,611	36.34	25,971,977	40.61	26,123,896	32.36
Total	**63,482,980**	**100.00**	**97,487,404**	**100.00**	**63,450,020**	**100.00**	**80,852,016**	**100.00**	**63,971,865**	**100.00**	**80,729,938**	**100.00**

(1) *For the purposes of this table, GBL represents all the companies in Groupe Bruxelles Lambert; shares in the Company have been held since December 15, 2004 by Belgian Securities BV, a subsidiary of Groupe Bruxelles Lambert.*

(2) *In accordance with the provisions of article L. 225-102 of the Code of Commerce, only shares held by Group employees under the Groups Savings Plan appear in this table.*

It is specified that, as a result of the Board of Directors' decision at its January 17, 2006 meeting to cancel 640,000 shares held by the Company in itself, the number of shares making up the share capital and the number of attached voting rights were reduced to 63,331,865 and 80,693,064, respectively.

The percentage of capital held personally by the members of the Board of Directors in office as on December 31, 2005 and the Chief Executive Officer was 0.07% on that date.

By a letter dated January 25, 2005, JP Morgan Chase & Co (JPMCC) notified the Company and declared to AMF that on January 24, 2005 it had exceeded the threshold of a 5% holding in the Company's capital with 3,210,205 shares, representing 5.06% of capital and 3.98% of voting rights. This threshold crossing was the subject of Euronext notice 2005-0385, published on January 26, 2005. Following various subsequent divestment and acquisition operations, as of October 25, 2005 JPMCC holds 3,249,623 shares in the Company, representing 5.13% of capital and 4.03% of voting rights as on January 17, 2006.

As of the date of the present Annual Report and to the best of Imerys' knowledge, no shareholder other than those mentioned above directly or indirectly holds more than 5% of voting rights.

5.3.2. SHAREHOLDERS' AGREEMENT

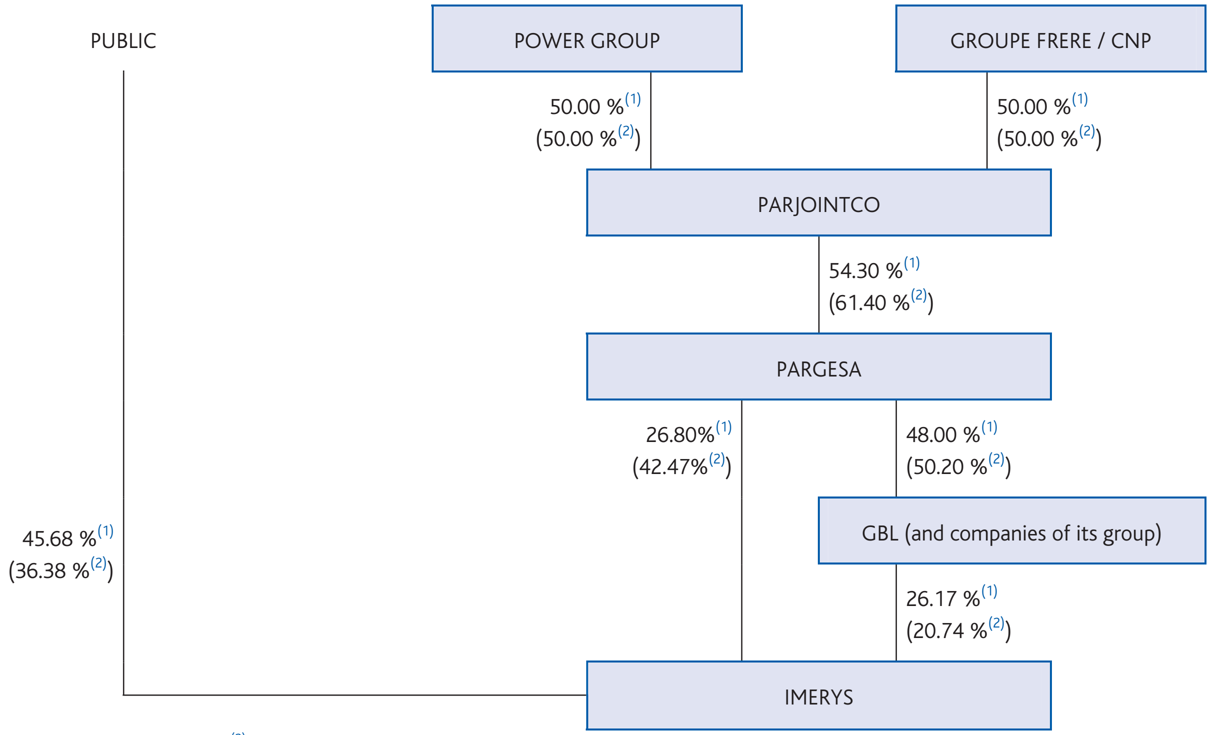
As of the date of the present Annual Report, the Company has not been informed of any agreement between the Company's shareholders.

5.3.3. IDENTIFICATION OF SHAREHOLDERS

Imerys asked Euroclear France to conduct a survey of identifiable bearer shares in the Company among financial intermediaries with holding thresholds over 300,000 shares. This survey identified 1,182 bearer shareholders with over 400 shares that together represented 38.9% of share capital as on November 30, 2005 (of which 165 professional investors holding 36.9% of share capital).

5.3.4. GROUP STRUCTURE

The summarized flowchart indicating relationships among Imerys shareholders with regard to share capital and voting rights as of December 31, 2005 may be presented as follows:



(1) *Percentage of share capital* (2) *Percentage of voting rights*

Pargesa Netherlands B.V. (Pargesa) is a company organized under the laws of the Netherlands, with registered offices located at 1017 BT - Amsterdam, Herengracht 483, Netherlands. Groupe Bruxelles Lambert (GBL) is a company organized under the laws of Belgium, with registered offices located at Avenue Marnix 24, 1000 Brussels. The direct tie-up of Imerys to the Pargesa-GBL group results from the merger of Parfinance into the Company, carried out on June 30, 1998. Parfinance was then, and had been for several years, the Company's controlling shareholder.

Parjointco is a company organized under the laws of the Netherlands, with registered offices located at 3016 DE-Rotterdam, Veerkade 5, Netherlands. It is held equally by Power Group, a Canadian group controlled by the family of Mr. Paul Desmarais, Jr. and by Groupe Frère/CNP (Compagnie Nationale à Portefeuille), a Belgian group controlled by the family of Baron Albert Frère.

Following the merger of Parfinance into the Company, the Pargesa-GBL group, then the majority shareholder of Parfinance, declared on July 6, 1998 that, with respect to the concerted action that united them, it exceeded the thresholds of one-third and one-half of share capital and voting rights in the Company. "Conseil des Marchés Financiers" (CMF) acknowledged that said thresholds were exceeded as a result of the Company's merger with Parfinance and granted Pargesa-GBL group a dispensation from the obligation to file a take-over bid plan, pursuant to the provisions of article 5-4-6 of its General Rules (notice 198C0696 of July 23, 1998).

On April 30, 2003, the Pargesa-GBL group informed CMF that, following the allocation of double voting rights to the Imerys shares held by GBL resulting from a registered holding for more than two years, it had exceeded the threshold of 2/3 of the Company's voting rights, with GBL directly exceeding the threshold of 1/3 of voting rights (notice 203C0693 of May 9, 2003). Those shares had lost their attached double voting rights on April 26, 2001, following the merger-absorption of GBL by its subsidiary Electrafina, which adopted the company name "GBL" on the same date (notice 201C0492 of May 3, 2001).

On December 15, 2004, as part of the internal reorganization of its group's interests, GBL transferred all the 16,744,028 shares it held in the Company to its wholly-controlled subsidiary, Belgian Securities BV. As a result of this transfer, the double voting rights attached to the shares held by GBL were lost and the Pargesa-GBL group's share of voting rights in the Company fell below the 2/3 threshold. This movement below the threshold was notified to AMF on December 20, 2004 and was the subject of Euronext notice 2004-4203, published on December 22, 2004.

5.4. Imerys stock exchange information

Imerys shares are listed on the Euronext Paris stock exchange main market and are eligible for the deferred settlement system ("Système à Règlement Différé" - SRD) (ISIN FR code 000012859-NK). As of January 3, 2005, Imerys is part of the CAC Next 20 index, made up of the 20 most representative stocks on the main market after the 40 stocks in the CAC 40 index. Imerys shares are also part of the "Dow Jones Euro Stoxx" index. This is the benchmark index for the euro zone and is made up of 360 selected shares from the 11 countries in the zone.

No shares of an Imerys subsidiary are traded on any stock exchange.

5.4.1. HIGH AND LOW PRICES FROM 2001 TO 2005 (*)

(euros) Year	Highest price	Lowest price	Last price during financial year
2001	31.75	21.01	26.95
2002	34.75	24.50	30.10
2003	42.95	23.25	41.73
2004	62.35	40.63	61.75
2005	65.00	54.15	61.10

(Source: Euronext).

(*) *For the sake of consistent historical presentation, the share prices given above were reprocessed to take into account the division by 4 of the par value of the Imerys share on June 1, 2004.*

5.4.2. TRADES SINCE JANUARY 2004[(*)]

			Total monthly trading volume		Average daily trading		
	Highest price (€)	Lowest price (€)	Number of shares	Capital (M€)	Number of shares	Capital (M€)	Number of trades
2004							
January	44.13	40.63	2,181,992	92.41	103,904	4.40	308
February	44.75	42.28	1,565,620	68.28	78,280	3.41	262
March	49.85	43.53	4,244,356	199.69	184,536	8.68	469
April	49.78	47.03	3,153,668	154.02	157,684	7.70	324
May	49.25	43.75	3,858,220	179.50	183,724	8.55	365
June	49.54	46.38	2,352,069	115.16	106,912	5.23	396
July	51.20	46.04	2,099,940	100.45	95,452	4.57	459
August	52.10	50.00	1,380,726	70.27	62,760	3.19	319
September	54.80	50.30	1,526,274	79.16	69,376	3.60	362
October	56.90	53.70	1,421,247	78.79	67,678	3.75	390
November	59.85	54.80	1,932,571	110.72	87,844	5.03	459
December	62.35	57.15	1,648,290	97.98	71,665	4.26	410
2004 total			27,364,973	1,346.43			
2005							
January	64.65	61.20	1,731,762	108.03	82,465	5.14	408
February	65.00	60.90	1,651,511	104.41	82,576	5.22	565
March	62.90	55.90	2,923,588	173.24	139,218	8.25	730
April	59.95	54.80	3,344,590	191.56	159,266	9.12	554
May	59.90	54.15	4,239,280	239.63	192,695	10.89	623
June	60.00	54.95	2,572,722	149.45	116,942	6.79	590
July	61.30	55.25	2,692,885	156	128,233	7.43	620
August	62.65	58.65	2,297,014	140.73	99,870	6.12	539
September	62.75	60.00	1,510,360	92.86	68,653	4.22	447
October	64.50	56.00	3,903,893	237.46	185,900	11.31	763
November	59.45	56.10	3,308,468	191.13	150,385	8.69	623
December	61.40	59.10	1,923,814	116.45	91,610	5.55	511
2005 total			32,099,887	1900.95			
2006							
January	68.00	60.80	2,424,856	158.09	110,221	7.19	731
February	72.55	67.60	1,970,415	139.49	98,521	6.97	732

(Source: Euronext).

[(*)] *For the sake of consistent historical presentation, the share prices given above were reprocessed to take into account the division by 4 of the par value of the Imerys share on June 1, 2004.*

5.5. Parent company/subsidiaries organization

As on December 31, 2005, the Group was composed of 316 companies in 48 countries.

Imerys, its capacity as the Group's head company, as well as some of its local holding companies (United States, Brazil, United Kingdom, Asia-Pacific), provide all its subsidiaries with general assistance and with expertise in the following areas: Human Resources; Legal; Intellectual Property; Insurance; Auditing; Communication; Research & Development; Environment, Health & Safety; Strategy; Purchasing; Information Technology; Tax; Treasury; Accounting and Financial Control.

These services include assistance and advice in response to case-by-case requests from its subsidiaries, more general studies and analyses and recommendations or proposals on preventive actions.

Compensation for these services is determined on the basis of the related costs incurred by Imerys and its local holding companies. These costs are allocated among the subsidiaries that benefit from the services, either in proportion to their sales in relation to the total sales of the division they belong to or in proportion to the number of their employees. In addition, external costs incurred specifically on behalf of a subsidiary and the cost of employees seconded to a subsidiary are allocated separately to that subsidiary.

In financial year 2005, Imerys invoiced €22 million in total with respect to services provided to its subsidiaries.

The list of Group companies and of those that entered or left the scope of the Group during financial year 2005 is given in chapter 8 of the Annual Report.

5.6. Dividends

Imerys' policy with regard to distribution of dividends is based on earnings recorded for the financial year. Details of the proposed dividend payout with respect to financial year 2005 are given in paragraph 7.1.1 and section 7.4. of the Annual Report. The dividends distributed with respect to financial years 2000 to 2004 were as follows:

	2004	2003	2002	2001	2000
Weighted average number of outstanding shares	63,399,045	63,094,096	63,453,104	63,571,496	64,005,076
Group share of net income from current operations, per share	€4.10	€3.48	€3.11	€2.69	€2.60
Net dividend per share	€1.50	€1.25	€1.07	€0.92	€0.90
Gross dividend per share	€1.50	€1.87	€1.61	€1.39	€1.35
Total net distribution	**95.1 M€**	**79.4,M€**	**67.5 M€**	**58.9 M€**	**57.5 M€**

The 50% tax credit (avoir fiscal) that was attached to the dividends distributed with respect to previous financial years was discontinued as from January 1, 2005 pursuant to article 93 of the French finance law 2004 and replaced by a tax allowance equal to 50% of the amount of the dividend, to which private individuals domiciled in France for tax purposes are entitled.

Imerys does not usually make interim distributions. Dividends are paid once a year following the Shareholders' General Meeting called upon to approve the management and financial statements for the financial year just ended. It is specified that the Imerys shares newly issued since January 1, 2005 by the exercise of share subscription options now have current dividend rights and are therefore immediately and fully assimilated to old shares (for more information see paragraph 6.4.1. of the Annual Report). Consequently, they are entitled to any dividends approved and paid during the year of their creation with respect to earnings for the previous year.

The right to claim dividends lapses five years from the date of payment. Unpaid amounts are deposited with the French State in the first 20 days of January of the year following that lapse.

5.7. Shareholder relations

Imerys seeks to establish a relationship of trust and openness with its shareholders and has created several communication tools for informing them about the Group's business, strategy, earnings and outlook, including:

- a corporate brochure, giving the key facts of the Annual Report about the Group's business, development during the financial year and financial results, published at the same time as the Group's Annual Report;
- an Annual Report served as Document de Référence (Reference Document) and registered with AMF;
- a half-yearly report on the financial statements to June 30;
- four times a year, a Letter to Shareholders reviewing the Group's news and financial performance;
- a Sustainable Development report which provides shareholders with non financial data.

These documents, published in French and English, are sent regularly to all registered shareholders and to all owners of bearer shares who so request.

The financial community and individual shareholders are also informed about the Company's business through financial statements in the press each time results are published, including quarterly figures, and when Shareholders' General Meetings are convened.

Finally, meetings and conference calls are held on a regular basis with financial analysts, financial intermediaries and institutional investors in the leading financial markets in Belgium, France, Italy, Germany, the Netherlands, Spain, Switzerland, the United Kingdom and the United States. Over 220 meetings were organized in 2005 with more than 330 investors and analysts.

In 2005, Imerys' website (http://www.imerys.com) was overhauled to reflect the Group's new baseline "Transform to Perform" and to ensure consistency with the design manual for all Group vehicles. A new shareholders' corner was created (Finance section) especially for individual investors. The section "What does being an Imerys shareholder mean?" gives detailed information on the different kinds of share accounts, buying and selling arrangements, tax issues and Imerys publications. The section also serves as a shareholder's guidebook. This is in addition to the telephone service (tel. + 33 (0) 1 49 55 66 55) set up to answer shareholders' questions and offer assistance.

Since 2003, Imerys has provided its registered shareholders with an online service for consulting their account through the secure internet site, www.ioda-actionnaires.com. This site gives access to the value of their securities account, their latest security movements, the availability of their securities, their voting rights and the prices and characteristics of the securities in their portfolio. Finally, it enables shareholders to vote on line and obtain all documentation concerning Shareholders' General Meetings.

In 2005, Imerys provided live and recorded webcasts of the in-person meetings and conference calls concerning each publication of its results and of the Shareholders' General Meeting. In 2006, Imerys will again organize these live and recorded webcasts via its website.

Financial and Corporate Communication belongs to the Group's Financial Department.

Telephone: +33 (0) 1 49 55 66 55 / Fax: +33 (0) 1 49 55 63 98

Imerys shares are serviced by the following bank:

Crédit Agricole Caisse d'Epargne Investor Services Corporate Trust (CACEIS Corporate Trust)

14, rue Rouget de Lisle
92862 Issy les Moulineaux Cedex 9 - France
Telephone: +33 (0) 1 43 23 84 24 or 81 03 /Fax: +33 (0) 1 43 23 89 03

which is more specifically at the service of registered shareholders for the management of their Imerys shares.

CHAPTER 6

CORPORATE GOVERNANCE

Corporate Governance

On May 3, 2005, the shareholders of the Company, in an Extraordinary and Ordinary Shareholders' General Meeting, decided to change the Company's management structure to that of a Limited Liability Company (*Société Anonyme*) with a Board of Directors instead of a Managing Board (*Directoire*) and Supervisory Board (*Conseil de Surveillance)*. The Board of Directors meeting on the same day, opted to dissociate the duties of Chairman of the Board of Directors and of Chief Executive Officer and appointed to those offices Mr. Aimery Langlois-Meurinne and Mr. Gérard Buffière, respectively. This new structure keeps supervisory and management bodies separate and enables the Company to continue applying best practices in terms of Corporate Governance, while simplifying the structure and internal workings of the Company's operating management bodies.

The Company complies with the French regulations to which it is subject with respect to Corporate Governance.

6.1. Board of Directors

6.1.1. POWERS

Pursuant to legal and statutory provisions, the Board of Directors:

- appoints and, as the case may be, dimisses the Chairman and the Chief Executive Officer and, as the case may be and on the Chief Executive Officer's proposal, one or more delegate Chief Executive Officers;
- constantly controls the management of the Company by the Chief Executive Officer.

For the purposes of that control and in accordance with article 16 of the by-laws:

- the Board of Directors makes the checks and controls that it judges appropriate at any time of the year. It may obtain any documents that it judges useful for carrying out its mission;
- the Chief Executive Officer periodically presents a report to the Board of Directors on the status and the running of Company affairs, which is drawn up in the conditions requested by the Board of Directors. The report includes the presentation of the Group's quarterly and half-yearly financial statements;
- within three months of closing the financial year, the Chief Executive Officer presents the Company's annual financial statements, the Group's consolidated financial statements and his report on the financial year just ended to the Board of Directors for the purposes of checking and control. The Board of Directors settles those financial statements and the terms of its management report to be presented to the annual Shareholders' General Meeting;
- the Chief Executive Officer submits to the Board of Directors his annual operating objectives for the year ahead and, periodically, his long-term strategic projects.

Furthermore, pursuant to the provisions of the Board of Directors' Internal Charter, the Board examines and approves the following prior to their implementation and with respect to the general powers granted to it by law:

- the strategic orientations of the Company and Group and any operations likely to influence significantly such orientations; it also examines periodically the long-term strategic plan (multiyear plan) drawn up or revised by the Chief Executive Officer;
- the following operations, for which the amount per operation is greater than the threshold of €75 million set by the Board of Directors:
  - any operations likely to modify the financial structure and scope of business of the Company and the Group, and any commercial or industrial agreements that bind the future of the Company of Group,
  - the acquisition of an interest in, takeover or disposal - and any operation that may be considered, from an economic point of view, as the acquisition of an interest, takeover or disposal - of any fixed asset;
- as the case may be, the allocation of management tasks between the various Delegate Chief Executive Officers, as proposed by the Chief Executive Officer;
- the permanent delegation by the Chief Executive Officer of part of his powers in favor of a third party on the Board of Directors with a view to carrying out one or more defined transactions;
- more generally, any commitment by the Company or the Group that may constitute a regulated agreement, in accordance with the law.

Finally, the Board of Directors grants any specific delegations of its powers to the Chief Executive Officer, within the limits and conditions set down by law, for the purposes of:

- the granting by the Company of any personal security (such as third-party guarantees and endorsements) or of any security on its assets, within the limit of a total amount determined in principle every year;
- making, pursuant to the authorizations granted to the Board of Directors by the Shareholders' General Meeting, purchases by the Company of its own shares or certain capital increase operations;
- carrying out issues of ordinary bonds in one or more times.

6.1.2. COMPOSITION

The Board of Directors is currently composed of fourteen members. Their term of office is three years and one third of members is renewed each year.

The composition of the Board of Directors is designed to allow the Group to benefit from the diverse and international professional experience of its members and to involve the representatives of Imerys' controlling shareholders in the definition and implementation of the Group's strategy.

- Changes in 2005

The Company's shareholders, at their Extraordinary and Ordinary General Meeting of May 3, 2005, adopted the new management structure of a Limited Liability Company with a Board of Directors and confirmed all members of the Supervisory Board as Directors of the Company, with the exception of Mr. Pierre Lellouche, Mr. Edouard de Rothschild, Mr. Gilles Samyn and Mr. Michel Sindzingre, who did not request the renewal of their terms of office. The following were appointed Directors to succeed them: Mr. Gérard Buffière, Mr. Aldo Cardoso, Mr. Maximilien de Limburg Stirum and Mr. Jacques Veyrat.

- Composition

On the date of the present Annual Report, the composition of the Board of Directors is as follows:

Name	Age	Nationality	Position	Date of 1st appointment	Year of renewal of term of office[1]	Number of shares owned[2]	Independent member
Aimery LANGLOIS-MEURINNE	62	French	Chairman	09/22/1987	2008	30,000	No[3]
Paul DESMARAIS, Jr.	51	Canadian	Vice-Chairman	10/03/1991	2007	1,080	No[3]
Gérard BUFFIERE	61	French	Chief Executive Officer	05/03/2005	2008	3,000	No[4]
Aldo CARDOSO	50	French	Director	05/03/2005	2008	700	Yes
Jacques DRIJARD	63	French	Director	09/25/1996	2006	600	No[3][5]
Patrick KRON	52	French	Director	05/05/2003	2006	1,200	No[5]
Jocelyn LEFEBVRE	48	Franco-Canadian	Director	06/16/1994	2006	900	No[3]
Maximilien de LIMBURG STIRUM	34	Franco-Belgian	Director	05/03/2005	2008	600	No[3]
Eric Le MOYNE de SERIGNY	59	French	Director	06/12/1996	2006	680	Yes
Yves-René NANOT	69	French	Director	06/23/1996	2007	3,000	Yes
Grégoire OLIVIER	45	French	Director	05/06/2002	2007	600	Yes
Robert PEUGEOT	55	French	Director	11/04/2002	2007	600	Yes
Thierry de RUDDER	56	Franco-Belgian	Director	03/13/2000	2007	1,000	No[3]
Jacques VEYRAT	43	French	Director	05/03/2005	2008	600	Yes
Total						**44, 560**[6]	

(1) *The exact date of the renewal will be the date of the General Meeting called to rule on the Company's financial statements for the previous year.*
(2) *As on March 21, 2006.*
(3) *Director representing a majority shareholder in the Company.*
(4) *Chief Executive Officer of the Company.*
(5) *Former executive of the Company.*
(6) *I.e. 0.07% of capital and 0.06% of voting rights as on January 17, 2006.*

The minimum number of shares required to be a member of the Board of Directors is set at 100 by the by-laws. In that respect, the Company's controlling shareholder groups, which are represented on the Board of Directors by six members, together hold 33,885,740 shares (see paragraph 5.3.1. of the Annual Report).

Pursuant to statutory provisions, the terms of office of Chairman and Vice-Chairman of the Board of Directors and directors end ipso jure following the General Meeting that rules on the financial statements and management for the financial year during which the incumbent of either function reaches the age of 70.

Furthermore, four members of the Board of Directors are not solely French nationals and six are considered "independent," in accordance with the definition approved by the Board of Directors, i.e. "lack of any relationship between a member of the Board of Directors and Imerys, its Group or its management that could affect the exercise of his or her freedom of judgment."

In accordance with the recommendations of the consolidated AFEP-MEDEF report of October 2003 on Corporate Governance for stock market-listed companies, and on the recommendation of the Appointments and Compensation Committee, the Board of Directors confirmed, at its May 3, 2005 session held following the Extraordinary and Ordinary Shareholders' General Meeting that adopted the new management structure for the Company and appointed four new Directors, that it adopted that definition and the recognition of some members as independent, in particular two of the four new Directors, under that definition, its application criteria[(*)] and the additional information given by each of them on their personal situation. In that respect, the Appointments and Compensation Committee reminded the Board of Directors that, in accordance with the recommendations of the consolidated AFEP-MEDEF report of October 2003, the above-mentioned criteria[(*)] were neither exclusive of independent status if one of them were not fulfilled, nor necessarily sufficient for the granting of that status. A member's independent status must be appraised according to his or her specific personal situation or the situation of the Company with respect to its shareholding or for any other reason. The Board of Directors, after taking due note, decided to reiterate these points in its Internal Charter.

Following its examination at its March 7, 2006 session, and after receiving the opinion of the Appointments and Compensation Committee, the Board noted that the proportion of independent members in its composition (6 out of 14) was higher than the proportion recommended by the consolidated AFEP-MEDEF report, as the recommendation to increase that proportion to one-half did not apply to the Company, which has controlling shareholders (see paragraph 5.3.4. of the Annual Report).

• Intended changes in 2006

At the Shareholders' General Meeting of May 2, 2006, it will be proposed (see sections 7.1 and 7.4 of the Annual Report) to:

- renew the terms of office as Director of Mr. Jacques Drijard, Mr. Jocelyn Lefebvre and Mr. Eric Le Moyne de Sérigny for a further period of three years, i.e. until the Shareholders' General Meeting called in 2009 to rule on the financial statements for 2008, and

- appoint Mr. Gilbert Milan as a new Director, for the same period of three years as set by the by-laws, in succession to Mr. Patrick Kron, who informed the Board of his wish not to request the renewal of his term of office, for personal reasons relating to his lack of availability given his responsibilities.

In accordance with the principles retained by the Company for the recognition of its Directors' independent status, and after examination of their personal situation, the Appointments and Compensation Committee considered Mr. Le Moyne de Sérigny and Mr. Milan as independent; Mr. Drijard (a former Director of the Company) and Mr. Lefebvre do not have that status as representatives of a controlling shareholder in the Company.

(*) *To recognize its members' "independence," the Board of Directors decided that their being in one or more of the following situations might affect their freedom of judgment:*

- *an employee, corporate officer or director (or similar) of a subsidiary of Imerys, of its controlling shareholders or major shareholders (i.e. with a share of over 10% of its capital) or having been one in the past five years;*
- *a corporate officer or director (or similar) of a company in which Imerys, one of its employees or another corporate officer of Imerys (now or in the past five years) is a director (or similar);*
- *a significant customer, supplier or banker of Imerys or its Group;*
- *a close relation of a corporate officer of Imerys;*
- *an auditor of Imerys in the past five year;*
- *a Director (or similar) of Imerys for more than twelve years.*

6.1.3. INFORMATION ON THE DIRECTORS (*)

6.1.3.1. Main activity and other responsibilities of the members of the Board of Directors

Aimery LANGLOIS-MEURINNE
Chairman of the Board of Directors
Born May 27, 1943
Work address:
Pargesa Holding S.A.
11, Grande Rue – 1204 Geneva (Switzerland)

A doctor of law and graduate of Institut d'Etudes Politiques, Paris and Ecole Nationale d'Administration (Robespierre class), Paris, Aimery Langlois-Meurinne began his career in 1971 with Paribas where, for 11 years, he was successively Consultant Engineer, Industrial Delegate in Japan, Assistant Vice-President then Deputy Vice-President in charge of the Asia-Pacific department and, finally, Deputy Vice-President in charge of the international financial operations department. He then joined AG Becker Paribas in New York as Managing Director and member of the Executive Committee, then Merrill Lynch Capital Markets (New York) where he held the position of Managing Director. In 1987, he joined Parfinance as Chief Executive Officer before becoming its Vice-Chairman & Chief Executive Officer in 1990, when he was also appointed Director-Chief Executive Officer of Pargesa Holding S.A. (Switzerland).

List of activities and other responsibilities in French and foreign companies in 2005:

Main activities:

- Director-Chief Executive Officer: Pargesa Holding S.A. (holding company - Switzerland).
- Chairman of the Board of Directors: Imerys, as from May 3, 2005 and, previously, Chairman of the Supervisory Board.

Other responsibilities:

- Director-Chairman: Pargesa Luxembourg S.A. (Luxembourg), Pargesa Netherlands BV (Netherlands).
- Director and Vice-Chairman of the Investment Committee and Management Committee: Sagard Private Equity Partners (France).
- Chairman of the Investment Committee: Pascal Investment Advisers SA (Switzerland).
- Director: Groupe Bruxelles Lambert S.A. (Belgium); Eiffage and PAI Management (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Director-Chief Executive Officer: Pargesa Holding S.A. (Switzerland).
- Chairman of the Supervisory Board: Imerys.
- Director-Chairman: Pargesa Luxembourg S.A. (Luxembourg).
- Director and Vice-Chairman of the Investment Committee and Management Committee: Sagard Private Equity Partners (France).

2003:

- Chairman of the Board: Pargesa Netherlands B.V. (Netherlands).
- Director-Chief Executive Officer: Pargesa Holding S.A. (Switzerland).
- Chairman of the Supervisory Board: Imerys.
- Director: Groupe Bruxelles Lambert S.A. (Belgium); Corporation Financière Power (Canada); Club Français du Livre, Eiffage (France).

2002:

- Director-Chief Executive Officer: Pargesa Holding S.A. (Switzerland).
- Chairman of the Supervisory Board: Imerys.
- Director: Groupe Bruxelles Lambert S.A. (Belgium); Corporation Financière Power (Canada); Club Français du Livre, Eiffage (France); Orior Holding S.A. (Switzerland).

2001:

- Director-Chief Executive Officer: Pargesa Holding S.A. (Switzerland).
- Chairman of the Supervisory Board: Imerys.
- Director: Groupe Bruxelles Lambert S.A. (Belgium), Corporation Financière Power (Canada), Club Français du Livre, Société Française Percier Gestion "SFPG", Rhodia, Swatch Group (France); Orior Holding S.A. (Switzerland).

(*) *As provided individually to the Company by each member in question of the Board of Directors.*

Paul DESMARAIS, Jr.
Vice-Chairman of the Board of Directors
Born on July 3, 1954
Work address:
Power Corporation of Canada
751, Square Victoria – Montreal (Quebec)
Canada H2Y 2J3

After studies at McGill University, Montreal and an MBA from INSEAD, Fontainebleau, Paul Desmarais, Jr. began his career in 1979 with SG Warburg in London before joining Power Corporation of Canada in 1982. In 1984, he was elected Vice-Chairman of Corporation Financière Power, of which he became Chairman of the Board of Directors in 1990. In 1991, he was appointed Vice-Chairman of the Board of Power Corporation of Canada. As of 1996, Paul Desmarais, Jr. is Chairman of the Board and Co-Chief Executive Officer of Power Corporation of Canada.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activity:

- Chairman of the Board and Co-Chief Executive Officer: Power Corporation of Canada (holding company - Canada).

Other responsibilities:

- Chairman of the Board: Corporation Financière Power (Canada) until May 2005, then Chairman of the Executive Committee as from that date.
- Vice-Chairman of the Board of Directors of Imerys since May 3, 2005 and, previously of the Supervisory Board.
- Delegate Director and Vice-Chairman of the Board: Pargesa Holding S.A. (Switzerland).
- Director and member of the Executive Committee: Great-West Lifeco Inc. (Canada) and its main subsidiaries; Company Financière IGM Inc. (Canada) and its main subsidiaries.
- Director: Groupe Bruxelles Lambert (Belgium); Suez, Total S.A. (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Chairman of the Board and Co-Chief Executive Officer: Power Corporation of Canada.
- Chairman of the Board: Corporation Financière Power (Canada).
- Vice-Chairman of the Supervisory Board: Imerys.
- Delegate Director and Vice-Chairman of the Board: Pargesa Holding S.A. (Switzerland).
- Director and member of the Executive Committee: Great-West Lifeco Inc. (Canada) and its main subsidiaries; Company Financière IGM Inc. (Canada) and its main subsidiaries.
- Director: Groupe Bruxelles Lambert (Belgium); Suez, Total S.A. (France).

2003:

- Chairman of the Board and Co-Chief Executive Officer: Power Corporation of Canada.
- Chairman of the Board: Corporation Financière Power (Canada).
- Vice-Chairman of the Supervisory Board: Imerys.
- Director and member of the Executive Committee: Groupe Bruxelles Lambert (Belgium); Great-West Lifeco Inc. (Canada) and its main subsidiaries; Pargesa Holding S.A. (Switzerland).
- Director: Gesca Ltée, La Presse Ltée, Les Journaux Trans-Canada (1996) Inc. (Canada); Suez, Total S.A. (France).

2002:

- Chairman of the Board and Co-Chief Executive Officer: Power Corporation of Canada.
- Chairman of the Board: Corporation Financière Power (Canada).
- Vice-Chairman of the Supervisory Board: Imerys
- Director and member of the Executive Committee: Groupe Bruxelles Lambert (Belgium); Great-West Lifeco Inc. (Canada) and its main subsidiaries; Pargesa Holding S.A. (Switzerland).
- Director: Gesca Ltée, La Presse Ltée, Les Journaux Trans-Canada (1996) Inc. (Canada); Suez, Total Fina Elf SA (France).

2001:

- Chairman of the Board and Co-Chief Executive Officer: Power Corporation of Canada.
- Chairman of the Board: Corporation Financière Power (Canada).
- Vice-Chairman of the Supervisory Board: Imerys
- Director and member of the Executive Committee: Groupe Bruxelles Lambert (Belgium); Great-West Lifeco Inc. (Canada) and its main subsidiaries; Pargesa Holding S.A. (Switzerland).
- Director: Tractebel S.A. (Belgium); Gesca Ltée, La Presse Ltée, Les Journaux Trans-Canada (1996) Inc. (Canada); Suez (France).

Gérard BUFFIERE
Director and Chief Executive Officer
Born on March 28, 1945
Work address:
Imerys
154 rue de l'Université – 75007 Paris (France)

A graduate of Ecole Polytechnique, Paris with a Master of Sciences from Stanford University (United States), Gérard Buffière began his career in 1969 in the French group Banexi. After holding various positions with the American group Otis Elevator, in 1979 he joined the international group Schlumberger, where he held various positions before becoming Chairman of the Electronic Transactions division in 1989. His career continued as Chief Executive Officer of the Industrial Equipment division of the French group Cegelec in 1996. He joined the Imerys group in March 1998 where he was appointed Vice-President Building Materials then, in 1999, Vice-President Building Materials and Ceramics & Specialties; in 2000 he took charge of the Pigments & Additives business group, then the Pigments for Paper business group until 2003. Chief Executive Officer ("Président du Directoire") from January 1, 2003 to May 3, 2005, Gérard Buffière was appointed Director and Chief Executive Officer ("Directeur Général") of Imerys as from that date.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activity:

- Chief Executive Officer ("Président du Directoire") of Imerys until May 3, 2005, then appointed Director and Chief Executive Officer ("Directeur Général") from that date.

Other responsibilities:

- Chairman of the Board of Directors: Financière du Parc Duquesne (France).
- Manager: Société Immobilière Buffière (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Chief Executive Officer: Imerys.
- Chairman of the Board of Directors: Financière du Parc Duquesne (France).
- Manager: Company Immobilière Buffière (France).

2003:

- Chief Executive Officer: Imerys.
- Chairman of the Board of Directors: Financière du Parc Duquesne (France).
- Manager: Company Immobilière Buffière (France).

2002:

- Member of the Managing Board: Imerys.
- Chairman of the Board of Directors: Financière du Parc Duquesne (France).
- Manager: Company Immobilière Buffière (France).

2001:

- Member of the Managing Board: Imerys.
- Chairman of the Board of Directors: Financière du Parc Duquesne (France).
- Manager: Company Immobilière Buffière (France).

Aldo CARDOSO
Director
Born on March 7, 1956
Address:
45 boulevard de Beauséjour – 75016 Paris (France)

A graduate of Ecole Supérieure de Commerce, Paris and holder of a Master of Law, Aldo Cardoso began his career in 1979 at Arthur Andersen, where he became a partner in 1989. Vice-President Auditing and Consulting Europe in 1996, then Chairman of Andersen France from 1998 to 2002, he was appointed Chairman of the Supervisory Board of Andersen Worldwide from 2000 to 2002, before becoming Chief Executive Officer from 2002 to 2003. In that capacity, Aldo Cardoso managed the shutdown of Andersen's activities worldwide.

List of activities and other responsibilities in French and foreign companies in 2005:

Responsibilities:

- Director: Mobistar (Belgium); Axa Investment Managers, Gaz de France, Imerys, Orange and Rhodia (France).
- Censor: Bureau Veritas (France).
- Director as from January 9, 2006: Accor (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Lecturer: Institut d'Etudes Politiques, Paris.
- Director: Mobistar (Belgium); Axa Investment Managers, Gaz de France, Orange and Rhodia (France).

2003:

- Executive Chairman: Andersen Worldwide (Switzerland).
- Director: Orange (France).

2002:

- Chairman: Andersen France.
- Executive Chairman and Chairman of the Supervisory Board: Andersen Worldwide (Switzerland).

2001:

- Chairman: Andersen France.
- Chairman of the Supervisory Board: Andersen Worldwide (Switzerland).

Jacques DRIJARD
Director
Born on March 29, 1943
Work address:
PGB S.A.
1 Rond-Point des Champs-Elysées
75008 Paris (France)

A Civil Engineering graduate of Ecole Nationale Supérieure des Mines, Paris, Jacques Drijard began his career in 1966 at DBA Group Bendix Corp, before joining the Le Nickel Penarroya Mokta group in 1970. He joined Imetal (later renamed Imerys) in 1974 and in 1988 became Chief Financial Officer and Member of the Executive Committee until 1996. As of 1997, Jacques Drijard is Deputy Chief Executive Officer of Pargesa Holding SA.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activity:

- Deputy Chief Executive Officer: Pargesa Holding S.A. (holding company - Switzerland).

Other responsibilities:

- Chairman & Chief Executive Officer: PGB S.A. (France).
- Chairman of the Board of Directors: Société Française Percier Gestion "SFPG" (France).
- Delegate Director: Orior Holding S.A. (Switzerland).
- Director of Imerys since May 3, 2005 and, previously, member of the Supervisory Board.
- Director: Pargesa Netherlands B.V. (Netherlands); Orior Food S.A. (Switzerland).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Deputy Chief Executive Officer: Pargesa Holding S.A. (Switzerland).
- Chairman & Chief Executive Officer: PGB S.A. (France).
- Chairman of the Board of Directors: Société Française Percier Gestion "SFPG" (France).
- Delegate Director: Orior Holding S.A. (Switzerland).
- Member of the Supervisory Board: Imerys.
- Director: Pargesa Netherlands B.V. (Netherlands); Orior Food S.A. (Switzerland).

2003:

- Deputy Chief Executive Officer: Pargesa Holding S.A. (Switzerland).
- Chairman & Chief Executive Officer: PGB S.A. (France).
- Chairman of the Board of Directors: Société Française Percier Gestion "SFPG" (France); Orior Compagnie S.A. (Switzerland).
- Delegate Director: Orior Holding S.A. (Switzerland).
- Member of the Supervisory Board: Imerys.
- Director: Pargesa Netherlands B.V. (Netherlands); Orior Food S.A., Orior Finance S.A. (Switzerland).

2002:

- Deputy Chief Executive Officer: Pargesa Holding S.A. (Switzerland).
- Chairman & Chief Executive Officer: PGB S.A. (France).
- Chairman of the Board of Directors: Société Française Percier Gestion "SFPG"" (France); Orior Compagnie S.A. (Switzerland).
- Vice-Chairman of the Supervisory Board: PLS Venture Capital Partners (France).
- Delegate Director: Orior Holding S.A. (Switzerland).
- Member of the Supervisory Board: Imerys.
- Director: Orior Food S.A., Orior Finance S.A. (Switzerland).

2001:

- Deputy Chief Executive Officer: Pargesa Holding S.A. (Switzerland).
- Chairman of the Board of Directors: Société Française Percier Gestion "SFPG" (France); Orior Compagnie S.A. (Switzerland).
- Vice-Chairman of the Supervisory Board: PLS Venture Capital Partners (France).
- Delegate Director: Orior Holding S.A. (Switzerland).
- Member of the Supervisory Board: Imerys.
- Director: Orior Food S.A., Orior Finance S.A. (Switzerland).

Patrick KRON
Director
Born on September 26, 1953
Work address:
Alstom
3 avenue André Malraux
92300 Levallois-Perret – (France)

A graduate of Ecole Polytechnique and Ecole de Mines engineering schools, Paris, Patrick Kron began his career at the French Ministry of Industry from 1979 to 1984, before joining the Pechiney group where he held various operating and financial responsibilities. In 1993, he became a member of the Executive Committee of the Pechiney group and was appointed Chairman of the Board of Directors of Carbone Lorraine until 1997. From 1998 to 2002, Patrick Kron was Chief Executive Officer of Imerys before joining the Alstom group, of which he was appointed Chief Executive Officer on January 1, 2003 then Chairman & Chief Executive Officer on March 11, 2003.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activity:

- Chairman & Chief Executive Officer: Alstom (power generation and conversion systems, rail and sea transport - France).

Other responsibilities:

- Director of Imerys since May 3, 2005 and, previously, a member of the Supervisory Board.
- Member of the Supervisory Board: Vivendi Universal (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Chairman & Chief Executive Officer: Alstom (France).
- Member of the Supervisory Board: Imerys.

2003:

- Chief Executive Officer then Chairman & Chief Executive Officer: Alstom (France).
- Member of the Supervisory Board: Imerys.

2002:

- Chief Executive Officer: Imerys.
- Director: Alstom, Carbone Lorraine (France).

2001:

- Chief Executive Officer: Imerys.
- Director: Alstom, Carbone Lorraine (France).

Jocelyn LEFEBVRE
Director
Born on December 22, 1957
Address:
11 Chemin Sous-Caran
1222 Vésenaz (Switzerland)

A business administration graduate of Hautes Etudes Commerciales (HEC) Montréal and a member of the Quebec order of chartered accountants, Jocelyn Lefebvre began his career in 1980 at Arthur Andersen & Co. in Montreal, Brussels and Paris before joining Société Générale de Financement du Québec in 1987, as well as the M.I.L. Inc. group, where he was successfully Assistant Chairman, Vice-Chairman for administration and special projects then for corporate affairs until 1991. In 1992, Jocelyn Lefebvre joined the Power Corporation of Canada group, where he has held various positions in Europe.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activity:

- Director: Power Corporation du Canada (holding company – Canada).

Other responsibilities:

- Chief Executive Officer: Sagard S.A.S. (France).
- Member of the Managing Board: Partjointco N.V., Power Financial Europe B.V. (Netherlands).
- Director of Imerys since May 3, 2005 and, previously, member of the Supervisory Board.
- Director: Suez-Tractebel S.A. (Belgium); AFE (France); RTL Group (Luxembourg); Project Sloane (United Kingdom).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Director: Power Corporation du Canada (Canada).
- Chief Executive Officer: Sagard S.A.S. (France).
- Member of the Managing Board: Partjointco N.V., Power Financial Europe B.V. (Netherlands).
- Member of the Supervisory Board: Imerys.
- Director: Suez-Tractebel S.A. (Belgium); AFE (France); RTL Group (Luxembourg); Project Sloane (United Kingdom).

2003:

- Director: Power Corporation du Canada (Canada).
- Chief Executive Officer: Sagard S.A.S. (France).
- Member of the Managing Board: Partjointco N.V., Power Financial Europe B.V. (Netherlands).
- Member of the Supervisory Board: Imerys.
- Director: Suez-Tractebel S.A. (Belgium); RTL Group (Luxembourg); Project Sloane (United Kingdom).

2002:

- Director: Power Corporation du Canada (Canada).
- Chief Executive Officer: PEP Management SAS (France).
- Member of the Managing Board: Partjointco N.V., Power Financial Europe B.V. (Netherlands).
- Member of the Supervisory Board: Imerys.
- Director: Tractebel S.A. (Belgium); RTL Group (Luxembourg).

2001:

- Director: Power Corporation du Canada (Canada).
- Chief Executive Officer: PEP Management SAS (France).
- Member of the Managing Board: Partjointco N.V., Power Financial Europe B.V. (Netherlands).
- Member of the Supervisory Board: Imerys.
- Director: RTL Group (Luxembourg).

Eric LE MOYNE DE SERIGNY
Director
Born on April 7, 1946
Work address:
Alternative Leaders France
43 avenue Marceau – 75116 Paris (France)

With a postgraduate degree in law from the Paris law faculty, Eric le Moyne de Sérigny began his career in 1968 at Banque Rothschild, where for 15 years he held various management positions before joining Chase Manhattan Bank as Director and Vice-President. In 1988, he joined Lloyds Bank S.A. where he was successively Chief Executive Officer then Chairman & Chief Executive Officer until 2002. Since 2003, Eric le Moyne de Sérigny has been Chairman of the Managing Board of Alternative Leaders France S.A.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activity:

- Chairman of the Managing Board: Alternative Leaders France S.A. (portfolio management company - France).

Other responsibilities:

- Director of Imerys since May 3, 2005 and, previously, member of the Supervisory Board.
- Director: Richelieu Finance, Istac S.A. (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Chairman of the Managing Board: Alternative Leaders France S.A. (France).
- Member of the Supervisory Board: Imerys.
- Director: Richelieu Finance, Istac S.A. (France).

2003:

- Chairman of the Managing Board: Alternative Leaders France S.A. (France).
- Member of the Supervisory Board: Imerys.
- Director: Richelieu Finance, Istac S.A. (France).

2002:

- Chairman & Chief Executive Officer: Lloyds Bank S.A. (France).
- Member of the Supervisory Board: Imerys.
- Director: Capucines Investissements S.A., Lloyds Sécurité, Istac S.A. (France).

2001:

- Chairman & Chief Executive Officer: Lloyds Bank S.A. (France).
- Member of the Supervisory Board: Imerys.
- Director: Capucines Investissements S.A., Lloyds Sécurité, Istac S.A. (France).

Maximilien DE LIMBURG STIRUM
Director
Born on April 29, 1971
Wok address:
Compagnie Nationale à Portefeuille
12 rue de la Blanche Borne
6280 Loverval (Belgium)

A graduate of Solvay business school, Brussels, Maximilien de Limburg Stirum began his career in 1995 with Compagnie Nationale à Portefeuille, where he has been Vice President Investments since 2003.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activity:

- Vice President Investments, Compagnie Nationale à Portefeuille (holding company - Belgium).

Other responsibilities:

- Director of Imerys since May 3, 2005.
- Director: GB-INNO-BM, MESA (Molignée Energie), Quick Restaurants, Safe Insurance, Solvay Business School Alumni (Belgium); Société du Louvre, UNIFEM (France); Swifin (Luxembourg).
- Member of the Supervisory Board: Groupe Entremont (France).
- Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: Belgian Sky Shops, GIB Corporate Services, Ijsboerke Ice Cream International (Belgium).
- Permanent representative of Fibelpar (Belgium) on the Board of Directors of: Distripar (Belgium); Château Rieussec (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Vice President Investments, Compagnie Nationale à Portefeuille (Belgium).
- Director: Disport International, Editions Dupuis, GB-INNO-BM, Gegotec, Innofund, Quick Restaurants, Safe Insurance (Belgium); Finance et Management "FEM", Société du Louvre (France); Swifin (Luxembourg).
- Member of the Supervisory Board: Groupe Entremont (France).
- Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: Belgian Sky Shops, GIB Corporate Services, Ijsboerke Ice Cream International (Belgium).
- Permanent representative of Fibelpar (Belgium) on the Board of Directors of: Distripar (Belgium); Château Rieussec (France).

2003:

- Vice President Investments: Compagnie Nationale à Portefeuille (Belgium).
- Director: Disport International, Editions Dupuis, Exki, GB-INNO-BM, Gegotec, Innofund, Quick Restaurants, Safe Insurance (Belgium); Finance et Management "FEM", Société du Louvre (France); Swifin (Luxembourg).
- Member of the Supervisory Board: Groupe Entremont (France).
- Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: GIB Corporate Services, Ijsboerke Ice Cream International, Starco (Belgium).
- Permanent representative of Fibelpar (Belgium) on the Board of Directors of Château Rieussec (France).
- Permanent representative of GIB Corporate Services (Belgium) on the Board of Directors of Copy & Print Center (Belgium).

2002:

- Director: BSS Investments, Editions Dupuis, Disport International, Exki, GB-INNO-BM, Gegotec, Innofund, Quick Restaurants, Safe Insurance (Belgium); Finance et Management "FEM" (France); Swifin (Luxembourg).
- Member of the Supervisory Board: Groupe Entremont (France).
- Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: GIB Corporate Services, Ijsboerke Ice Cream International, Starco (Belgium).
- Permanent representative of Fibelpar (Belgium) on the Board of Directors of Château Rieussec (France).
- Permanent representative of GIB Corporate Services (Belgium) on the Board of Directors of Copy & Print Center (Belgium).

2001:

- Director: Innofund (Belgium); Finance et Management "FEM" (France); Swifin (Luxembourg).
- Member of the Supervisory Board: Groupe Entremont (France).
- Permanent representative of Compagnie Immobilière de Roumont (Belgium) on the Board of Directors of: Ijsboerke Ice Cream International, Starco (Belgium).

Yves René NANOT
Director
Born on March 27, 1937
Work address:
Ciments Français
Tour Ariane – 92088 Paris la Défense (France)

A graduate of Arts et Métiers engineering school, Paris with an MBA and a doctorate from the University of California (UCLA), Yves René Nanot began his career in 1962 with DuPont de Nemours in the United States then held several positions in France and Europe until 1983. From 1980 to 1983, he was Chairman of the Managing Board of DuPont de Nemours France. In 1983, he joined the Total group where he was successively Chairman of Hutchinson SA, Chairman & Chief Executive Officer of Total France, then Chief Executive Officer of Total Raffinage Distribution and Member of the Executive Committee of the Total group.

Since 1993, Yves René Nanot has been Chairman & Chief Executive Officer of Ciments Français.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activity:

- Chairman & Chief Executive Officer: Ciments Français (cement production and marketing group - France).

Other responsibilities:

- Chairman of the Board of Directors: Rhodia (France).
- Director of Imerys since May 3, 2005 and, previously, member of the Supervisory Board.
- Director: Suez Cement Co. (Egypt); Essroc (United States); Provimi (France); Zuari Cement Ltd (India); Italcementi (Italy); Cimar (Morocco); Asia Cement Public Co. Ltd (Thailand).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Chairman & Chief Executive Officer: Ciments Français (France).
- Member of the Supervisory Board: Imerys.
- Director: Suez Cement Co. (Egypt); Essroc (United States); Provimi (France); Zuari Cement Ltd (India); Italcementi (Italy); Cimar (Morocco); Asia Cement Public Co. Ltd (Thailand).

2003:

- Chairman & Chief Executive Officer: Ciments Français (France).
- Member of the Supervisory Board: Imerys.
- Director: Suez Cement Co. (Egypt); Essroc (United States); Provimi (France); Zuari Cement Ltd (India); Italcementi (Italy); Cimar (Morocco); Asia Cement Public Co. Ltd (Thailand).

2002:

- Chairman & Chief Executive Officer: Ciments Français (France).
- Member of the Supervisory Board: Imerys, Sidel (France).
- Director: Suez Cement Co. (Egypt); Essroc (United States); Cereol, Rhodia (France); Zuari Cement Ltd (India); Italcementi (Italy); Cimar (Morocco); Asia Cement Public Co. Ltd, Jalaprathan Cement Public Co. Ltd (Thailand).

2001:

- Chairman & Chief Executive Officer: Ciments Français (France).
- Member of the Supervisory Board: Imerys.
- Director: Suez Cement Co. (Egypt); Essroc (United States); Cerestar, Sidel (France); Zuari Cement Ltd (India); Italcementi (Italy); Cimar (Morocco); Asia Cement Public Co. Ltd, Jalaprathan Cement Public Co. Ltd (Thailand).

Grégoire OLIVIER
Director
Born on October 19, 1960
Work address:
SAFRAN
2 boulevard du Général Martial Valin
75015 Paris (France)

A graduate of Ecole Polytechnique and Ecole des Mines engineering schools, Paris, with an MBA from the University of Chicago, Grégoire Olivier began his career at the French Ministry of Industry from 1985 to 1989 before becoming Technical Advisor to the Prime Minister on Industry, Energy and Environment in 1990. In 1991, he joined the Pechiney group where he held various positions in Europe and the United States until 1998. In 1998, he joined the Alcatel group where he was Division Vice President then Chief Executive Officer of Saft. In 2001, Grégoire Olivier was appointed Chief Executive Officer of Sagem. On March 18, 2005, he became a Member of the Managing Board of SAFRAN (resulting from the merger of Sagem and Snecma) and Chairman & Chief Executive Officer of Sagem Communication.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activities:

- Chief Executive Officer until March 18, 2005: Sagem S.A. (defense and telecommunication electronics group - France) then Member of the Managing Board as from that date of SAFRAN (formerly Sagem SA).
- Chairman & Chief Executive Officer since May 11, 2005: Sagem Communication (France).

Other responsibilities:

- Director of Imerys since May 3, 2005 and, previously, member of the Supervisory Board.
- Director: Wendel Investissement, Snecma, Sagem Défense Sécurité (France).
- Member: Strategic Committee of Information Technologies, Defense Scientific Committee (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Chief Executive Officer: Sagem S.A. (France).
- Member of the Supervisory Board: Imerys.
- Director: Wendel Investissement (France).
- Member: Strategic Committee of Information Technologies, Defense Scientific Committee (France).

2003:

- Chief Executive Officer: Sagem S.A. (France).
- Member of the Supervisory Board: Imerys.
- Director: Wendel Investissement (France).
- Member of the Defense Scientific Committee (France).

2002:

- Chief Executive Officer: Sagem S.A. (France).
- Member of the Supervisory Board: Imerys.
- Director: Coficem, Wendel Investissement (France).
- Member of the Defense Scientific Committee (France).

2001:

- Chief Executive Officer: Sagem S.A. (France).

Robert PEUGEOT
Director
Born on April 25, 1950
Work address:
PSA Peugeot Citroën
Route de Gizy – 78140 Vélizy-Villacoublay (France)

A graduate of Ecole Centrale de Paris engineering school and holder of an MBA from INSEAD, Fontainebleau, Robert Peugeot began his career in 1975 with Peugeot, where he held several positions both in France and abroad. In 1985, he joined Citroën, becoming Vice President Quality and Organization from 1993 to 1998, when he was appointed Vice President Innovation & Quality of PSA Peugeot Citroën and Member of the Executive Committee; since 2002, he has been Chairman & Chief Executive Officer of FFP.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activities:

- Chairman & Chief Executive Officer: F.F.P. (Société Foncière, Financière et de Participations - real estate, financial and holding company - France).
- Member of the Executive Committee and Vice President Innovation & Quality: PSA Peugeot Citroën (vehicle manufacturer - France).

Other responsibilities:

- Chairman of the Board of Directors: Simante, SL (Spain).
- Director of Imerys since May 3, 2005 and, previously, member of the Supervisory Board.
- Member of the Supervisory Board: Citroën Deutschland Aktiengesellschaft (Germany); Aviva France, Groupe Taittinger (France).
- Director: B-1998, SL, Fomentos de Construcciones y Contratas, S.A. "FCC", FCC Construccion, S.A. (Spain); Aviva Participations, E.P.F. (Etablissements Peugeot Frères), L.F.P.F. (La Française de Participations Financières), GIE Recherches et Etudes PSA Renault, Immeubles et Participations de l'Est, Société du Louvre, I.F.P. (Institut Français du Pétrole) (France); Peugeot Automobiles United Kingdom Limited, Citroën UK Ltd (United Kingdom); Citroën Danemark A/S (Denmark).
- Manager: CHP Gestion, Rodom (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Chairman & Chief Executive Officer: F.F.P. (Société Foncière, Financière et de Participations - France).
- Member of the Executive Committee and Vice President Innovation & Quality: PSA Peugeot Citroën (France).
- Chairman of the Board of Directors: Simante, SL (Spain).
- Member of the Supervisory Board: Imerys.
- Member of the Supervisory Board: Citroën Deutschland Aktiengesellschaft (Germany); Aviva France, Groupe Taittinger (France).
- Director: B-1998, SL, Fomentos de Construcciones y Contratas, S.A. "FCC", FCC Construccion, S.A. (Spain); Aviva Participations, E.P.F. (Etablissements Peugeot Frères), L.F.P.F. (La Française de Participations Financières), GIE Recherches et Etudes PSA Renault, Immeubles et Participations de l'Est, Société du Louvre, I.F.P. (Institut Français du Pétrole) (France); Peugeot Automobiles United Kingdom Limited, Citroën UK Ltd (United Kingdom); Citroën Danemark A/S (Denmark).
- Manager: CHP Gestion, Rodom (France).

2003:

- Chairman & Chief Executive Officer: F.F.P. (Société Foncière, Financière et de Participations - France).
- Member of the Executive Committee and Vice President Innovation & Quality: PSA Peugeot Citroën (France).
- Member of the Supervisory Board: Imerys.
- Member of the Supervisory Board: Citroën Deutschland Aktiengesellschaft (Germany); Aviva France, Groupe Taittinger (France).
- Director: Aviva Participations, E.P.F. (Etablissements Peugeot Frères), L.F.P.F. (La Française de Participations Financières), GIE Recherches et Etudes PSA Renault, Immeubles et Participations de l'Est, Société du Louvre, I.F.P. (Institut Français du Pétrole) (France); Peugeot Automobiles United Kingdom Limited, Citroën UK Ltd (United Kingdom); Citroën Danemark A/S (Denmark).
- Manager: CHP Gestion, Rodom (France).

2002:

- Chairman & Chief Executive Officer: F.F.P. (Société Foncière, Financière et de Participations - France).
- Member of the Executive Committee: PSA Peugeot Citroën (France).
- Member of the Supervisory Board: Imerys.
- Member of the Supervisory Board: Citroën Deutschland Aktiengesellschaft (Germany); Aviva France, Groupe Taittinger (France).
- Director: Aviva Participations, E.P.F. (Etablissements Peugeot Frères), L.F.P.F. (La Française de Participations financières), GIE Recherches et Etudes PSA Renault, Immeubles et Participations de l'Est, I.F.P. (Institut Français du Pétrole), Lisi (France); Peugeot Automobiles United Kingdom Limited, Citroën UK Ltd (United Kingdom); Citroën Danemark A/S (Denmark).
- Manager: CHP Gestion, Rodom (France).

2001:

- Chairman of the Board of Directors: S.I.A.S.O. (Société Industrielle du Sud-Ouest - France).
- Vice-Chairman: F.F.P. (Société Foncière, Financière et de Participations - France).
- Member of the Supervisory Board: Imerys.
- Member of the Supervisory Board: Citroën Deutschland Aktiengesellschaft (Germany).
- Director: Berger Levrault, C.G.U. France, C.G.U. Participations, C.I.D. (Compagnie Industrielle de Delle), E.P.F. (Etablissements Peugeot Frères), G.F.I. Industries, L.F.P.F. (La Française de Participations financières), Immeubles et Participations de l'Est, I.F.P. (Institut Français du Pétrole), S.I. Finance (France); Peugeot Automobiles United Kingdom Limited, Citroën UK Ltd (United Kingdom); Citroën Danemark A/S (Denmark).

Thierry DE RUDDER
Director
Born in September 3, 1949
Work address:
Groupe Bruxelles Lambert
24 avenue Marnix – 1000 Bruxelles (Belgium)

With degrees in mathematics from Geneva University and mathematics applied to business management from Brussels Université Libre and an MBA from the Wharton School, Philadelphia, Thierry de Rudder began his career in the United States with First National Bank of Chicago before joining Citibank in 1975 where he held several positions in New York then in Europe. In 1986, he joined Groupe Bruxelles Lambert, becoming Delegate Director in 1993.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activity:

- Delegate Director: Groupe Bruxelles Lambert S.A. (holding company - Belgium).

Other responsibilities:

- Director of Imerys since May 3, 2005 and, previously, member of the Supervisory Board.
- Director: Compagnie Nationale à Portefeuille S.A., Suez-Tractebel (Belgium); Total, Suez (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Delegate Director: Groupe Bruxelles Lambert S.A. (Belgium).
- Member of the Supervisory Board: Imerys.
- Director: Compagnie Nationale à Portefeuille S.A., Suez-Tractebel (Belgium); Total, Suez (France).

2003:

- Delegate Director: Groupe Bruxelles Lambert S.A. (Belgium).
- Member of the Supervisory Board: Imerys.
- Director: Compagnie Nationale à Portefeuille S.A., Suez-Tractebel (Belgium); Total (France).

2002:

- Delegate Director: Groupe Bruxelles Lambert S.A. (Belgium).
- Member of the Supervisory Board: Imerys.
- Director: Compagnie Nationale à Portefeuille S.A., Petrofina, Société Générale de Belgique, Tractebel (Belgium); Total Fina Elf (France).

2001:

- Delegate Director: Groupe Bruxelles Lambert S.A. (Belgium).
- Member of the Supervisory Board: Imerys.
- Director: Compagnie Nationale à Portefeuille S.A., Petrofina, Société Générale de Belgique, Tractebel (Belgium); Rhodia, Total Fina Elf (France).

Jacques VEYRAT
Director
Born in November 4, 1962
Work address:
Neuf Cegetel
40-42 Quai du Point du Jour
92100 Boulogne Billancourt (France)

A graduate of Ecole Polytechnique and Ecole des Ponts et Chaussées, Paris engineering schools, Jacques Veyrat began his career at the French Treasury Department then held various positions on ministers' staffs. In 1995, he joined the Louis Dreyfus group, where he held several management positions, particularly with Louis Dreyfus Armateurs. From 1998 to 2005, Jacques Veyrat was Chairman & Chief Executive Officer of Neuf Telecom before becoming Chairman & Chief Executive Officer of the Neuf Cegetel group (resulting from the merger of Neuf Telecom et Cegetel) in 2005.

List of activities and other responsibilities in French and foreign companies in 2005:

Main activity:

- Chairman & Chief Executive Officer: Neuf Telecom (telecommunications – France).

Other responsibilities:

- Chief Executive Officer: Louis Dreyfus Technologies (France).
- Director of Imerys since May 3, 2005 and, previously, member of the Supervisory Board.
- Director: Irise, SHD (Société du Haut Débit), Tajan (France); Louis Dreyfus Communications Italie SpA (Italy).
- Member of the Supervisory Board: Jet Multimedia (France).
- Permanent representative of Neuf Telecom: Chairman of Wengo (France).
- Permanent representative of Louis Dreyfus Communications: Director of Louis Dreyfus Collectivités (France).

List of activities and other responsibilities in French and foreign companies (2001 - 2004):

2004:

- Chairman & Chief Executive Officer: Neuf Telecom (France).
- Chairman: Rodart (France).
- Vice-Chairman of the Supervisory Board: Tajan (France).
- Director: Irise, Tajan (France); Louis Dreyfus Communications Italie SpA (Italy).
- Member of the Supervisory Board: Jet Multimedia (France).
- Permanent representative of Neuf Telecom: Chairman of Wengo (France).
- Permanent representative of Louis Dreyfus Communications: Director of Louis Dreyfus Collectivités (France).

2003:

- Chairman of the Board of Directors: Neuf Telecom Réseau (France).
- Chief Executive Officer and Vice-Chairman of the Board of Directors: Neuf Telecom (France).
- Director: Irise (France); Louis Dreyfus Communications Italie SpA (Italy).
- Member of the Supervisory Board: Jet Multimedia (France).
- Permanent representative of Neuf Telecom: Director of Louis Dreyfus Câble (France).

2002:

- Chairman of the Board of Directors: Neuf Telecom, Kaptech, Travocean (France).
- Chairman: Geomar (France).
- Chief Executive Officer and Vice-Chairman: Louis Dreyfus Communications (France).
- Non-partner manager: Louis Dreyfus Armateurs SNC (France).
- Director: Belgacom France, Irise, SALD (France).
- Member of the Supervisory Board: Jet Multimedia (France).
- Permanent representative of Louis Dreyfus Communications: Director of Louis Dreyfus Câble and of Squadran (France).

2001:

- Chairman of the Board of Directors: Sismique SA, LD Travocean (France).
- Chairman: Geomar (France).
- Chief Executive Officer: Domaine Cuoq SAS (France).
- Non-partner manager: Louis Dreyfus Armateurs SNC (France).
- Director: Cetragpa GIE, Irise, Kaptech, Saget S.A. (France).
- Permanent representative of Louis Dreyfus Communications: Director of Louis Dreyfus Câble and of Louis Dreyfus Communications Services (France).
- Permanent representative of LD Câble: Member of the Supervisory Board of Squadran (France).
- Permanent representative of Louis Dreyfus Armateurs SNC: Director of Fret S.A. and of LD Travocean S.A. (France).

6.1.3.2. Management expertise and experience of the members of the Board of Directors

The criteria used to select Directors include their management expertise and experience; this is particularly the case for the member Directors of the Audit Committee, who are chosen for their financial competence.

The activities and responsibilities of the Directors (see paragraph 6.1.3.1. of the Annual Report) attest to their individual expertise and experience.

6.1.3.3. Family ties between the members of the Board of Directors

There are no family ties between the members of the Board of Directors of the Company.

6.1.3.4. Potential conflicts of interest between the members of the Board of Directors

No potential conflicts of interest exist between the duties of the Directors with respect to the Company and their private and/or other duties. It is specified that some Directors of the Company also have executive responsibilities with the Company's controlling shareholders (see paragraph 6.1.3.1. of the Annual Report).

No Director has been selected pursuant to any arrangement or agreement entered into with the main shareholders, customers, suppliers or other parties, except for the regulated agreement mentioned below (see section 6.7 of the Annual Report).

6.1.3.5. Service contracts between the Company and its Directors

No service contract entered into by the Directors and the Company or any of its subsidiaries provides for the granting of advantages upon expiry of their respective terms of office.

6.1.3.6. No sentence for fraud

No sentence for fraud has been pronounced against any member of the Board of Directors during the past five years.

6.1.3.7. Bankruptcy, sequestration or liquidation of companies in which a Director has been involved as executive during the past five years

It is stated that Yves René Nanot was a Director of Moulinex (France) from July 2000 to September 2001. Moulinex is in the compulsory liquidation process.

Maximilien de Limburg Stirum was the permanent representative of GCS (Belgium), a Director of Copy & Print (Belgium), which was forced to declare bankruptcy on February 3, 2002 following the loss of its main customers.

6.1.3.8. Incrimination of and/or official public sanction against a Director by statutory or regulatory authorities during the past five years

It is stated that, following an accident that occurred in a refinery belonging to Total Raffinage Distribution, of which Yves René Nanot was Chairman & Chief Executive Officer, Yves René Nanot was sentenced by a judgment on April 24, 2002 of the court of Aix en Provence, ruling as summary jurisdiction, to a suspended term of 18 months imprisonment and a €4,500 fine for infringement of safety rules with respect to working conditions.

6.1.4. FUNCTIONING(*)

The Board of Directors meets as often as the interests of the Company require and at least three times a year, when convened by its Chairman by any written means with at least five days' notice, unless the members of the Board unanimously decide otherwise.

	2005
Number of meetings	4
Average actual attendance rate of members	81%

	2006
Expected number of meetings	5

The provisional schedule of Board of Directors' meetings for the year to come is set at the latest in the last meeting of each year. The Chairman of the Board of Directors usually sets the agenda of each Board meeting after gathering the suggestions of the Chief Executive Officer and the opinion of the Secretary of the Board. He runs meetings, facilitates debates and reports on meetings in accordance with the law, the by-laws of the Company and the Corporate Governance principles and practices that the Board has itself adopted, as set out in the following paragraph.

(*) *This section is taken from the Report of the Chairman of the Board of Directors, in accordance with article L. 225-37 of the Code of Commerce, on the conditions for the preparation and organisation of the work of the Board of Directors.*

Notices of meeting are sent to every Director with the following: draft minutes of the previous meeting, drawn up by the Secretary and approved by the Chairman of the Board, and all information and documents concerning the points on the agenda that are necessary for members' effective participation in debates. Such information and documents may also include, as the case may be, the Group's quarterly, semi-annual or annual (provisional or definitive) financial statements, the presentation of the various business groups' markets or any other specific items to be raised, draft press releases on the Group's regular financial statements or information on trends in the price of the Company's shares.

In order to allow them to carry out their duties in appropriate conditions, the Chairman and, on his request, the Chief Executive Officer, also send the Directors the following between two Board meetings: any important information published, including critical items, concerning the Group (particularly in the form of press articles and financial analysis reports) and, if sufficiently important or urgent, any other relevant information on the Group's situation, projects and economic or market environment.

At each Board meeting, the work done by each of the specialized Committees since the previous meetings is covered in a report by their Chairman or, in his or her absence, another member of the Committee in question.

The Secretary of the Board is the Group General Counsel. His appointment and dismissal, as the case may be, are within the sole competence of the Board. All the members of the Board may consult the Secretary of the Board and benefit from his services. He assists the Board and makes any useful recommendations on the procedures and rules that apply to its functioning, and on their implementation and observance. The Secretary is empowered to certify copies or extracts of minutes of Board meetings.

6.1.5. IMPLEMENTATION OF BEST CORPORATE GOVERNANCE PRACTICES

In the context of compliance with best Corporate Governance practices, the Board has adopted an Internal Charter that contains all the principles for its members' conduct and the workings of the Board and its specialized Committees.

The adoption of the Charter currently in force results from the change of management method from Supervisory Board to Board of Directors, with the dissociation of the duties of Chairman of the Board and Chief Executive Officer, which occurred on May 3, 2005. The principles of the Charter are very similar to the principles that previously applied to the Supervisory Board and its members. The first Supervisory Board Charter was adopted on July 25, 2002, then regularly updated to take account of relevant legal and regulatory developments, AMF recommendations on Corporate Governance and the recommendations of trade associations and bodies that represent French stock market-listed companies (AFEP, MEDEF, ANSA, etc.) and, finally, the amendments made by the Board following the periodical assessments of its own functioning carried out to comply with best practices.

- The main changes made to the Internal Charter in 2005 were as follows.

  It was overhauled following the adoption on May 3, 2005, of the new management method with a Board of Directors and the dissociation of the duties of Chairman of the Board of Directors and Chief Executive Officer.

  Some purely formal modifications were made in order to incorporate consistently the latest amendments adopted to comply with new legislative and regulatory provisions. They include the obligations for corporate officers to declare transactions in securities in the Company and the arrangements for the implementation of those obligations.

  The Charter was also amended in accordance with the modifications of the minimum number of shares in the Company that each Director must hold: the Extraordinary Shareholders' General Meeting of May 3, 2005 increased the minimum number required by the by-laws from 80 to 100; the Board of Directors also wished to increase that participation and decided by agreement that the number should be increased to 600 within 12 months of each Director's appointment.

- Finally, at its meeting of November 7, 2005 the Board of Directors adopted the "Policy for the prevention of use or disclosure of insider information within the Imerys Group" previously adopted by the Supervisory Board in July 2002. The adoption of this new policy was made necessary by the adaptation to French law of the European directive on "market abuse." It particularly includes the obligation for the Company to draw up and keep up to date the list of the Group's permanent and occasional insiders and the practical arrangements for implementation.

Following the adoption of the Internal Charter and its new amendments, the Directors of the Company were each given a Director's Handbook containing the main texts and provisions governing their duties and obligations, such as the by-laws of the Company, the Board of Directors' Internal Charter, the policy for the prevention of use or disclosure of insider information within the Group and forms to help the Directors to fulfill their obligations.

The latest version of the Board of Directors' Internal Charter is available on the Group's website (www.imerys.com) in the "Our Group/Corporate Governance" section.

6.1.5.1. Specialized Committees

On May 3, 2005, the date on which the Company's management structure was changed to a Board of Directors, the Board confirmed the three specialized Committees previously formed by the Supervisory Board, which carry out their activities under the responsibility of the Board and of which the Board defines the missions, composition and compensation.

The members of the specialized Committees are chosen from among the members of the Board. The Chief Executive Officer and, as the case may be, any Delegate Chief Executive Officers that are also Directors of the Company, may not be members of any of the Committees. The term of the duties of Committee members is the same as their term of office as Director.

The specialized Committees only have an advisory role and do not have any power of decision.

Each Committee determines the internal rules that apply to the performance of its work.

The Committees' meetings give rise to minutes. These are provided to the members of the Committee concerned and, on request to the Chairman of the Committee, to the other members of the Board of Directors. The Chairman of the Committee concerned, or a member of the Committee appointed for that purpose, reports to the Board of Directors on the work of the Committee.

Furthermore, each of the Committees reviews its activity and assesses its composition and its functioning during the previous year; the results of such review and assessment are intended to appear in the Group's Annual Report.

To provide the Board of Directors with the best possible information, at the start of each year each Director receives the provisional schedule of Committee meetings so that any Director who is not a member may ask the Chairman of the Committee concerned to attend its meetings, without however taking part in the vote on said Committee's recommendations.

6.1.5.2. Strategic Committee

(created on June 17, 1993 under the name "Standing Committee")

- Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The mission of the Strategic Committee is, in particular, to examine and provide the Board of Directors with its opinions and recommendations in the following areas:

1. Strategy

- drafting and setting orientations for the Group's industrial, commercial and financial strategy;
- ensuring that the strategy implemented by the Chief Executive Officer complies with the orientations set by the Board of Directors.

For that purpose, it examines in depth and, as the case may be, makes recommendations to the Board on:

- the Group budget drawn up by the Chief Executive Officer;
- all the major Group projects that:
  - are likely to modify its financial structure or consolidation structure,
  - concern investment or divestiture transactions, or
  - relate to the conclusion or carrying out of commercial or industrial agreements that bind the future of the Group.

The above-mentioned projects are considered as "major" if their implementation by the Chief Executive Officer requires the prior approval of the Board of Directors (see paragraph 6.1.1. of the Annual Report) or, because they are greater than the €20 million threshold set by the Board, must be brought to the prior knowledge of the Committee.

Every year, the Committee presents its expected schedule for the examination of major strategic issues for the future of the Group for the current year.

2. Risks

- Questions relating to the identification, measurement and monitoring by the Chief Executive Officer of the main possible risks for the Group in the following areas:
  - external environment: investor relations, the Group's market positions;
  - internal processes: management of financial resources, human resources potential, new products development, potential of mineral reserves and resources, dependence and continuity of key industrial or commercial activities, pricing policy;
  - management information: financial control and reporting, control of investment projects after completion."

- Composition

The Strategic Committee is made up of the following seven members, which must include the Chairman of the Board of Directors, who is also Chairman of the Committee:

Name	Date of 1st appointment to the Committee	Independent member status
Aimery LANGLOIS-MEURINNE, *Chairman*	June 17, 1993	No
Jacques DRIJARD, *Vice-Chairman*	March 26, 1998	No
Paul DESMARAIS, Jr.	June 17, 1993	No
Jocelyn LEFEBVRE	March 27, 1996	No
Eric Le MOYNE de SERIGNY	July 26, 2004	Yes
Grégoire OLIVIER	July 26, 2004	Yes
Thierry de RUDDER	May 9, 2000	No

Subject to the adoption by the Shareholders at their General Meeting of May 2, 2006 of the appointment of Mr. Gilbert Milan as a new Director of the Company, in succession to Mr. Patrick Kron (see paragraph 6.1.2. of the Annual Report), the Board intends to appoint him as a member of the Strategic Committee.

• Functioning

The Committee debates with the majority of its members present and meets as often as its Chairman sees fit or at the request of the Chief Executive Officer. In principle, it dedicates one meeting per year to the Group's strategy and market environment, to which all the Directors are invited.

	2005
Number of meetings	8
Average actual attendance rate of members	73%

	2006
Expected number of meetings	8

To carry out its mission, the Committee hears the Chief Executive Officer, the Chief Financial Officer, the Strategy & Development Manager and, on the initiative of the Chief Executive Officer or at the Committee's request to the Chief Executive Officer, depending on the items on the agenda for the Committee meeting, the Delegate Chief Executive Officers, if there are any, and the relevant corporate department or business managers. The Committee may also make visits or hear any of the Group's business managers, as it judges useful for the performance of its mission.

The Secretary of the Committee is the Group Strategy & Development Manager, who drafts the minutes of its meetings.

• Activity in 2005

At the start of the year, the Strategic Committee first examined, as in other years, the final consolidated items for the 2005 budget. Then, more generally, it focused on monitoring the management and development actions taken by the Group's general management to ensure that they were in line with the strategy defined by the Supervisory Board and, subsequently, by the Board of Directors. In that context, it examined the evolution of Imerys' markets and its monthly and quarterly financial statements and how they reflected said actions.

Furthermore, the Strategic Committee reviewed and approved periodically the key stages and the main economic and contractual aspects of the most significant acquisition projects (particularly those for the World Minerals and Denain-Anzin Minéraux groups, which were carried out in July and October 2005, respectively), and the divestment processes for Larivière and the assets of American Minerals, completed in April and March 2005, respectively.

The Strategic Committee examined the integration plan for World Minerals at the detailed presentation made to it in autumn at that group's head office in Santa Barbara (California, United States); on that occasion it was able to note the satisfactory start to the implementation of the plan.

The Strategic Committee also conducted, to its satisfaction, the traditional retrospective review of the Group's main capital expenditures and acquisitions, which this year concerned the projects carried out in 2002 (mainly the acquisitions in the Specialty Minerals business group of Siam Refractories and MRD / MRC-ECC in Thailand).

Moreover, as usual the Strategic Committee was kept regularly informed of the evolution of the Group's financial structure and was consulted on the general financing strategy, including the interest rate and currency hedging strategy and the securing of diversified long-term financial resources.

Finally, at its last session of the year, the Strategic Committee reviewed the Group's 2006 budget, on the basis of a detailed presentation of the budget of each of the Group's four business groups by their respective managers.

6.1.5.3. Appointments and Compensation Committee

(formerly called Special Options Committee upon its creation on November 3, 1987, then renamed Stock Options and Compensation Committee on March 27, 1996 and, finally, Compensation Committee from May 7, 1998 to January 27, 2003)

- Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The Appointments and Compensation Committee's mission is to examine and provide the Board of Directors with its opinions and any recommendations in the following areas:

1. Appointments

- the selection of candidates for Director positions and, on the proposal of the Chairman of the Board of Directors, the Chief Executive Officer and, as the case may be, Delegate Chief Executive Officers and Committee Chairman when they are renewed;
- the presentation of a succession plan for Directors and the Chief Executive Officer in the event of unforeseeable vacancies;
- the independent status of each of its members according to the definition of "independence" adopted by the Board of Directors and any changes (or explanation of criteria) to be made to that definition.

2. Compensation

- the individual compensation of the Chief Executive Officer and, as the case may be, Delegate Chief Executive Officers and their ancillary income (such as pension and healthcare plans or fringe benefits), as well as on any other provisions relating to their employment contract;
- general compensation policy for the Group's senior managers;
- general policy for granting options to subscribe to or purchase Imerys shares, the definition and fixing of the beneficiaries of the option plan proposed by the Chief Executive Officer, and the fixing of individual allotments for the Chief Executive Officer;
- the Group's employee shareholder policy and the terms of its implementation as proposed by the Chief Executive Officer;
- the amount and allotment of attendance fees (fixed and variable parts) for the Directors."

- Composition

The Appointments and Compensation Committee is composed of the following three members, which must include the Chairman of the Board of Directors who is also Chairman of the Committee:

Name	Date of 1st appointment to the Committee	Independent member status
Aimery LANGLOIS-MEURINNE, *Chairman*	November 3, 1987	No
Grégoire OLIVIER	January 27, 2003	Yes
Robert PEUGEOT	May 3, 2005	Yes

At its meeting of May 3, 2005, the Board confirmed that, following the appointment of Mr. Robert Peugeot in succession to Mr. Edouard de Rothschild, that the composition of this Committee complied with the proportion of 2/3 independent members recommended by the consolidated AFEP-MEDEF report of October 2003.

- Functioning

The Committee debates with at least two of its members present and meets as often as its Chairman sees fit or on the request of the Chief Executive Officer.

	2005
Number of meetings	2
Average actual attendance rate of members	100%

	2006
Forecast number of meetings	2

To carry out its mission, the Committee hears the Chief Executive Officer and the appropriate Human Resources managers in the Group.

The Secretary of the Committee is the Group Vice-President Human Resources, who draws up the minutes of its meetings.

- Activity in 2005

In 2005, the Appointments and Compensation Committee, as in other years, determined the amount of the variable part of the individual compensation of the members of the Managing Board with respect to financial year 2004, which are payable in 2005 and depend on actual performance. It then carried out a detailed review of that individual compensation and made recommendations on its evolution on the basis of the findings of a comparative study on the compensation policies of international stock market-listed companies of a comparable size to Imerys, which it had appointed a specialized outside firm to conduct.

The Committee also gave its opinion on the setting of the financial and individual objectives of the Chief Executive Officer and the other senior executives of the Group with respect to the determination of the variable part of their compensation.

The Committee was also consulted on the composition of the future Board of Directors resulting from the change of the Company's management structure, especially the proposed candidacy of the four new members (Mr. Gérard Buffière, Mr. Aldo Cardoso, Mr. Maximilien de Limburg Stirum and Mr. Jacques Veyrat), and the composition of its specialized Committees.

The Committee also, as in past years, examined the situation of each of the members of the former Supervisory Board and the future Board of Directors with respect to the definition of "independence" adopted by the Board. The Committee welcomed the fact that the proportion of independent members on the Board of Directors was greater than the 1/3 minimum recommended for stock market-listed companies with controlling shareholders. The Committee also verified that the composition of the Audit Committee and of the Appointments and Compensation Committee complied with the required proportion of 2/3 independent members.

Furthermore, the Committee recommended following the general policy for Imerys stock option allocation that had previously been adopted. It also examined the terms and beneficiaries of the May 2005 stock option plan intended for the Group's senior managers and the holders of the key positions reporting to them. Finally, the Committee encouraged the relevant Company bodies to request the possibility of granting free shares, which was newly available under French law, at the Shareholders' General Meeting of May 3, 2005. It also launched a study, with the help of a specialized outside firm, on the usefulness of such a grant for the Company's shareholders, the Group, its executives or its employees.

6.1.5.4. Audit Committee

(created on March 27, 1996)

- Mission

The Internal Charter of the Board of Directors defines the Committee's missions as follows:

"The Audit Committee's mission is to examine and give the Board of Directors its opinion and any recommendations on the following:

1. Financial Statements

- the Company and consolidated annual financial statements to be drawn up by the Board of Directors, together with a note from the Group's Chief Financial Officer, and the estimated and definitive half-yearly consolidated financial statements.

  With respect to the definitive half-yearly consolidated financial statements, pursuant to the delegation granted by the Board of Directors, the Committee must ask the Chairman of the Board of Directors to call a Board Meeting to approve the statements if it observes a significant variance between the definitive audited statements and the estimated statements that were previously approved by the Board and published. A significant variance is appraised, in particular, according to the potential effect that the variance could have in the Company's share price;

- the scope of consolidation;

- the relevance and consistency of accounting methods, by verifying, in particular, the reliability of internal information-gathering and information-control procedures, with the aim of ensuring that financial statements are fairly presented and that they give an accurate image of the financial situation of the Company and the Group.

2. External control

- proposals to appoint or renew the Auditors. It examines and approves the contents of the requirements, the schedule and the organization for the invitation to bid, with a view to the appointment and, as the case may be, renewal of the Auditors, and checks that the invitation to bid proceeds correctly;

- the Auditors' work program and any additional assignments that they or other members of their network may be given, as well as the amount of the corresponding compensation, while ensuring that such assignments are compatible with their obligations of independence;

- supervision of the rules for the use of the Auditors for work other than auditing the financial statements and, more generally, compliance with the principles guaranteeing the independence of the Auditors.

3. Internal control

- the results of the work of the internal and external auditors and the monitoring of any recommendations they make, particularly in regard to the analysis and control of significant off-balance sheet risks and commitments, as well as the organization of the internal audit teams and their annual work program;

- the drafting and content of the Annual Report of the Chairman of the Board of Directors on the Group's internal control.

4. Risks

- the status of major disputes;

- the identification, measurement and monitoring by the Chief Executive Officer of the possible major risks for the Group in the following areas:
  - external environment: legal or regulatory developments, crisis management or occurrence of disasters,
  - internal processes: lawsuits and compliance with existing regulations (particularly Environment, Health & Safety), access to mineral reserves and resources, codes of conduct and ethics;

- the orientations and implementation by the Chief Executive Officer of the Group's general policy for risk prevention (organization, policies and procedures, systems, etc.) and insurance;

- the work programs and results of internal auditors and any external experts that may be called upon to analyze, audit or measure the Group's performance in the above-mentioned areas;

- any other subject likely to have significant financial and accounting impact."

- Composition

The Audit Committee is composed of the following four members, chosen for their financial competence, and appoints its Chairman, who must be an independent Director:

Name	Date of 1st appointment to the Committee	Independent member status
Yves-René NANOT, *Chairman*	March 26, 1998	Yes
Aldo CARDOSO	May 3, 2005	Yes
Jocelyn LEFEBVRE	March 27, 1996	No
Eric LE MOYNE DE SERIGNY	May 3, 2005	Yes

At its meeting of May 3, 2005, the Board confirmed that the Audit Committee was composed of a higher proportion of independent members than the 2/3 recommended by the consolidated AFEP-MEDEF report of October 2003.

- Functioning

The Committee debates with the majority of its members present and meets as often as its Chairman sees fit and, as far as possible, at least two days before the Board of Directors draws up the definitive annual and half-yearly consolidated financial statements. It may also meet at the request of two of its members or of the Chairman of the Board of Directors.

	2005
Number of meetings	4
Average actual attendance rate of members	96%

	2006
Forecast number of meetings	3

To carry out its mission, the Committee hears the Auditors and the Chief Financial Officer of the Group, and, on the latter's initiative or at the Committee's request to him according to the items on the agenda for the Committee's meeting, other individuals who take part in drawing up or controlling the financial statements (Financial Department, Audit and Control Department, Legal Department).

The Committee has unrestricted access to all available information in the Group. It may also make visits, hear any of the Group's line managers or the relevant managers of corporate or operating risks. The Committee may also request that any internal or external audit on any subject that it judges within the scope of its mission be carried out. The Chairman of the Committee informs the Board of Directors of any such audit.

The Chairman of the Committee reports to the Board on the results of the Committee's work since its last meeting.

The Secretary of the Committee is the Group's Chief Financial Officer; he draws up the minutes of Committee meetings, which are kept available to the Auditors.

- Activity in 2005

As every year, the Committee conducted an in-depth examination of the annual Company and consolidated financial statements for 2004 and the half-yearly Company and consolidated financial statements for 2005 and, in the latter case, checked that there was no significant variance from the estimated statements published in July. It also inspected the various items of the income statement, particularly the composition of net non-recurring items, the balance sheet and the statement of changes in financial position. On that occasion, the Committee strove to examine the impact of the transition to the new IAS/IFRS accounting standards and the main accounting options taken by the Company in that respect. At the same time, after hearing the Auditors (Deloitte & Associés and Ernst & Young Audit) and their comments, it ensured that the accounting procedures used by the Group were relevant and consistent. This examination did not give rise to any particular observation by the Audit Committee.

The Committee also checked the quality and reliability of the internal control implemented in the Group for the gathering, consolidation and monitoring of the accounting, financial and management information provided to the Board of Directors. For that purpose, it read the reports issued by the internal auditors, whose manager presented his activity report for 2005 to the Committee; no significant item of concern was observed. The Committee also expressed its satisfaction with the ongoing enhancement of the internal auditing teams.

The Audit Committee also conducted a specific review of the main risks that the Group may face, the internal controls involved in their prevention or management and the other measures taken to cover their possible effects. On that occasion, it heard the managers of the Group's legal, internal control and environmental, health and safety departments. The Committee noted that the formalization program for internal policies on risk control and, more generally, the improvement of those controls, was going to schedule; this should enable the Group to comply with its current obligations stemming from the "LSF" law and to plan ahead of their possible evolution. The Committee also noted the efforts made by the Group to improve its performance on the environment, health and safety and examined the status of the lawsuits in progress concerning the Group and their provision conditions. Finally, it reviewed to its satisfaction the Group's insurance policy and the terms of the main coverage programs in force.

6.2. General Management

6.2.1. POWERS

Pursuant to legal and statutory provisions, the Chief Executive Officer is vested with the most extensive powers to act on behalf of the Company under any circumstances. He exercises his powers within the limits of the corporate purpose and subject to the powers expressly vested by law in the Shareholders' General Meeting and the Board of Directors; he represents the Company with respect to third parties.

Pursuant to article 18 of the by-laws, the Board of Directors may limit the powers of the Chief Executive Officer. However, this limitation is void against third parties.

Paragraph 6.1.1. of the Annual Report describes the internal functioning arrangements for the Board of Directors and, in particular, lists the operations that require the authorization of the Board of Directors prior to their implementation by the Chief Executive Officer.

6.2.2. COMPOSITION

On the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Delegate Chief Executive Officer. To date, no Delegate Chief Executive Officer has been appointed.

As on the date of the present Annual Report, the General Management of the Company is solely composed of Gérard Buffière; the duration of his term of office as Chief Executive Officer is the same as for his term of office as Director.

Name	Age	Date of 1st appointment to the Board of Directors	Year of renewal of term of office [1]	Position	Number of Imerys shares or units in the "Imerys Actions" mutual fund[2] held [3]
Gérard BUFFIERE	61	03/05/2005	2008	Chief Executive Officer and Director	3,000 Imerys shares 51.34 units in the "Imerys Actions" mutual fund

(1) *The exact date of renewal will be the date of the Shareholders' General Meeting called to rule on the approval of the Company's annual financial statement for the previous financial year.*

(2) *The mutual fund (F.C.P.E.) "Imerys Actions" created under Imerys Employee Shareholder operations (see paragraphs 4.7.4.4. and 5.2.5. of the Annual Report), of which the assets are mainly invested in Imerys shares.*

(3) *As on December 31, 2005.*

6.2.3. EXECUTIVE COMMITTEE

The Chief Executive Officer decided, with the support of the Board of Directors, to set up an Executive Committee comprised of the Group's main line and support managers to assist him in the general management of the Group.

Missions

The Executive Committee, under the responsibility of the Chief Executive Officer, is mainly in charge of:

- implementing the Group's strategy and all the measures set down by the Board of Directors;
- monitoring the operating activities of each business group and ensuring, by defining any necessary corrective measures, that they comply with their budgets and carry out the action plans approved by the Chief Executive Officer;
- defining Group-wide policies and actions (purchasing; Sustainable Development, including environment, Health & Safety; internal communications, risk management) and overseeing their rollout;
- fostering the sharing and dissemination of best practices in all areas between the business groups and, more generally;

- giving opinions and recommendations on all projects, operations or measures that may be submitted to it by the Chief Executive Officer, particularly with a view to their subsequent presentation to the Board of Directors or its specialized Committees.

Composition

The Executive Committee is comprised, in addition to the Chief Executive Officer, of the managers of:

the Group's four business groups	the Group's four main support departments
Jens Birgersson (Pigments for Paper) [(1)]	Richard Bown (Research & Technology)
Jérôme Pecresse – Deputy Chief Executive Officer (Refractories, Abrasives & Filtration) [(2)]	Hugues Gruska (Finance) [(3)]
Thierry Salmona (Specialty Minerals)	Denis Musson (General Counsel)
Christian Schenck (Materials & Monolithics)	Bernard Vilain (Human Resources) [(4)]

[(1)] *As from September 5, 2005, replacing Rich Ryan.*
[(2)] *As from April 1, 2006.*
[(3)] *As from April 1, 2006, replacing Jérôme Pecresse.*
[(4)] *As from July 15, 2005, replacing Catherine H. LaFiandra.*

Functioning

The Executive Committee meets as often as the interests of the Group require or at the request of the Chief Executive Officer.

Since May 3, 2005, it has met 8 times.

6.3. Compensation

6.3.1. BOARD OF DIRECTORS

- Amount

The maximum annual amount of attendance fees that may be allotted to the members of the Board of Directors, as determined by the Shareholders' General Meeting of May 3, 2005, is €800,000.

- The total gross amount of attendance fees actually paid with respect to financial year 2005 was €624,000, compared with €622,000 with respect to 2004.
- The gross amount received in 2005 by the incumbent individual members of the Board of Directors was:

In euros	2005	2004
A. LANGLOIS-MEURINNE, *Chairman*	212,000	212,500
P. DESMARAIS, Jr., *Vice-Chairman*	29,500	28,000
G. BUFFIERE (1) (2)	-	-
A. CARDOSO (2)	20,000	-
J. DRIJARD	39,000	39,500
P. KRON	25,000	24,000
J. LEFEBVRE	43,500	47,000
P. LELLOUCHE (3)	8,500	21,000
M. de LIMBURG STIRUM (2)	15,500	-
E. Le MOYNE de SERIGNY	39,500	30,500
Y.R. NANOT	48,000	48,500
G. OLIVIER	35,000	28,500
R. PEUGEOT	25,500	31,500
E. de ROTHSCHILD (3)	11,500	23,000
T. de RUDDER	37,000	37,000
G. SAMYN (3)	8,500	25,000
M. SINDZINGRE (3)	10,500	26,000
J. VEYRAT (2)	15,500	-

(1) *Chief Executive Officer receiving no attendance fees.*
(2) *Directors as from May 3, 2005.*
(3) *Members of the Supervisory Board until May 3, 2005.*

Except for Gérard Buffière, these amounts represent the entire compensation paid by the Group to each of the members of the Board of Directors and/or Supervisory Board in 2005.

- Allotment scale

The current allotment scale for attendance fees was determined by the Supervisory Board at its meeting on January 27, 2003 and confirmed by the Board of Directors at its meeting on May 3, 2005. The scale is intended, in particular, to increase the variable part linked to the actual presence of members at the meetings of the Board and its Committees.

The allotment scale is as follows:

Gross amount in euros		2005
Board of Directors	Chairman	150,000 fixed per year par an
	All members	20,000 fixed per year – 1,000 per meeting attended
Strategic Committee	Chairman	25,000 fixed per year
	All members	1,500 per meeting attended
Other Committees	Chairman	15,000 fixed per year
	All members	1,500 per meeting attended

In accordance with applicable tax regulations, the amounts paid to the non-French resident members Board of Directors give rise to withholding tax in France. Paiments are made end of semester.

6.3.2. GENERAL MANAGEMENT

- Criteria

Compensation for the Chief Executive Officer is set annually by the Board of Directors, upon the Appointments and Compensation Committee's recommendations. These recommendations are aimed at ensuring that compensation is competitive within the marketplace and are based on external evaluations and comparisons provided by specialized consultants.

The Chief Executive Officer’s compensation includes a fixed part and a variable part that is limited to 120% of the fixed amount of his salary.

It is calculated solely on the basis of economic performance criteria related, on one hand, to the change in net income from current operations per share compared with the previous year and, on the other hand, to the achievement of an objective for the cash flow generated by the Group during the financial year.

The variable part of compensation owed with respect to the financial year is not paid until the following year, when the items used to calculate it are known, following the drawing-up of the Group’s definitive financial statements for the year in question.

The Chief Executive Officer does not receive any attendance fees with respect to his office as Director of the Company.

Furthermore, when Gérard Buffière managed Imerys’ former Pigments & Additives business group, he benefited from an exceptional bonus plan. The plan was based on the beneficiary’s undertaking a program of medium-term actions that were priorities for the Group's future, the success and results of which could not be assessed on one year alone. The plan expired when Gérard Buffière was initially appointed Chief Executive Officer (“Président du Directoire”). The entire amount owed in principal (for which a full provision has been booked) with respect to this plan is €699,500. The plan has not given rise to any payment to date.

- Amount

The total gross amount of compensation and fringe benefits paid (fixed part) or owed (variable part) to the Chief Executive Officer by the Group with respect to 2005 is €1,212,454 (compared with €1,211,581 in 2004), i.e.:

- €550,000 euros for the fixed part (identical amount to 2004);
- €660,000 euros for the variable part (identical amount to 2004);
- €2,454 for fringe benefits (compared with €1,581 in 2004).

The above amounts include all the compensation paid or owed by the Group to Gérard Buffière including compensation allotted by certain subsidiaries (particularly as attendance fees for participation in their corporate bodies, included in the variable part of that compensation), and the value of all fringe benefits received with respect to financial 2005.

It is specified that the effects of the employment contract entered into by Gérard Buffière and the Company in 1998, which are suspended during his terms of office as Chief Executive Officer and Director of the Company, will ispo jure resume upon the end of those terms of office. This contract provides, in particular, for indemnity in the event of Gérard Buffière's departure on the Company's initiative equal to two years' gross salary, including the one owed with respect to the generally applicable legal and contractual framework.

Apart from these provisions, the Company has not made any other commitments for the benefit of Gérard Buffière with respect to his taking, ceasing or changing his current responsibilities.

Because of the change in the Company's management structure in 2005, the individual compensation received with respect to the past year by the three former members of the Managing Board other than Gérard Buffière, in office until May 3, 2005 is not reported here. However, it is specified that the total gross amount of compensation of those three former members of the Managing Board paid (fixed part) or owed (variable part) with respect to the past financial year, calculated in proportion to the time until their offices ceased on May 3, 2005, was €340,000 and €103,000 respectively.

All compensation and similar benefits granted to the Group's principal executives (Executive Committee – including the Chief Executive Officer) and recorded as expenses in financial 2005 are indicated in note 52 to the consolidated financial statements.

Furthermore, the amount of the five highest compensations paid by the Company with respect to financial 2005 was certified by the Auditors.

• Pension commitments

In 1985, Imerys set up a collective supplementary pension plan with defined benefits for the principal managers of the Group's French companies who met the restrictive eligibility criteria. The plan is managed by an external insurance company (AXA).

The maximum amount of the life annuity that may be paid to the beneficiaries of the plan as from the liquidation of their pension rights is calculated in order to guarantee them:

- a life annuity of a total gross amount (after allowing for pensions from obligatory and other supplementary plans) equivalent to 60% of their reference salary, said reference salary being limited to 8 times the annual French social security ceiling;
- subject to a pay-in ceiling equal to 25% of said reference salary for the last 12 calendar months prior to their removal from the Group's payroll.

The Chief Executive Officer and one Director (Jacques Drijard), in his capacity as a former senior manager of the Group, are among the beneficiaries of this plan to whose rights the Group contributed in 2005.

According to the latest actuarial calculation, the current value of the estimated share of the two above-mentioned corporate officers in the total amount of the Group's commitment with respect to the past services of all the beneficiaries of this supplementary pension plan amounts to €1,769,726 as at end 2005 (compared with €2,261,291 as at end 2004, with the corporate officers concerning at the time, in addition to Jacques Drijard and the Chief Executive Officer, two other members of the Managing Board employed by Group's French companies).

6.4. Imerys stock options(*)

6.4.1. STOCK OPTION PLANS IN FORCE

General terms for the grant of stock options

- Grant policy

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

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

- Grants take the form of share subscription options. This form was judged preferable to share purchase options as its prevents the Company from having to immobilize its capital before the option exercise period even opens, in order to acquire on the market the number of shares needed to fulfill possible option exercises;
- As of 1999, stock options are granted once a year and are traditionally adopted immediately after the annual Shareholders' General Meeting;
- The total number of options granted each year may be subordinated to the Group's overall performance or to specific events;
- The actual or likely beneficiaries of stock subscription options are the Group's executives (Chief Executive Officer, Executive Committee members, business group and division management committees, managers of the Group's main corporate departments) and, as of 2001, the holders of certain key positions reporting to them, as well as high-potential young managers and employees that make an outstanding contribution to the Company's performance.

- Characteristics of granted options

As of 1999, the option exercise price excludes any discount and is equal to the average Imerys share price for the last 20 stock market trading days prior to the grant date.

The duration of the options granted under the plans set up since May 2000 is between 9½ and 10 years, compared with 8 years for previously granted options.

The options granted since 1996 are definitively vested (except in the event of the beneficiary's dismissal, resignation of departure from the Group) after the end of the third year following their allotment or, if earlier, on the date of the beneficiary's retirement after the age of 60 (reference age included in plans from 2004), his/her cessation of activity for incapacity or his/her death. The only exception concerns allotments made within employee shareholding operations, for which the options are dependent on the employee's investment in Imerys shares with immediate vesting.

- Option exercise conditions

Definitively vested options may be exercised at any time, except in the event of the beneficiary's death or, as from the 2004 option plan, departure from the Group.

However, the beneficiary must bear any additional costs and taxes borne by the Company in the event that applicable local regulations provide for a longer immobilization period than three years (this period is four years in France for plans adopted as from April 2001).

Exercise by the beneficiary must comply with certain minimum amounts (currently set for all plans adopted as from 1998 at 1,000 options, any whole multiple of 1,000 or the balance of outstanding options if less than 1,000).

(*) *All the figures given in the present section, for the sake of consistency, take into account the division of the Imerys share's par value by 4 on June 1, 2004.*

- Loss or maintaining of options

Options not exercised on expiry of their exercise period are automatically cancelled.

The beneficiary's departure from the Group before the vesting date for any reason, including if the company employing him or her is excluded from the Group, brings about:

- if the departure takes place before the vesting date of the options, their immediate cancellation;
- if the departure takes place after the vesting date of the options and only for plans adopted from 2004 onward, the cancellation of said options failing their exercise by the beneficiary by the end of the third month following his or her departure from the Group (except, however, in the event of his or her death, incapacity or retirement).

- Date of record of shares resulting from the exercise of options

As of January 1, 2005, all Imerys shares resulting from the exercise of subscription options enjoy, from their creation, all the rights attached to existing shares, to which they are be immediately assimilated.

Consequently, new and old shares are now listed on the same line at Euronext Paris, regardless of their date of issue. The new shares enjoy the same dividend rights as existing shares, including with respect to the dividends approved and paid during the year of creation of the shares with respect to results for the previous financial year.

Option plans adopted in 2005

On May 3, 2005, the Board of Directors, under the authorization given by the Extraordinary and Ordinary Shareholders' General Meeting on May 3, 2005, granted 635,000 share subscription options (compared with 840,000 options in 2004), at an exercise price of €57.58 per share, to 171 managers and executive of the Group residing in France or other countries (compared with 166 in 2004).

Apart from the options granted to the Chief Executive Officer, 140,000 options were granted at a price of €57.58 to the 10 beneficiaries receiving the most options.

Changes in the number of options in 2005[(*)]

The total number of outstanding share subscription options on December 31, 2005 is 2,987,703, i.e. 4.46% of Imerys' share capital on that date after dilution; their weighted average exercise price is €40.55.

In 2005, 106,900 share subscription options were cancelled; 521,845 were exercised by 614 beneficiaries at a weighted average price of €29.94.

6.4.2. OPTIONS HELD BY CORPORATE OFFICERS

Grants in 2005

The total number of share subscription options granted in 2005 to the Chief Executive Officer was 80,000 (compared with 260,000 in 2004, of which 200,000 on an exceptional basis and subject to conditions); their exercise price is €57.58.

Holding and changes

The total number of stock options held by the incumbent corporate officers as on December 31, 2005 is 591,076 (compared with 846,856 as on December 31, 2004), i.e. 0.88% of Imerys' share capital on that date after dilution; their weighted average exercise price is €42.24.

Out of the options held on January 1, 2005 by the incumbent corporate officers of Imerys as on December 31, 2005, 124,000 were exercised during financial 2005 at a weighted average price of €28.47.

[(*)] Including under Imerys Employee Shareholder programs

6.4.3. DETAILS OF OPTION PLANS IN FORCE

The following table summarizes the history, status and main characteristics of the stock option plans in force as on December 31, 2005:

PLANS IN FORCE AS ON DECEMBER 31, 2005

	May 2005	May 2004	Oct. 2003 (1)	May 2003	Oct. 2002 (1)	May 2002	Oct. 2001 (1)	May 2001	Nov. 2000 (1)	May 2000	May 1999	Sept. 1998	Mar. 1998	Total
INITIAL GRANT														
Authorization: date of Shareholders' General Meeting	05/03/05	05/06/02	05/06/02	05/06/02	05/06/02	05/06/02	05/09/00	05/09/00	05/09/00	05/09/00	05/07/98	05/07/98	06/12/97	
Date of Board of Directors / Supervisory Board or Managing Board meeting	05/03/05	05/03/04	10/21/03	05/06/03	10/21/02	05/06/02	10/19/01	05/09/01	11/06/00	05/09/00	05/06/99	09/21/98	03/26/98	
Opening date of option exercise period (2)	05/03/08	05/03/07	10/22/07	05/06/06	10/22/06	05/06/05	10/20/04	(3)05/09/04	11/07/03	05/10/03	05/07/02	10/01/01 or 10/01/03	03/27/03	
Option expiration date	05/02/15	05/02/14	10/21/13	05/05/13	10/21/12	05/05/12	10/19/11	05/08/11	11/06/10	12/31/09	12/31/06	09/15/06	03/25/06	
Share subscription price	€57.58	€48.89	€40.62	€28.31	€29.44	€32.75	€24.73	€28.50	€27.14	€32.18	€28.13	€22.68	€29.16	
Total number of initial beneficiaries	**171**	**166**	**925**	**201**	**1,474**	**181**	**1,416**	**169**	**1,961**	**145**	**122**	**30**	**2**	
of which corporate officers														
Total number of options granted	635,000	840,000	37,424	747,720	68,328	652,000	73,784	711,240	72,808	570,520	605,000	220,000	300,000	**5,533,824**
of which:														
- to incumbent corporate officers as on 12/31/05														
• Gérard Buffière (4)	80,000	260,000,(5)	60	80,000	60	30,000	60	32,000	40	28,500	20,000	-	40,000	570,720
• Patrick Kron (6)	-	-	-	-	-	80,000	60	120,000	40	57,000	60,000	-	260,000	577,100
- to the 10 (or more) Group employees who received the most options (7)	140,000	109,600	360	145,580	720	90,000	n.a	n.a	n.a	n.a	n.a	-	n.a	486,260
VARIATION IN 2005														
Number of options remaining to be exercised on 01/01/2005	**n.a**	834,600	37,424	688,720	68,048	487,000	69,704	367,920	48,116	165,900	171,000	-	34,796	**2,973,228**
Number of shares subscribed in 2005	n.a	n.a	180	n.a	2,284	161,000	15,456	171,425	10,120	41,680	94,700	-	25,000	**521,845**
of which:														
- by incumbent corporate officers as on 12/31/05														
• Gérard Buffière (4)	-	-	-	-	-	-	-	-	-	-	10,000	-	25,000	35,000
• Patrick Kron (6)	-	-	-	-	-	-	-	44,000	-	-	45,000	-	-	89,000
- by the 10 other beneficiaries who exercised the most options (7)	-	-	-	-	-	36,000	60	23,540	40	6,000	23,000	-	-	88,640
Number of options cancelled or reintegrated in 2005 (8)	(10,000)	(55,900)	-	(38,660)	(100)	(2,000)	(120)	5,360	(120)	2,860	-	-	-	**(98,680)**
Number of options remaining to be exercised on 12/31/05 (9)	625,000	778,700	37,244	650,060	65,664	324,000	54,128	201,855	37,876	127,080	76,300	-	9,796	**2,987,703**

(1) *Imerys Employee Shareholder plans.*
(2) *Not including longer immobilization periods that may be applicable locally.*
(3) *Except for the options granted to Patrick Kron that cannot be exercised until May 9, 2006.*
(4) *Director, Chief Executive Officer.*
(5) *Of which 200,000 subject to the Group's achievement of economic and financial results during the next three financial years.*
(6) *Director, former executive of the Group.*
(7) *This number may be greater than 10 in some years because an equal number of options was granted to several beneficiaries.*
(8) *Following the beneficiaries' departure from the Group.*
(9) *Following cancellation and exercise of the aggregate number of options since the date of approval of the plan in question, and any reintegrations.*

6.4.4. FREE ALLOTMENT OF SHARES

The Board of Directors was authorized by the Extraordinary and Ordinary Shareholders' General Meeting of May 3, 2005 to grant in one or more times free shares in the Company, whether existing shares or to be issued, for the benefit of the employees, senior managers of corporate officers of the Company and, as the case may be, other companies or groups that it may determine. This authorization was not utilized in 2005.

Following the study carried out with the assistance of a specialized outside firm at the request of the Appointments and Compensation Committee, it is planned to grant free shares in the Company in 2006 on an exceptional basis to a limited number of Group executives in charge of carrying out specific medium-term action plans that are priorities for the Group's future. Vesting of the shares thus granted would be dependent, in particular, on the achievement of certain economic and financial performance goals that cannot be assessed on one year alone. In accordance with the authorization given by the Extraordinary and Ordinary Shareholders' General Meeting on May 3, 2005, these shares will be vested following a minimum acquisition period of two years and the beneficiaries must hold them for at least a further two years from their date of vesting.

6.5. Corporate officers' transactions in securities in the Company

At its meeting of November 7, 2005, the Board of Directors adopted a *Policy for the prevention of use or disclosure of insider information within the Imerys Group*. This policy was adopted in its initial version by the Supervisory Board in July 2002 and is an appendix to the Internal Charter of the Board of Directors. The new policy, made necessary by the adaptation to French law of the European directive on "market abuse," defines permanent and occasional insiders, sets out the Company's obligation to draw up a list of insiders for the Group and determines the related conditions; it also reiterates the rules with respect to transactions by corporate officers on Imerys shares or, as the case may be, any other securities issued by the Group or any financial instruments ("Imerys Actions" mutual fund, MONEP, warrants, convertible bonds, etc.) that are related to Imerys shares ("Imerys securities").

In accordance with the general principle that applies to Insiders, whether permanent or occasional, any corporate officer and related persons must, in the event that they directly or indirectly hold privileged information, before the public has knowledge of such information, refrain from carrying out any transaction, including forward transactions, on Imerys securities (except, however, for subscription or purchase by the exercise of options).

This obligation to refrain from trading also covers any transaction in Imerys securities (including as hedging) during the 15 calendar days leading up to the announcement of the Group's estimated or definitive annual, half-yearly or quarterly results; it concerns corporate officers, but also the Group's main support or business managers or any employees that directly take part in drawing up its consolidated financial statements, who are considered as regularly or occasionally likely to hold insider information because of their positions and responsibilities. Moreover, those rules prohibit such persons from making any short or carry-over transactions (except hedging).

The annual schedule of announcements of the Group's consolidated results is supplied to the Directors at the end of the previous year; it may be consulted at any time on the Group's website, is given regularly in the Chief Executive Officer's quarterly letter to shareholders and is available on request from the Group's financial communications department.

Finally, under the same rules, the corporate officers and, under their personal responsibility, all related individuals, must:

- hold the Imerys shares they own in registered form, either directly in their names with the Company or its agent or through management by the intermediary (bank, financial institution or broker) of their choice;

- declare individually to AMF and to the Secretary of the Board of Directors any transactions carried out on Imerys securities within five trading days of such transactions.

Such declaration, in the form of a press release, is sent to AMF to be published on its website www.amf-france.org.

Pursuant to the provisions of the new article 222-15-3 of AMF's General Regulations, the table below summarizes the transactions made in securities in the Company by corporate officers in 2005, and published in the AMF website.

Person making declaration or related person	Quality	Number of shares		Weighted average price (euros)
		subscribed	sold	
Aimery Langlois-Meurinne	Chairman of the Board		70,000 [(1)]	61.98
Gérard Buffière	Chief Executive Officer and Director		35,000 [(2)]	61.06
Aldo Cardoso	Director	700		58.07
Patrick Kron	Director		89,500 [(3)]	61.80
Eric Le Moyne de Sérigny	Director	200		63.06
Yves-René Nanot	Director	1,000		56.00
Grégoire Olivier	Director	520		59.54
Jacques Veyrat	Director	600		60.00
Total		3,020	194,500	

(1) *Of which 50,000 following the exercise in 2005 of stock purchase options granted by the Company's shareholders.*
(2) *Sale in 2005 following the exercise of stock subscription options (see paragraph 6.4.3. of the Annual Report).*
(3) *Of which 89,000 following the exercise in 2005 of stock subscription options (see paragraph 6.4.3. of the Annual Report).*

6.6. Internal control

6.6.1. REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

6.6.1.1. Introduction

6.6.1.1.1. Context

Pursuant to the French law on financial security of August 1, 2003 (the "LSF law") and in accordance with article L. 225-37 of the Code of Commerce, on March 7, 2006 the Chairman of the Board of Directors drew up his report on the conditions for preparing and organizing the Board's work and on Imerys' internal control procedures.

Detailed information on the conditions for preparing and organizing the Board of Directors' work and, more generally, its functioning, is given in section 6.1. of the Annual Report and should be considered as an integral part of the Chairman of the Board of Directors' report.

The present report was drafted on the basis of the main conclusions resulting from the work done by the Group in 2005 under the responsibility of the Internal Audit Manager. Drawing the relevant lessons from the drafting of previous reports and from the comparative studies available on the issue, work was based on the orientations given in the Chairman's last report, i.e. improving the description of the organization, the management principles of the main support functions and the risks and internal controls involved in operating processes and preparing a new multiyear plan for strengthening risk management and the monitoring and appraisal of the existing internal control mechanisms within the Group.

The results of the above-mentioned work were examined by the Audit Committee at its meeting on December 7, 2005, in which the Auditors took part. This report was also submitted to them for review following its presentation to the Board of Directors on March 7, 2006, and prior to its definitive adoption by the Chairman.

6.6.1.1.2. Objectives of internal control

The Imerys Group's internal control system is intended to ensure, on one hand, that every operating entity or support department develops a set of procedures and policies in order to organize the management and control of its activities and, on the other hand, that it can report on that management and control.

The Group drew on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control framework to structure its approach and allow its system to be qualified.

By implementing these internal control mechanisms in all the Group's activities, Imerys intends to ensure that it has the resources needed to manage the risks it faces and to guarantee the accuracy and thoroughness of its financial information and the correct management of its operations. In this way, it aims to protect the company's value for its shareholders and employees and to enable the Group to achieve the objectives it sets itself.

However, this internal control system can only provide reasonable assurance and not certainty as to the achievement of those objectives.

6.6.1.2. Internal control organization and players

6.6.1.2.1. Organizational model

The Group is composed of four business groups comprising 15 divisions that have significant autonomy and report to the Chief Executive Officer.

The internal control system set up in the Group is based on a tight governance structure that guarantees the transparency and traceability of decisions, while conserving the principles of subsidiarity and decentralization in the running of the Group's industrial and commercial activities, which are considered as essential to their optimum management. The system is extensively based on every Imerys support or line manager's appropriation of the policies and procedures defined at Group level and his/her contribution to their implementation and observance.

Operating activities are controlled and monitored by the Chief Executive Officer with the help of his Executive Committee. On one hand, the framework for operations management is comprised of delegations of power, Group policies and specific controls made by the Group's central support departments in their sphere of responsibility and through periodical audits conducted by the Internal Audit Department. On the other hand, divisions' management of operations is continuously controlled and monitored by business group managers and, periodically, by the Chief Executive Officer and the Chief Financial Officer through budget processes, quarterly result reviews and by monthly management reporting that is commented on at each Executive Committee meeting. Finally, the longer-term orientations of the business groups' or divisions' activity and the resulting financial forecasts are formalized under a multiyear strategic plan. This plan is drawn up under the control and supervision of the Chief Executive Officer and its conclusions are reviewed by the Strategic Committee and presented to the Board of Directors. In addition, as the plan is developed, periodic individual strategic reviews are carried out on every business group or division by the same corporate bodies.

6.6.1.2.2. Control bodies

› The Board of Directors

The Board of Directors constantly controls the management of the Group by the Chief Executive Officer, whom it appoints and may dismiss. The Chairman organizes and directs the work of the Board and ensures that the corporate bodies function correctly.

The Board's powers, composition and functioning are described in section 6.1. of the Annual Report.

› Specialized committees of the Board of Directors

To assist the Board of Directors in its mission, three specialized committees were formed from its members: the Strategic Committee, the Appointments and Compensation Committee and the Audit Committee. The different committees' powers, composition and functioning are described in paragraph 6.1.5.1. of the Annual Report.

In order to obtain any useful information for carrying out their mission, the committees have direct access to the Group's main line and support managers. As regards risk identification and management, competence and responsibility are divided between the Strategic Committee and the Audit Committee according to the nature of the risk (see paragraph 6.6.1.5.2 of the Annual Report).

- The Strategic Committee assists the Board of Directors in determining and setting down orientations for the Group's industrial, financial and commercial strategy. It also makes sure that the Chief Executive Officer's implementation of strategy complies with those orientations;
- The Appointments and Compensation Committee deals, in particular, with matters concerning the selection of candidates to corporate officer positions, their succession plan, the independent status of each Director, general compensation or retention policies for executives, employee shareholding policy and, finally, the amount and allocation of Directors' attendance fees;
- The Audit Committee specifically controls the accuracy and security of the Group's financial information procedures and systems and the program and results of internal auditing. More generally, it examines the issues likely to have significant financial and accounting impact for the Group, takes part in the appointment of the Auditors and monitors the results of their work.

6.6.1.2.3. Operating management

› The Chief Executive Officer and the Executive Committee

The Chief Executive Officer has operating and functional responsibility covering all the Group's activities to implement the strategy defined by the Board of Directors. The field and scope of his powers result from French law, Imerys' by-laws, the Internal Charter of the Board of Directors and the specific powers vested in him by the Board. These are described in section 6.2. of the Annual Report.

To assist him in his mission, the Chief Executive Officer has formed an Executive Committee of which he appoints the members. The members represent each of the business groups or main support departments of the Group. The powers, composition and functioning of the Executive Committee are described in paragraph 6.2.3. of the Annual Report.

Business group and division management

In accordance with the Group's decentralized operating principles, the Chief Executive Officer delegates to the managers of each business group and division, in the conditions and within the limits authorized by the law, the Company's by-laws and the Board of Directors, the necessary powers to organize, run and manage the operating activities of the business group or division concerned.

Each business group and division favors, through its respective segmentation into operating divisions and business units, the most relevant organization to its markets, taking into account their commercial, industrial or geographic specificities. The business groups or divisions have internal support departments that they structure in cooperation with the Group's corresponding corporate support departments in order to fit as well as possible into their general organization.

6.6.1.2.4. Corporate Departments

The Group's support departments

The Group's central support departments Finance, Legal, Human Resources, Research & Technology and Environment, Health & Safety have a twofold mission: organize and control the Group's operations in their respective spheres of expertise and provide technical assistance to the business groups and divisions in those fields when necessary. This central support core, together with some cross-Group departments (Purchasing, Information Systems) enables the Group not only to benefit from the economies of scale related to its size and from better sharing of skills, but also to ensure that all the operations in their fields are carried out in a framework of secure and consistent management and control.

Through their presence and organization, central support functions make a significant contribution to the Group's internal control mechanisms. The managers of these departments have functional authority over the managers whose missions come under their scope of expertise in the business groups and divisions.

Internal Audit Department

The Internal Audit Department is a management support function and is independent of the operating and functional activities that it audits. For that purpose, the Internal Audit Manager reports hierarchically to the Group's Chief Executive Officer and functionally to the Audit Committee.

The Internal Audit Department's mission is to assess the Group's internal control mechanism and make sure that they comply with the principles and rules defined by the Group. It must alert management to any internal control failings and takes part in the drafting of the recommendations made to correct such failings.

Internal auditors visit all operating units in a three-year auditing cycle. The auditing plan is validated annually by the Audit Committee and may be modified according to circumstances.

Audit reports are passed on to the Chief Executive Officer and the main support and line managers concerned. A complete activity report of the Internal Audit Department is presented and discussed every six months in an Audit Committee meeting with the Statutory Auditors present. On that occasion, a copy of all the audit reports drawn up is handed to participants.

Imerys' Internal Audit Department is comprised of a team of 9 auditors, 3 of which are based in Atlanta (covering the Americas), 1 in Shanghai (covering Asia) and 5 in Paris (covering Europe and Africa, as well as global information systems).

6.6.1.3. Control environment

Within the Group, a set of organizational rules, policies and procedures, as well as the professional behaviour of all personnel (ethics, competence…), contribute to the effectiveness of internal control.

This internal control system and its underlying general principles were strengthened in 2005.

6.6.1.3.1. Founding texts

To support its internal control policy, Imerys has set up charters that apply to all Group entities. Their form and content were reviewed in 2005. The charters are intended to create a favorable control environment, based on robust principles and the experienced practice of Corporate Governance, as well as on upright, ethical behavior in compliance with laws, regulations and the Group's strategic objectives.

The Board of Directors' charter

This charter contains the functioning principles for the Board of Directors of Imerys and its specialized Committees, and for the individual behavior of its members. The charter is updated at intervals by the Board of Directors (previously by the Supervisory Board) in order to take account of changes in laws and regulations that apply to the Company, AMF recommendations on Corporate Governance and the recommendations of trade associations and bodies that represent listed French companies and, finally, the amendments made by the Board following its periodical self-assessment in order to comply with best practices.

Code of conduct

This code describes the ethical rules by which all executives and employees in the Group must abide in terms of business ethics and Corporate Governance, but also respect for human rights and protecting the environment. It was amended in late 2005 following widespread consultation of internal committees representing every geographic region where the Group operates.

Corporate Governance policy

This policy, adopted at the end of 2005, defines the Corporate Governance principles and practices that govern Imerys' managerial and legal organization and the resulting delegations of power. It is also intended to enable the Group to achieve the strategic orientations that it sets itself, while guaranteeing strict compliance with the laws and regulations that apply to French stock market-listed companies, best current practices and the other internal charters that it has established.

Anti-fraud policy

The anti-fraud policy, adopted at the end of 2005, defines the following: means of preventing fraudulent actions and dissuading their possible perpetrators; investigation and reporting arrangements; and the penalties, particularly disciplinary actions, that may apply.

Internal Audit charter

This charter formally defines the mission, powers and responsibilities of the Internal Audit Department at Imerys, in line with current professional standards. It is supported by ethical guidelines for internal auditors.

Sustainable Development charter

The Sustainable Development charter defines the Group's value and principles in terms of social and environmental behavior.

The Environment, Health & Safety charter

The Group's Environment, Health & Safety charter was published in April 2005. In particular, it specifies the rules to be observed in identifying and reducing risks in this domain. As a minimum, it imposes strict compliance with legislation under a continuous improvement process. It also provides for periodical compliance audits of facilities.

6.6.1.3.2. Group policies

The cross-Group support departments Finance, Strategy, Legal, Human Resources, Environment, Health & Safety and Research & Technology organize and control the Group's operations in their respective spheres of expertise. For that purpose, they draw up Group policies and procedures that define the organization, responsibilities and working and reporting principles specific to each of their functions. This initial set of rules forms the framework that the Group's operating activities must observe. It applies to all the Group's companies and activities.

A second set of rules, drawn up by each business group or division, defines its working and reporting principles. These arrangements are, in compliance with Group policies and procedures, adapted to their internal organization, the management of their mining, industrial and commercial activities and to the related risks. They take specificities in terms of local laws and regulations into account. These policies and procedures, which must be approved by the general management of the business groups and divisions in question, are generally grouped together in specific manuals.

Legal policies

The Legal Manual is comprised of three separate parts. Some of them were overhauled in 2005, while the updating of the others is still in the finalization process.

It first part includes a presentation of the organization of the Group Legal Department and its dual role of advising operating divisions and controlling compliance with the laws and rules that apply to them. This organization is characterized by decentralization: most members of the Legal Department are specifically assigned to one or more operating divisions or to a geographic zone; however, they all report hierarchically or functionally to the Group Legal Department in order to guarantee the independence of their professional opinions.

The second part sets out the following:

- powers of Imerys' corporate bodies (in particular, extracts of the Board of Directors' Internal Charter and its appendices) and principles for the implementation of the Group's Corporate Governance policy in its subsidiaries and affiliates;
- group policies and related procedures, controls and reporting in the various fields coming under the responsibility of the legal function, i.e.:
  - lawsuits, contracts, managing subsidiaries and interest, making financial commitments, granting guarantees and indemnities;
  - protecting and managing intellectual property rights and the confidentiality of certain information;
  - structure and management of insurance for the protection of the persons, assets and income of the Group's activities; and
  - administration and conservation of documents and information within the Group.

Finally, the Legal Manual has been enhanced in order to contribute to the observance by the Group and its executives and employees of their legal obligations in two important specific areas through:

- a compliance program with respect to the rules and principles of competition law that apply to the Group;
- the policy for prevention of use or disclosure of insider information within the Group as adopted by the Board of Directors at its November 7, 2005 meeting. This procedure also specifies the periods during which the individuals concerned must refrain from trading in Imerys securities and those individuals' obligations with respect to declaring authorized transactions. Additional information on this procedure is given in section 6.5. of the Annual Report.

Human Resources policies

The Human Resources guide first includes a collection of principles that form a general framework for all the Group's business groups and operating divisions in the definition and decentralized management of their own human resources policy.

These policies were reexamined in 2005 and some of them are still being finalized. They are based in particular on the following principles:

- ethical values, such as those concerning the prohibition of child labor;
- absence of discrimination in recruiting, training and promoting personnel;
- fairness and local competitiveness of the compensation policies applied;
- observance of a transparent, constructive industrial relations policy with the necessary implementation of a training policy that is adapted to the maintaining and development of employees' skills;
- strict compliance with all applicable local regulations on employment.

Human resources policies currently cover the following areas:

- recruitment;
- compensation management;
- performance management and assessment;
- employee relations;
- internal communication;
- organizational development;
- industrial relations.

Procedures for the implementation of these policies and other components of human resources management policy that are specifically adapted to local practices and activities' needs are set down in business group or division policy manuals and procedures.

Sustainable Development policies

Imerys develops a formalized environmental strategy that is coordinated across the Group in order to meet the challenges of Sustainable Development. This strategy enables every division to develop its own actions. However, common standards have been established to harmonize local initiatives.

The Sustainable Development charter sets out a limited number of fundamental objectives that the Group has set itself (see paragraph 4.8.1. of the Annual Report) and the related policy describes the reporting principles and rules that all divisions must follow.

A steering committee made up of the managers of the Research & Technology, Environment, Health & Safety (EHS), Human Resources, Legal and Communications Departments reports directly to the Group's Chief Executive Officer. Its essential missions are to:

- set Sustainable Development goals;
- validate key indicators for environmental and social performance;
- define the messages to be communicated internally and externally.

Furthermore, EHS policy was finalized and communicated within the Group in 2005. It covers the roles and responsibilities of every player and the main principles to be observed in all the Group's activities in order to identify and prevent environmental risks, personal health and accident risks and non-compliance risks with respect to laws and regulations in force. Detailed information on EHS activities is given in section 4.8. of the Annual Report.

Other procedures are in the finalization process and should be ready for circulation in the Group in 2006. These concern:

- the EHS management system;
- safety sheet creation and product labeling procedure;
- group standards for mining site restoration;
- group standards for the management and prevention of risks related to ground stability in mines and quarries.

At the beginning of each of its meetings, the Executive Committee examines monthly safety results in the different divisions. It defines and monitors any corrective actions that may be needed.

Research & Technology policies

Given the operational nature of the main subjects in its area of expertise, the corporate Research & Technology Department has opted for very decentralized management of those issues. The framework for this management, which is adapted to the needs and specificities of each business group and divisions, is defined by the entities' own procedures.

However, a Group policy has been defined for the assessment of mineral reserves and resources. The Group adopted the rules set by the "European Code for Reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves" of October 2001 for estimating, monitoring and implementing consistent reporting on the Group's mineral reserves and resources (see section 4.9. of the Annual Report).

› Purchasing policies

The Group has adopted decentralized organization of its purchasing. Under that framework, the Corporate Purchasing Department has developed the best practices that are described in its general purchasing policy. These practices are disseminated through training and standard tools and are carefully supervised.

6.6.1.3.3. Human Resources management

Human Resources management is a component of the Group's internal control system. It is designed to create the conditions for a strong control environment by enabling the Group to ensure that:

- its employees have an optimum skill level with respect to their responsibilities;
- they are aware of those responsibilities and their limits;
- they are informed about and observe the Group's rules;
- they are motivated and enterprising.

In that respect, as described in paragraph 6.6.1.3.2., a set of rules exists to provide a framework for the management of personnel and skills in the Group. These rules serve line management and are focused, in particular, on control of external recruitment, career development and internal mobility, training and consistency of compensation systems.

To support its growth, the Group continues to recruit in all countries and all functions. To ensure that recruitment is consistent and justified, the Corporate Human Resources Department defines standard rules and checks that practices are standardized.

The career development procedure has two parts: Performance Appraisal and Career Development (PAD), under which individual objectives are set and annual achievements are assessed, and Organization and People Review (OPR), under which individual situations (including identification of high-potential managers or outstanding performance), succession plans and some organizational questions are examined.

Work began in 2005 to draw up a European training program for the Group's managers. It includes a specific individual development program for young senior managers who are due to extend their responsibilities within the Group in the near future.

An annual review of compensation focuses both on basic salary and on bonuses. A study was carried out in 2005 to survey all the current manager bonus practices in the Group, compare them with market practices and improve competitiveness and consistency. Moreover, international classification of the duties of Imerys' main line and support managers has been defined. Individual compensation will be reviewed in 2006 according to a Group-wide policy intended to strengthen amounts and developments consistency.

6.6.1.4. Communication and information

6.6.1.4.1. Internal communication

Internal communication plays an important role in creating a strong control environment and is organized around a Group's central department and a network of local correspondents in operating divisions.

Its mission is to ensure that everyone is integrated into the Group's activities and to build a collective identity founded on diversity.

Internal communication has a threefold objective:

- inform all the Group’s employees. To achieve this, tools such as the in-house magazine “Imerys News” or the “Scooper” intranet present Imerys' general orientations, strategy, organization and activities. Other vehicles such as the “Blue Book” intranet are used to disseminate Group policies and procedures by making charters (e.g. code of conduct, anti-fraud policy) available to all the Group’s employees. Furthermore, Imerys strives to give every manager it recruits an overview of the Group and its organization and main businesses. For that purpose, European welcome sessions are attended by around 100 new arrivals every year;
- share experience to foster the circulation of best practices, including respect to internal control systems;
- listen to personnel, especially in operating activities through the local correspondents network, in order to know their expectations and identify any major problem encountered in the Group’s activities.

6.6.1.4.2. Information systems

The effectiveness of information systems and tools contributes to the reliability and improvement of support and operating processes. It enables the Company to benefit from all the information at its disposal in order to maximize profits, capitalize on opportunities and increase its competitive edge.

The Group’s policy consists of integrating, via its computerized enterprise resource planning (ERP) tools, as much as possible of its value chain (particularly sales, distribution, purchasing, inventory, fixed assets, production, the logistics chain and finance). Imerys strives to use integrated ERP control systems in order to ensure the optimum level of control while meeting the specific requirements of better management of its operating activities. This use is regularly checked through specialized information system assignments performed by the Internal Audit Department.

Imerys is organized around a small number of ERP systems selected by the Group to take account of the size of entities and geographic zones in order to obtain support and maintenance synergy as well as satisfactory consistency. Each ERP system is chosen according to its reliability and relevance to the environment in question, while the Group Information Systems Department ensures that the overall organization is consistent and achieves the highest standards in terms of performance and security. Consolidation and reporting software is deployed in all the Group’s entities and sources the necessary data from the financial modules of the ERP systems used by those entities.

Furthermore, Group-wide tools for consolidating and monitoring the most important non-financial data have been set up. Depending on the case, they are used to achieve the following goals:

- obtaining better vision of the comparative performance of the Group’s different activities, preventing or solving any difficulties and fostering or measuring improvement (consolidation and reporting of representative indicators for managing human resources – headcount and personnel age pyramid, seniority, training, compensation – or environment, health and safety);
- ensuring the accuracy of legal or administrative information concerning the Group’s subsidiaries and interests and contributing to the monitoring of its compliance with applicable legal or regulatory obligations (consolidation and reporting of data on the Group’s subsidiaries and interests and on their corporate officers).

6.6.1.5. Risk analysis and management

6.6.1.5.1. Objectives

Analyzing risks enables Imerys to identify the events that represent a major threat in terms of achieving its strategic, financial and operaing goals and compliance with the law.

Through this structured process that enables the Group to understand and assess the risks facing it, Imerys is able to set up relevant action plans in order to improve the protection of the Group’s value and its compliance with applicable laws and regulations.

6.6.1.5.2. Organization

Imerys' Board of Directors has appointed two of its specialized committees, the Strategic Committee and the Audit Committee, to examine questions relating to the Chief Executive Officer's analysis and monitoring of the major risks that come under their respective spheres of competence. These committees regularly report to the Chief Executive Officer on the work done on the subject.

The Strategic Committee is in charge of matters concerning the identification and monitoring of the risks related to the external environment (strategy, markets, customers) and operating and managerial risks.

The Audit Committee is in charge of matters concerning the monitoring of financial and legal risks, risks related to the quality of information needed for management, business continuity, crisis management and ethics. For that purpose, every year it devotes one of its sessions to the specific review of those risks and of Imerys' insurance policy, which are presented to the Committee by the main Group managers concerned (in particular the General Counsel, Internal Audit Manager, EHS Manager, etc.).

Moreover, as part of its overall Risks and Internal Control project, Imerys has created a Risks and Internal Control channel, made up of the Group's division Vice-Presidents & General Managers and the main support department officers with the long-term aim of analyzing the Group's most significant risks and the related controls. All support and line managers are asked to adopt a risk identification, assessment and management process for their respective areas of responsibility and to set up relevant internal control procedures to cover those risks.

6.6.1.5.3. Major risks

Details of the nature of the Group's main risks are given in section 4.7 of the Annual Report.

The methods for managing and monitoring the Group's main financial risks are set out in notes 30 and the following of the attachments to the consolidated financial statements. The methods applied to the Group's main non-financial risks are described hereafter.

Environment, Health & Safety

Most of the industrial activities that make up Imerys' core business may have an impact, albeit a limited one, on their environment. Moreover, the industrial mining trade requires the daily performance of tasks that entail risks and, consequently, require relevant employee training in the use of chemicals or explosives, driving heavy mobile equipment and work at heights.

The Group has a Corporate Environment, Health & Safety (EHS) Department with the mission of guiding and assisting operating entities and the Group in their development efforts and maintaining adequate protection of persons (Imerys or third party employees), property and the environment.

As part of its mission, the EHS Department audits the programs implemented by those operating entities in order to check their compliance with local regulations and with safety, health and environmental standards.

The EHS audit policy provides for approximately 30 audits per year in order to audit all the principal sites every three years. The schedule of these audits is coordinated with the Group's general audit plan. The relevance of this program and its correct application are checked by an independent outside organization.

Moreover, 2005 saw the creation of an innovative training program, the Imerys Safety University. The program's objectives include training participants in professional risk assessment, in the use of incident cause analysis tools and in the key success factors for a safety culture improvement program. Safety University courses enable participants to share experiences and form strong, dynamic networks.

Mineral reserves and resources

Reported quantities of mineral reserves and resources are estimated from the size and quality of deposits based on the technical, economic, market and other data available at a given time. Because of unforeseeable changes in those parameters and the uncertainty naturally inherent in evaluating resources, no absolute guarantee can be given for the estimate of those reserves and resources.

For that reason, Imerys has set up an internal network of experts who are responsible for evaluating the Group's mineral resources and reserves for each of its divisions or operating entities. These experts must prove they have a recognized qualification and at last five years' geological experience in minerals and be members of a recognized trade organization.

Under the responsibility of the Group's Chief Geologist, once a year these experts make an assessment of the Group's mineral reserves and resources and, at the same time, review the related mining rights. This assessment is validated by the Group Research & Technology Vice-President and presented to the Executive Committee. The status and evolution of those reserves and resources are indicated in section 4.9. of the Annual Report.

Furthermore, these estimates are audited over a three-year cycle, by independent experts for the main sites and internally for the remaining sites.

Energy

Like any industrial group, Imerys is exposed to the risk of fluctuations in the prices of its different sources of energy (primarily natural gas, electricity and oil products), although the geographic distribution of its industrial facilities and the diversification of its supply sources tend to limit the risk for the Group.

As risks of price variations and their potential impact for the Group are higher for natural gas and electricity, the financial management of these risks is centralized in the Corporate Treasury Department. This one is in charge of implementing a common management policy that particularly includes appropriate recourse to the financial instruments available on the market.

Sea transport

Given the geographic dispersal of its mineral reserves, industrial facilities and markets, as well as the nature of its products, the Group makes extensive use of sea freight to optimize product transport costs, particularly in the Pigments for Paper business group. This freight is chiefly in bulk or container form.

The Group judges that its principal exposure to this risk is the sea transport of bulk kaolin from Brazil or the United States and transport in the Mediterranean basin.

Consequently, sea transport gives rise to global category management at Group level in order to optimize flows and set up best current practices in every division.

For very substantial flows such as transport from Brazil, the Group keeps up a policy of long-term contracts in partnership with certain ship-owners, which smoothes out the impact of fluctuations in market prices and optimizes the use of the ships assigned to this activity.

Countries

The nature of the Group's activities, as well as their worldwide geographic location, exposes it to certain risks that may in time have an impact on its activities, assets, financial position or results.

To identify at-risk countries, Imerys uses Coface country risk ratings, which indicate to what extent a company's economic and financial commitment is influenced by the economic, financial and political outlook for the country in question.

The Group's strategy in terms of diversifying its supply sources and the location of its end markets, mainly in developed countries, enables it to soften the effects of those global risks by limiting the impact of difficult local situations.

Disputes

Imerys and its subsidiaries are exposed to risks of claims or disputes occurring in the normal run of their business, like all groups carrying out activities of a similar size and nature, particularly those with significant bases in the United States.

In order to control these operations, the Corporate Legal Department is informed of any dispute or event that may lead to a lawsuit brought either by a Group company or by a third party. The Corporate Legal Department manages all claims brought against the Group, with the assistance of local lawyers whom it appoints. At the end of every half-year, its draws up a consolidated report on the biggest lawsuits for review and discussion with the appropriate representatives of the Finance function. The main conclusions are presented to the Audit Committee by the Group's Legal Counsel as part of the Committee's annual examination of the main risks facing the Group.

Property damage and business losses

Since 2004, the Group has stepped up its efforts to raise awareness and protect against the property damage and business interruption risks likely to affect its operating entities. A specific audit program of its industrial facilities is conducted by the prevention engineers of the insurance company that took out the Group's policy covering those risks. The main terms of that coverage are described in paragraph 4.7.9. of the Annual Report.

Organization of that program and the monitoring of the resulting recommendations are the joint responsibility of the Corporate Insurance Department (part of the Corporate Legal Department) and the EHS Department. The schedule for those audits is coordinated with the Group's general internal audit plan.

6.6.1.6. Internal control activities

6.6.1.6.1. Procedures for controlling the accuracy of accounting and financial information

The control mechanism and procedures for production of accounting and financial information are uniform throughout the Group. This mechanism is made up of a cross-Group accounting organization, homogeneous accounting standards enacted in the Group Finance Manual, a single consolidated reported system, quality review of the internal and external financial and accounting information produced, and Group-level management of accounting skills.

Organization of the accounting and financial function

Accounting and financial operations are managed by the Corporate Finance Department. Its central organization includes:

- an accounting and consolidation function, which is responsible for the preparation and presentation of Imerys SA's financial statements and the Group's consolidated financial statements;
- a financial and budget control function, responsible for preparing and compiling budget data and for reporting (at monthly, quarterly, semi-annual and annual intervals) on the Group's financial management and for analyzing operations' performance in relation to budget targets and to comparable periods during the previous year;
- a treasury and financing function, which is particularly in charge of preparing and consolidating data on financial debt and on the Group's financial income. Details of its other missions are given in chapter 3 of the Annual Report, in the notes to the consolidated financial statements, in particular centralized financial management and optimization of the Group's debt and financial resources, and management of interest rate risk;
- a tax function, which is particularly responsible for monitoring the tax consolidations made in the Group and controlling their overall consistency.

Because of the decentralized organization of the accounting and financial functions, the financial controller of each business group and each division has a key role. In particular, he or she is in charge of making sure at his or her local level that the controllers in the divisions of his or her business group and in his or her division's local entities correctly apply the internal accounting and financial control procedures. Each controller is assigned to the manager of the operating entity in question, but also reports on a functional basis to the Corporate Finance Department.

Accounting framework

The general rules described in the Finance Manual apply to all Group subsidiaries. They include:

- a reminder of the general accounting principles and recommendations to observe;
- a definition of the Group accounting methods that apply for the most important items; these items have been defined beforehand according to Imerys' activities and to generally accepted accounting principles for those activities;
- control procedures for the most important account categories, particularly the main accounting reconciliations to be performed in order to control the information produced;
- useful standard documents for carrying out those controls.

Annual budget and financial management reporting

Every year, Imerys implements a monthly and quarterly budget and reporting progress for all the Group's entities for the purposes of having an accurate and consistent management and information tool. The match between accounting data and the management information derived from reporting is the key control principle intended to ensure the accuracy of accounting and financial information.

Imerys' budget preparation procedure is based on the involvement of multi-field teams in every business group and division and on the control of the overall consistency of assumptions and methods by the Corporate Management Control Department.

The reporting system enables the Group to accurately monitor the monthly results (income statement and cash flow) and quarterly financial items of business groups and divisions, and to compare them with figures for the previous period and the budget. Local line managers comment on management indicators and the main variations are analyzed by the Corporate Management Control Department.

Following that, every month the Executive Committee examines the most recent summaries resulting from reporting, analyzes significant variations compared with the previous year and the budget. It determines and monitors the implementation of corrective actions whenever it judges necessary.

In principle, all these procedures make it possible to detect any anomalies on a monthly basis and correct them quickly.

Other internal control mechanisms for financial and accounting information

To strengthen its control system, the Corporate Finance Department has specific expertise in certain areas, such as:

- the Corporate tax function, which is responsible for monitoring its tax consolidation, estimating the resulting amount of taxes and calculating the taxes Imerys has to pay in France;
- the Treasury and Finance Department, which controls the Group's financial debt and its contractual documentation's compliance with covenants in liaison with the Legal Department; in that context, a management tool for all Group users, e-cash, was set up in order to group together the management of bank accounts and intra-Group financial accounts on a single Internet platform; this tool provides for centralized supervision of all the Group's accounts.

Furthermore, a single accounting consolidation system processes all information from each Group subsidiary and a schedule is drawn up for annual and interim (quarterly and semi-annual) account closings.

Internal audits on accounting and financial control procedures are regularly conducted by the Corporate Internal Audit Department.

A detailed review of the consolidated financial statements is carried out by the Chief Executive Officer assisted by his Executive Committee, and by the Board of Directors and its Audit Committee.

Finally, the Corporate Finance Department maintains close relations with regulatory or trade bodies (AMF, AFEP-MEDEF, etc.) and takes their recommendations into account.

Management of accounting skills

The Executive Committee ensures that the accounting skills of the members of the Finance Department and local financial control teams are kept sufficiently high. In particular, it carefully takes part in the choice of accounting teams, under the supervision of the Corporate accounting and consolidation function, and verifies the organization of training programs to maintain and develop internal financial and accounting skills.

6.6.1.6.2. Analysis of internal control mechanisms

Towards the end of 2005, Imerys adopted a three-year action plan to enhance the analysis of the main risks to which its activities are exposed and, consequently, improve the efficiency of its internal control systems and appraise their quality more effectively.

The new position of LSF Compliance Manager was created to supervise implementation of this plan in liaison with operating divisions and, if necessary, adapt its scope or pace according to regulatory developments and current practices. In this mission, the LSF Compliance Manager is assisted by an international consulting firm.

2006 will be a pilot year, given over to the review of the risks and internal control mechanisms analysis methods and tools. Upstream, the Group's main risks, as identified beforehand, will be examined in greater depth and updated as necessary. The control system related to pilot processes for financial or operating management will also be analyzed.

Upon completion of the adopted action plan, risk identification and ranking should become a recurring process that takes into account new risk factors and the Group's environment. In parallel, the Group's objective in terms of internal control is to be able to set up a structured, formalized approach for the analysis of existing mechanisms, in relation to the materiality of the related risks, in order to strengthen the continuous improvement process to be implemented by all the Group's line and support managers.

A Risks and Internal Control channel, created by Imerys and comprised of division Vice-Presidents & General Managers and main support department Officers, will be responsible for this entire process. They will work in liaison with the Group's project management structure in order to analyze the overall quality of the internal control system.

6.6.2. STATUTORY AUDITORS' REPORT

Prepared in accordance with the last paragraph of Article L.225-235 of the French company law (Code de Commerce) on the report prepared by the Chairman of the Board of Directors of Imerys SA with respect to the internal control procedures for the preparation and treatment of financial and accounting information

Fiscal year ended December 31, 2005

Ernst & Young Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex - France

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

Dear Shareholders,

In our capacity as statutory auditors of Imerys SA and in accordance with the last paragraph of Article L.225-235 of the French Company Law (Code de Commerce), we hereby report to you on the report prepared by the Chairman of the Board of Directors of your Company, in accordance with Article L. 225-37of the French Company Law (Code de Commerce) for the year ended December 31, 2005.

It is for the Chairman to report on the conditions and organization of the Board of Director's procedures and the internal control procedures implemented by the Company.

It is our responsibility to report to you our observations on the information and assertions set out in the Chairman's report on the internal control procedures relating to the preparation and treatment of financial and accounting information.

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

- obtaining an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the Chairman's report;
- obtaining an understanding of the work performed to support the information given in the report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the report of the Chairman of the Board of Directors, prepared in accordance with the last paragraph of Article L. 227-37 of the French company law (Code de Commerce).

Paris-La Défense and Neuilly-sur-Seine, April 5, 2006

The Statutory Auditors

Ernst & Young Audit
Jean-Roch VARON

Deloitte & Associés
Nicholas L. E. ROLT

6.7. Regulated agreements

Regulated agreements that are subject to the provisions of article L225-38 of the Code of Commerce and were in force during financial year 2005 are the subject of a special report by the Auditors (see paragraph 7.2. of the Annual Report).

- The performance of the following agreements, which were authorized by the Supervisory Board in 1999 and mentioned in the Auditors' special report, continued in the same terms and conditions, as follows:

  1. "Whitewash" procedures under the terms of which the Company granted intra-group guarantees and loans to:

     - its subsidiary Imerys Minerals Ltd (formerly English China Clays Ltd) and some of its subsidiaries;

     - Imerys UK Ltd.

  2. Strategic consulting services agreement with the Pargesa group, for an annual amount of 1,250,000 Swiss francs, as modified by the amendment of July 25, 2002, in order to reflect accurately the provisions of the Group's new internal procedure for the prevention of the use and disclosure of insider information.

- No other agreement coming under the provisions of article L225-38 of the Code of Commerce was entered into in 2005 or has been entered into since the end of that year.

CHAPTER 7

ORDINARY SHAREHOLDERS' GENERAL MEETING OF MAY 2, 2006

Ordinary Shareholders' General Meeting of May 2, 2006

7.1. Presentation by the Board of Directors of the resolutions

All the resolutions that the Board of Directors drew up at its March 7, 2006 session and asks you to adopt, fall within the scope of the Ordinary Shareholders' General Meeting.

7.1.1. FINANCIAL YEAR 2005: ANNUAL FINANCIAL STATEMENTS, REGULATED AGREEMENTS, ALLOCATION OF EARNINGS

(four resolutions)

We first submit to your approval the Company's financial statements for financial year 2005 (first resolution) and the Group's consolidated financial statements for financial year 2005 (second resolution).

The presentation of these financial statements and the description of the financial situation, business and results of the Group and the Company for the financial year just ended, as well as the various items of information required by current legal and regulatory provisions, appear in chapter 3 of the Annual Report, to which we ask you to refer.

You are also called upon to decide on the regulated agreements subject to the provisions of article L. 225-38 of the Code of Commerce, pertaining to limited liability companies with a Board of Directors (third resolution). When not part of current operations, they are the subject, as usual, of an Auditors' special report on regulated agreements (*see section 7.2. of the Annual Report*). The Auditors did not make any specific comments in this regard.

You are then called upon to decide on the allocation of the Company's earnings for financial year 2005 (fourth resolution).

The Company's net income for the financial year just ended is €99,995,690.04, to which we propose that retained earnings appearing in the balance sheet of €425,112,563.33 be added in order to form a total distributable amount of €525,108,253.37.

We propose that this amount be allocated to the payment of a dividend of €1.65 per share for the 63,331,865 shares that make up the share capital as on January 17, 2006 (*see paragraph 5.2.1 of the Annual Report*) and that the remainder be allocated to the "retained earnings" account. We also ask that you kindly authorize the Board of Directors to deduct from the "retained earnings" account the sums needed to pay the dividend attached to the shares created following the exercise of share subscription options between January 1, 2006 and the dividend payment date.

The dividend will be paid from May 17, 2006.

With a net amount of €1.65 euro per share, compared with €1.50 in 2005, the dividend payout for this year represents a 10% increase.

You are reminded that, following the discontinuation of the tax credit as from January 1, 2005 and in accordance with article 158-3 of the Tax Code, all of the proposed dividend with respect to 2005 is eligible for the 50% allowance from which private individuals domiciled in France for tax purposes may benefit.

In accordance with article 243 bis of the Tax Code, the amount of the dividend per share paid with respect to the previous three financial years, as well as that of the corresponding tax credit, were as follows (taking into account the division of the Imerys share's par value by 4):

	2004	2003	2002
Net dividend per share	€1.50	€1.25	€1.07
Tax credit or allowance per share	-	€0.62	€0.54
Total payment per share	€1.50	€1.87	€1.61
Number of shares compensated	**63,307,376**	**63,429,132**	**63,007,800**

7.1.2. COMPOSITION OF THE BOARD OF DIRECTORS
(four resolutions)

A second set of resolutions concerns the composition of the Board of Directors. Information on the powers of the Board and its specialized Committees, their current composition and the changes that occurred in 2005, on their workings and activity during the year just ended and on the independent status of their members, personal information concerning them and their main activities and corporate offices is given in chapter 6 of the Annual Report on Corporate Governance, to which we ask you to refer.

The term of office of the Directors is three years and one third of the offices are renewed every year.

In order to allow for the renewal in successive thirds when appointing the first Directors following the adoption of the Company's new management structure, Mr. Jacques Drijard, Mr. Patrick Kron, Mr. Jocelyn Lefebvre and Mr. Eric Le Moyne de Sérigny were appointed by the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2005 for one year. Consequently, their term of office expires following the present General Meeting.

Mr. Patrick Kron has informed the Board of Directors of his wish not to seek renewal of his term of office for personal reasons relating to his lack of availability. While the Board perfectly understands his reasons, it deeply regrets his departure and voices its great gratitude for Mr. Patrick Kron's successful action during his four years (1998-2002) as the Group's Chief Executive Officer and for the subsequent continuation of activity and rewarding contribution to the Board's work and debates in favor of the Group.

In accordance with the recommendations of the Appointments and Compensation Committee, it is proposed that Mr. Gilbert Milan be appointed as a new Director in succession to Mr. Patrick Kron and that the terms of office of Mr. Jacques Drijard, Mr. Jocelyn Lefebvre and Mr. Eric Le Moyne de Sérigny be renewed for the statutory term of three years, until the Shareholders' General Meeting called in 2009 to rule on the management and financial statements for financial 2008 (fifth to eighth resolutions).

A Civil Engineering graduate of Ponts et Chaussées engineering school with an MBA from Harvard Business School, Mr. Gilbert Milan began his career in 1979 with Boston Consulting Group, where he held several positions before becoming a managing partner from 1984 to 1994. In 1995, he created the company Eveil & Jeux with his wife. As of 2003, Mr. Gilbert Milan is Chairman of Milinvest Ventures (France) and Managing Director of Milinvest (France).

In accordance with the principles observed by the Company for appraising the independent status of its Directors, and following an examination of their personal situation, the Appointments and Compensation Committee acknowledged the independent status of Mr. Eric Le Moyne de Sérigny as an incumbent Director and of Mr. Gilbert Milan as a candidate for that position. However, Mr. Jacques Drijard (former manager of the Group) and Jocelyn Lefebvre, who represent the Company's controlling shareholders, do not have independent status.

Following the Shareholders' General Meeting of May 2, 2006 and subject to its approval of the proposed changes:

- the Board of Directors will be composed as follows:

Term of Office ending in 2007	Term of Office ending in 2008	Term of Office ending in 2009
Paul DESMARAIS, Jr.	Aimery LANGLOIS-MEURINNE	Jacques DRIJARD
Yves-René NANOT	Gérard BUFFIERE	Jocelyn LEFEBVRE
Grégoire OLIVIER	Aldo CARDOSO	Eric LE MOYNE DE SERIGNY
Robert PEUGEOT	Maximilien DE LIMBURG STIRUM	Gilbert MILAN
Thierry DE RUDDER	Jacques VEYRAT	

- the Board of Directors will appoint Mr. Gilbert Milan as a member of its Strategic Committee.

7.1.3. STOCK BUYBACK PROGRAM AND POSSIBLE CANCELLATION OF REPURCHASED SHARES
(one resolution)

As the authorization to buy back the Company's shares on the market, previously given to the Board of Directors for a period of 18 months by the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2005, expires before the 2007 Shareholders' General Meeting, you are asked to renew it now in accordance with the provisions of articles L. 225-209 et seq. of the Code of Commerce and articles 241-1 to 241-6 of the General Regulations of Autorité des Marchés Financiers (AMF) of December 30, 2005 (ninth resolution). For further information concerning the Company's implementation in 2005 of its stock buyback program, you are invited to refer to paragraph 5.2.4. of the Annual Report.

You are reminded that the requested new authorization is intended to allow the repurchase of the Company's own shares, either by the Company itself or through an investment services firm acting in the name and on behalf of the Company under a liquidity contract in accordance with a code of conduct recognized by AMF, for the purposes of:

- the granting of share purchase options under the Company's Group Savings Plan or of free shares to employees and/or executives of the Company and/or the companies in its Group;
- the delivery or exchange of shares, particularly with respect to the issue of securities that give access, immediately or in the future, to shares in the Company or with respect to external growth operations;
- the cancellation of the shares thus bought and, as the case may be, any shares bought under previous buyback authorizations.

7.2. Auditors' report

Ernst & Young Audit
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STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY TRANSACTIONS
Fiscal year ended December 31, 2005

This is a free translation of the original text in French for information purposes only. It should be understood that the agreements reported on are only those provided by the French Company law (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Dear Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on the agreements involving related parties.

We are not required to ascertain whether such agreements exist, but to inform you, based on information provided to us, of the principal terms and conditions of those agreements brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article 92 of the Act of March 23, 1967, to evaluate the benefits resulting from these agreements prior to their approval.

Agreements authorized during the year

We hereby inform you that no agreement entered into during the year to which Article L. 225-38 of the French company law (Code de Commerce) would be applicable has been brought to our attention.

Agreements approved during previous fiscal years which continued during fiscal year 2005

In addition, pursuant to the decree of March 23, 1967, we have been informed that the following agreements, approved during previous fiscal years, have continued during fiscal year 2005.

- With Imerys UK Ltd

Your Company has implemented so-called « Whitewash » procedures with its subsidiary, Imerys UK Ltd, pursuant to which it grants inter-company guarantees and loans.

- With Imerys Minerals Ltd

Your Company has implemented so-called « Whitewash » procedures with its subsidiary, Imerys Minerals Ltd, pursuant to which it grants inter-company guarantees and loans.

- With Pargesa Holding SA

Your Company has signed a strategic consulting services agreement with the Pargesa Group for an annual amount of 1,250,000 Swiss francs.

We conducted our procedures in accordance with professional standards applicable in France; those standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

Paris-La Défense and Neuilly-sur-Seine, April 5, 2006
The Statutory Auditors

Ernst & Young Audit
Jean-Roch VARON

Deloitte & Associés
Nicholas L. E. ROLT

7.3. Agenda

- Approval of the Company's management and annual financial statements and the Group's consolidated financial statements for financial year 2005;
- Approval of the Auditors' special report on regulated agreements;
- Allocation of earnings and determining of dividend;
- Renewal of the Directorships of Mr. Jacques Drijard, Mr. Jocelyn Lefebvre and Mr. Eric Le Moyne de Sérigny;
- Appointment of Mr. Gilbert Milan as new Director in replacement of Mr. Patrick Kron;
- Authorization given to the Company to buy back its own shares;
- Powers.

7.4. Draft resolutions

First resolution
Approval of management and financial statements for financial year 2005

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report and the Auditors' general report pertaining to the Company's financial statements for the financial year ended on December 31, 2005, approves, as presented, such financial statements, as well as the transactions evidenced by such financial statements and summarized in such reports.

Second resolution
Approval of consolidated financial statements for financial year 2005

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report and the Auditors' report pertaining to the Group's consolidated financial statements for the financial year ended on December 31, 2005 approves, as presented, such financial statements as well as the transactions evidenced by such financial statements and summarized in such reports.

Third resolution
Approval of the Auditors' special report on regulated agreements

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the special report of the Auditors on the agreements provided for in article L. 225-38 of the Code of Commerce, approves the operations and agreements entered into or performed during the financial year ended on December 31, 2005.

Fourth resolution
Allocation of earnings and determining of dividend

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the Board of Directors' report, approves the allocation of earnings as proposed by the Board of Directors:

The Company's net income for the financial year just ended is	€99,995,690.04
› plus retained earnings appearing in the balance sheet of	€425,112,563.33
for a total distributable amount of	€525,108,253.37
We propose that you allocate it as follows:	
› payment of a dividend of €1.65 euro to each of the 63,331,865 shares that make up the share capital as of January 17, 2006, representing distribution of	(€104,497,577.25)
› leaving retained earnings of	€420,610,676.12

The Shareholders' General Meeting also authorizes the Board of Directors, with the possibility of delegating in the conditions provided for by law, to deduct from the "retained earnings" account the sums needed to pay the dividend attached to any shares created as a result of exercises of stock subscription options from January 1, 2006 to the dividend payment date.

This dividend, which is eligible for the 50% allowance from which private individuals domiciled in France for tax purposes may benefit as provided by article 158-3 of the General Tax Code, will be paid from May 17, 2006.

In accordance with article 243 bis of the General Tax Code, the amount of the dividend per share paid for the previous three financial years, and the amount of the corresponding tax credit, were as follows (taking into account the division by 4 of the par value of Imerys shares):

	2004	2003	2002
Net dividend per share	€1.50	€1.25	€1.07
Tax credit per share	-	€0.62	€0.54
Total payment per share	€1.50	€1.87	€1.61
Number of shares compensated	63,307,376	63,429,132	63,007,800

Fifth resolution
Renewal of Mr. Jacques Drijard's term as Director

The Shareholders' General Meeting, after examining the Board of Directors' report, acknowledging that Mr. Jacques Drijard's term of office expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2009 to approve the financial year 2008 management and financial statements.

Sixth resolution
Renewal of Mr. Jocelyn Lefebvre's term as Director

The Shareholders' General Meeting, after examining the Board of Directors' report, acknowledging that Mr. Jocelyn Lefebvre's term of office expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2009 to approve the financial year 2008 management and financial statements.

Seventh resolution
Renewal of Mr. Eric Le Moyne de Sérigny's term as Director

The Shareholders' General Meeting, after examining the Board of Directors' report, acknowledging that Mr. Eric Le Moyne de Sérigny's term of office expires following the present General Meeting, resolves to renew such term for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2009 to approve the financial year 2008 management and financial statements.

Eighth resolution
Appointment of M. Gilbert Milan as new Director in replacement of Mr. Patrick Kron

The Shareholders' General Meeting, after examining the Board of Directors' report, resolves to appoint as from this day Mr. Gilbert Milan, residing 45 rue de Saint Nom - 78112 Fourqueux - France, as new Director in replacement of Mr. Patrick Kron who did not request the renewal of his term of office, which expires following the present General Meeting, for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2009 to approve the financial year 2008 management and financial statements.

Ninth resolution
Authorization given to the Company to buy back its own shares

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, after examining the report of the Board of Directors pursuant to the provisions of article L. 225-209 et seq. of the Code of Commerce and articles 241-1 to 241-6 of the General Regulations of Autorité des Marchés Financiers:

1) authorizes the Board of Directors, with the possibility of delegating in the conditions provided by law, to (i) make purchases or (ii) have purchases made of the Company's own shares, through an investment services company acting in the name and on behalf of the Company in complete independence without being influenced by the Company, under a liquidity contract in accordance with a code of conduct recognized by Autorité des Marchés Financiers or any other applicable provision:
   - for the purposes of granting stock purchase options or free shares to employees and/or executives of the Company and/or companies that it controls in the sense of article L. 233-3 of the Code of Commerce,
   - for the delivery or exchange of shares, particularly with respect to the issue of securities that give access, immediately or in the future, to shares in the Company or with respect to external growth operations,
   - to cancel the shares thus bought and, as the case may be, any shares bought under previous buyback authorizations,

   and for those purposes, hold the repurchased shares, or sell or transfer them by any means in the conditions described below in accordance with regulations in force, particularly by sale on the stock market or by mutual agreement;

2) sets the following limits for the use of the present authorization by the Board of Directors:
   - the maximum number of shares that may be purchased may not exceed 10% of the total number of shares issued and outstanding as of January 1, 2006, that is, 6,397,186 shares,
   - the maximum purchase price of the shares may not be greater than €110,
   - the minimum sale price of the shares may not be less than €40,
   - the maximum amount that the Company is liable to use for such repurchases may not be greater than €703.7 million;

   and resolves that, in the event that the face value of the stock is modified, the capital is increased by the incorporation of reserves or free shares are allocated, or in the event of a stock split or consolidation, the above-stated maximum amount to be used in these buybacks and the maximum number of shares to be repurchased will be adjusted accordingly by a multiplier equal to the ratio between the number of shares that made up the capital before the transaction and the resulting number after the transaction;

3) sets at eighteen months from the date of this General Meeting the term of this authorization, which renders null and void any previous authorizations granted to the Board of Directors with regard to the repurchase by the Company of its shares;

4) grants the Board of Directors, with the authority to delegate such powers in the conditions provided by law, to implement this authorization and, in particular, to sign any stock purchase, sale, exchange or transfer agreements, file any statements with Autorité des Marchés Financiers or any other agency, proceed with the adjustments set forth above, observe any formalities and, generally, do what is necessary.

Tenth resolution
Powers

The Shareholders' General Meeting, ruling in the quorum and majority conditions required for ordinary Shareholders' General Meetings, fully empowers the bearer of a duplicate or an extract of the minutes of the present Meeting to carry out any formalities with respect to registration or publication.

CHAPTER 8

LIST OF SUBSIDIARIES AND AFFILIATES

List of subsidiaries and affiliates

In financial 2005 and the first quarter of 2006, the external growth policy implemented by the Group led to the integration of 110 new companies, as follows:

- 33 companies in the Materials & Monolithics business group, 29 of which resulted from the acquisition in January 6, 2005 of the Lafarge Refractories division of the group Matéris, followed by the take-over on May 6, 2005 of QA Refractories Pty Ltd, Springdeads Six Pty Ltd and Africa Refractory Consultants Pty Ltd (South Africa), and the incorporation on February 21, 2006 of Calderys (Jiangsu) Co., Ltd (China);

- 58 companies in the Refractories, Abrasives & Filtration business group, of which 47 as a result of the acquisition of the World Minerals group (United States) on July 14, 2005, and 11 companies following the acquisition of the AGS group (France) on February 28, 2006;

- 18 companies in the Specialty Minerals business group following the acquisition of a 60% interest in Gran Bianco Carrara Srl (Italy) on May 2, 2005, the acquisition of the Denain Anzin Minéraux group (France), made up of 15 companies, on October 28, 2005, the take-over of Ceramed (France) in February 27, 2006, and the incorporation on July 1, 2005 of Imerys Ceramics Jiangmen Co, Ltd (China), a joint venture 60% held by Imerys;

- 1 company in the Pigments for Paper business group, following the acquisition of a 66.67% interest in the joint venture YBB Calcium Products Co. Ltd (Vietnam) on November 23, 2005.

Furthermore, the Group increased its interests from 25% to 68% in Blancs Minéraux de Tunisie (Tunisia), from 80% to 100% in Imerys Pigments (Qingyang) Co Ltd (China), and from 98.67% to 100% in Imerys Rio Capim Caulim SA (Brazil), and formed 5 new companies.

In parallel, the Group divested the interests it held in Larivière (France), Imerys Minerais Lda (Portugal) and ECC International (Nova Scotia) Ltd (Canada).

Under the Group's policy of rationalizing its legal structures:

- Mircal Deutschland was merged into Monrefco (Germany);

- IRCCBS Participacoes Ltda was merged into Imerys Rio Capim Caulim SA (Brazil);

- Plibrico was merged into Calderys France (France);

- Plibrico Italia Srl was merged into Calderys Italia Srl (Italy);

- PLR Benelux SA was merged into Calderys Belgium SA (Belgium).

Finally, 5 companies that no longer pursued any business were wound up.

8.1. Subsidiaries and affiliates as of March 7, 2006

Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
France							
AGS 17270 Clérac				●		P	99,34
ARDOISIERES D'ANGERS 56, rue Albert Camus 49800 Trélazé			●			FI	100
CALDERYS FRANCE (Ant. PLR SAS) 19, Place de la Résistance 92130 Issy Les Moulineaux			●			FI	100
CELITE FRANCE 154, rue de l'Université 75007 Paris				●		FI	100
CERADEL SOCOR 19/25, rue Frédéric Bastiat 87000 Limoges	●					FI	100
CERAMED - Céramiques de la Méditerranée 30, rue de la Balance 84000 Avignon	●					P	100
CERATERA Z. I., Av. Pierre de Coubertin 36000 Châteauroux	●					FI	100
CESAR La Terre des Landes 24340 Saint Sulpice de Mareuil	●					FI	100
CHARGES MINERALES DU PERIGORD - CMP Chemin de Halage 60340 Villers sous Saint-Leu		●				FI	100
DAMREC 154, rue de l'Université 75007 Paris				●		FI	100
DENAIN-ANZIN MINERAUX 15-25, Boulevard de l'Amiral Bruix 75116 Paris	●					FI	99,97
FELDSPATHS DE TREILLES (Société des) Chemin de la Garrigue 66220 Saint Paul de Fenouillet	●					NC	100
HARBORLITE FRANCE 154, rue de l'Université 75007 Paris				●		FI	100
IMERYS KILN FURNITURE FRANCE Parc d'activités de Sologne 41600 Lamotte Beuvron	●					FI	100
IMERYS MINERAUX FRANCE Chemin de Halage 60340 Villers sous Saint-Leu	●					FI	100
IMERYS SERVICES 154, rue de l'Université 75007 Paris					●	FI	100
IMERYS TABLEWARE FRANCE 1, rue Jeanne d'Albret 87700 Aixe sur Vienne	●					FI	100
IMERYS TC Parc d'Activités de Limonest Silic 3 - 1 rue des Vergers 69760 Limonest			●			FI	100
KAOLINS DE FRANCE (Société Civile Immobilière des) 15-25, Boulevard de l'Amiral Bruix 75116 Paris	●					NC	99,97
KAOLINS DE NOZAY (Société Anonyme des) Le Petit Perret 44170 Nozay	●					FI	88,78
KPCL K.V.S. 1, rue Jeanne d'Albret 87700 Aixe sur Vienne	●					FI	100
MAGEMO SCI Champtraine 60870 Rieux				●		P	39,74

(*) FI : *full integration* EM : *equity method*
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Countries Companies	Business groups: Specialty Minerals	Business groups: Pigments for Paper	Business groups: Materials & Monolithics	Business groups: Refractories, Abrasives & Filtration	Business groups: Parent companies and other	Consolidation method (*)	% of interests
MARCEL RIVEREAU Route d'Ancenis 44430 La Boissière-du-Doré			●			FI	100
MINEMET HOLDING 154, rue de l'Université 75007 Paris					●	NC	100
MIRCAL 154, rue de l'Université 75007 Paris					●	FI	100
MIRCAL BRESIL (Ant. PARNASSE VINGT) 154, rue de l'Université 75007 Paris					●	FI	100
MIRCAL EUROPE 154, rue de l'Université 75007 Paris					●	FI	100
MONOSID PRODUITS REFRACTAIRES 3, rue d'Amiens 93380 Pierrefitte				●		P	99,26
NIZEROLLES 154, rue de l'Université 75007 Paris					●	NC	100
OVIVE Rue Chappe ZI PérFIny 17180 Périgny				●		P	33,78
PARGEMINE 17270 Clérac					●	P	99,34
PARIMETAL 154, rue de l'Université 75007 Paris					●	FI	100
PARNASSE DIX-SEPT 154, rue de l'Université 75007 Paris					●	NC	100
PARNASSE SEIZE 154, rue de l'Université 75007 Paris					●	NC	100
PARNASSE VINGT ET UN 154, rue de l'Université 75007 Paris					●	NC	100
PARNASSE VINGT DEUX 154, rue de l'Université 75007 Paris					●	NC	100
PARNASSE VINGT TROIS 154, rue de l'Université 75007 Paris					●	NC	100
PGB SA 1 Rond Point des Champs Elysées 75008 Paris					●	NC	100
PLR REFRACTAIRES SAS U 19, Place de la Résistance 92130 Issy Les Moulineaux			●			FI	100
QUARTZ DE PIERRE BLANCHE – QPB 15-25, Boulevard de l'Amiral Bruix 75116 Paris	●					FI	100
REFRALOR 19, Place de la Résistance 92130 Issy Les Moulineaux			●			FI	100
RIEUX REFRACTAIRES 9-11, rue de Champ Traine 60870 Rieux				●		P	69,51
RTR SUD-OUEST Chez Boutillet 16480 Oriolles				●		P	49,67
SALREP – Alsacienne et Lorraine de recherches d'exploitation et de Participations 15-25, Boulevard de l'Amiral Bruix 75116 Paris	●					FI	98,38
SCEA STE COLOMBE ZI Beaujard 77160 Poigny	●					NC	100
SCI BATILOR 19, Place de la Résistance 92130 Issy Les Moulineaux			●			NC	99,5
SEG Chaume Lauzon – Gournay 36230 Neuvy Saint Sepulchre	●					FI	51
SETAC 154, rue de l'Université 75007 Paris	●					FI	100

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Countries / Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
SOTRIVAL 17270 Clérac				●		P	33,77
TERRE CUITE VALLETAISE - TCV Les Roseaux 44330 Vallet			●			FI	100
TREIBACHER SCHLEIFMITTEL S.a.r.l. Parc Club du Golf Batiment 22 13856 Aix en Provence				●		EM	50
WORLD MINERALS EUROPE SAS 154, rue de l'Université 75007 Paris				●	●	FI	100
> EUROPE							
• Germany							
CALDERYS DEUTSCHLAND GmbH & Co. OHG In der Sohl 122 56564 Neuwied			●			FI	100
DAM DEUTSCHLAND GmbH Saarbrücken Str. 25 66625 Nohfelden	●					FI	100
IMERYS MINERALS GmbH Prinzenallee 7 40549 Düsseldorf		●				FI	100
IMERYS TABLEWARE DEUTSCHLAND GmbH Ludwigsmühle Strasse 1 95100 Selb	●					FI	100
KERAPLAN GmbH In der Sohl 122 56564 Neuwied				●		FI	51
MINERALIEN SCHIFFAHRT SPEDITION UND TRANSPORT GmbH Kaolinwerk 1 92253 Schnaittenbach					●	EM	50
MONREFCO GmbH In der Sohl 122 56564 Neuwied					●	FI	100
PLIBRICO GmbH In der Sohl 122 56564 Neuwied			●			FI	100
PLR FASSADENSYSTEME GmbH In der Sohl 122 56564 Neuwied			●			FI	100
PLR REFRACTORIES GmbH In der Sohl 122 56564 Neuwied			●			FI	100
RUMICO FEUERFESTE BAUSTOFFE GmbH Stadthausbrücke 5 20355 Hamburg			●			NC	40
SURFATEC ELEKTROSCHMELZE VERWALTUNGS BETEILIGUNGEN ZSCHORNEWITZ GmbH Burgkemnitzer Strasse 17 06791 Zschornewitz				●		FI	100
TIMCAL DEUTSCHLAND GmbH Berliner Allee 47 40212 Düsseldorf	●					FI	100
TREIBACHER SCHLEIFMITTEL DEUTSCHLAND GmbH Ferroweg 1 79725 Laufenburg				●		EM	50
TREIBACHER SCHLEIFMITTEL GmbH Ferroweg 1 79725 Laufenburg				●		FI	100
TREIBACHER SCHLEIFMITTEL ZSCHORNEWITZ GmbH Ferroweg 1 79725 Laufenburg				●		FI	100
VESTRA PAPIER – STREICHTECHNIK GmbH Hess Strasse 134 80797 München		●				NC	21,9
• Austria							
CALDERYS AUSTRIA GmbH (Ant. PLR Ges.mbH) Industriestrasse 1/3 2655 Neukirchen			●			FI	100

Countries Companies	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
	Business groups						
CARRD GmbH Seeabacher Allee 64 9524 Magdalen				●		FI	100
PLIBRICO Ges.mbH Industriezentrum Nö Süd Strasse 16, Objekt 69/7 2355 Wiener Neudorf			●			FI	100
TREIBACHER SCHLEIFMITTEL AG Seebach 2 9524 Villach				●		FI	100
TREIBACHER SCHLEIFMITTEL INTERNATIONALE VERTRIEBS GmbH Seebach 2 9524 Villach				●		FI	100
• Belgium							
CALDERYS BELGIUM (Ant. PLIBRICO SA) Avenue Albert Einstein 13 Ottignies 1348 Louvain La Neuve			●			FI	100
DELTAMAT-PAQUET SA Rue du Drapeau 5 1070 Bruxelles				●		P	9,93
IMERYS MINERAUX BELGIQUE SA Rue du Canal 2 4600 Visé, Lixhe	●	●				FI	100
IMERYS TOITURE BELGIE N.V. Toekomststraat 18 9800 Denze			●			NC	100
TIMCAL BELGIUM Rue du Canal 2 4600 Visé, Lixhe	●					FI	100
• Denmark							
CALDERYS DANMARK A/S (Ant. HÖGANÄS ELDFAST AS) Hammerholmen 48 2650 Hvidovre			●			FI	100

Countries Companies	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
	Business groups						
• Spain							
CELITE HISPÁNICA, SA Calle Beethoven, 1-31 Polígono Industrial « Can Jardí » 08191 Rubi (Barcelona)				●		FI	100
DAM ESPAÑA C/SAN Vicente 4, 2°C 12002 Castellon	●					FI	99,97
DAMCO MINERALES C/Camino Caminas, 5/M, Nules 12520 Castellon	●					FI	99,97
EUROPERLITA ESPAÑOLA, SA Calle Beethoven, 1-31 Polígono Insdustrial « Can Jardí » 08191 Rubi (Barcelona)				●		FI	100
IMERYS ESPAÑA SA Paseo de la Castellana, 188, 5°E 28046 Madrid					●	FI	100
IMERYS TC ESPAÑA SA Avenida de Madrid, 25 02640 Almansa			●			FI	100
IMERYS KILN FURNITURE ESPAÑA, SA Apartado 18, Cachadas 36780 La Guardia (Pontevedra)	●					FI	97,11
IMERYS TILES MINERALS ESPAÑA Cami Plaza de la Marquesa Castellon de la Plana 12200 Onda	●					FI	100
IMERYS WM ESPAÑA, SL Calle Beethoven, 1-31 Polígono Industrial « Can Jardí » 08191 Rubi (Barcelona)				●		FI	100
MINAS DE ALCANTARA, SL C/SAN Vicente 4, 2°C 12002 Castellon	●					FI	79,98
PLIBRICO SA Avenida Metalugia, 7 Poligono Bankunion, 2 33211 Gijon			●			EM	49,9

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Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
VERMICULITA Y DERIVADOS, SL Barrio de Lloréda Tremanes 33211 Gijon				●		NC	49,9
WORLD MINERALS ESPAÑA, S.L. Calle Beethoven, 1-31 Polígono Industrial "Can Jardí" 08191 Rubi (Barcelona)				●		FI	100
• **Finland**							
IMERYS MINERALS OY Itämerentori 2 00180 Helsinki		●				FI	100
CALDERYS FINLAND OY **(Ant. OY HÖGANÄS ELDFAST AB)** Timmermalmintie 19 A 01680 Vantaa			●			FI	100
• **Guernsey**							
WHITEROCK INSURANCE COMPANY PCC Ltd PO Box 33 Maison Trinity Trinity Square St Peter Port Guernsey GY1 4AT					●	FI	100
• **Hungary**							
CALDERYS MAGYARORSZAG K.F.T. (Hungary) (Ant. PLIBRICO TUZALLOANYAG) Richter Janos u. 5sz 9023 Gyor			●			FI	100
IMERYS KILN FURNITURE HUNGARY Kft. Erzsébeti út 7 6801 Hódmezővásárhely	●					FI	100
MIRCAL SERVICES (HUNGARY) Kft. Erzsébeti út 7 6801 Hódmezővásárhely	●					FI	100
• **Island**							
WORLD MINERALS ICELAND EHG. Tungata 1 640 Husavik				●		FI	100
• **Italy**							
4 M.D.P.L. Via Bellieni 9 07047 Thiesi	●					FI	100
AGS ITALIA Via Barchetta 103 41100 Modena				●		P	99,34
CALDERYS ITALIA Srl **(Ant. PL REFRACTORIES Srl)** Via Sacco e Vanzetti 63 41042 Fiorano Modenese			●			FI	100
DAM ITALIA Srl **(Ant. HARWANNE MINERAL ITALIA - HMI)** Via Paracelso 26 Centro Direzionale Colleoni Palazzo Cassiopea 20041 Agrate Brianza	●					FI	100
EUROARGILLE Via Goito 6 42100 Reggio Emilia	●					NC	20
GRAN BIANCO CARRARA Srl Viale G. da Verrazzano 11 54036 Marina di Carrara	●					FI	60
HARBORLITE ITALIANA Srl Alzaia Trento 6 20094 Corsico				●		FI	100
IMERYS MINERALI SpA Via Longobarda 1 54100 MASSA		●				FI	100
IMERYS TILES MINERALS ITALIA **(Ant. EUREC)** Via Monti n°1 42100 Reggio Emilia	●					FI	100
INDUSTRIALMIN 88050 Serralta	●					NC	50
INDUSTRIA MACINAZIONE MINERALI PER L'INDUSTRIA CERAMICA S.p.A. - IMAF Via Caselline 269 41058 Vignola	●					EM	40
MIRCAL ITALIA Via Sani n°13 42100 Reggio Emilia	●					FI	100

Countries Companies	Business groups: Specialty Minerals	Business groups: Pigments for Paper	Business groups: Materials & Monolithics	Business groups: Refractories, Abrasives & Filtration	Business groups: Parent companies and other	Consolidation method (*)	% of interests
QS ABRASIVI MARENGO Srl 35 Bis Dei Giovi Zona Industriale 15062 Bosco Marengo				●		FI	51
SARDA ARGILLE Via Sanna 61 09040 Senorbi	●					FI	100
S.I.T.R.A. SRL **(Societa Italiana Refrattari ed Affini)** Frazione Accorneri Valle 21 14030 Viarigi			●			NC	50
SPICA Via Falerina KM 2850 01033 Civita Castellana	●					FI	85,87
TECNOLAPIDEI SRL Via Passo della Volpe 110/E Frazione Avenza 54031 Carrara		●				EM	50
TREIBACHER SCHLEIFMITTEL ITALIA P. MAROZZI & CO SAS Via Derna 32-24 20132 Milano				●		EM	50
TREIBACHER SCHLEIFMITTEL SpA Via Pave 762 8845 Domodossola				●		FI	100
WORLD MINERALS ITALIA Srl Alzaia Trento 6 20094 Corsico				●		FI	100
• Luxembourg							
EUROPE COMMERCE REFRACTORY 44, rue des Prés 7333 Steinsel				●		FI	50
IMERYS RE 19, rue de Bitbourg 2015 Luxembourg					●	FI	100
PLIBRICO INTERNATIONAL SA 5, boulevard de la Foire 1528 Luxembourg					●	FI	100
WORLD MINERALS LUXEMBOURG Sarl 1 Allée Scheffer 2520 Luxembourg				●	●	FI	100
• Netherlands							
CALDERYS THE NETHERLANDS BV (Ant. PLIBRICO B.V.) Energieweg, 25 4906 CG Oosterhout			●			FI	100
IMERYS MINERALS NETHERLANDS B.V. Schiedamsedijk 2A 3134 KK Vlaardingen		●				FI	100
PLIBRICO B.V. **(Ant. BV BOILER SERVICE ROTTERDAM)** Energieweg, 25 4906 CG Oosterhout			●			FI	100
• Netherlands/ Luxembourg							
CELITE B.V. 1 Allée Scheffer 2520 Luxembourg				●		FI	100
EUROPERLITE B.V. 1 Allée Scheffer 2520 Luxembourg				●		FI	100
• Netherlands/USA (Delaware)							
WORLD MINERALS AMERICAS LLC B.V. Locatellikade 1 Parnassustoren 1076 AZ Amsterdam				●		FI	100
• Poland							
BLANCS MINERAUX DE POLOGNE ul. Foksal 18 00-372 Warszawa	●					NC	99

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Countries Companies	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
	Business groups						
• Portugal							
CAMPOS-FABRICAS CERAMICAS, SA Estrada da Tabueiro Apartado 12 Esgueira 3811-901 Aveiro			●			FI	100
EUROQUARTZO PORTUGAL, Lda S. João 34 Freguesia de S. Nicolau 4050-144 Porto	●					FI	96,56
IBERPASTA Lda Zona Industrial de Oiã, Lote 34, Apartado 124 3770-908 Oiã (Oliveira do Bairro)	●					FI	50
IMERYS LUSITANIA Rep Comerciais Lda Rua de Valverde, n° 283 4935-891 Vila Fria (Viana do Castelo)		●			●	FI	100
IMERYS PORTUGAL SGPS, SA c/o CAMPOS Estrada da Tabueiro Apartado 12 Esgueira 3811-901 Aveiro					●	FI	100
IMERYS TABLEWARE PRODUTOS CERAMICOS Lda Rua da Estrada nr. 439 Crestins – Apartado 3001 4471- 907 Moreira da Maia	●					FI	100
MICROGRITS TRADING Lda Rua Cooperativa Agricola do Funchal, Bloco B° 4D 9050-017 Funchal, Madeira				●		EM	50
SAIBRAIS – Areias e Caulinos, SA Casal dos Braçais Freguesia de Amoreira 2510-472 Obidos	●					FI	96,58
TREIBACHER SCHLEIFMITTEL MARKETING Lda Rua Cooperativa Agricola do Funchal, Bloco D° 1D 9050-017 Funchal, Madeira				●		FI	100
UNIZEL MINERAIS, Lda Rua Calouste Gulbenkian n° 52 Freguesia de Massarelos 4050-144 Porto	●					EM	25,11

	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
	Business groups						
• Czech Republic							
CALDERYS CZECH s.r.o (Ant. PLR ZAROMONOLITY s.r.o.) Marianske Hory 28 Rijna 203 70900 Ostrava			●			FI	100
IMERYS TABLEWARE CR s.r.o. Zavodu Miru 78 36017 Karlovy Vary	●					FI	100
TREIBACHER SCHLEIFMITTEL s.r.o. Tovarni 1 35680 Sokolov				●		FI	100
• Romania							
IMERYS TABLEWARE BALKANS Srl (Ant. IMERYS TABLEWARE ROMANIA Srl) Stefan Cel Mare Strada 19 3350 Turda	●					FI	100
SIDEX MONOLITHIQUES Srl Strada Smârdan 1 6200 Galati			●			NC	20
• United Kingdom							
CATIONIC-DEMAND CONTROL TECHNIQUE Ltd Par Moor Centre Par Moor Road Par Cornwall PL24 2SQ		●				FI	100
CALDERYS UK Ltd (Ant. PLR MONOLITHICS Ltd) 5/8 Ashfield Way Whitehall Estate Whitehall Road Leeds West Yorkshire LS12 5JB			●			FI	100
ECC OVERSEAS INVESTMENTS Ltd Par Moor Centre Par Moor Road Par Cornwall PL24 2SQ					●	FI	100

Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
EDWIN H. BRADLEY HOLDINGS Ltd Par Moor Centre Par Moor Road Par Cornwall PL24 2SQ					●	NC	100
ENGLISH CHINA CLAYS Ltd Par Moor Centre Par Moor Road Par Cornwall PL24 2SQ					●	FI	100
HARBORLITE (UK) Ltd 14 Waterside Park Livingstone Road Hessle East Yorkshire HU13 OWS				●		FI	100
IMERYS MINERALS Ltd Par Moor Centre Par Moor Road Par Cornwall PL24 2SQ	●	●		●		FI	100
IMERYS ROOF TILES York House, Vicarage LaneBowdon, Altrinchamn Cheshire WA1 43E			●			NC	100
IMERYS TRUSTEES Ltd Par Moor Centre Par Moor Road Par Cornwall PL24 2SQ					●	NC	100
IMERYS UK Ltd Par Moor Centre Par Moor Road Par Cornwall PL24 2SQ					●	FI	100
IMERYS UK PENSION FUND TRUSTEES Ltd Par Moor Centre Par Moor Road Par Cornwall PL24 2SQ					●	NC	100
KEITH CERAMIC MATERIALS Ltd Fischers Way Belvedere Kent DA17 6BN				●		FI	100
MINTRAD Claremont House 12 - 14 Claremont Road West Byfleet Surrey KT14 6DY				●		FI	100
PLIBRICO Ltd 5-8 Ashfield Way, Whitehall Estate Whitewall Road Leeds LS12			●			FI	100
PL REFRACTORIES UK Ltd 5/8 Ashfield Way Whitehall Estate Whitehall Road Leeds West Yorkshire LS12 5JB			●			FI	100
POTTERYCRAFTS Ltd Campbell Road Stoke on Trent Staffordshire ST4 4ET	●					FI	100
SVENSKA HÖGANÄS Ltd 5/8 Ashfield Way Whitehall Estate Whitehall Road Leeds West Yorkshire LS12 5JB			●			NC	100
WORLD MINERALS (UK) Ltd 14 Waterside Park Livingstone Road Hessle East Yorkshire HU13 0WS				●		FI	100
• **Russia**							
000 CALDERYS (Ant. 000 PLIBRICO) Vyborgskaja Str. 16 125212 Moscow			●			NC	100
• **Slovenia**							
KORUND D.O.O. Tovarniska C. 51 2342 Ruse				●		FI	100

(*) FI : *full integration* EM : *equity method*
NC : *not consolidated* P : *entered the Group after December 31, 2005.*

Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
TREIBACHER SCHLEIFMITTEL D.O.O Tovarniska C. 51 2342 Ruse				●		FI	100
• Sweden							
CALDERYS NORDIC AB (Ant. PLR SVENSKA HÖGANÄS AB) Sisjö Kullegatan 8 40020 Göteborg			●			FI	100
IMERYS MINERAL AB Ekonomivägen 3-5 436 33 Askim		●				FI	100
PLIBRICO SCANDINAVIA AB Karrlyckegatan 7 40275 Göteborg			●			FI	100
PLR HÖGANÄS ELDFAST AB Sisjö Kullegatan 8 40020 Göteborg			●			FI	100
• Switzerland							
IRAAG GmbH 14 Fuchsiastrasse 8048 Zurich			●			FI	100
TIMCAL SA Strada Industriale 6743 Bodio	●					FI	100
• Ukraine							
CALDERYS UKRAINE Ltd (Ant. PLR UKRAINE LLC) Shorssa Str. 47 a 83050 Donetsk			●			FI	51,1
DONBASSKERAMIKA Gagarina Str 21. 85700 Volnovakha	●					FI	99,98
DONKAOLIN Zavodska vul. 1. 85721 Volodymirka	●					NC	99,98
PLIBRICO UCRAINA Lenina Str.10-409. 49000 Dnepropetrovsk			●			FI	100
POPASNIANSKA CLAY Bakhmustskogo, Str.20. 93200 Pervomaisk	●					EM	50
VATUTINSKY KOMBINAT VOGNETRYVIV Industrialna Str. 11 25800 Vatutino				●		P	26,09
› UNITED STATES							
ADVANCED MINERALS CORPORATION The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808				●		FI	100
AMMIN Holdings, Inc. (Ant. AMERICAN MINERALS, Inc) 901 East Eight Avenue King of Prussia, Pennsylvania 19406				●		FI	100
AMERICARB, Inc. The Corporation Trust Company 820 Bear Tavern Road West Trenton, New Jersey 08628		●				FI	100
CELITE CHINA, Inc. The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808				●		FI	100
CELITE CORPORATION The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808				●		FI	100
CELITE EUROPE LLC The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808				●		FI	100

Countries Companies	Business groups						
	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
CELITE JILIN, Inc. The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808				●		FI	100
CELITE MINERALS CHINA CORPORATION The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808				●		FI	100
C-E MINERALS, Inc. 100 Mansell Court East, Suite 615 Roswell, Georgia 30076				●		FI	100
C-E NEWELL, Inc. Route 2 Newell, West Virginia 26050				●		FI	100
CENTRAL LAND COMPANY 105 South Cannon Avenue Sylacauga, Alabama 35150	●					FI	100
ECC AMERICA HOLDINGS, Inc. Delaware Trust Capital Management 900 Market Street, Suite 200 Wilmington, Delaware 19808					●	FI	100
ECC / FAXE LLC 3901 Governor's Lakes, Suite 400 Norcross, Georgia 30071		●				NC	100
ECCA CALCIUM PRODUCTS, Inc. The Corporation Company 2000 Interstate Park Drive, Suite 204 Montgomery, Alabama 36109	●	●				FI	100
ENGLISH CHINA CLAYS DELAWARE, Inc Delaware Trust Capital Management 300 Delaware Avenue, Suite 1254 Wilmington, Delaware 19801					●	FI	100
G.A.M.A.R., Inc. Wilmington Trust SP Services, Inc. 1105 North Market Street, Suite 1300 Wilmington, Delaware 19801	●					FI	100
GEORGIA MARBLE HOLD. Corp. Wilmington Trust SP Services, Inc. 1105 North Market Street, Suite 1300 Wilmington, Delaware 19801					●	FI	100
GEORGIA MARBLE LAND Co 1201 Roberts Boulevard, Building 100 Kennesaw, Georgia 30144	●					FI	100
GRAYSTAR Llc 9 Simmonsville Road P.O. Box 1670 Bluffton, South Carolina 29910				●		NC	50
HARBORLITE CORPORATION The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808				●		FI	100
IMERYS CARBONATES Llc 100 Mansell Court, East Suite 300 Roswell, Georgia 30076	●	●				FI	100
IMERYS CLAYS, Inc. The Corporation Trust Company Corporation Trust Center 1201 Orange Street Wilmington, Delaware 19801	●	●				FI	100
IMERYS EQUIPCO, Llc 100 Mansell Court, East Suite 300 Roswell, Georgia 30076	●					FI	100
IMERYS KAOLIN, Inc. 774 Georgia Kaolin Road Dry Branch, Georgia 31020	●	●				FI	100
IMERYS MARBLE, Inc. 100 Mansell Court, East Suite 300 Roswell, Georgia 30076	●					FI	100

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NC : *not consolidated* P : *entered the Group after December 31, 2005.*

Countries Companies	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
	Business groups						
IMERYS P&A Holdings Llc 1209 Orange Street Wilmington, Delaware 19801					●	FI	100
IMERYS PAPER CARBONATES Llc 100 Mansell Court, East Suite 300 Roswell, Georgia 30076		●				FI	100
IMERYS PIGMENTS, Inc. CT Corporation System 1201 Peachtree Street Atlanta, Georgia 30361					●	FI	100
IMERYS USA, Inc. The Corporation Trust Company Corporation Trust Center 1201 Orange Street Wilmington, Delaware 19801					●	FI	100
KAOPOLITE, Inc. Rt. 1 – Box 468D Dry Branch, Georgia 31020		●				FI	100
KENTUCKY-TENNESSEE CLAY Company Resource Center 1441 Donelson Pike Nashville, Tennessee 37217	●					FI	100
K-T FELDSPAR CORPORATION CT Corporation System 225 Hillsborough Street Raleigh, North Carolina 27603	●					FI	100
MINERAL HOLDINGS, Inc. The Corporation Trust Company Corporation Trust Center 1201 Orange Street Wilmington, Delaware19801				●		FI	100
MINERALS TRADING, Inc. The Corporation Trust Company Corporation Trust Center, 1201 Orange Street Wilmington, Delaware 19801					●	FI	100
MULLITE COMPANY OF AMERICA – MULCOA PO Box 37 Andersonville, Georgia 31711				●		FI	100

	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
	Business groups						
PERLITE, Inc. The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808				●		FI	100
PERU MINERALS CORPORATION The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808				●		FI	100
PERUCO, Inc. The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808				●		FI	100
TENNESSEE ELECTRO MINERALS, Inc. – TECO 1540 Snapp Ferry Road Greeneville, Tennessee 37744				●		FI	100
TIMCAL AMERICA, Inc. 29299 Clemens Road 1-L Westlake, Ohio 44145	●					FI	100
TREIBACHER SCHLEIFMITTEL NORTH AMERICA, Inc. 200 College Avenue - MPO Box 1438 Niagara Falls, New York 14302				●		FI	100
WORLD MINERALS, Inc. The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware19808				●		FI	100
WORLD MINERALS INTERNATIONAL, Inc. The Prenctice-Hall Corporation System, Inc. 2711 Centerville Road, Suite 400 Wilmington, Delaware19808				●		FI	100

Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
REST OF THE WORLD							
• Republic of South Africa							
AFRICA REFRACTORY CONSULTANTS (Pty) Ltd Wanderers Office Park 52 Corlett Drive Johannesburg 2196			●			FI	73,97
CALDERYS SOUTH AFRICA (Pty) Ltd (Ant. PLIBRICO SOUTH AFRICA (Pty) Ltd) c/o SizweNtsaluba VSP 1 Woodmead Drive Woodmead Estates Woodmead, 2192 2142 Sawonwold			●			FI	73,97
ECCA HOLDINGS (Pty) Ltd c/o SizweNtsaluba VSP 1 Woodmead Drive Woodmead Estates Woodmead, 2192 2142 Sawonwold				●		FI	73,97
METRAMCO (Pty) Ltd Wanderers Office Park 52 Corlett Drive Johannesburg 2196					●	FI	100
IMERYS SOUTH AFRICA (Pty) Ltd c/o SizweNtsaluba VSP 1 Woodmead Drive Woodmead Estates Woodmead, 2192 2142 Sawonwold				●	●	FI	73,97
QA REFRACTORIES (Pty) Ltd Wanderers Office Park 52 Corlett Drive Johannesburg 2196			●			FI	73,97
REFRACTORY MINERALS (Pty) Ltd c/o SizweNtsaluba VSP 1 Woodmead Drive Woodmead Estates Woodmead, 2192 2142 Sawonwold				●		FI	73,97
RHINO MINERALS (Pty) Ltd c/o SizweNtsaluba VSP 1 Woodmead Drive Woodmead Estates Woodmead, 2192 2142 Sawonwold				●		FI	73,97
SAMREC (Pty) Ltd c/o SizweNtsaluba VSP 1 Woodmead Drive Woodmead Estates Woodmead, 2192 2142 Sawonwold				●		FI	73,97
SPRINDEALS SIX PTY Ltd Wanderers Office Park 52 Corlett Drive Johannesburg 2196			●			FI	73,97
TYGERKLOOF MINING (Pty) Ltd c/o SizweNtsaluba VSP 1 Woodmead Drive Woodmead Estates Woodmead, 2192 2142 Sawonwold				●		NC	37
• Argentina							
IMERYS ARGENTINA SRL Diagonal Roque Saenz Peña 781 piso 11 Buenos Aires	●					FI	100
IMERYS CARBONATOS ANDINOS SA Av. Libertador San Martin 645, Este, Depto. 2 J5400AQG Ciudad de San Jan	●					FI	100
MIRCAL ARGENTINA SRL Diagonal Roque Saenz Peña 781, piso 11 Buenos Aires					●	FI	100
• Australia							
AUSTRALIAN VERMICULITE INDUSTRIES (Pty) Ltd Level 3, 18 Richardson Street West Perth WA 6005	●					FI	100

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Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
CALDERYS AUSTRALIA Pty Ltd (Ant. PL REFRACTORIES Pty Ltd) 2 Charcoal Close Unanderra NSW 2526			●			FI	100
ECC PACIFIC (AUSTRALIA) Pty Ltd Glenelg Highway Pittong, Nr. Linton 3360 Victoria		●				FI	100
ECCI Superannuation Pty Ltd Glenelg Highway Pittong, Nr. Linton 3360 Victoria		●				NC	NS
IMERYS MINERALS AUSTRALIA Pty Ltd Glenelg Highway Pittong, Nr. Linton 3360 Victoria		●				FI	100
KAOLIN AUSTRALIA Pty Ltd Glenelg Highway Pittong, Nr. Linton 3360 Victoria		●				FI	100
MIRCAL AUSTRALIA Pty Ltd Glenelg Highway Pittong, Nr. Linton 3360 Victoria					●	FI	100
• Barbados							
WORLD MINERALS FSC, Inc. The Ernst & Young Building Worthing Corporate Centre, Worthing Main Road Christ Church 15008				●		FI	100
• Brazil							
EDK MINERAÇÃO SA Rua Leopoldo Couto de Magalhães Jr., 758 2° andar 04542-000 São Paulo	●					FI	50
IMERYS DO BRASIL COMERCIO DE EXTRACAO DE MINERIOS Ltda Rua Leopoldo Couto de Magalhães Jr., 758 2° andar 04542-000 São Paulo	●					FI	100
IMERYS RIO CAPIM CAULIM SA Rodovia PA - 483 Barcarena, Para		●				FI	100
MINEMET DO BRASIL MATERIAS PRIMAS LTDA Av. Nilo Peçanha 50 Grupo 1908 – Centro 20020-100 Rio de Janeiro					●	NC	99
MIRCAL DO BRASIL Ltda Avenida Presidente Wilson, 231 2301 (parte) 20030-021 Rio de Janeiro					●	FI	100
TREIBACHER SCHLEIFMITTEL BRASIL Ltda R. Marechal Rondon, 107 13323-100 Salto				●		FI	100
WCT MINERACAO Ltda Rua Leopoldo Couto de Magalhães Jr., 758 2° andar 04542-000 São Paulo	●					FI	100
WHITE CLAYTECH MINERAÇÃO Ltda Estrada de Santa Rita, km 61 Embu Guaçu, São Paulo	●					FI	100
WORLD MINERALS DO BRASIL FILTRANTES Ltda Avenida Maria Estéfano Maluf, 530 Centro 13140-000, Paulinia				●		FI	100
• Canada							
IMERYS CANADA, Inc. *(AMALGAMATED)* 1155 René-Lévesque Boulevard West Suite 3900 Montreal, Québec H3B 3V2		●				FI	100
IMERYS Canada 2004, Inc. 1155 René-Lévesque Boulevard West Suite 3900 Montreal, Québec H3B 3V2		●				NC	100

Countries / Companies	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
	Business groups						
IMERYS Canada LP 3450, boulevard Royal Trois Rivières Québec G9A 5G1		●				FI	100
TIMCAL CANADA, Inc. *(AMALGAMATED)* 990, rue Fernand-Poitras Terrebonne, Québec CAJ6Y 1V1	●	●				FI	100
TIMCAL Canada, Inc. 990, rue Fernand-Poitras Terrebonne, Québec CA J6Y 1V1	●	●				FI	100
WM CANADA, Inc. 181 Bay Street, Suite 4400 BCE Place, Bay Wellington Tower Toronto Ontario M4J 2T3				●		FI	100
• Chile							
CELITE CHILE Ltda Guardia Vieja 255, oficina 221, Providencia Santiago				●		FI	100
HARBORLITE CHILE Ltda Saladillo 0420, Quilicura Santiago				●		FI	100
• China							
CALDERYS (JIANGSU) Co., Ltd Zhenzhong Road Tangshi Town Jiangsu Province Economic Development Zone Zhangjiagang City			●			P	100
CELITE PACIFIC Ltd Shui On Center – 2nd floor 8 Harbour Road Hong Kong				●		FI	100
CELITE SHANGHAI INTERNATIONAL TRADING Co., Ltd Yinglun Road 38, Shanghai Waigaoqiao Free Trade Zone 200131 Shanghai				●		FI	100
CHANGBAI CELITE DIATOMITE Co., Ltd Ba Dao Guo Town 134407 Changbai				●		FI	71,76
DALIAN JINSHENG FINE CHEMICAL INDUSTRY Co., Ltd Beile Country Jinzhou District 116103 Dalian	●					EM	50
GHANGZHOU TIMCAL GRAPHITE Co., Ltd 188 # Taishan Road Hi-Tech Zone 213022 Ghangzhou	●					FI	100
GUIZHOU STAR MINERALS Co., Ltd. Chengguan San Jiao Shan, Xiuwen County, 550200 Ghangzhou				●		NC	85
IMERYS CERAMICS JIANGMEN Co., Ltd Jiagmen City Guangdong Province	●					FI	60
IMERYS FINE CHEMICAL (CHANGSHU) Co., Ltd Changshu Economic Development Zone Jiangsu Province 215513 Jiangsu		●				FI	100
IMERYS MINERALS (Guangxi Zhongshan) Co., Ltd Shi Niu Zang Industry Park Zhongshan County Quangxi Province		●				NC	100
IMERYS MINING DEVELOPMENT (QINGYANG) Co., Ltd Nanyang Village Qingyang County Anhui Province		●				FI	100

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Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
IMERYS PIGMENTS (QINGYANG) Co., Ltd Room 11310 (N° 1 Building) Donghu Hotel N° 70 Donghu Road 200031 Shanghai		●				FI	100
IMERYS PIGMENTS TRADING (SHANGHAI) Co., Ltd Room 11310 (N° 1 Building) Donghu Hotel N° 70 Donghu Road 200031 Shanghai		●				FI	100
IMERYS PIGMENTS (WUHU) Co., Ltd No.50 Nanxiang Road North, Nanling County Anhui Province		●				FI	100
IMERYS (QINGYANG) MINING Co., Ltd Nanyang Village Qingyang County Anhui Province		●				NC	80
IMERYS TABLEWARE GUANGZHOU Co., Ltd Win's Industrial Area Jiu Li Bu Conghua City Guangdong Province	●					FI	100
LINJIANG CELITE DIATOMITE Co., Ltd Lincheng Industrial Development Park 134600 Linjiang				●		FI	77,33
LINJIANG LIN-LIN – CELITE DIATOMITE Co., Ltd Three Kilometer Street 134613 Linjiang				●		FI	73,48
LR (SHANGHAI) Co., Ltd 238 Nandan East Road, Jinxuan Building 24 A 200030 Shanghai			●			FI	100
TREIBACHER SCHLEIFMITTEL GUIZHOU Co., Ltd Longchang Town Xiuwen County Guizhou Province 550200 Guiyang				●		FI	100

	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
ZHANJIANG YASHEYA REFRACTORIES Co., Ltd N°4, Zone Zhanjiang Port Guangdong Province				●		NC	50
• **South Korea**							
CALDERYS KOREA Co. Ltd (Ant. PLR SVENSKA HÖGANÄS KOREA Co., Ltd) 43-9 Cheongdam-dong Gangnam-gu Seoul 135-100			●			FI	100
CELITE KOREA Ltd RM. 502, Seocho Nasan Suite Seocho-Dong, Seocho-Ku 1330-16 Seoul				●		FI	100
• **Mauritius Island**							
IMERYS PACIFIC Ltd 10 Frère Félix de Valois Street Port Louis					●	FI	100
TREIBACHER SCHLEIFMITTEL ASIA Ltd Louis Lecont Street Curepipe				●		FI	60
• **India**							
CALDERYS INDIA PRIVATE Ltd (Ant. LR REFRACTORIES INDIA PRIVATE Ltd) 131/132 "D" Wing, 1st Floor Clover Centre, 7 Moledina Road 411001 Pune			●			FI	100
IMERYS NEWQUEST (INDIA) PRIVATE Ltd B-6 Shangrila Gardens Bund Garden Road 411001 Pune		●				FI	74
• **Indonesia**							
PT. ESENSINDO CIPTA CEMERLANG JL. Teluk Betung n° 31 Jakarta Pusat		●				EM	49

Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
• Japan							
CALDERYS JAPAN Co., Ltd (Ant. PLR SVENSKA HÖGANÄS KK) 3-2, Kajicho 2 Chome Chiyoda-Ku Tokyo 101-0044			●			FI	100
DAMREC JAPAN KK SBS Hills II room 41 4-10-3 Yoga, Setagaku-Ku, Tokyo 158-0097				●		FI	99,5
IMERYS MINERALS JAPAN KK 7 F Sagamiya Building 6 Ichibancho Chiyoda-ku Tokyo 102-0082		●				FI	100
TIMCAL JAPAN 7 F Sagamiya Building 6 Ichibancho Chiyoda-ku Tokyo 102-0082	●					FI	100
TREIBACHER SCHLEIFMITTEL JAPAN K.K. SBS Hills II, room 41 4-10-3 Yoga Setayaga-Ku Tokyo 158-0097				●		EM	50
• Malaysia							
IMERYS HONAIK SDN BHD Suite 9.2, 9th Floor Menara IGB, Mid Valley Longharan Syed Putra 59200 Kuala Lumpur		●				FI	100
• Mexico							
ALMERIA, SA DE CV José Antonio Torres No. 400 General Andrès Figueroa 45765 Zacoalco de Torres Jalisco				●		FI	100
CELITE MEXICO, SA DE CV José Antonio Torres No. 400 General Andrès Figueroa 45765 Zacoalco de Torres Jalisco				●		FI	100
DIATOMITA SAN NICOLAS, SA DE CV Jose Antonia Torres No 400 General Andrès Figueroa 45765 Zacoalco de Torres Jalisco				●		FI	100
IMERYS DE MEXICO, SA de CV Km 31.5 Carretera Tlalnepantla Cuautitlan Colonia Loma Bonita 54800 Mexico		●				FI	100
K-T CLAY DE MEXICO, SA de CV Autopisto Monterrey Cadereyta KM20 Ciudad Benito Juarez, N.L. 67250 Mexico	●					FI	100
LIQUID QUIMICA MEXICANA, SA de CV Km 31.5 Carretera Tlalnepantla Cuautitlan Colonia Loma Bonita 54800 Mexico	●					FI	100
MIRCAL DE MEXICO SA de CV Km 31.5 Carretera Tlalnepantla Cuautitlan Colonia Loma Bonita 54800 Mexico					●	FI	100
PLIBRICO REFRACTARIOS MEXICANOS SA de CV Saturnino Herran 7 San José Insurgentes 03900 Mexico			●			NC	100
RECURSOS MINERALES DEL NORTE, SA de CV Autopisto Monterrey Cadereyta KM20 Ciudad Benito Juarez, N.L. 67250 Mexico	●					FI	100
SUBSTANCIAS Y MINERALES NAVAJAS, SA de CV José Antonio Torres No. 400 General Andrès Figueroa 45765 Zacoalco de Torres Jalisco				●		FI	100

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Countries Companies	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
• New Zealand							
IMERYS TABLEWARE ASIA Ltd 14 Bentinck Street Private Bag 93007 New Lynn Auckland	●					FI	100
IMERYS TABLEWARE NEW ZEALAND Ltd 14 Bentinck Street Private Bag 93007 New Lynn Auckland	●					FI	100
• Peru							
MINERA MONTPARNAS SAC Miguel Dasso 180 - of 207 San Isidoro, Lima 27				●		NC	100
SOCIEDAD MINERA AREQUIPA MINERALS SA Los Andes 502-A A.S.A. Arequipa				●		FI	100
SOCIEDAD MINERA CELITE DEL PERU SA San José 110 - Oficina 203 Cercado Arequipa				●		FI	100
• Singapore							
IMERYS PIGMENTS Pte Ltd One Pickering Street #07-03 Great Eastern Center Singapore 048659		●			●	FI	100
• Taiwan							
CALDERYS TAÏWAN Co Ltd (Ant. PL REFRACTORIES Co. Ltd) N°6-6 Hsing-Tien Road Hsin-Nan Tsun, Kao-Shu Shiang 90643 Ping Tung Hsien			●			FI	99,9
IMERYS MINERALS (TAIWAN) Ltd No. 41-1 Hsing Yeh Road Ta Fa Industrial Park -Ta Liao Kaohsiung		●				FI	100
• Thailand							
IMERYS CARBONATES (THAILAND)., Ltd 202 Le Concorde Office Tower 21st Floor, Ratchadapisek Road, Kwaeng Huaykwang, Khet Huaykwang 10320 Bangkok		●				FI	100
IMERYS CERAMICS (THAILAND) Ltd 202 Le Concorde Office Tower 21st Floor, Ratchadapisek Road, Kwaeng Huaykwang, Khet Huaykwang 10320 Bangkok	●					FI	39
IMERYS KILN FURNITURE (THAILAND) Co. Ltd 202 Le Concorde Office Tower 21st Floor, Ratchadapisek Road, Kwaeng Huaykwang, Khet Huaykwang 10320 Bangkok	●					FI	100
IMERYS MINERALS Co., Ltd No. 15 Moo 4, Nogbua Subdistrict, Patananikom District Lopburi Province		●				NC	40
MINERAL RESOURCES DEVELOPMENT (M.R.D.) Co. Ltd 202 Le Concorde Office Tower 21st Floor, Ratchadapisek Road, Kwaeng Huaykwang, Khet Huaykwang 10320 Bangkok	●					FI	68,89
MRD-ECC Co. Ltd 202 Le Concorde Office Tower 21st Floor, Ratchadapisek Road, Kwaeng Huaykwang, Khet Huaykwang 10320 Bangkok	●					FI	68,89
• Tunisia							
BLANCS MINERAUX DE TUNISIE SA 47 avenue Farhat Hached 1001 Tunis	●					FI	67,54

Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
• Turkey							
ANADOLU PERLIT MEDENCILIK SANAYI ITHALAT VE IHRACAT A.S. Sair Esref Bulvari, Osman Sahin Is Merkezi No:4 K:3 Daire :302 Cankaya Izmir				●		FI	100
ASSOS MERMER SANAYI VE TICARET Ltd Sirketi Irketi Iamir Yolu 4. km Ezine, Canakkale		●				NC	50
HARBORLITE AEGEAN ENDUSTRI MINERALLERI SANAYI A.S. Sair Esref Bulvari, Osman Sahin Is Merkezi No:4 K:3 Daire :302 Cankaya Izmir				●		FI	99,78
IMERYS BEYAZ MADENLER Sirketi Irketi Iamir Yolu 4. km Ezine, Canakkale		●				EM	100
IMERYS MADEN Sirketi Irketi Iamir Yolu 4. km Ezine, Canakkale		●				EM	99,8
• Venezuela							
CALDERYS REFRACTARIOS VENEZOLANOS SA (Ant. PLIBRICO REFRACTORIES VENEZUELA – REVESA) Av. Fuerzas Armadas, ZI Matanzas Ap Post 223 Puerto Ordaz, Estado Bolivar			●			FI	100
MINVEN - (C-E Minerales de Venezuela) Av. FFAA, Contiguo Al Porton 5 de Venalum Puerto Ordaz, Estado Bolivar				●		FI	100
PLIBRICO INSTALLACIONES REFRACTARIAS Av. Fuerzas Armadas, ZI Matanzas Ap Post 223 Puerto Ordaz, Estado Bolivar			●			FI	100
• Vietnam							
YBB CALCIUM PRODUCTS Co. Ltd An Phu, Van Tien Village Tran Yen District Yen Bai Province		●				NC	66,67
• Zimbabwe							
SAMREC VERMICULITE (Zimbabwe) (Private) Ltd 64 Kwame Mkrumah Avenue 3rd Floor, Unity Court Harare	●					FI	100

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8.2. Companies excluded from March 7, 2005 to March 7, 2006 because of merger, transfer or liquidation

Countries Companies	Business groups						
	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
France							
ASSURMET					●	NC	100
BOITEL SA (Ets)			●			FI	98,77
COMPTOIR OCCITAN DU BOIS			●			FI	98,77
D.J. MATERIAUX			●			FI	98,77
GIRARDEAU NEGOCE			●			FI	98,77
LARIVIÈRE			●			FI	98,77
PLIBRICO			●			FI	100
Germany							
MIRCAL DEUTSCHLAND GmbH				●		FI	100
Belgium							
PLR BENELUX SA			●			FI	99,8
Brazil							
IRCCBS PARTICIPACOES Ltda					●	FI	100
TREIBACHER SCHLEIFMITTEL AMERICA LATINA				●		FI	98
Canada							
ECC INTERNATIONAL (NOVA SCOTIA) Ltd		●				FI	100
United States							
AMERICAN MINERALS TECHNOLOGIES, Inc.				●		FI	100
AMI TRADING AND DISTRIBUTION, LLC				●		EM	50
Italy							
PLIBRICO ITALIA Srl			●			FI	100
Portugal							
IMERYS MINERAIS Lda		●				FI	100
United Kingdom							
ECC FINANCE Ltd					●	FI	100
ECC HOLDINGS Ltd					●	FI	100

(*) FI : *full integration* EM : *equity method*
NC : *not consolidated*

8.3. Companies entered into the Group from March 7, 2005 to March 7, 2006

Countries / Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
France							
AGS				●		P	99,34
CELITE FRANCE				●		FI	100
CERAMED	●					P	100
DENAIN-ANZIN MINERAUX	●					FI	99,97
FELDSPATHS DE TREILLES (Société des)	●					NC	100
HARBORLITE FRANCE				●		FI	100
KAOLINS DE FRANCE (Société Civile Immobilière des)	●					NC	100
KAOLINS DE NOZAY (Société Anonyme des)	●					FI	88,78
MAGEMO				●		P	39,74
MONOSID PRODUITS REFRACTAIRES				●		P	99,26
OVIVE				●		P	33,78
PARGEMINE					●	P	99,34
QUARTZ DE PIERRE BLANCHE - QPB	●					FI	100
RIEUX REFRACTAIRES				●		P	69,51
RTR SUD-OUEST				●		P	49,67
SALREP - Alsacienne et Lorraine de recherches d'exploitation et de Participations	●					FI	98,38
SOTRIVAL				●		P	33,78
WORLD MINERALS EUROPE				●		FI	100

Countries / Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
Republic of South Africa							
AFRICA REFRACTORY CONSULTANTS (Pty) Ltd			●			FI	73,97
QA REFRACTORIES (Pty) Ltd			●			FI	73,97
SPRINDEALS SIX (Pty) Ltd			●			FI	73,97
Germany							
CALDERYS DEUTSCHLAND GmbH & Co. OHG			●			FI	100
DAM DEUTSCHLAND GmbH	●					FI	100
Barbados							
WORLD MINERALS FSC, Inc.				●		FI	100
Belgium							
DELTAMAT-PAQUET SA				●		P	9,93
Brazil							
WORLD MINERALS DO BRASIL FILTRANTES LTDA				●		FI	100
Canada							
TIMCAL CANADA, Inc.	●	●				FI	100
WM CANADA, Inc.				●		FI	100

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NC : *not consolidated* P : *entered the Group after December 31, 2005.*

Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
Chile							
CELITE CHILE, Ltda				●		FI	100
HARBORLITE CHILE, Ltda				●		FI	100
China							
CALDERYS (JIANGSU) Co., Ltd			●			P	100
CELITE PACIFIC Ltd				●		FI	100
CELITE SHANGHAI INTERNATIONAL TRADING Co. Ltd				●		FI	100
CHANGBAI CELITE DIATOMITE Co., Ltd				●		FI	71,76
IMERYS MINERALS (Guangxi Zhongshan) Co., Ltd		●				NC	100
LINJIANG CELITE DIATOMITE Co., Ltd				●		FI	77,33
LINJIANG LIN-LIN - CELITE DIATOMITE Co., Ltd				●		FI	73,48
South Korea							
CELITE KOREA Ltd				●		FI	100
Spain							
CELITE HISPÁNICA, SA				●		FI	100
DAM ESPANA, SA	●					FI	99,97
DAMCO MINERALES, SA	●					FI	99,97
EUROPERLITA ESPANOLA, SA				●		FI	100
IMERYS WM ESPAÑA, SL				●		FI	100
MINAS DE ALCANTARA, SL	●					FI	79,98
WORLD MINERALS ESPAÑA, SL				●		FI	100

Countries Companies	Business groups: Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
United States							
ADVANCED MINERALS CORPORATION				●		FI	100
CELITE CHINA, Inc.				●		FI	100
CELITE CORPORATION				●		FI	100
CELITE EUROPE LLC				●		FI	100
CELITE JILIN, Inc.				●		FI	100
CELITE MINERALS CHINA CORPORATION				●		FI	100
HARBORLITE CORPORATION				●		FI	100
MINERAL HOLDINGS, Inc.				●		FI	100
PERLITE, Inc.				●		FI	100
PERU MINERALS CORPORATION				●		FI	100
PERUCO, Inc.				●		FI	100
WORLD MINERALS, Inc.				●		FI	100
WORLD MINERALS INTERNATIONAL, Inc.				●		FI	100
Island							
WORLD MINERALS ICELAND				●			100
Italy							
AGS ITALIA				●		P	99,34
GRAN BIANCO CARRARA Srl	●					FI	60
HARBORLITE ITALIANA, Srl				●		FI	100
DAM ITALIA (Ant. HARWANNE MINERAL ITALIA – HMI)	●					FI	100
INDUSTRIA MACINAZIONE MINERALI PER L'INDUSTRIA CERAMICA S.p.A. - IMAF	●					EM	40
WORLD MINERALS ITALIA Srl				●		FI	100

Countries Companies	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
	Business groups						
Luxembourg							
WORLD MINERALS LUXEMBOURG Sarl				●	●	FI	100
IMERYS RE					●	FI	100
Mexico							
ALMERIA, SA DE CV				●		FI	100
CELITE MEXICO, SA DE CV				●		FI	100
DIATOMITA SAN NICOLAS SA DE CV				●		FI	100
SUBSTANCIAS Y MINERALES NAVAJAS, SA de CV				●		FI	100
Netherlands/ Luxembourg							
CELITE B.V.				●		FI	100
EUROPERLITE B.V.				●		FI	100
Netherlands / USA (Delaware)							
WORLD MINERALS AMERICAS LLC B.V.				●		FI	100
Peru							
SOCIEDAD MINERA AREQUIPA MINERALS SA				●		FI	100
SOCIEDAD MINERA CELITE DEL PERU SA				●		FI	100

	Specialty Minerals	Pigments for Paper	Materials & Monolithics	Refractories, Abrasives & Filtration	Parent companies and other	Consolidation method (*)	% of interests
	Business groups						
Portugal							
EUROQUARTZO Portugal, Lda	●					FI	96,56
SAIBRAIS	●					FI	96,58
UNIZEL MINERAIS, Lda	●					EM	25,11
United Kingdom							
HARBORLITE (UK) Ltd				●		FI	100
WORLD MINERALS (UK) Ltd				●		FI	100
Turkey							
ANADOLU PERLIT MEDENCILIK SANAYI ITHALAT VE IHRACAT A.S.				●		FI	100
HARBORLITE AEGEAN ENDUSTRI MINERALLERI SANAYI A.S.				●		FI	99,78
Ukraine							
VATUTINSKY KOMBINAT VOGNETRYVIV				●		P	26,09
Vietnam							
YBB CALCIUM PRODUCTS Co. Ltd		●				NC	66,67

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CHAPTER 9

TABLE OF CONCORDANCE

In order to facilitate the reading of this Annual Report registered with Autorité des Marchés Financiers as a Registration Document, the subject index below can be used to identify the main information required by Autorité des Marchés Financiers with respect to its regulations and instructions.