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_Annual Report 2003

IMERYS

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_Annual Report

This document is derived from the original Annual Report submitted to the Ordinary and Extraordinary Shareholders' General Meeting held on May 3, 2004. The original version, which is in French, will be mailed upon request addressed to Imerys.

The original version of this Annual Report serves as a "Document de Référence" and was remitted to the "Autorité des Marchés Financiers" (AMF) on April 9, 2004. It may be used in support of a financial transaction only if it is supplemented by a "note d'information" which has first received a visa from "AMF". This English version is drawn up under the sole responsibility of the issuer, as "AMF" only inspects a document written in French.

Imerys

Société anonyme à Directoire et Conseil de Surveillance
with a share capital of €126 965 960

Registered Office: Tour Maine Montparnasse
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Chapter 1

_Persons responsible for the Reference Document ("Document de Référence") and the audit of accounts

1 _ Persons responsible for the Reference Document ("Document de Référence") and the audit of accounts

_ 1.1. Person in charge of the Reference Document

Gérard Buffière, Chief Executive Officer.

_ 1.2. Certificate of the person responsible for the Reference Document

To the best of our knowledge, the information in this Reference Document ("Document de Référence") is accurate; this Reference Document contains all the information necessary to enable investors to form an opinion as to the assets and liabilities, activities, financial position, earnings and future prospects of Imerys; this Reference Document does not contain any omission which could make such information misleading.

Paris, April 8, 2004

Gérard Buffière
Chief Executive Officer

_ 1.3. Auditors

Statutory Auditors:

Deloitte Touche Tohmatsu
represented by Nicholas L.E. Rolt
185, avenue Charles de Gaulle
92203 Neuilly sur Seine Cedex - France
first appointed at the Ordinary Shareholders' General Meeting of May 5, 2003

Ernst & Young Audit
represented by François Carrega
Faubourg de l'Arche - 11, allée de l'Arche
92400 Courbevoie - 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
first appointed at the Ordinary Shareholders' General Meeting of May 5, 2003

Jean-Marc Montserrat
Faubourg de l'Arche - 11, allée de l'Arche
92400 Courbevoie - France
first appointed at the Ordinary Shareholders' General Meeting of June 12, 1985

As the term of office of each of the Statutory and Alternate Auditors ends following the next Shareholders' General Meeting, the Meeting will be asked to rule on their renewal for a further statutory period of six years, i.e. until the General Meeting called in 2010 to pass the management and the financial statements for financial year 2009.

_ 1.4. Certificate of the Statutory Auditors

As Statutory Auditors of Imerys and as required under Regulation No. 98-01 of the Commission des Opérations de Bourse, we have performed procedures on the information contained in the accompanying Registration Document ("Document de Référence") relating to the financial position and historical financial statements of the Company, in accordance with professional standards applicable in France.

The Chief Executive Officer is responsible for the preparation of the Registration Document. Our responsibility is to report on the fairness of the information presented in the Registration Document with respect to the financial position and financial statements.

Our work has been performed in accordance with professional standards applicable in France. Those standards require that we assess the fairness of the information presented relating to the financial statements and its consistency with the financial statements on which we have issued a report. Our work also includes reading the other information contained in the Registration Document, in order to identify material inconsistencies with the information presented with respect to the financial position and financial statements and to report any apparent misstatement of facts that we may have uncovered in reading the other information based on our general knowledge of the Company obtained during the course of our engagement. As far as the selected prospective data are concerned, our procedures consisted of a reading of management's assumptions and the resulting figures.

Ernst & Young Audit and Barbier, Frinault & Autres have audited in accordance with professional standards applicable in France the individual Company financial statements and the consolidated financial statements for the fiscal year ended December 31, 2001, prepared in accordance with accounting standards generally accepted in France and approved by the Managing Board. They expressed an unqualified opinion on such financial statements.

Ernst & Young Audit and Barbier, Frinault & Autres have audited in accordance with professional standards applicable in France the individual Company financial statements and the consolidated financial statements for the fiscal year ended December 31, 2002, prepared in accordance with accounting standards generally accepted in France and approved by the Managing Board. They expressed an unqualified opinion on such financial statements. The comment made referred to the change in accounting method related to the adoption of CRC Regulation No. 2000-06 on liabilities.

We have audited in accordance with professional standards applicable in France the individual Company financial statements and the consolidated financial statements for the fiscal year ended December 31, 2003, prepared in accordance with accounting standards generally accepted in France and approved by the Managing Board. We expressed an unqualified opinion on such financial statements.

Pursuant to the provisions of article L225-235 of the French Commercial Code governing the justification of our assessments, which apply for the first time this year, our reports on the individual Company financial statements and the consolidated financial statements for the year ended December 31, 2003, draw your attention to the following matters:

- With respect to the individual Company financial statements:

As indicated in Note 1 to the financial statements on accounting principles and methods, the valuation of investments in subsidiaries is performed taking into consideration not only the share of shareholders' equity that such investments represent, but also future profitability prospects. As part of our assessment of the material estimates used to prepare the financial statements, we have revised the assumptions used to make projections with respect to the future results of these subsidiaries on which this estimate was based as well as the resulting figures. In connection with these assessments, we assured ourselves as to the reasonableness of these estimates.

- With respect to the consolidated financial statements:

• as specified in Notes 29 to 33 of chapter 6 of the notes to the consolidated financial statements, the Group records its pension commitments with respect to defined benefit plans in both the UK and the USA. The valuation of these commitments is reviewed annually by independent actuaries. As part of our assessment of the material estimates used to prepare the financial statements, we have revised the data and assumptions used by the Group and its outside experts and have assured ourselves as to the reasonableness of these estimates;

• as specified in Note 7 of chapter 1 of the notes to the consolidated financial statements, the Group regularly reviews its major assets in order to identify any long-lasting impairment. As part of our assessment, we ensured ourselves that the Group properly identified these impairments, recorded the corresponding write-downs and assessed the reasonableness of these estimates. Furthermore, as specified in Note 9 of chapter 1 of the notes to the consolidated financial statements, in 2003, the Group allocated the English China Clays Group goodwill, previously recorded at the Imerys parent company level, to the Group new operating divisions level. As part of our assessment, we assured ourselves as to the reasonableness of these estimates.

Based on the procedures performed, we have no matters to report regarding the fairness of the information relating to the financial statements presented in the Registration Document.

Courbevoie and Neuilly-sur-Seine, April 8, 2004

The Statutory Auditors

Ernst & Young Audit
François Carrega

Deloitte Touche Tohmatsu
Nicholas L.E. Rolt

In accordance with the legal provisions in force, the present Reference Document includes, on page 200, the Auditors' special report, as provided by article L225-235, on the Chairman of the Supervisory Board's report on internal control, as drawn up pursuant to article L225-68 of the French Commercial Code.

_ 1.5. Person responsible for Financial Information

Jérôme Pecresse
Executive Vice-President Finance & Strategy, Member of the Managing Board
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_Reports
on the fiscal year 2003

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2_Reports on the fiscal year 2003

_2.1. Managing Board's report

2.1.1. FINANCIAL YEAR 2003

Financial year 2003 was marked by the sharp depreciation against the euro of two important currencies for the Group's business, the US dollar and the British pound (- 16.7% and - 9.2% in average, respectively). Furthermore, only slight growth was seen on Imerys' major markets.

- **Specialty Minerals:** the business group's main end markets were contrasted, with dynamic business in most construction-related segments in Europe and the United States, an improvement in floor tiles but continued poor conditions in tableware in Europe, and a general decline in the automotive sector.
- **Pigments for Paper:** the printing and writing paper market grew overall in 2003, but with significant differences between geographic zones.
- **Building Materials:** despite difficult weather conditions early in the year, the French clay roof tiles market grew in 2003 thanks to a dynamic renovation segment; clay products also continued to win market share from concrete in structure bricks.
- **Refractories & Abrasives:** several of the main end markets remained poor in refractories, particularly steel, and conditions were difficult in abrasives.

Despite this context, Imerys substantially improved its main financial indicators. Net income from recurring operations grew for the 12th year in a row, operating margin improved further, from 12.6% in 2002 to 13.6% in 2003, and financial debt was reduced again, from 78.8% of shareholders' equity as of December 31, 2002 to 69.9% as of December 31, 2003.

(€ millions)	*2003*	*2002*	CHANGE
Consolidated results			
Consolidated sales	2,729.2	2,862.6	- 4.7%
Operating income	371.7	361.5	+ 2.8%
Net income from recurring operations, Group's share	219.5	197.5	+ 11.1%
Net income, Group's share	160.2	143.5	+ 11.7%
Financing			
Operating cash flow [1]	378.4	408.6	- 7.4%
Capital expenditures paid	125.2	148.6	- 15.7%
Shareholders' equity	1,410.3	1,472.1	- 4.2%
Net financial debt	986.3	1,159.5	- 14.9%
Data per share *(weighted average number)*	15,773,524	15,863,276	n.a.
Net current income, Group's share	€13.91	€12.45	+ 11.8%
Net dividend	€5.00	€4.30	+ 16.3%

[1] *EBITDA less taxes on EBIT. See Chapter 3.1. Attachment 4.*

This performance is due to:

- increased sales volumes, following a two-year decrease;
- improved value added of the product portfolio, which was again reflected in a favorable trend in the price/mix component;
- sustained efforts to reduce production costs in all business groups;
- a substantial reduction in net financial expenses.

2.1.2. COMMENTARY ON THE GROUP'S RESULTS

Consolidated sales: down - 4.7% at €2,729.2 million

This decrease is more than entirely explained by currencies depreciation, which had negative impact of - €228.8 million, or - 8.0%.

The impact of changes in Group structure, on the other hand, was very limited (+ 0.5%) and took into account two items with opposing effects:

- the contribution to sales in 2003 of acquisitions made in 2002, for the largest part, but also in 2003;
- negative impact of minor divestments or shutdowns carried out in calcium carbonates in North America in 2002 and in Specialty Minerals and Refractories & Abrasives in 2003.

At comparable Group structure and exchange rates, sales increased + 2.8% (+ 3.2% in the 1st half; + 2.3% in the 2nd with a less favorable basis of comparison, as the upturn in volumes began in mid-2002). This growth results from improvement in both sales volumes (+ 1.8%) and the price/mix component (+ 1.0%) in all four business groups.

Operating income: up + 2.8% to €371.7 million

This positive current trend was obtained thanks to the impact of:

- higher sales volumes (+ €34.3 million);
- improved price/mix component (+ €27.2 million);
- actions taken on production costs and overheads, maintaining them very much under control.

It also includes the effect of changes in Group structure (+ €5.4 million).

These positive items compensated for:

- the negative impact of exchange rates (- €24.7 million, i.e. - 6.8%), which was almost entirely due to the conversion of sales invoiced in US dollars and British pounds;
- the unfavorable trend in some external costs (particularly energy for a total of - €18.9 million, approximately half of which being for natural gas in the United States).

In total, the Group's operating margin continued to improve significantly, at 13.6% in 2003 compared with 12.6% in 2002 and 11.9% in 2001, as did the return on invested capital (ROI)[1], which increased to 13.6% in 2003 from 11.8 % in 2002.

Net income from recurring operations, Group's share: up + 11.1% to €219.5 million

This increase results from the rise in operating income and a further substantial reduction in net financial expenses (at €45.7 million, compared with €66.8 million in 2002). This was chiefly due to the depreciation of the US dollar (the currency in which approximately 60% of the Group's debts are denominated) and lower interest rates, as well as a reduction in the Group's indebtedness compared with the previous year.

The current tax charge totals €108.0 million, compared with €97.7 million in 2002, because of the increase in taxable income. The effective tax rate is virtually stable at 33.1% (33.2% in 2002).

Net income from recurring operations per share rose + 11.8% to €13.91. The weighted average number of shares outstanding decreased very slightly, from 15,863,276 in 2002 to 15,773,524 in 2003, since the limited share buy-back policy implemented by the Company offseted the impact of stock options exercises in 2003.

[1] Operating Income divided by average capital invested of the period (including goodwill) see Chapter 3.1. Attachment 6.

At the General Shareholders' Meeting of May 3, 2004, the Managing Board will propose the payment of a net dividend of €5.00 per share, compared with €4.30 with respect to 2002. This represents a + 16.3% increase, i.e. a total amount of €79.4 million or 36.2% of the Group's share of net current income. The payment date is scheduled for May 18, 2004.

At the same Meeting, the Managing Board will also propose to divide the par value of Imerys shares by four. The aim is to increase the share's liquidity and make its unit value affordable for more investors, particularly individual shareholders. In concrete terms:

- each existing share with par value of €8 will be converted into 4 new shares of €2 in par value;
- the operation will be neutral in terms of taxation and the assets and rights of current Imerys shareholders.

If the operation is authorized at the General Meeting, it will take effect following payment of the dividend with respect to financial 2003.

Net income, Group's share: up + 11.7% to €160.2 million

This takes into account:

- non-recurring net expenses of - €26.2 million in 2003 (- €3.1 million in 2002), mainly comprised of costs related to the restructuring of the Specialty Minerals business group's North and South American activities, some of which were already recorded in the first half of the year;
- amortization of goodwill for - €33.1 million in 2003 (- €51.0 million in 2002), including a recurring amount of - €26.6 million, in line with 2002, and a non-recurring amount of - €6.5 million, almost entirely concerning the Building Materials business group's Portuguese activities. In 2002, goodwill amortization included a non-recurring amount of - €24.4 million, primarily corresponding to the accelerated amortization of all goodwill related to American Minerals.

Further strengthening of financial structure

The Group's operating cash flow[1] totaled €378.4 million in 2003, compared with €408.6 million in 2002. It results from the following factors:

- EBITDA[2] of €501.5 million, compared with €528.5 million in 2002. This decrease is due to the negative impact of the depreciations of the US dollar and the British pound against the euro;
- a tax charge on operating income (excluding the impact of financial expenses) of €123.1 million compared with €119.8 million in 2002.

The Group's operating free cash flow[3] totaled €261.1 million in 2003, compared with €278.0 million in 2002. It is equal to the operating cash flow above, after taking into account:

- tight control of capital expenditures (91% of depreciation compared with 88% of depreciation in 2002), of which the amount paid in 2003 was €125.2 million, compared with €148.6 million in 2002. This reduction also mainly results from currencies changes;
- a positive change in operating working capital requirements (+ €8.3 million vs. + €18.0 million in 2002) for the third year running, despite the increase in volumes towards the end of the year.

After factoring in financial expenses (- €30.6 million after tax vs. - €44.7 million in 2002), and other working capital requirements and non monetary items for a total of - €46.4 million vs. + €34.5 million in 2002, current free cash flow[4] amounted to €184.1 million, compared with €267.8 million in 2002. This decrease is due, to a large extent, to the negative change in other working capital requirements, which was already partly recorded in the first half of the year and is primarily due to substantial tax payments in France throughout the year.

[1] EBITDA less taxes on EBIT.

[2] Earnings before Income Tax, Depreciation and Amortization (net).

[3] Operating cash flow less capital expenditures paid and change in operating working capital requirements.

[4] Operating free cash flow less financial result net of taxes and change in other working capital requirements and non monetary items (deferred taxes, financial provisions).

For each of this aggregates, see Chapter 3.1. Attachment 4.

External growth operations had impact on cash of - €48.1 million, compared with - €93.5 million in 2002. This amount mainly includes the acquisition on September 1st 2003 of Erachem Comilog's carbon black activity and the buy-out, towards the end of the year, of minority interests (25%) in the Group's ceramic body subsidiary in Germany and the Czech Republic. Divestitures totaled €21.0 million and mostly concerned non operating assets in the United Kingdom, as well as the Dimension Stone activities of the North American Performance Minerals division.

In total, thanks to the healthy generation of operating free cash flow and the depreciation of the US dollar – the currency in which approximately 60% of debt is denominated – Imerys further reduced its debt in 2003.

Net financial debt totaled €986.3 million at the end of 2003, compared with €1,159.5 million at the end of 2002. It represents 69.9% of consolidated shareholder's equity as of December 31, 2003, compared with 78.8% as of December 31, 2002.

During the year, the Group continued to implement the strategy, initiated in 2001, of diversifying its financial resources. Two private bond placements with American institutional investors for a total amount of USD 170 million on 10 and 15-year maturities were completed in early August 2003. A third operation for a total of 7 billion yen (approx. €50 million) on a 30-year maturity was carried out on the Japanese market in September. This allowed to extend the average maturity of the Group's financial resources.

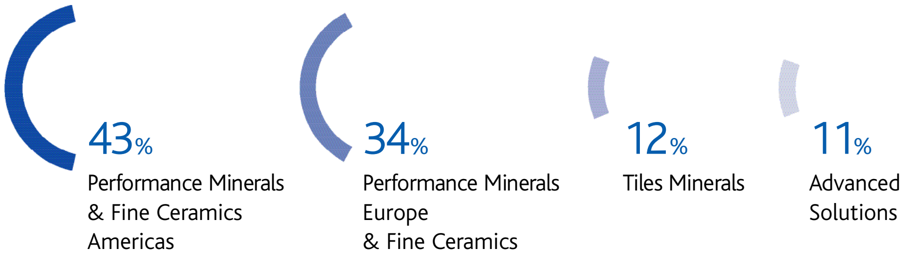
As a result, Imerys enters 2004 with an even stronger financial structure.

2.1.3. COMMENTARIES BY BUSINESS GROUP

(€ millions)	*2003*	*2002*	*change*
Sales, of which:	**2,729.2**	**2,862.6**	**- 4.7%**
Specialty Minerals	763.0	829.0	- 8.0%
Pigments for Paper	748.6	802.9	- 6.8%
Building Materials	652.1	620.8	+ 5.0%
Refractories & Abrasives	593.7	635.4	- 6.6%
Holding & Eliminations	*(28.2)*	*(25.5)*	*n.a.*
Operating income, of which:	**371.7**	**361.5**	**+ 2.8%**
Specialty Minerals	79.5	78.9	+ 0.7%
Pigments for Paper	96.9	90.8	+ 6.7%
Building Materials	130.2	121.5	+ 7.2%
Refractories & Abrasives	82.4	84.9	- 2.9%
Holding & Eliminations	*(17.3)*	*(14.6)*	*n.a.*

SPECIALTY MINERALS BUSINESS GROUP (27% of consolidated sales)

Breakdown of 2003 sales BY DIVISION



The business group serves many markets – almost 60% of which are construction-related – and is active on all 5 continents. Business grew overall in 2003, but with significant differences between segments and geographic zones. New housing was dynamic in both the United States (+ 8.4%) and Europe (+ 2.8%), where, after declining for two years, the floor tiles market picked up but the tableware market continued to decrease. The automotive market remained poor in both the Unites States and Europe.

Sales amounted to €763.0 million (- 8.0%)

This decrease takes into account:

- the heavy negative impact of exchange rates (- 11.4%);
- the slightly positive effect of changes in Group structure (+ 0.6%), resulting, on one hand, from the full-year effect of acquisitions made in 2002 and the contribution of the acquisitions carried out in the third quarter of 2003 (particularly the purchase of Erachem Comilog's carbon black activity) and, on the other hand, from the divestiture of part of the Dimension Stone activities of the American Performance Minerals division (August 2003).

At comparable Group structure and exchange rates, sales increased + 2.9% (+ 2.9% in the 1^{st} half; + 2.8% in the 2^{nd}), thanks to higher sales volumes and the slight improvement in the price/mix component.

The main trends per activity were as follows:

- Performance Minerals & Fine Ceramics Americas: volumes increased, driven in particular by the dynamic construction market in the United States and a relative improvement in market conditions in Latin America;
- Performance Minerals Europe & Fine Ceramics: business was still difficult on the tableware market, whereas volumes remained healthy in minerals for paint, plastics and adhesives; the price/mix component was firm overall;
- Tiles Minerals: business picked up after a difficult 2002;
- Advanced Solutions: lower volumes were partly offset by continued improvement in the price/mix component, particularly in graphite for mobile energy applications.

Operating income amounted to €79.5 million (+ 0.7%).

This slight increase was achieved despite the highly unfavorable impact of exchange rates and of energy costs. The operating margin improved from 9.5% in 2002 to 10.4%. This ability to weather adverse economic conditions results from the many action plans undertaken since the end of 2002. These initiatives are now coming to fruition and include the following:

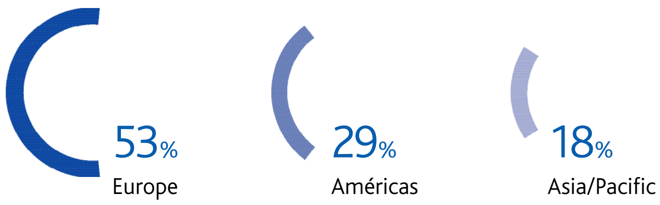
- in North America, the Performance Minerals division was reorganized in depth. Dimension Stone activities were insufficiently profitable and so were ceased. Some facilities were closed, other sold, to the Canadian group Polycor in particular. A Mexican precipitated calcium carbonate (PCC) plant was shut down and the performance minerals product lines of the Dry Branch kaolin plant in the US were rationalized. These operations came with substantial manpower reduction
- in South America, to address a still deteriorated local economic environment, the Suzano (Brazil) PCC plant was closed and Imerys do Brazil's manpower was reduced by around - 25%.

As regards external growth, the acquisition of Erachem Comilog's carbon black activity in September broadened the range of graphite products for mobile energy and plastics. In Tiles Minerals, Denain Anzin Minéraux's Grès de Thiviers sandstone business was acquired in January and, in July, Imerys' sales network in Italy, its primary market, was merged with the sales network of Euroargille, which was previously its agent.

At €42.4 million in 2003 (95% of depreciation), capital expenditures were virtually stable compared with 2002 (€43.6 million).

PIGMENTS FOR PAPER BUSINESS GROUP (27% of consolidated sales)

Breakdown of 2003 sales BY GEOGRAPHIC DESTINATION



After the sharp decrease recorded in 2001 (- 4.9%) and a slight upturn in 2002 (+ 2.5%), world production of printing and writing papers only grew + 2.1% in 2003, with contrasted situations from region to region. In Europe, while the rise in paper demand was limited, business was healthy for the business group's major paper-making customers (+ 3.2%), thanks to growth in their exports to the United States and Asia. Paper production in North America, on the other hand, declined slightly (- 1.4%) compared with the same period in 2002, with a sharper decrease in the United States than in Canada. Finally, in Asia, the paper market was buoyant (+ 3.9%) throughout the year.

Sales amounted to €748.6 million (- 6.8%).

Excluding the impact of exchange rates (- 10.7%) and Group structure effects (- 0.7%), which concerned the divestiture of a precipitated calcium carbonate production unit in 2002, sales increased + 4.6% (+ 5.2% in the 1st half; + 4.0% in the 2nd, when the basis of comparison was less favorable). This trend reflects significant growth in sales volumes throughout the year, as well as an improvement in the price/mix component.

The main trends by geographic zone were as follows:

- Americas: sales volumes were firm and the mix of kaolins sold improved, particularly thanks to greater market penetration by Imerys RCC's Brazilian kaolins in North America;
- Europe: volumes grew slightly in a difficult context for the business group's major European customers because of exchange rates;
- Asia: the year was marked by sharp growth in business for kaolins and carbonates.

Operating income improved further to €96.9 million.

This represents a + 6.7% increase, after operating income had almost doubled in 2002. The operating margin improved to 12.9%, compared with 11.3% in 2002. This excellent performance, achieved despite the high negative impact of exchange rates, results from the higher volumes, a better price/mix component and continued action on costs. In addition, the energy surcharges set up in the United States limited the negative impact of natural gas price rises.

In 2003, the business group completed the kaolin production optimization program begun in 2001:

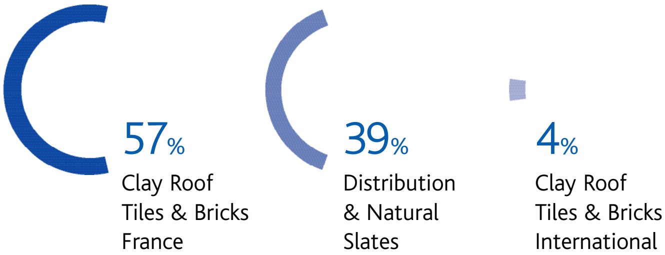
- the further extension of Brazilian kaolin production capacity (from 600 to 850 kt/yr.) came on stream in May and was already operating at full capacity by the end of 2003;
- the concomitant reorganization of kaolin for paper operations in Cornwall (United Kingdom) continued in 2003 with the effective transfer of 10% of production to Brazil.

The business group continued to implement its strategy of developing in ground calcium carbonate (GCC) in 2003, with two important successes in Asia. In August, a joint venture agreement (74% Imerys-owned) was signed with BILT, India's leading papermaker, for the construction of a new GCC plant to be commissioned in late 2004/early 2005 in the Western part of the country. In December, an agreement was signed for the exclusive supply of GCC to the new paper machine in the Changsu (China) plant of the major international papermaker UPM Kymmene. The agreement provides for the construction of an adjacent new GCC for paper plant, scheduled to start production in 2005.

Capital expenditures increased slightly at €47.5 million (vs. €43.2 million in 2002), which represents 104% of depreciation.

BUILDING MATERIALS BUSINESS GROUP (24% of consolidated sales)

Breakdown of 2003 sales BY DIVISION



After the downturn in the previous year (- 7% compared with 2001) and despite difficult weather conditions in early 2003, the French clay roof tiles market grew + 3% in 2003. Renovation – which represents approximately 60% of clay roof tile sales volumes – was very dynamic, while the individual new housing segment experienced a slight increase. On the French structure bricks market, entirely related to new housing, clay products grew + 2.5% and continued to win market share from concrete.

The environment was contrasted on the Iberian peninsular, with firm business in Spain and a deteriorated market in Portugal.

2003 sales totaled €652.1 million

This represents a + 5.0% increase compared with 2002. Excluding changes in Group structure (+ 1.8%, corresponding to the acquisitions made during the past two years), the business group achieved + 3.3% growth (+ 1.5% in the 1st half; + 5.0% in the 2nd, with particularly robust business in the 4th quarter). This increase reflects further improvement in the price/mix component, driven by the business group's innovation strategy, as well as volume growth, chiefly in the French roofing activity.

In March 2003, the clay roof tiles, bricks and chimney block activities of the business group's former Roofing and Structure divisions were grouped together in a new "Clay" entity and two new geographic divisions were created: Clay Roof Tiles & Bricks France and Clay Roof Tiles & Bricks International. The Distribution & Slates division is unchanged. In February 2004, this reorganization led to the merger-absorption of Imerys Structure and Imerys Toiture into a new legal entity, Imerys TC. Under the new organization, which allowed further improvements in market positions and manufacturing efficiency, business trends in 2003 were as follows.

- Clay Roof Tiles & Bricks France: significant volume growth, particularly in roofing products, with further improvement in the product mix, thanks to the successful launch of new products both in bricks (rectified products) and in roofing tiles and accessories;
- Clay Roof Tiles & Bricks International: contrasted activity in volumes terms (difficult in Portugal, good in tiles in Spain) with a more favorable product mix;
- Distribution & Slates: stable business for the Larivière specialized roofing products distribution network, with the continued implementation of its strategy of growth by creating agencies and acquiring trading outlets.

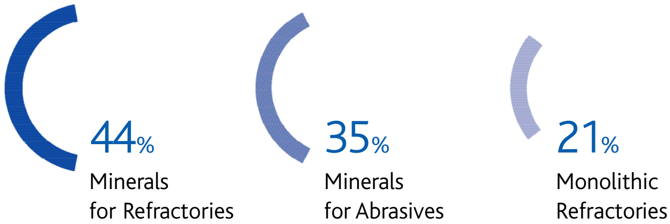
At €130.2 million, operating income showed further improvement (+ 7.2%) compared with the previous year. The operating margin also continued to improve, at 20.0% compared with 19.6% in 2002.

Higher sales volumes in roofing, a firm price/mix component - supported by a dynamic innovation policy - and tight control of production costs despite a moderate rise in energy costs, explain these record results.

Capital expenditures totaled €25.6 million, i.e. 86% of depreciation, compared with €23.4 million in 2002.

REFRACTORIES & ABRASIVES BUSINESS GROUP (22% of consolidated sales)

Breakdown of 2003 sales BY DIVISION



Steel production, a major outlet for refractories, was stable in Europe (+ 0.8% over the period) and declined slightly in the United States (- 1%), where the recovery observed in the 1st half following the setup of customs tariffs gave way to a downturn in the 2nd half. However, the other refractory markets – except for foundry, which slumped – held out relatively well.

Abrasive markets deteriorated, especially in Europe, where the competitiveness of traditionally-exporting customers was affected by the US dollar depreciation against the euro. Automobile and aeronautics productions declined in both the United States and Europe. Construction markets were the only sectors to show favorable trends.

Sales totaled €593.7 million in 2003 (- 6.6% compared with 2002).

This decrease was due to:

- the negative impact of exchange rates for - 8.3%;
- the slightly positive effect of changes in Group structure (+ 1.0%) related, on one hand, to the full-year effect of the acquisition of a minerals for abrasives production unit in Brazil in October 2002 and, on the other hand, to the gradual reduction of the refractory minerals trading activity in the United States.

At comparable Group structure and exchange rates, sales increased + 0.7% year-on-year (+ 3.9% in the 1st half and - 2.3% in the 2nd), mainly due to the improvement in the price/mix component.

The main trends per division were as follows:

- Minerals for Refractories: volumes increased slightly, particularly in andalusite which finds applications outside steel, and there was a slight improvement in the price/mix component;
- Minerals for Abrasives: business was difficult in terms of volumes, which was partly offset by the continued development of high value-added products;
- Monolithic Refractories: business was firm in Europe, particularly in non-steel markets (cement, aluminum, power generation, etc.), which account for approximately half of the division's sales.

Operating income held out well at €82.4 million.

Despite the US dollar's fall against the euro and the significant rise in energy costs, the year-on-year decrease in operating income was moderate (- 2.9%). The business group's operating margin improved from 13.4% in 2002 to 13.9% in 2003. This robustness results from the improved price/mix component and the extensive work on production costs across the business group, particularly in Monolithic Refractories (Plibrico), which recovered after a difficult 2002.

In Europe, to optimize the sales structure, especially in terms of proximity to customers and quality of service, a 50/50 joint venture was set up in August between Imerys and Europe Commerce, which has been the distributor of Imerys (C-E Minerals Inc.) calcined kaolins for many years, for the European distribution of all the refractory raw materials made or sold by the two partners.

The business group's capital expenditures totaled €11.9 million in 2002 (50% of depreciation), a decrease from 2003 (€19.8 million).

2.1.4. HUMAN RESOURCES AND SUSTAINABLE DEVELOPMENT

As of December 31, 2003, the Group had 13,802 employees as compared with 14,594 as of December 31, 2002. During the past financial year, Imerys' human resources teams supported the operating divisions, particularly with respect to the essential restructuring operations in Performance Minerals in the United States and in Brazil and in Building Materials in Portugal. Substantial efforts were also made to set up an human ressources reporting system that guarantees accurate knowledge of the skills available to the Group and facilitates career management.

In 2003, the Group continued to implement its Sustainable Development strategy. In particular, five in-house networks were created (Environment, Health & Safety, Human Resources, Innovation and Community Relations), with the task of defining the most relevant performance measurement indicators for our activities. Furthermore, an internal survey of best environmental and social practices formed the basis for a new specific Sustainable Development section introduced on the Imerys website during the summer.

2.1.5. RECENT DEVELOPMENTS & OUTLOOK

At the end of February 2004, Imerys has finalised the acquisition of Burton-Apta – renamed Imerys Kiln Furniture Hungary Kft. a leading European kiln furniture refractory provider.

Located nearby Szeged, in South East Hungary, Imerys Kiln Furniture Hungary Kft. achieves sales of approximately €20 million per year and will be integrated into Imerys Kiln Furniture ("IKF"), a department of Imerys Specialty Minerals business group.

Imerys Kiln Furniture Hungary Kft. provides IKF with:

- a production plant located in Hungary and able to manufacture all kinds of kiln furniture, from pressed or cast supports to state-of-the-art SiC elements, with a strongly skilled workforce and management team (approximately 270 employees);
- a position in the German and Eastern Europe markets which ideally completes IKF existing Western Europe commercial positions.

Following this of assets of Siam Refractories in Thailand in 2002, the acquisition of Imerys Kiln Furniture Hungary Kft. is a further step in the growth strategy of IKF in the field of ceramic refractories for kiln furniture applications.

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In 2003, Imerys net income from recurring operations improved for the 12th straight year. The Group successfully focused its efforts on cost control and improvements of return on invested capital. It is structurally stronger after two years with an unfavorable macroeconomic environment and enters 2004 with confidence.

2.1.6. INFORMATION ON IMERYS

In 2003, the Company made a net profit of €151.3 million, a €9.1 million decrease from the previous financial year.

Operating income decreased €3.0 million to – €10.1 million. This trend is mainly due to the development of external sources for the assignments given to Imerys.

Financial income amounted to €164.9 million in 2003, which represents a €7.0 million increase compared with 2002.

This growth results from:

- an increase in dividends received for €126.9 million, up €11.4 million from 2002;
- a €10.3 million increase in the Company's foreign exchange gains for €59.1 million in 2003, mainly from hedging transactions on its net assets and from its interests in US dollars;
- a €6.2 million reduction in net financial expense, due to the decrease of both external debt and interest rates;
- the decrease in net recovery of financial provisions, which totaled €3.1 million in 2003, compared with €24.0 million in 2002, i.e. a net change of €20.9 million.

Consequently, net income increased from €150.8 million in 2002 to €154.8 million in 2003.

Non-recurring income decreased €10.8 million to €1.5 million, as on December 31, 2003. In 2002, non-recurring income was essentially made up of the recovery of provisions for the best estimate of the risk in the lawsuit opposing Imerys and the American company Combustion Engineering, Inc.

With respect to 2003, tax expense of €5.0 million was recorded, a €2.3 million increase on 2002, which reflects changes in the income of companies that are fiscally consolidated in France.

The balance sheet structure reflects the following transactions on securities: the Company contributed its Imerys UK and Treibacher Schleifmittel AG shares to its subsidiary Mircal Europe, the holding company intended to hold the Group's European interests; Imerys acquired a 50% interest in Imerys Minerals Netherlands B.V.

The financial resources made available to the Group's subsidiaries under loan or treasury agreements decreased by €128.1 million. In compensation, the Company's indebtedness decreased by €171.1 million as a result of the increase in dividends received and of exchange rate trends.

_ 2.2. Supervisory Board's report

In 2003, despite generally unfavorable trends in several external factors, particularly currency rates and energy prices, and market conditions that only improved very slightly overall, Imerys substantially improved its main financial indicators again, with a rise in net income from recurring operations for the twelfth year in succession, improvement in the main financial ratios (ROI as well as operating margin) and further debt reduction.

These results, together with the structural improvements achieved throughout the year, result from the strategy approved by the Supervisory Board and meticulously and constantly implemented by the Managing Board. The Supervisory Board also thanks all the Company's shareholders for their support and confidence in that strategy.

Among the highlights of the financial year, the Supervisory Board notes the following:

- the constant improvement in the value added by the Group's product portfolio was once again reflected in a healthy trend in the price/mix component;
- the vigorous actions taken in recent years to improve the Group's industrial efficiency and reduce production costs were stepped up further, enabling the Group to keep costs - apart from energy - under control in all its business groups;
- these efforts allowed the Group to benefit from the substantial positive contribution to margins of sales volumes, as it took advantage of the slight upturn in some of its markets after two particularly difficult years;
- financial expenses were reduced substantially again thanks to the decrease of both the Group's indebtedness and interest rates.

As a result, Imerys is structurally stronger as it emerges from two years with a particularly poor macroeconomic environment.

On that basis, despite prevailing economic uncertainties, the Supervisory Board judges that the Group can view 2004 with confidence. It encourages the Managing Board to continue improving the Group's industrial efficiency in order to be able to draw full benefit from the effects of the upturn when it occurs, and to speed up its internal and external growth policy if value-creating opportunities arise.

- 2003 was also marked by major changes in the composition of the Group's corporate bodies.

  As of January 1, 2003, Gérard Buffière is Imerys Chief Executive Officer and Jérôme Pecresse is Executive Vice-President Finance and Strategy. Furthermore, the Supervisory Board duly noted Patrick Dubert's wish to end his responsibilities as Member of the Managing Board and Executive Vice-President Human Resources as of June 1, 2003.

  At the Ordinary and Extraordinary Shareholders' General Meeting of May 5, 2003, the provisional appointment of Robert Peugeot in succession to David de Rothschild, pursuant to the Supervisory Board decision of November 4, 2002, was approved and Patrick Kron, former Chief Executive Officer of Imerys, was appointed as a new member of the Supervisory Board.

  The Supervisory Board welcomes the fact that, despite the changes that occurred in the composition of the Managing Board and following the renewal of teams through the Group's internal resources, implementation of Imerys' ambitious strategy has continued. This achievement reflects the robustness of the Group's organization, which is a source of both continuity and strengthened confidence in its future.

  Moreover, the Supervisory Board intends to renew the term of office of the Managing Board, which expires on May 3, for a further period of three years, i.e. until the conclusion of the Shareholders' General Meeting called upon, in 2007, to approve the accounts for financial year 2006.

- The Supervisory Board has continued to ensure that the Company constantly seeks to comply with best practices in terms of corporate governance.

  First, the Supervisory Board welcomes the efforts made by the Group to improve the quality and transparency of its financial communication, which were crowned in 2003 by the award for Best Annual Report by a French company listed on Euronext Paris (SBF 120 index, excluding CAC 40 companies) from the magazine La Vie Financière and the newspaper Le Figaro. The Board takes the opportunity to thank all the Group's people who contributed to this success through their work.

Furthermore, as part of the regular assessment of its operating practices, on March 1, 2004, the Supervisory Board reviewed in detail the missions of its specialized Committees, their composition and that of the Board, their respective functioning and their activity in 2003. The results of that review led the Supervisory Board to: confirm the definition of independence and the recognition of some members as independent, as previously decided; put forward, particularly in order to comply with the consolidated AFEP-MEDEF report of October 2003 on corporate governance in stock market-listed companies in France, amendments to the Supervisory Board's internal charter, the updated version of which will be put to the Board's approval at its next meeting.

- Finally, the Supervisory Board approved the Company's annual financial statements and the Group's consolidated accounts, as well as the Managing Board's report on financial year 2003, without having any observations to make on them.

In that respect, the Board supports all the proposals put to the Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2004 by the Managing Board, in particular those intended to:

- pay a net dividend of €5 per share, compared with €4.30 with respect to the previous year. This increase is faster than the rate of growth in net income from recurring operations, reflecting confidence in Imerys' prospects;
- proceed with the division by 4 of the par value of the Imerys share, in order to increase its liquidity and make it more affordable for as many investors as possible, particularly individual shareholders. The Supervisory Board specifies that the operation would lead to the automatic exchange of one preexisting share with par value €8 for 4 new shares with par value of €2 each, with the new shares having the same rights as the preexisting shares;
- renew the expiring terms of office of five members of the Supervisory Board (Mr. Paul Desmarais, Jr., Mr. Jocelyn Lefebvre, Mr. Eric Le Moyne de Sérigny, Mr. Yves-René Nanot and Mr. Edouard de Rothschild);
- renew, for the statutory and legal period of six years and in accordance with the recommendations of its Audit Committee, the terms of office of Ernst & Young Audit and Deloitte Touche Tohmatsu as joint statutory Auditors, and of Mr. Jean-Marc Montserrat and BEAS as joint alternate Auditors. For the sake of legitimate caution, it was judged necessary to guarantee a certain historical continuity among the Company's Auditors, following the appointment of new statutory and alternate Auditors in 2003. It was also judged that a call for tender with the same international audit firms as bidders for the second year running was unnecessary;
- renew the Company share buyback program and all the financial authorizations previously granted to the Managing Board (immediate or future capital increases, with or without preferential subscription rights for shareholders, capital increases by the emission of shares reserved for Group employees) with an adjustment of the amounts per share in line with the increase in the Imerys share price since the last General Meeting and, as the case may be, the approval of the proposed division of the share's par value;
- renew the authorization previously granted to the Managing Board to cancel all or part of the shares held by the Company in itself under its share buyback program by reducing the Company's share capital accordingly;
- bringing the Company's by-laws into compliance with the new legal provisions on the increase of the threshold for holding voting rights that applies with respect to regulated agreements.

Consequently, the Supervisory Board asks the shareholders to approve all the resolutions put to them at the next General Meeting. It renews its support and confidence in the Managing Board for the implementation of the growth policy desired by the Supervisory Board, which creates value for shareholders, ensures innovation and service quality for customers and generates opportunities for the Group's employees.

_ 2.3. Auditors' Report

Ernst & Young Audit
Faubourg de l'Arche
11, Allée de l'Arche
92400 Courbevoie

Deloitte Touche Tohmatsu
185, avenue Charles-de-Gaulle
B.P. 136
92203 Neuilly-sur-Seine Cedex

2.3.1. AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
Year ended December 31, 2003

Dear Shareholders,

In accordance with our appointment as statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2003 on:

- the audit of the accompanying financial statements of Imerys;
- the justification of our assessments;
- specific procedures and disclosures required by law.

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

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 give a true and fair view of the financial position and the assets and liabilities of Imerys as at December 31, 2003 and the results of its operations for the year then ended, in accordance with French accounting regulations.

Justification of our assessments

Pursuant to the first paragraph of article L225-235 of the French Commercial Code governing the justification of our assessments, introduced by the Financial Security Act of 1st August 2003 and which apply for the first time this year, we hereby report on the following:

As indicated in Note 1 to the financial statements on accounting principles and methods, the valuation of investments in subsidiaries is performed taking into consideration not only the share of shareholders' equity that such investments represent, but also future profitability prospects. As part of our assessment of the material estimates used to prepare the financial statements, we have revised the assumptions used to make projections with respect to the future results of these subsidiaries on which this estimate was based as well as the resulting figures. In connection with these assessments, we assured ourselves as to the reasonableness of these estimates.

These assessments are part of our audit approach to the financial statements taken as a whole and therefore contribute to the expression of the unqualified opinion given in the first part of this report.

Specific procedures and disclosures

We have also performed the other procedures required by law, in accordance with professional standards applicable in France.

We have no comment to make as to the fair presentation and consistency with the financial statements of the information given in the report of the Executive Board and the documents addressed to the shareholders in respect of the financial position and the financial statements.

Neuilly-sur-Seine and Courbevoie, April 5, 2004

The Statutory Auditors

Ernst & Young Audit	Deloitte Touche Tohmatsu
François Carrega	Nicholas L.E. Rolt
Compagnie Régionale de Paris	Compagnie Régionale de Versailles

2.3.2. AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
Fiscal year ended December 31, 2003

Dear Shareholders,

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Imerys for the year ended December 31, 2003.

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

Opinion on the 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 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 consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as at December 31, 2003 and the results of its operations for the year then ended, in accordance with accounting principles generally accepted in France.

Justification of our assessments

Pursuant to article L225-235 of the French Commercial Code governing the justification of our assessments, introduced by the Financial Security Act of 1 August 2003 which apply for the first time this year, we hereby report on the following:

- As specified in Notes 29 to 33 of chapter 6 of the notes pertaining to the consolidated financial statements, the Group records its pension commitments with respect to defined benefit plans in both the UK and the USA. The valuation of these commitments is reviewed annually by independent actuaries. As part of our assessment of the material estimates used to prepare the financial statements, we have revised the data and assumptions used by the Group and its outside experts and have assured ourselves as to the reasonableness of these estimates.
- As specified in Note 7 of chapter 1 of the notes pertaining to the consolidated financial statements, the Group regularly reviews its major assets in order to identify any long-lasting impairment. As part of our assessment, we ensured ourselves that the Group properly identified these impairments, recorded the corresponding write-downs and assessed the reasonableness of these estimates. Furthermore, as specified in Note 9 of chapter 1 of the notes pertaining to the consolidated financial statements, in 2003 the Group allocated the English China Clays Group goodwill, previously recorded at the Imerys parent company level, to the Group new operating divisions level. As part of our assessment, we assured ourselves as to the reasonableness of these estimates.

These assessments are part of our audit approach to the consolidated financial statements taken as a whole and therefore contribute to the expression of the unqualified opinion given in the first part of this report.

Specific procedures and disclosures

We have also verified the information given in the Group's management report. We have no comment to make as to the fair presentation of this information nor its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, April 8, 2004

The Statutory Auditors

Ernst & Young Audit	Deloitte Touche Tohmatsu
François Carrega	Nicholas L.E. Rolt
Compagnie Régionale de Paris	Compagnie Régionale de Versailles

_Assets, financial position and earnings

Chapter 3

pages

3 Assets, financial position and earnings

_ 3.1. 2003 Consolidated financial statements

_ Consolidated income statement

(€ thousands)	NOTES	2003	2002	2001
Operating revenues		**2,839,807**	**2,961,351**	**3,031,399**
Sales	1-27-28	2,729,205	2,862,551	2,898,133
Other revenues	2	110,602	98,800	133,266
Operating expenses		**(2,468,124)**	**(2,599,862)**	**(2,687,413)**
Purchase costs		(1,003,347)	(1,081,365)	(1,122,195)
Personnel costs		(569,459)	(595,458)	(588,152)
Depreciation, amortization and provisions		(196,772)	(241,745)	(241,679)
Other operating expenses	3	(698,546)	(681,294)	(735,387)
Operating income	27-28	**371,683**	**361,489**	**343,986**
Net interest expense and investment income	4	(45,716)	(66,754)	(86,027)
Income of consolidated companies excluding non-recurring items		**325,967**	**294,735**	**257,959**
Non-recurring income (expense) - net	5	(36,170)	(6,035)	(111,732)
Income tax	6	(97,945)	(94,726)	(33,688)
Net income of consolidated companies		**191,852**	**193,974**	**112,539**
Share in net income (loss) of equity-consolidated companies		3,282	2,892	3,886
Net income before minority interest		**195,134**	**196,866**	**116,425**
Minority interests		(1,800)	(2,435)	(5,600)
Amortization of goodwill	9	(33,137)	(50,967)	(31,776)
Net income, Group share	7	**160,197**	**143,464**	**79,049**
Of which:				
net income excluding non-recurring items		219,478	197,485	170,780
non-recurring items, amortization of goodwill, Group share		(59,281)	(54,021)	(91,731)
Net current from recurring operations per share		13.91	12.45	10.75
Net income per share		10.16	9.04	4.97
Net income diluted per share		9.83	8.78	4.92
Average translation rate euro/USD.		*1.1308*	*0.9424*	*0.8950*

_ Consolidated balance sheet

CONSOLIDATED ASSETS (*€ thousands*)	*NOTES*	*2003*	*2002*	*2001*
Fixed Assets		**2,061,160**	**2,343,553**	**2,649,885**
Intangible assets, at cost		98,802	62,248	43,550
Accumulated depreciation		(37,176)	(27,358)	(24,541)
Intangible assets, net	8	61,626	34,890	19,009
Goodwill, at cost		652,193	720,631	705,802
Accumulated depreciation		(152,563)	(145,062)	(105,560)
Goodwill, net	9	499,630	575,569	600,242
Property, plant and equipment, at cost		3,416,320	3,774,610	4,067,120
Accumulated depreciation		(1,916,416)	(2,041,516)	(2,036,486)
Property, plant and equipment, net	10	1,499,904	1,733,094	2,030,634
Other long-term assets		**118,057**	**129,938**	**173,149**
Investments accounted for by the equity method	11	27,567	25,589	28,409
Other investments – net	12	10,651	15,543	16,940
Long-term loans and other	13	79,839	88,806	127,800
Current Assets		**1,090,742**	**1,168,431**	**1,301,673**
Stocks	14	400,129	421,794	479,790
Trade accounts receivable	15	469,798	502,890	543,272
Other current assets	16	108,574	103,643	84,710
Regularization accounts		22,293	24,597	24,102
Deferred income tax assets	6	8,636	26,569	62,579
Marketable securities		14,267	20,761	9,584
Cash at bank and in hand		67,045	68,177	97,636
TOTAL ASSETS		**3,269,959**	**3,641,922**	**4,124,707**

LIABILITIES AND SHAREHOLDERS' EQUITY (*€ thousands*)	*NOTES*	*2003*	*2002*	*2001*
Share capital		126,966	126,016	127,253
Additional paid-in capital		218,093	210,804	229,239
Consolidated reserves		896,038	979,603	1,113,261
Net income		160,197	143,464	79,049
Shareholders' equity		**1,401,294**	**1,459,887**	**1,548,802**
Minority interest	17	8,965	12,196	28,293
Provisions		**321,545**	**394,553**	**509,912**
Deferred income tax liabilities	6	107,152	87,499	97,324
Provisions for contingencies	18	214,393	307,054	412,588
Debt		**1,538,155**	**1,775,286**	**2,037,700**
Borrowings	19-22	1,067,624	1,248,425	1,517,883
Trade accounts payable		262,604	273,843	315,136
Other current liabilities		207,927	253,018	204,681
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,269,959**	**3,641,922**	**4,124,707**
Closing translation rate on 31 December euro/USD.		*1.2630*	*1.0486*	*0.8813*

_ Cash flow statement

(€ thousands)	NOTES	2003	2002	2001
Operating cash flow				
Net income of consolidated companies, excluding non-recurring items		325,967	294,735	257,959
Net dividends received from equity-consolidated companies		1,050	517	-
Current income taxes		(107,971)	(97,707)	(71,268)
Charges and revenue with no impact on operating cash flow				
Depreciation		144,433	161,584	166,474
Provisions		20,587	25,902	8,598
Operating cash flow before working capital changes	23	**384,066**	**385,031**	**361,763**
Changes in working capital	24	(74,834)	31,371	(27,638)
Operating cash flow		**309,232**	**416,402**	**334,125**
Investment activities				
Acquisition of assets				
Capital expenditures (tangible and intangible)	25	(125,174)	(148,636)	(176,114)
Financial acquisitions		(48,054)	(93,481)	(104,550)
Disposal of assets				
Tangible and intangible assets		18,913	41,671	24,497
Financial		2,050	1,683	13,737
Net change in long-term loans and other		14,502	9,048	(4,217)
Non-recurring cash flow		(67,810)	(50,782)	(38,079)
Cash flow from investment activities		**(205,573)**	**(240,497)**	**(284,726)**
Capital operations				
Capital increases		36,558	3,617	1,305
Capital decreases/re-purchases		(22,495)	(29,540)	(8,254)
Dividends paid		(68,823)	(63,173)	(59,362)
Cash flow from capital operations		**(54,760)**	**(89,096)**	**(66,311)**
Change in net debt		**48,899**	**86,809**	**(16,912)**
Opening net debt		(1,159,487)	(1,410,663)	(1,326,740)
Change in net debt		48,899	86,809	(16,912)
Effect of foreign currency fluctuations		132,318	162,208	(54,585)
Effect of perimeter modifications		(8,042)	2,159	(12,426)
Net debt at closing of period		**(986,312)**	**(1,159,487)**	**(1,410,663)**
Marketable securities		14,267	20,761	9,584
Cash at bank and in hand		67,045	68,177	97,636
Borrowings		(1,067,624)	(1,248,425)	(1,517,883)
Net debt at closing of period		**(986,312)**	**(1,159,487)**	**(1,410,663)**

_ Consolidated statement of changes in shareholders' equity

(€ thousands)	*CAPITAL*	*PREMIUMS*	*CONSOLIDATED RESERVES*	*TOTAL*
Shareholders' equity at January 1, 2001	**127,721**	**235,671**	**1,144,547**	**1,507,939**
Dividends	-	-	(57,141)	(57,141)
Translation adjustments	-	-	25,904	25,904
Capital decrease	(595)	(7,597)	(62)	(8,254)
Capital increase	127	1,165	13	1,305
Net income for the period	-	-	79,049	79,049
Shareholders' equity at January 1, 2002	**127,253**	**229,239**	**1,192,310**	**1,548,802**
Dividends (1)	-	-	(62,316)	(62,316)
Translation adjustments	-	-	(143,277)	(143,277)
Capital decrease (2)	(1,558)	(21,731)	(6,251)	(29,540)
Capital increase	321	3,296	-	3,617
Other (3)	-	-	(863)	(863)
Net income for the period	-	-	143,464	143,464
Shareholders' equity at January 1, 2003	**126,016**	**210,804**	**1,123,067**	**1,459,887**
Dividends	-	-	(67,529)	(67,529)
Translation adjustments	-	-	(150,844)	(150,844)
Capital decrease (2)	(1,229)	(21,266)	-	(22,495)
Capital increase (4)	2,179	28,555	5,824	36,558
Correction deferred taxes (5)	-	-	(13,609)	(13,609)
Change of method CNC R01-2003 (6)	-	-	(871)	(871)
Net income for the period	-	-	160,197	160,197
Shareholders' equity at December 31, 2003	**126,966**	**218,093**	**1,056,235**	**1,401,294**
Proposed dividends (7)	-	-	(79,354)	(79,354)
Shareholders' equity after distribution at January 1, 2004	**126,966**	**218,093**	**976,881**	**1,321,940**

(1) *Including equalization tax (deduction at source).*

(2) *Includes cancellation in consolidated reserves of Imerys' owned shares at closure.*

(3) *Effect of transition to global integration of the company MRD-ECC, formerly consolidated by the equity method.*

(4) *Includes effect on consolidated reserves of the sale of Imerys' owned shares during the fiscal year.*

(5) *See note Chapter 3.1, attachment 1, note 7 – Deferred taxes.*

(6) *See note Chapter 3.1, attachment 1, note 7 – Provisions for pensions and other related provisions.*

(7) *Submitted for approval to the General Shareholders Meeting on 3 May, 2004.*

_Attachment 1 Accounting principles and procedures

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

1 - GENERAL PRINCIPLES AND PROCEDURES

The financial statements of the Imerys group companies (the "Group") have been prepared in accordance with the accounting principles in effect in their respective countries and were restated in order to comply with the Group's accounting standards. The consolidation standards applied comply with French legislation and regulations concerning consolidated financial statements (law of 3 January, 1985, and decree 99-02 of the "Comité de la Réglementation Comptable").

2 - CONSOLIDATION STRUCTURE

The companies included are those in which the Imerys company and its subsidiaries hold a stable equity interest of at least 20%. All retained companies are consolidated without importance limit.

Two consolidation methods were used in 2003:

- full integration method with acknowledgement of minority interests in the case of companies in which the equity interest is greater than 50%;
- the equity method for companies, over which the consolidating company exercises significant influence, this being assumed when the equity interest is greater than 20%.

The main perimeter modifications during the year 2003 were the following:

- in the Building Materials business group, acquisition in June of the company Digemat, owner of several roofing equipment distribution offices;
- in the Specialty Minerals business group, the acquisition from Erachem Comilog of the carbon black activity in Belgium, the purchase in Italy of the mineral trading activity of Euroargille and Eurec as well as the purchase of the "Grès de Thiviers" sandstone activity from DAM. Moreover, Imerys sold its dimension stone activity in North America and its silica production in South Africa.

The effect of changes in the consolidation structure represent 1.3% of Imerys' 2003 turnover for the perimeter entries and (0.8%) for the perimeter exits.

3 - ELIMINATION OF INTERCOMPANY TRANSACTION

The impact of transactions between the Group's companies has been eliminated.

4 - ACCOUNTING PERIOD

All the companies have been consolidated on the basis of accounts made up to 31 December, 2003.

5 - INCOME FROM RECURRING OPERATIONS AND NON-RECURRING INCOME

The income from recurring operations covers all regular activities of the four Imerys business groups.

The non-recurring income covers revenues and charges resulting from activities clearly different from the ordinary activities which have an infrequent and unusual character. This is especially the case for revenues and charges related to significant reorganizations of the divisions and results of the disposals of assets and their corresponding costs when they exceed the normal framework of the industrial activities of the Group.

6 - FOREIGN CURRENCY TRANSLATION

The financial statements of the foreign companies are translated into euros on 31 December exchange rates for balance sheet items and at an average annual exchange rate for the income statement. Foreign unrealized exchange gains and losses are recorded as consolidated reserves for the Group's share and as minority interests for third parties' share.

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

(euro)		2003		2002		2001	
COUNTRY	CURRENCY	31-12	AVERAGE	31-12	AVERAGE	31-12	AVERAGE
Argentina	ARG	3.7189	3.3328	3.5286	2.6752	1.4980	0.8950
Australia	AUD	1.6802	1.7383	1.8556	1.7359	1.7280	1.7300
Brazil	BRL	3.6483	3.4668	3.6894	2.6455	2.0449	2.0875
Canada	CAD	1.6234	1.5817	1.6550	1.4800	1.4077	1.3851
Denmark	DKK (100)	0.0745	0.0743	0.0743	0.0743	0.0744	0.0745
United States	USD	1.2630	1.1308	1.0486	0.9424	0.8813	0.8950
United Kingdom	GBP	0.7048	0.6920	0.6505	0.6285	0.6085	0.6218
Hungary	HUF	263.15	256.41	236.2900	242.9370	245.1800	256.3764
Japan	JPY (100)	1.3505	1.3097	1.2439	1.1800	1.1533	1.0863
New Zealand	NZD	1.9244	1.9440	1.9975	2.0362	2.1215	2.1287
South Africa	ZAR	8.3276	8.5300	9.0094	9.9014	10.4302	7.5940
Czech Republic	CZK	32.4100	31.8441	31.5770	30.7942	31.9620	34.0569
Sweden	SEK (100)	0.0908	0.0912	0.0915	0.0916	0.0930	0.0925
Switzerland	CHF	1.5579	1.5210	1.4524	1.4672	1.4829	1.5102

Following the events which occurred in Argentina, the exchange rate of one peso equals one American dollar valid until December 2001 was used for the conversion of the 2001 income statement. However, for the balance sheet at 31 December, 2001 the average of the first 3 market quotations in January 2002 was used giving a parity of 1.7 peso for one American dollar. In 2002 and 2003, the Argentinean peso fluctuated in an independent manner that resulted in a parity of 3.7 pesos to one euro as at 31 December, 2003.

7 - VALUATION METHODS

Intangible fixed assets

With the adoption of decree 99-02 of the "Comité de Réglementation Comptable", Imerys decided as of the fiscal year 2000 to comply with international standards IAS 22 and IAS 38 with regard to the accounting treatment of intangible fixed assets. From now on, all intangible fixed assets will be amortized over a period not exceeding 20 years, except for those brands having a longer legal protection and those intangible fixed assets, which are based on mining reserves exceeding 40 years of operations. In these latter cases, the limit was extended to a maximum of 40 years.

Goodwill

Goodwill represents the difference between the purchase price of the shares and the total appraisal of the actual value of the assets and liabilities established at the date of acquisition. Such goodwill can be modified during the first accounting period following acquisition.

The identifiable assets and liabilities are reported on the consolidated balance sheet at their entry value determined according to the purpose envisaged by the consolidating company.

The entry value corresponds:

- to their market value for those goods not intended for operations or, when there is no market value, to the estimated net realizable value;
- to their utility value for the consolidating company for those goods intended for operations.

Positive goodwill is recorded as an asset and depreciated over a period that is determined according to the economic activity of the acquired company; such period may not exceed 20 years. Exceptionally, when the acquired company owns mineral reserves or mining rights representing more than 20 years' operations, the maximum depreciation period of the residual goodwill is allocated over the life span of these reserves or mineral rights without exceeding 40 years. Negative goodwill is recorded as a liability in the provisions for contingencies.

Property, plant and equipment

Property, plant and equipment are recorded on the consolidated balance sheet at their acquisition cost for the Group. No financial expenses are incorporated in such acquisition cost.

Property, plant and equipment are depreciated according to the straight-line method over the following estimated useful lives:

• Office and Residential Buildings	30 to 50 years
• Industrial Buildings	10 to 30 years
• Technical Facilities	5 to 10 years
• Other Property, Plant and Equipment	4 to 20 years

Land is not depreciated, unless it contains mineral reserves that are being mined, in which case depreciation is recorded for their estimated useful life.

Mineral reserves

Upon the acquisition of land containing mineral reserves, acquisition costs are determined between the deposit and that of the subsoil. Only the deposits are depreciated over the estimated period of extractable reserves.

With regard to the accounting entries made upon the acquisition of the ECC Group in 1999, all reserves of the Pigments & Additives business group as well as those of the ECC Group's Ceramics & Refractories business have been newly appraised.

This appraisal was carried out by independent experts using a percentage of future operating income discounted by taking into account the specific features of each mine and the local level of transactions on assets that are comparable to those of the Imerys group.

Value test

When significant unfavourable changes occur in the activity of acquired subsidiaries which decrease the original goodwill value or the industrial asset value, an exceptional depreciation calculated on the basis of discounted future cash flow is recorded in the income statement, in accordance with French regulations and IAS 36.

These value tests are carried out in accordance with the management structure of the Imerys group as described in chapters 4.2 to 4.6 of the reference document which thereby defines the cash generating entities.

Such depreciations were recorded for the subsidiaries American Minerals in 2002 (Refractory & Abrasives business group) and for Campos in 2003 (Building Materials business group) *(see chapter 3.1., Attachment 3, note 9).*

Leasing

Leased assets are recorded as acquisitions when the terms and conditions of leasing agreements are similar to a credit purchase.

Leased assets are capitalized at the lower of market value or the current value of lease payments. Corresponding commitments are recorded as debts payable to lessors.

Settlements of leasing payments are recorded as reimbursements of borrowed capital and financial charges. Assets thus recorded as assets are depreciated over their life cycle.

Currency conversion

Liabilities and receivables in unhedged currencies are converted at the closing rate, and the exchange variations are recorded in the income statement. This does not include those resulting from permanent financing operations between Group companies, which are recorded, net of tax, as consolidated reserves; those variations resulting from forward hedging operations of specific commitments are deferred and taken into account in line to the matching hedged commitments.

Operating values

Inventories and work-in-progress of industrial companies are valued either at their average weighted manufacturing cost or using the FIFO method, without incorporation of interest charges.

Provisions for depreciation are made when the costs of products or the net market value as of 31 December are lower than the average weighted manufacturing cost.

Deferred income tax

Imerys records deferred income tax resulting from timing differences between accounting and fiscal bases of assets and liabilities, as well as those resulting from loss carry forwards. As a matter of prudence, a deferred income tax asset is only posted when a loss is carried forwards and is likely to be used. The latter reduce the tax burden when actually used.

The liability method is used and changes in income tax rates for companies are entirely recorded in net income. In France, the effective rate used for French companies was changed to 36.43% in 2001 and 35.43% for the deferred taxation. In 2002 and 2003 a rate of 35.43% has been used for the current and deferred taxation.

When it is impossible for the Group to determine reliably a detailed schedule for timing of the reversal of each temporary difference, the deferred income tax assets and liabilities are not actualized.

In 2003, when preparing the transition to the IFRS standards, the review of deferred income tax showed that it was necessary to record deferred income tax liabilities concerning the difference between accounting and financial values of property, plant and equipment of the Imerys' subsidiary RCC in Brazil. This difference was due to the use of the American dollar as functional currency. In 2000, when applying the decree 99-02, the Group considered that for this difference, stemming from the high inflation the country had to face in the past, the non-recording of its deferred income tax liabilities complied with the exceptions stipulated in paragraph 313 of the decree. However, as Brazil is not considered as a hyperinflation country since 1998, the exception of decree 99-02 could not be applied. Consequently, the position of deferred income tax of this company has been corrected. The negative impact of €13.6 million has been recorded in the consolidated shareholders' equity as it would have been done on the regulation's first application. The impact on the 2003 income is insignificant. In addition, if this deferred income tax had been recorded for the fiscal year 2000, its evolution from then onwards would not have generated a significant difference on the published tax burden.

Financial instruments

The Group's policy is to reduce its exposure to interest rate and foreign exchange fluctuations, and not to take a speculative position.

Such risks are monitored by Group Treasury in order to determine a broad hedging strategy which is approved periodically by the Managing Board.

Hedging instruments are negotiated on over-the-counter markets with first-class banking institutions.

Gains and losses resulting from hedging instruments are recorded symmetrically with the revaluation of hedged elements.

• Foreign exchange risk

Imerys manages the exchange rate risk by adjusting the proportion of its financial debt in US dollars, pound sterling and euros.

In order to reduce foreign exchange risks arising from the Group's business, as much as possible, subsidiaries' invoices are invoiced in their functional currency. When billing is made in another currency, the corresponding foreign exchange risk together with commercial debts are monitored and hedged on a case-by-case basis. Thus, the Imerys group is only minimally exposed to the exchange rate risk.

• Interest rate risk

Interest rate risk management is centrally coordinated by the Group, based on a general policy approved by the Imerys Managing Board which excludes speculative positions.

All the hedging operations are managed by the Group Treasury and are carried out with first-class banks.

On 31 December, 2003, the Group had undertaken a series of operations aimed either at fixing or capping the borrowing rate for more than 80% of the forecast financial debt for 2004.

• Accounting

The positions taken through the various financial instruments used by the Group are booked at market value and the profit and loss resulting from the corresponding fluctuations are recorded in the income statement.

In the case of hedging operations strictly based on matching transactions, the profit and loss generated by the financial instruments is entered symmetrically with gain/loss on the hedged elements. For the hedging of net investments of foreign subsidiaries, the exchange rate variations are recorded as consolidated reserves at their value, net of taxes.

Regulated provisions

Restatements were made to exclude from the consolidated financial statements extraordinary tax-based valuations, in particular regulated provisions and excess tax depreciation for French subsidiaries.

Provisions for contingencies and charges

As of 1 January, 2002, the Imerys group applies the decree CRC 2000-06 on liabilities. The provisions for contingencies and charges currently entered in the consolidated balance-sheet of the Imerys group are all clearly specified as to their subject. They are considered probable due to past or ongoing events.

The provisions are stated by type as follows:

- the provisions for management contingencies include in particular any ongoing litigation concerning current activities;
- personnel provisions correspond to commitments arising from retirement indemnities and related costs, medical coverage and others;
- the provision for financial expenses corresponds to debts entering the consolidation perimeter at acquisition of companies. The difference between their value at a long-term fixed rate compared with an equivalent debt at market rate is accrued as a purchase accounting entry;
- the provisions for site restoration include the cost of site reconditioning after exploitation, which is evaluated periodically for each quarry in the Group. The provision for site restoration is progressively built up proportionally to the mineral extraction carried out;
- the provisions for reorganization relate to reorganization plans officially approved and started before the end of the financial period;
- other provisions include in particular the provisions for major repairs.

Provisions for Pensions and other related Provisions

All the Group companies record their retirement indemnities and related costs under provisions compatible with French regulations and IAS 19. For the 2003 closing, Imerys has entrusted an independent international actuary firm with the global and exhaustive task to identify and evaluate pension commitments and other advantages with defined benefits of the Group.

The aim was to obtain a perfectly homogenous valuation and to check full conformity with IAS 19. Imerys thus chose to anticipate as of 1 January, 2003 the first application of the recommendation no. 2003-R.01 dated 1 April, 2003 of the national accounting council ("Conseil National de la Comptablité") concerning accounting rules for pension commitments and similar advantages.

This mission identified two types of method changes: the first concerns the application of the retrospective calculating method instead of the forecasting one for French companies; the second concerns the recording of advantages stemming from long-service medals. The impact of these changes is of (€343) thousand for the first and of (€528) thousand for the latter; both are recorded in the net consolidated equity of the Group. The impact on the income is insignificant.

Provisions are made for retirement indemnities, additional retirement and related costs (medical costs for retirees, other insurance costs) as such rights accrue to employees. Such rights are determined as of the closing of the fiscal year taking into account seniority and the probability of an employee working until retirement. The calculation is made according to the actuarial method of planned credit units with a salary at the end of the career (retrospective evaluation method) that incorporates assumptions regarding salary increases and return of first-class long-term investments. Provisions recorded as liabilities, if applicable, exclude fees paid to outside fund management companies.

If the actuarial appraisals produce a net surplus recorded as an asset on the balance sheet, provisions are made in line with the planned evolution of this surplus.

Commitments given and received

Commitments as of 31 December, 2003 are those given or received by fully integrated consolidated companies or those of their subsidiaries in which their equity interest is greater than 20%, whether they are consolidated or not.

8 - EARNINGS PER SHARE

Earnings per share are calculated on the basis of the weighted average number of shares in issue during the year. Diluted EPS is calculated on the basis of the average potential total number of shares.

(in euro)	*2003*	*2002*	*2001*
Weighted average of issued shares	15,773,524	15,863,276	15,892,874
Net income from recurring operations, Group share, *in euro per share*	13.91	12.45	10.75
Net income per share, Group share, *in euro per share*	10.16	9.04	4.97
Weighted average potential total shares	16,540,278	16,649,640	16,556,572
Diluted net income from recurring operations, Group share, *in euro per share*	13.41	12.02	10.46
Diluted net income per share, Group share, *in euro per share*	9.83	8.78	4.92

9 - TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS IFRS

Regulation context

The European regulation no. 1606/2002 dated 19 July, 2002 stipulates the use of international accounting standards for consolidated accounts of companies listed on regulated European markets concerning the financial years as of 1 January, 2005. The Imerys share being quoted at Euronext Paris on the First Market, the Group is therefore part of this category of concerned companies and will adopt these new standards in 2005.

The adoption of these new accounting rules will be made within the scope of the IFRS 1 standard called "First-Time Adoption of International Reporting Standards" published by the IASB on 19 June, 2003 relating to the accounting consequences of this change of accounting standards.

This text mentions notably the following points:

- as Imerys usually presents three fiscal years, the 2004 accounts will be published with the elements of 2002 and 2003 in accordance with the French legal and statutory regulations related to consolidated accounts (law of 3 January, 1985 and the decree 99-02 of the committee of accounting regulation ("Comité de la Réglementation Comptable");
- the 2005 accounts will be published according to the new internationl reference system IAS/IFRS and will be presented with the restated 2004 accounts as comparative accounts;
- with Imerys presenting three fiscal years, the 2005 accounts will present financial statements containing exceptionally the fiscal years 2003 and 2004 under the old French accounting reference system as well as the fiscal years 2004 and 2005

under the IAS/IFRS standards (therefore financial statements with 4 colums);

- the calendar being thus fixed, the IAS/IFRS balance sheet of 1 January, 2004 will therefore be the "starting balance sheet", and the impact of the change of accounting standards will be recorded in the shareholders' equity at this date.

Preparation of Imerys for the IAS/IFRS standards

In order to meet this deadline, Imerys has formed in 2002 corporate teams dedicated to prepare the Group for this new reference system. There are four teams made of representatives of the various departments mentioned below:

• Consolidation – Accounting

Preparation for IAS standards (except for IAS 19, 32 & 39):

Managed by the Group's consolidation manager, this team includes a specialist in accounting standards and a specialist in consolidation systems. The business group and division controllers are helping to implement, promote and apply these new Imerys financial procedures introducing the new IAS rules in all the Group's subsidiaries.

• Cash management – Accounting – Consolidation:

Preparation for IAS 32 & 39 applied to financial instruments:

Managed by the Group Treasury, the team includes the headquarter's accounting manager and the Group's consolidation manager and deals with IAS 32 & 39 applied to hedging instruments for interest and exchange rates. Its work since 2002 has allowed to assess these instruments as being conform to international standards and to make sure that the impact of implementing the new accounting standards was not significant.

• Legal matters – Cash management – Consolidation:

Preparation for IAS 32 & 39 applied to embedded derivatives:

Managed by the Legal Department, this team deals with the application of IAS 32 & 39 to embedded derived instruments. Its work is in progress and is focused on the exhaustive inventory of application fields. Up till today, no contract has been identified comprising embedded derivitives whose treatment under IFRS standards would have a significant impact on the consolidated Imerys accounts.

• Human Resources – Consolidation – Accounting standards:

Preparation for IAS 19:

The Group has defined a new Imerys procedure for social commitments which matches perfectly IAS 19. The procedure will become effective for the consolidated accounts 2003 and will provide a wide information on this subject; it has a minor impact on the result. An international actuary firm has been commissioned to coordinate in all countries where Imerys is present the production of this information concerning all systems of defined benefits; it seemed appropriate that the assessment of these social commitments and of the fund's assets are performed by independent experts in order to make sure of the pertinence and the consistency within the Group of the actuarial hypothesis chosen and the method of calculation.

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These different teams have studied in 2002 and 2003 the impact of the IAS standards on the Group's accounting principles and have defined new internal procedures both for social commitments and for the consequences of these new standards on the Group's mining activity for example. These new procedures have then been validated by the technical services of Imerys' auditing firms before being included in the Group's "Finance Manual".

Parallel to the work done in these teams, Imerys has to implement tools capable of processing this new information and has to be able to cope with the increase in the volumes of information concerned. This is why Imerys will change the accounting software for all the headquarter's companies (the move is scheduled as of 1 April, 2004) as well as a new consolidation software (the change is scheduled to be effective for the 2004 consolidation).

These new tools for accounting and financial information of Imerys integrate all novelties of the future international reference system IAS/IFRS. They are highly complementary to the new Imerys internal procedures developped by the teamwork described above.

The Imerys group intends finishing its preparation for these new international accounting standards at half year 2004 in order to ensure the highest quality in accounting and financial information for its shareholders and financial markets.

Application of the IFRS-1 standard of 19 June, 2003 by Imerys

The adoption of the IFRS accounting standards as of 1 January, 2005 is only possible if the financial statements are established in accordance with the integrality of each standard and of each interpretation in force. This application has to be done retrospectively for all operations, as if the Imerys group had always applied these standards. This way of proceeding encounters certain obstacles on a practical level and their solution has been foreseen in the IFRS 1 standard which develops various exceptional implementation options indicated below.

• Company regrouping

Imerys intends to use the optional solution for retrospective reprocessing of company regroupings by not reprocessing any regroupings recorded before the 1 January, 2004. Nevertheless, the other IFRS standards concerning the acquired identifiable assets and liabilities will be applied retrospectively. This solution has the following consequences:

- the acquisitions in 1989 of the companies Sans, Gélis and Financière d'Angers were financed by the issue of redeemable bonds into shares and the corresponding acquisition variances were charged to the issued premiums *(chapter 3.1, Attachment 3, note 9)*; these acquisition variances will not be reprocessed and will remain definitively recorded in the consolidated reserves;
- the goodwill linked to the acquisition of English China Clays plc in 1999 was recorded at the Imerys group level as the reorganization of these different activities with those of Imerys and the transfers required by the regulation authorities made impossible at that time the reapportion of this goodwill to the different entities of ECC. Consequently, this goodwill has been reapportioned from the consolidated balance sheet of Imerys on 31 December, 2003 to the cash generating units concerned by this acquisition. This has been done at this date based on their respective income for the periods of 2001 to 2003 (realized), 2004 (budgeted) and 2005 to 2008 (in accordance with the 5-year-plan). This reapportion has no impact at all neither on the income nor on the Imerys net assets, but it allows to complete the capital employed of the cash generating units with the goodwill recorded beforehand at the Group's level.

• Asset appreciation in the opening IFRS balance sheet

On a general basis, the book values of Imerys' assets consolidated nowadays under French GAAP, will be considered as representative of their deemed cost in the opening IFRS balance sheet. Nevertheless, the Imerys group examines the possibility of using the optional solution of IFRS article 16 which allows to estimate certain assets at their market value.

On this occasion, a team has been formed to review the valuation and accounting methods for mining reserves, for overburden and for site rehabilitation provisions. The first conclusions of this team will be available in the summer of 2004.

• Pension commitments and comparable advantages

Imerys intends to use the optional solution concerning the retrospective application of IAS 19 by using the possibility to record at the date of 1 January, 2004 the total of the actuarial variances accumulated and deferred at that date and to charge its impact on the consolidated shareholders' equity.

This amounts to (€130) million and matches the net of tax impact of actuarial variances of the different plans presented in the notes 29 to 33 of the consolidated financial statements.

The Group will use the prospective method for the whole of the actuarial variances as of 1 January, 2004, except if this possibility is not accepted by the future revised IAS 19 which aims to merge in the long run these standards with the American standards.

• Conversion of foreign companies' accounts

As to IAS 21 and its application, Imerys will choose the optional solution of not reconstituting retrospectively the accumulated exchange rate translation gains/losses as of 1 January, 2004 concerning the foreign consolidated companies. These past variances will therefore be classified in the category "non-distributed accumulated income" and will not be transferred to income statement if these subsidiaries are ultimately sold or liquidated.

As of 1 January, 2004, Imerys will record the exchange rate conversion gains/losses in a separate category called "change differential" in the consolidated shareholders' equity, according to IAS 21.

Other IFRS standards

• IAS 32 and 39 concerning financial and derived instruments

As a result of the IASB decisions taken during the meetings of July and September 2003, the Imerys group decided to follow the offered possibility to implement these standards only as of 1 January, 2005. Although the use by Imerys of financial hedging instruments to cover its interest and exchange rate operations is already done following these standards, the Group wishes to continue for a year the preparation work done on the derived instruments in order to assure the exhaustiveness and quality of all information produced in this field. It is to remind that these two standards are not subject of an approval by the European Commission.

• Stock options

Due to the transition to IAS standards, the stock option schemes implemented after November 2002 which are not acquired on 1 January, 2005 will have to be recorded in accordance with the concerned draft standard. As of 31 December, 2003, only the May 2003 scheme is concerned by the application of the concerned standard and the predictable impact estimated by the Group is insignificant in the present state.

• Lease – Financing

As part of Imerys' preparation for the international IFRS standards, a detailed examination of lease contracts is currently realized within the Group, notably for heavy equipment (trucks, rail cars, mining equipment), as the application field of IAS 17 is larger than the comparative French standards. The distinction being nevertheless trifling, the Group does not expect significant impact resulting from this additional analysis.

2 Notes pertaining to the consolidated income statement

1 - SALES

Consolidated sales

Consolidated sales were €2,729.2 million in 2003, down 4.7% from €2,862.6 million in 2002, including a negative effect of 8% due to currency variations and a positive effect of 0.5% due to perimeter changes. On a constant consolidation basis and excluding the impact of exchange rates, the Group's sales have increased by 2.8%.

Sales by destination

(€ millions)	*2003*	*2002*	*2001*
France	717.2	696.1	699.3
Other European countries	956.6	970.5	938.1
North America	673.0	805.5	833.4
Asia	240.9	226.6	268.5
Other countries	141.5	163.9	158.8
TOTAL	**2,729.2**	**2,862.6**	**2,898.1**

2 - OTHER REVENUES

The breakdown of this item is as follows:

(€ millions)	*2003*	*2002*	*2001*
Provisions write-back	66.9	74.8	68.7
Change in finished goods inventories	6.4	(17.5)	22.5
Fixed assets produced by the Company	5.9	11.0	4.0
Charges transferred	4.2	5.7	13.4
Other operating income	27.2	24.8	24.7
TOTAL	**110.6**	**98.8**	**133.3**

3 - OTHER OPERATING EXPENSES

The breakdown of this item is as follows:

(€ millions)	*2003*	*2002*	*2001*
Purchases from third parties, including:	641.0	617.1	673.9
Subcontracting	*54.0*	*63.4*	*63.8*
Maintenance and Repair	*72.9*	*75.4*	*78.3*
Transport	*271.8*	*246.0*	*282.9*
Rent and related expenses	*35.2*	*34.1*	*36.4*
Other taxes	37.7	40.0	31.1
Royalties and other expenses	19.8	24.2	30.4
TOTAL	**698.5**	**681.3**	**735.4**

4 - NET INTEREST AND INVESTMENT INCOME

The breakdown is as follows:

(€ millions)	*2003*	*2002*	*2001*
Dividends	0.5	0.4	1.5
Interest income	3.8	16.8	3.6
Interest expenses	(48.4)	(79.0)	(93.2)
Net change in provisions on financial investments	2.4	0.8	(2.0)
Net foreign exchange gains (losses)	(4.0)	(5.8)	4.1
TOTAL	**(45.7)**	**(66.8)**	**(86.0)**

The average interest rate paid on the net debt went down from 4.6% in 2002 to 3.7% in 2003 (5.9% in 2001) reflecting the decrease of rates observed in the markets and the decrease of the American dollar compared to the euro during the fiscal year.

5 - NON-RECURRING INCOME

(€ millions)	*2003*	*2002*	*2001*
Disposals of non operational assets	(5.9)	19.7	6.2
Capital gains	(15.2)	(2.9)	5.4
Net change in provisions	61.6	43.8	(34.0)
Non-recurring income and expenses	(76.7)	(66.6)	(89.3)
TOTAL	**(36.2)**	**(6.0)**	**(111.7)**

Asset disposals were achieved mainly through reorganizations ((€13.3) million) and concerned in 2003 the sale of the dimension stone activity in North America for (€11.1) million and also included the disposal of real estate assets in Cornwall (United Kingdom) for €7.4 million.

The negative capital gain mainly concerns the sale of non-consolidated Minemet shares compensated by a decrease in provisions for €12.5 million, and the transfer of a part of the Group's participations in South Africa to local investors for (€2.2) million.

The decrease in provisions is mainly linked to reorganization costs accrued for in the acquisition accounts. In 2001, the Imerys group had recorded a provision concerning a litigation dating from the acquisition of C-E Minerals in 1990 of (€28.3) million. In February 2003, Imerys group reached a settlement on this litigation that led to a decrease of the provision for an amount of €10.3 million in 2002 and to the booking of the expense in 2003 related to the payment of (€30.1) million compensated by a decrease in provisions of the same amount.

Non-recurring expenses that were not covered by provisions included in 2003 reorganization costs for (€6) million and closure costs for (€27.5) million concerning mainly in the Specialty Minerals business group, the closure of a GCC plant and the reorganization of Dry Branch Kaolin for (€6.9) million in the United States as well as the reorganization of a kaolin plant in Brazil for (€7.7) million.

These non-recurring income and expenses detailed above, adjusted with the corresponding tax elements, gi ve the non-recurring cash flow on the Group's consolidated cash flow statement.

6 - INCOME TAXES

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

In 2003, the French tax consolidation perimeter recorded two entries (Parnasse 17 and Mircal Europe) and no exit. It includes 23 companies as of 31 December, 2003.

Tax consolidation structures also exist in other countries, mainly in the United States (32 companies), Spain (7 companies) and in Germany (4 companies).

Breakdown of the net tax position by tax perimeter [1]

(€ millions)	*2003*	*2002*	*2001*
Deferred tax assets	8.6	26.6	62.6
Deferred tax liabilities	(107.2)	(87.5)	(97.3)
Net deferred tax position	**(98.6)**	**(60.9)**	**(34.7)**

[1] Deferred tax assets and liabilities compensated by fiscal unit.

Change in deferred income tax [1]

(€ millions)	*2003*	*INCOME*	*TRANSLATION*	*PERIMETER [2]*	*2002*
Deferred tax assets	8.6	(10.1)	(16.7)	8.8	26.6
Deferred tax liabilities	(107.2)	(22.7)	24.4	(21.4)	(87.5)
Net deferred tax position	**(98.6)**	**(32.8)**	**7.7**	**(12.6)**	**(60.9)**

[1] Deferred tax assets and liabilities compensated by fiscal unit.

[2] Corresponds mainly to the adjustment of the deferred tax position of RCC (see chapter 3.1, Attachment 1, note 7).

Deferred tax analysis by nature

• Deferred income tax on assets

(€ millions)	2003	2002
Tangible and intangible fixed assets	10.1	9.3
Financial fixed assets	2.6	7.0
Inventories	5.3	0.7
Pensions	8.7	17.9
Other provisions for contingencies and liabilities	35.1	38.5
Other liabilities	7.9	21.7
Other	25.2	36.1
TOTAL	**94.9**	**131.2**

Deferred income tax assets are recognized from carry forward fiscal losses when their recovery is judged probable. As of 31 December, 2003, these deferred income tax assets stand at €12.7 million (see line "other") and correspond mainly to carry forward losses of the company RCC as well as to losses carried forwards of the Spanish and German fiscal integration groups.

Conversely, the carry forward fiscal losses which have not triggered any deferred tax asset due to their uncertain recovery, come to €155.8 million on 31 December, 2003, of which €146.1 million will expire after 2008 or may be carried forward without time limit.

Deferred income tax is calculated by applying the rates for the concerned period according to the applicable law in each country.

• Deferred income tax on liabilities

(€ millions)	2003	2002
Tangible and intangible fixed assets [1]	(148.2)	(129.8)
Financial fixed assets	(7.4)	(1.4)
Inventories	(4.2)	(3.1)
Pensions	(17.6)	(22.5)
Other provisions for contingencies and liabilities	(13.2)	(13.3)
Other liabilities	(1.8)	(8.0)
Other	(1.1)	(14.0)
TOTAL	**(193.5)**	**(192.1)**
Net deferred tax position	**(98.6)**	**(60.9)**

[1] The variation of this item is mainly due to the recording of deferred income tax liabilities linked to differences between fiscal and accounting values of non-monetary assets of the company RCC.

Income tax for the fiscal year

The breakdown of income tax for the fiscal year is as follows:

(€ millions)	2003	2002	2001
Income tax payable	(65.1)	(74.7)	(45.7)
Deferred income tax	(32.8)	(20.0)	12.0
TOTAL	**(97.9)**	**(94.7)**	**(33.7)**
Current income tax payable	(70.3)	(76.4)	(71.3)
Current deferred income tax	(37.7)	(21.3)	(14.3)
Income tax on income from recurring operations	**(108.0)**	**(97.7)**	**(85.6)**
Non-recurring income tax payable	5.2	1.7	25.5
Non-recurring deferred income tax	4.9	1.3	26.4
Income tax on non-recurring income	**10.1**	**3.0**	**51.9**
TOTAL	**(97.9)**	**(94.7)**	**(33.7)**

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

The effective tax rate on income from recurring operations, which is the most significant one, is of 33.1% and decreased slightly compared with 2002 and 2001 (33.2%).

The reconciliation with the legal rate in France, compared with prior years, can be analyzed as follows:

	2003	2002	2001
Legal tax rate in France (including surtax and contribution)	35.4%	35.4%	36.4%
Impact of different rates in countries of establishment	(1.6%)	(1.4%)	(2.7%)
Impacts of the permanent differences and tax incentives [1]	(4.4%)	(0.4%)	(1.0%)
Net impacts between utilized and created fiscal losses	0.6%	(1.7%)	(0.4%)
Other taxes at different rates and bases and impacts of rate changes on deferred tax	1.0%	0.3%	0.9%
Other (various tax credits, modification of the prospects for recovery of the deferred tax assets)	2.1%	1.0%	-
Actual tax rate on income from recurring operations	**33.1%**	**33.2%**	**33.2%**

[1] *The increase of these impacts is mainly due to the increase in profits of the Brazilian company RCC which will benefit as of 2003 from tax incentives for a 10-year period.*

When taking into account the income tax on non-recurring operations, the effective tax rate in the income statement amounts to 33.8% compared to 32.8% in 2002 and 23.0% in 2001.

In 2001, the non-recurring expenses of (€111.7) million had a significant weight on the global tax rate since their corresponding effective tax rate was 46.5%. Two factors explained this figure: the tax impact on significant restructuring expenses previously accounted for on one side, and the recognition as deferred tax assets of a portion of the loss carry forwards of the company RCC in Brazil on the other side.

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

The consolidated net income from recurring operations, Group share, is indicated after income tax, but before amortization of goodwill and non-recurring income after tax. The breakdown is as follows:

(€ millions)	2003	2002	2001
Income from recurring operations from consolidated companies	326.0	294.7	258.0
Income tax in recurring operations	(108.0)	(97.7)	(85.6)
Income accounted for by the equity method	3.3	2.9	3.9
Minority interests	(1.8)	(2.4)	(5.5)
Net income from recurring operations, Group share	**219.5**	**197,5**	**170,8**
Effective tax rate on income from recurring operations (note 6 - page 38)	*(33.1%)*	*(33.2%)*	*(33.2%)*

The breakdown of the net income, Group share, is as follows:

(€ millions)	2003	2002	2001
Net income from recurring operations, Group share	219.5	197.5	170.8
Amortization of goodwill	(33.1)	(51.0)	(31.8)
Net income from non-recurring operations	(26.2)	(3.0)	(60.0)
Net income, Group share	**160.2**	**143.5**	**79.0**

The breakdown of the income from non-recurring operations, Group share, except for amortizations of goodwill, is as follows:

(€ millions)	2003	2002	2001
Gross non-recurring income *(note 5 – page 37)*	(36.2)	(6.0)	(111.7)
Income tax on non-recurring income	10.1	3.0	51.9
Minority equity interests	(0.1)	-	(0.2)
Net non-recurring income, Group share	**(26.2)**	**(3.0)**	**(60.0)**

3 Notes pertaining to the consolidated balance sheet

8 - INTANGIBLE FIXED ASSETS

Change in net intangible assets

(€ millions)	2003	2002	2001
Balance at beginning of year	**34.9**	**19.0**	**11.2**
Acquisitions	10.2	10.6	10.0
Disposals	(0.5)	(1.0)	-
Net depreciation	(9.4)	(5.5)	(3.9)
Changes due to exchange rate fluctuations	(4.8)	(3.5)	0.3
Changes due to consolidation structure	31.2	15.3	1.4
Balance at end of period	**61.6**	**34.9**	**19.0**

9 - GOODWILL

(€ millions)	2003	2002	2001
Balance at beginning of year	**575.6**	**600.2**	**580.3**
Acquisitions	14.2	46.9	18.8
Purchase accounting adjustments	(3.8)	(2.6)	27.4
Current depreciation	(26.6)	(26.6)	(26.0)
Impairment depreciation	(6.5)	(24.4)	(5.8)
Changes due to exchange rate fluctuations	(53.3)	(17.9)	5.5
Balance at end of period	**499.6**	**575.6**	**600.2**

The Imerys group regularly checks the value of its assets and particularly goodwill, as explained in chapter 3.1, attachment 1, note 7. In this context, an exceptional depreciation was recorded in 2003 for the whole goodwill of the company Campos (€5.7 million) who saw its performance deteriorate strongly in a difficult economic environment.

In 2002, the market prospects and the performances of the subsidiary American Minerals Inc. led the Group to record an exceptional depreciation of €22.4 million corresponding to the remaining portion of goodwill of this company acquired in 1998 that was not yet amortized. In 2001, the impairment depreciation concerned the assets in Mexico and Venezuela.

The strong impact of currency exchange rate in 2003 and 2002 is linked to the goodwill expressed in US dollars.

In 2001, the adjustments of goodwill valuations due to the finalization of the purchase accounting authorized during the one year window period were €27.4 million and concerned mainly the Brazilian subsidiary, Quimbarra (€22.5 million).

The acquisitions in 1989 of the companies Sans, Gélis and Financière d'Angers were financed by the issuance of bonds repayable in shares; goodwill resulting from the acquisitions was allocated to consolidated reserves; a €1.4 million depreciation would have been made each year if that goodwill allocation had not been made.

10 - PROPERTY, PLANT AND EQUIPMENT

Net changes in property, plant and equipment

(€ millions)	2003	2002	2001
Balance at beginning of fiscal year	**1,733.1**	**2,030.6**	**1,966.1**
Acquisitions	119.0	130.1	164.8
Disposals	(24.3)	(21.0)	(44.0)
Increases in depreciation	(153.1)	(177.3)	(193.8)
Decreases in depreciation	1.5	8.4	4.4
Changes due to exchange rate fluctuations	(185.6)	(236.4)	59.3
Changes due to consolidation structure	9.3	(1.3)	73.8
Balance at end of fiscal year	**1,499.9**	**1,733.1**	**2,030.6**

Breakdown by type of property, plant and equipment

(€ millions)	2003 GROSS	2003 DEPRECIATION	2003 NET	2002 NET	2001 NET
Land and mineral reserves	780.5	(186.6)	593.9	697.4	826.5
Buildings	377.7	(173.5)	204.2	223.0	270.4
Plant	2,022.9	(1,404.1)	618.8	739.2	826.3
Other	186.3	(152.2)	34.1	30.8	32.2
Capitalized work in progress	48.5	-	48.5	41.5	74.2
Advances and down payments	0.4	-	0.4	1.2	1.0
TOTAL	**3,416.3**	**(1,916.4)**	**1,499.9**	**1,733.1**	**2,030.6**

Leasing

The tangible assets bought under a financial lease are capitalized in the same way as for an acquisition.

The amounts concerned by these adjustments are the following:

(€ millions)	2003	2002	2001
Fixed assets gross value	15.5	14.0	14.4
Depreciation	(9.7)	(8.5)	(8.7)
Net book value	**5.8**	**5.5**	**5.7**

(€ millions)	2003	2002	2001
Fees	1.0	1.4	1.4
Financial expenses	(0.2)	(0.2)	(0.3)
Increase in depreciation	(0.8)	(0.7)	(0.8)
Net impact on income	**0.0**	**0.5**	**0.3**

11 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

List of main companies accounted for by the equity method

	PERCENTAGE OF CAPITAL STOCK HELD (in %)			SHARE IN NET SHAREHOLDERS' EQUITY (€ millions)		
COMPANIES	2003	2002	2001	2003	2002	2001
Mineral Shipping B.V.	50.0%	50.0%	50.0%	21.8	20.1	18.7
MRD-ECC	n.a.[1]	n.a.[1]	49.0%	-	-	1.8
Plibrico S.A. (Spain)	49.9%	49.9%	49.9%	3.6	3.4	3.2
Other equity interests	n.a.	n.a.	n.a.	2.2	2.1	4.7
TOTAL	-	-	-	**27.6**	**25.6**	**28.4**

[1] *Shareholding increased to 57.19% in 2002, company consolidated by full integration method since then.*

Imerys has no significant influence over the company Mineral Shipping B.V. which is managed independently, likewise for MRD-ECC in 2001. Plibrico S.A. (Spain) is accounted for by the equity method since 2001, following the appointment of an Imerys representative to its Board of Directors.

(€ millions; 2003 data) IDENTIFICATION	HEADQUATER	PERCENTAGE OF CAPITAL STOCK HELD	BALANCE SHEET TOTAL	SHAREHOLDERS' EQUITY	SALES 2003	INCOME FOR LAST FISCAL YEAR
Mineral Shipping B.V.	Rotterdam - Netherlands	50.00%	82.2	43.6	55.2	4.4
Plibrico S.A. (Spain)	Gijon - Spain	49.90%	13.1	7.4	18.5	0.9

12 - OTHER NET INVESTMENTS

During the fiscal year 2003, Imerys has reorganized its former metal trading subsidiaries and has written back a provision for risks of €5.1 million on the occasion of the transfer of its subsidiary Minemet within the Group; the share value of this subsidiary without activity has been decreased to the same extent.

13 - LONG-TERM LOANS AND OTHER

On 31 December, 2003, this item was made up mainly of assets related to retirement commitments of European subsidiaries in the amount of €71.7 million, which equals the net difference between the net benefit obligations and the value of plan assets at year end *(see note 29 – page 56, provision for pensions)*, of loans granted to companies accounted for by the equity method or non-consolidated in the amount of €3.3 million and various other non-consolidated stocks and loans in the amount of €4.8 million.

The decrease in 2002 of (€39.0) million came from the reclassification of a (€22.3) million provision for contingency into a provision for depreciation of the value of the retirement funds in the UK. This reclassification had no impact on income. On the other hand, the restructuring and early retirement plans undertaken in Cornwall had a negative impact of (€5.5) million on the value of this financial asset.

The other variations in 2003 and 2002 are due to exchange rates.

14 - INVENTORIES

(€ millions)	*2003*	*2002*	*2001*
Raw materials	202.6	209.7	218.3
Work in progress	37.5	38.6	57.4
Finished products	172.7	188.3	216.6
Gross inventory	**412.8**	**436.6**	**492.3**
Provisions	(12.7)	(14.8)	(12.5)
Net inventory	**400.1**	**421.8**	**479.8**

15 - TRADE RECEIVABLES

(€ millions)	*2003*	*2002*	*2001*
Trade receivables and related accounts	490.9	528.2	574.0
Provisions for doubtful accounts	(21.1)	(25.3)	(30.7)
TOTAL	**469.8**	**502.9**	**543.3**

Trade accounts receivables, net of provision, due in one year or more amounted to €1.8 million at the end of 2003 (€5.8 million at the end of 2002).

Evolution of provisions for doubtful debts

(€ millions)	*2003*	*2002*	*2001*
Beginning of period	**(25.3)**	**(30.7)**	**(20.3)**
Additions	(6.2)	(7.0)	(17.9)
Utilization	8.6	10.3	8.5
Change due to consolidation structure	(0.3)	(1.0)	(0.7)
Changes due to exchange rate fluctuations	2.1	3.1	(0.3)
End of period	**(21.1)**	**(25.3)**	**(30.7)**

16 - OTHER CURRENT ASSETS

(€ millions)	*2003*	*2002*	*2001*
Other current assets	108.8	103.7	85.1
Provisions	(0.2)	(0.1)	(0.4)
TOTAL	**108.6**	**103.6**	**84.7**

Other current assets due in more than one year added up to €4.8 million at the end of 2003 (€3.6 million at the end of 2002). The increase in 2002 comes from the deposit of pre-paid taxes on income in the United States.

17 - CHANGES IN MINORITY INTERESTS

(€ millions)	*2003*	*2002*	*2001*
Minority interest at beginning of period	**12.2**	**28.3**	**26.1**
Dividends	(1.3)	(0.9)	(2.2)
Translation adjustments	0.3	(1.7)	(0.3)
Capital increase (decrease)	-	(1.4)	3.6
Net change due to consolidation structure	(4.0)	(14.5)	(4.5)
Portion of income for fiscal year	1.8	2.4	5.6
Minority interest at end of period	**9.0**	**12.2**	**28.3**

The net change due to the consolidation perimeter in 2002 relates to the acquisition by Imerys of minority interests in the companies Treibacher (Austria) and Honaik (Malaysia).

18 - PROVISIONS FOR CONTINGENCIES AND LIABILITIES

Provisions by type

(€ millions)	*2003*	*2002*	*2001*
Provisions for management contingencies	45.6	75.7	96.7
Provisions relating to personnel	72.4	78.5	109.7
Provisions for financial charges	-	-	2.6
Provisions for environmental issues and reconditioning of sites	44.2	46.2	60.7
Provisions for restructuring	37.3	77.0	75.8
Other provisions	14.9	29.7	67.1
TOTAL	**214.4**	**307.1**	**412.6**

Provisions for management contingencies pertain to litigation (€17.1 million), fiscal risks and guarantees given.

Provisions relating to personnel include pension liabilities (€56.8 million) and medical coverage (€15.1 million) *(see notes 29, 30 – page 56 and note 33 – page 58)*. The provisions for risks linked to the value of the pension fund assets have been classified to the balance sheet long-term assets. Provisions for paid holidays are included in other current liabilities since 2002.

The restructuring provisions relate to reorganization plans officially approved and started before the end of the accounting period.

Other provisions pertain mainly to major repairs.

Variation of provisions

(€ millions)	*2003*	*2002*	*2001*
Beginning of period	**307.1**	**412.6**	**379.5**
Depreciation (net of recovery)	(77.5)	(73.5)	5.6
Reclassification [1]	-	-	(2.8)
Changes due to consolidation structure	3.3	(3.0)	5.1
Changes due to exchange rate fluctuations	(18.5)	(29.0)	25.2
Closing	**214.4**	**307.1**	**412.6**

[1] *Change due to provisions reclassified as tangible assets depreciation.*

Analysis of Depreciation and Recovery

(€ millions)	*DEPRECIATION FOR PERIOD*	*RECOVERY UTILIZED*	*RECOVERY NON UTILIZED*	*NET RECOVERY*
In operating income	41.3	(48.2)	(6.2)	(13.1)
In financial income	0.1	-	(2.5)	(2.4)
In non-recurring income	15.4	(69.8)	(7.6)	(62.0)
Total impact on income	**56.8**	**(118.0)**	**(16.3)**	**(77.5)**

19 - 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-rate leading banks.

Financial debts (or financing drawdown of financing capacities) are borrowings that are actually used by the Group on capital markets, either with banks or with 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 has 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)	*2003*	*2002*	*2001*
Maturity within one year	6.3	40.0	402.0
Maturity within two and five years	1,834.2	2,131.7	1,550.0
Maturity beyond five years	186.4	-	-
Total	**2,026.9**	**2,171.7**	**1,952.0**
Average lifespan (years)	*4.1*	*3.2*	*3.3*

(€ millions)	2003	2002	2001
Yankee Bond	-	-	289.0
Eurobond / EMTN	458.0	458.0	-
Private investments / (EMTN and other)	236.4	90.0	-
Bonds resources	**694.4**	**548.0**	**289.0**
Average lifespan (years)	*6.7*	*4.1*	*0.8*
June 2001 syndicated credit	750.0	750.0	750.0
Various bilateral facilities	582.5	873.7	913.0
Bank resources	**1,332.5**	**1,623.7**	**1,663.0**
Average lifespan (years)	*2.7*	*3.0*	*3.4*
Total financial resources	**2,026.9**	**2,171.7**	**1,952.0**
Average lifespan (years)	*4.1*	*3.2*	*3.3*

In the past three years, Imerys has sought to maintain the amount of its financial resources at approximately €2 billion (€1,952.0 million on 31 December, 2001 and €2,026.9 million on 31 December, 2003), and to prolong their maturity to more than 3 years.

The main new financial resources acquired in 2002 and 2003 are:

- in May 2002: bond issue under a Euro Medium Term Note program (EMTN) for an amount of €500 million with a 5 year term. In the fiscal year 2002, Imerys bought back and cancelled part of the issued securities for an amount of €42 million;
- from January to June 2002: various private debt issue investments under the EMTN program for a total amount of €90 million with maturity from 1 to 5 years;
- in August 2003: issue of two private offerings in the United States for a total amount of USD170 million, the first being of USD140 million and a maturity of 10 years, the latter being of USD30 million and a maturity of 15 years;
- in September 2003: issue of a private offering under the EMTN program on the Japanese market for a total amount of JPY7 billion (about €50 million) with a 30 year term;
- in the second half of the fiscal year 2003: renewal of a large number of bilateral bank credit facilities which led to an increase in the average maturity up to 3.1 years (2.6 years on 31 December, 2002) and a decrease in the amount down to €582.5 million (€873.7 million on 31 December, 2002).

The various bilateral bank credit facilities, the June 2001 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: Net Financial Debt / Consolidated Net Worth ratio below 1.75 (for bond issues under private offerings), 1.5 (for bilateral bank credit facilities) and 1.35 (for the June 2001 syndicated credit) at each half-yearly closing of consolidated accounts (the ratio on 31 December, 2003 was 0.699);
- net Financial Debt / Consolidated EBITDA *(see note 23 – page 52)* ratio below 3.75 at each half-yearly closing of consolidated accounts, the consolidated EBITDA being calculated for the last 12 months (the ratio on 31 December, 2003 was 1.97);
- absence of any lien in favour of lenders;
- the failure to comply with the obligations of each loan would lead to the cancellation of its available amount and make outstanding advances and bonds under the contract immediately callable.

Over the past three years, Imerys' financing policy has consisted in diversifying its financial resources by significantly increasing the share of financial resources issued from capital markets and by decreasing the share of resources from the banking market. Financial resources from capital markets represented approximately 34% of total resources on 31 December, 2003, versus 15% on 31 December, 2001.

Financial debts

The table below describes the Group's financial debts by maturity date. This analysis does not provide for an assessment of the stability of financial 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)	*2003*	*2002*	*2001*
Maturity within one year	357.4	713.7	1,517.9
Maturity within two and five years	523.8	534.7	-
Maturity beyond five years	186.4	-	-
Total financial debt	**1,067.6**	**1,248.4**	**1,517.9**
Cash and equivalent	(81.3)	(88.9)	(107.2)
Total financial net debt	**986.3**	**1,159.5**	**1,410.7**

The table below describes financial debts by their nature. It can be used to measure for the fiscal year 2003 the substantial increase in bond issues, the Group's most stable financial debt, but also more expensive than commercial papers (the increase in bond issues replaced commercial paper issues). As of 31 December, 2003, virtually all the Group's needs were financed on capital markets.

(€ millions)	*2003*	*2002*	*2001*
Yankee Bond	-	-	289.0
Eurobond / EMTN	458.0	458.0	-
Private investments /EMTN	236.4	90.0	-
Accrued interest	5.8	19.0	-
Bond issues	**700.2**	**567.0**	**289.0**
Draw-downs on commercial papers	**283.0**	**609.0**	**197.0**
June 2001 syndicated credit	-	-	379.0
Various bilateral facilities	27.9	34.0	548.0
Various facilities due within one year	56.5	38.4	104.9
Draw-downs on bank facilities	**84.4**	**72.4**	**1,031.9**
Total financial debt	**1,067.6**	**1,248.4**	**1,517.9**
Cash and equivalent	(81.3)	(88.9)	(107.2)
Total financial net debt	**986.3**	**1,159.5**	**1,410.7**

• Bond issue program on capital markets

In December 2001, Imerys opened the Euro Medium Term Note program (EMTN). Its total amount is €1 billion. It is 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. The program prospectus was registered in France at the "Commission des Opérations de Bourse" on 7 December, 2001 under number P01-474. This program is governed by French law and has also been filed with the Luxembourg stock market authorities. On 31 December, 2003, outstanding notes total €559.8 million.

In January 2004, this EMTN program has been updated by Imerys. The new program keeps the same characteristics than the former one. The new program prospectus was registered in France at the "Autorité des Marchés Financiers" on 12 January, 2004 under number P04-001.

In 2002, given a strong market demand, Imerys raised the ceiling of its French commercial paper program ("billets de trésorerie") from €600 million to €800 million. The program is rated P-2 by Moody's. On 31 December, 2003, outstanding securities total €283 million and are decreasing in comparison with 31 December, 2002 (€609 million). On 31 December, 2003, Imerys has access to €1,297.2 million of available bank facilities, part of which secures the €283 million commercial paper issue in accordance with its financial policy.

• 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 a liquidity crisis on both financial and banking markets.

	2003			*2002*		
(€ millions)	*RESOURCES*	*UTILIZATION*	*AVAILABLE*	*RESOURCES*	*UTILIZATION*	*AVAILABLE*
Bonds	694.4	694.4	-	548.0	548.0	-
Commercial paper	-	283.0	(283.0)	-	609.0	(609.0)
Bank facilities, committed	1,332.5	27.9	1,304.6	1,623.7	34.0	1,589.7
Bank facilities and accrued interest	-	62.3	(62.3)	-	57.4	(57.4)
Resources, utilizations and available amounts	**2,026.9**	**1,067.6**	**959.3**	**2,171.7**	**1,248.4**	**923.3**

As on 31 December, 2003, available financial resources, after repayment of uncommitted resources, total €959.3 million (€923.3 million on 31 December, 2002), which gives the Group substantial room to manœuvre and is a guarantee of financial stability.

20 - EXCHANGE RATE RISK

› The Group is exposed to different types of exchange rate risk:

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

Balance sheet exchange rate risk

Imerys manages the balance sheet exchange rate risk by adjusting 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 offset by a symetrical 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 €484 million on 31 December, 2003. The following table describes financial debt before and after the impact of these rate swaps:

(€ millions)	2003			2002		
CURRENCIES	BEFORE RATE SWAP	RATE SWAP	AFTER RATE SWAP	BEFORE RATE SWAP	RATE SWAP	AFTER RATE SWAP
Euro	826.3	(484.0)	342.3	1,179.7	(893.8)	285.9
US dollar	170.2	409.0	579.2	49.3	756.0	805.3
British pound	5.7	67.0	72.7	2.8	76.0	78.8
Other currencies	65.4	8.0	73.4	16.6	61.8	78.4
TOTAL	**1,067.6**	**0**	**1,067.6**	**1,248.4**	**0**	**1,248.4**

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

(€ millions)	EURO	US DOLLAR	BRITISH POUND	OTHER CURRENCIES	TOTAL
Financial debts	342.3	579.2	72.7	73.4	1,067.6
Cash and equivalent	(43.0)	(13.2)	(2.1)	(23.0)	(81.3)
Financial net debt	**299.3**	**566.0**	**70.6**	**50.4**	**986.3**

Transactional exchange rate risk

To keep exchange risks arising from the Group's commercial activity to a minimum, as far as possible, subsidiaries 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 risk remains relatively low and at the end of 2003, there is no centralized policy for managing this risk.

The Group's production costs and revenues are stated in a big number of foreign currencies, particularly the US dollar 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 reduced by the associated significant reduction in the Group's financial expense (approximately 60% of Imerys' financial debt is stated in US dollars). As a result, Imerys estimates that the negative impact of US dollar depreciation on its net current income is limited.

21 - INTEREST RATE RISK

Management process: policy, framework and resources

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 monthly reporting that describes the financial debt of each subsidiary 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 Managing Board. Reporting is reviewed monthly by the Financial Department and quarterly by the Managing Board. This enables the situation to be monitored and 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 2001, 2002 and 2003, USD interest rates – almost 60% of the Group's financial debt is stated in this currency – fell constantly for both the medium term (3 years) and the short term (3 months).

The tables below describe the distribution of the financial net debt as on 31 December, 2003 between floating and fixed rate, by currency and by due dates.

22 - FINANCIAL DEBT ANALYSIS

Financial net debt distribution between floating and fixed rate, by currency

(€ millions)	*EURO*	*US DOLLAR*	*BRITISH POUND*	*JAPANESE YEN*	*OTHER CURRENCIES*	*TOTAL*
Debt at fixed rate on issue	458.0	134.6	0.0	51.8	0.0	644.4
Swap fixed rate into floating rate	(458.0)	(134.6)	0.0	0.0	0.0	(592.6)
Total fixed rate debt	**0.0**	**0.0**	**0.0**	**51.8**	**0.0**	**51.8**
Debt at floating rate on issue	368.3	35.6	5.7	1.5	12.1	423.2
Cash	(43.0)	(13.2)	(2.1)	(0.6)	(22.4)	(81.3)
Swap fixed rate into floating rate	458.0	134.6	0.0	0.0	0.0	592.6
Foreign exchange swap	(484.0)	409.0	67.0	(33.5)	41.5	0.0
Total debt at floating rate	**299.3**	**566.0**	**70.6**	**(32.6)**	**31.2**	**934.5**
Total net financial debt	**299.3**	**566.0**	**70.6**	**19.2**	**31.2**	**986.3**

Interest rate management by due dates

(€ millions)	*2004 LESS THAN 1 YEAR*	*2005-2009 1 TO 5 YEARS*	*2010 AND MORE MORE THAN 5 YEARS*	*TOTAL*
Debt at fixed rate on issue	0.0	458.0	186.4	644.4
Swap fixed rate into floating rate on issue	592.6	(458.0)	(134.6)	0.0
Debt at floating rate on issue	423.2	0.0	0.0	423.2
Cash	(81.3)	0.0	0.0	(81.3)
Total net financial debt	**934.5**	**0.0**	**51.8**	**986.3**

The general management policy set up over the past three years consisted in limiting interest rises by the purchase of caps or by taking opportunities to fix the rate whenever the fixed rate for a period seemed sufficiently attractive. This policy has enabled the Group to benefit substantially from rate decreases over the past three years, as the diagram below shows.

USD 3 year and 3 month rates

IN 2001,2002 AND 2003

In the framework of its general management policy, the Group defined the various financial 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 2003, the Group fixed the interest rate for part of its future financial debt (2004-2005) on various terms. The table below describes its position on 31 December, 2003.

Distribution of interest rate hedging operations in 2004 and later, by currency

(€ millions)	*EURO*	*US DOLLAR*	*BRITISH POUND*	*JAPANESE YEN*	*OTHER CURRENCIES*	*TOTAL*
Exposure at floating rate before hedging	**299.3**	**566.0**	**70.6**	**(32.6)**	**31.2**	**934.5**
Hedges at fixed rate	-	(479.0)	-	-	-	(479.0)
Swap at average rate of:	-	*1.50%*	-	-	-	-
Hedges at capped rate	(290.0)	-	-	-	-	(290.0)
Options at average rate of:	*2.50%*	-	-	-	-	-
Exposure at floating rate after hedging	**9.3**	**87.0**	**70.6**	**(32.6)**	**31.2**	**165.5**

Distribution of interest rate hedging operations in 2004 and later, by due date

(€ millions)	*2004 LESS THAN 1 YEAR*	*2005-2009 1 TO 5 YEARS*	*2010 AND MORE MORE THAN 5 YEARS*	*TOTAL*
Total exposure before hedging	**934.5**	**-**	**51.8**	**986.3**
Hedges at fixed rate	(479.0)	-	-	(479.0)
Swap at average rate of:	*1.50%*	-	-	-
Hedges at capped rate	(290.0)	(230.0)	-	(520.0)
Options at average rate of	*2.50%*	*3.00%* [1]	-	-
Total exposure after hedging	**165.5**	**(230.0)**	**51.8**	**(12.7)**

(1) 2005 has been hedged in USD for an amount of €230 million by optional instruments: collar purchases 3.00% - 1.88% financed by cap sales 4.37%.

• Sensitivity

As on 31 December, 2003, interest rate variations are unlikely to substantially affect the Group's financial result in 2004. A 1% rise across all interest rate curves would have a negative impact of only €3.5 million on the Group's financial expense in 2004 (assuming a stable amount of debt and that every fixed-rate debt is replaced at its term by a floating-rate debt).

Fair value

All derivative instruments on the various financial markets were revalued on the basis of 31 December, 2003 prices, provided by third parties that are active on those markets. The fair value for each type of instrument on 31 December, 2003 amounts to:

(€ millions)	*BALANCE SHEET VALUE INCLUDING ACCRUED INTERESTS*	*MARKET VALUE INCLUDING ACCRUED INTERESTS*
Interest rate instruments		
• Swaps		
Bond Issue Swaps USD [1]	2.5	(5.5)
Bond Issue Swaps EUR [1]	13.4	34.4
Other swaps	(0.1)	(0.7)
• Options		
Caps, Floors	1.7	0.9
Swaptions	(0.4)	-
Foreign exchange instruments		
• Forward contracts [2]	13.7	13.7
• Options	0.2	0.5
Energy risk instruments		
• Forward contracts	-	-
• Options	0.4	0.8

(1) The debt hedged by these bond issue swaps has to be revaluated by an equivalent amount.

(2) Imerys finances part of its debt stated in foreign currency by cross currency swaps that convert the euro into the foreign currency. The amount of €13.7 million is the valuation of those swaps on the date of closing. However, as these swaps are hedging derivatives, they will be kept in the portfolio until their maturity and no income or expense will be generated as the hedged items vary by an equivalent opposite amount.

4 Notes pertaining to the cash flow statement

23 - RECONCILIATION NET INCOME FROM RECURRING OPERATIONS / OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES

(€ millions)	*2003*	*2002*	*2001*
Net income from recurring operations	**219.5**	**197.5**	**170.8**
Depreciation	144.4	161.6	166.5
Operating provisions	(14.6)	5.4	6.5
Financial provisions	(2.4)	(0.7)	2.0
Current deferred income tax	37.7	21.3	14.3
Minority interests on current income	1.8	2.4	5.5
Share of net (income) loss of equity-consolidated companies	(3.3)	(2.9)	(3.8)
Dividends received from equity-consolidated companies and other	1.0	0.4	0.0
Operating cash flow before working capital changes	**384.1**	**385.0**	**361.8**

Operating cash flow before taxes (EBIDTA)

(€ millions)	*2003*	*2002*	*2001*
Operating income	371.7	361.5	344.0
Increase in depreciation [*]	144.4	161.6	166.5
Increase of provisions	52.3	80.2	75.2
Decrease of provisions	(66.9)	(74.8)	(68.7)
EBITDA	**501.5**	**528.5**	**517.0**
[*] Including expenses to be amortized.	*2.0*	*1.7*	*3.9*

Reconciliation with the income statement

Total increase of depreciations and provisions	196.8	241.7	241.7

The decrease in provisions is included in "Other Revenues" *(see chapter 3.1, Attachment 2, note 2).*

24 - VARIATION OF WORKING CAPITAL NEEDS

(€ millions)	*2003*	*2002*	*2001*
Variation of stocks	(7.4)	31.5	(15.1)
Variation of customers accounts	17.1	19.1	42.1
Variation of supplier accounts	(1.8)	(32.6)	(6.3)
Variation of operational working capital needs	**7.9**	**18.0**	**20.7**
Variation of other operating assets	(19.0)	(28.2)	1.2
Variation of other operating liabilities	(10.2)	3.7	(5.1)
Variation of the Group's tax debt	(53.5)	37.9	(44.4)
Variation of working capital needs	**(74.8)**	**31.4**	**(27.6)**

25 - CAPITAL EXPENDITURES

(€ millions)	*2003*	*2002*	*2001*
Intangible investments	(8.0)	(10.5)	(10.0)
Tangible investments	(121.2)	(130.1)	(164.8)
Capital expenditures booked	**(129.2)**	**(140.6)**	**(174.8)**
Increase in asset depreciation	*142.4*	*159.9*	*162.5*
Ratio capital expenditures / assets depreciation	*90.7%*	*87.9%*	*107.5%*
Variation of asset suppliers	4.0	(8.0)	(1.3)
Capital expenditures paid	**(125.2)**	**(148.6)**	**(176.1)**

26 - FREE CASH FLOW

(€ millions)	2003	2002	2001
Operating cash flow *(note 23, page 52)*	**384.1**	**385.0**	**361.8**
Capital expenditures paid	(125.2)	(148.6)	(176.1)
Working capital changes *(note 24, page 52)*	(74.8)	31.4	(27.6)
Free cash flow	**184.1**	**267.8**	**158.0**

Free operating cash flow

(€ millions)	2003	2002	2001
Operating income	**371.7**	**361.5**	**344.0**
Depreciation	144.4	161.6	166.5
Operating provisions	(14.6)	5.4	6.5
EBITDA *(note 23, page 52)*	**501.5**	**528.5**	**517.0**
Notional tax [(1)]	(123.1)	(119.9)	(114.1)
Operating cash flow	**378.4**	**408.6**	**402.9**
Variation in operational working capital *(note 24, page 52)*	7.9	18.0	20.7
Capital expenditures paid	(125.2)	(148.6)	(176.1)
Free operating cash flow	**261.1**	**278.0**	**247.5**
[(1)] *Effective tax rate on income excluding non-recurrent items (chapter 3.1, Attachment 2, note 6)*	*(33.1%)*	*(33.2%)*	*(33.2%)*

Free cash flow

(€ millions)	2003	2002	2001
Free operating cash flow	**261.1**	**278.0**	**247.5**
Net interest and investment income	(45.7)	(66.8)	(86.0)
Financial provisions	(2.4)	(0.7)	2.0
Tax on net interest and investment income	15.1	22.1	28.5
Current deferred taxes	37.7	21.3	14.3
Variation of other working capital accounts	(82.8)	13.4	(48.3)
Other monetary elements [(*)]	1.1	0.5	0.0
Free cash flow	**184.1**	**267.8**	**158.0**

[(*)] *Dividends received from equity-consolidated companies and other reclassifications.*

5 Sector specific information

27 - PRESENTATION BY BUSINESS GROUPS

On 1 January, 2003, the Group changed its organization and created the Specialty Minerals business group including the activities of the Performance Minerals divisions (Pigments & Additives) and those of the former business group Ceramics & Specialties, which offer numerous similarities in terms of markets and strong complementarities with regard to the mining resources and products offered.

Sales

(€ millions)	*2003*	*2002*	*2001*
Specialty Minerals	763.0	829.0	834.1
Pigments for Paper	748.6	802.9	812.8
Building Materials	652.1	620.8	608.6
Refractories & Abrasives	593.7	635.4	662.0
Holdings & Eliminations	(28.2)	(25.5)	(19.4)
TOTAL Imerys group	**2,729.2**	**2,862.6**	**2,898.1**

Breakdown of sales from trading activities

(€ millions)	*2003*	*2002*	*2001*
Specialty Minerals	43.4	44.2	47.8
Pigments for Paper	50.8	44.0	44.5
Building Materials	240.1	238.1	224.2
Refractories & Abrasives	55.7	64.7	63.2
TOTAL Imerys group	**390.0**	**391.0**	**379.7**

The portion of sales resulting from trading activities is contributed primarily by Larivière, a subsidiary which is a specialist distributor of roofing products (Building Materials business group), by the trading business in clays and ceramic products for the floor tile industry (Specialty Minerals business group), by the American Minerals Inc. company whose various raw materials are distributed to a wide range of world markets (Refractories & Abrasives business group) and by the AB CDM-Sweden company distributing various raw materials for the chemical industry (Pigments for Paper business group).

Operating Income

(€ millions)	*2003*	*2002*	*2001*
Specialty Minerals	79.5	78.9	90.8
Pigments for Paper	96.9	90.8	46.3
Building Materials	130.2	121.5	122.1
Refractories & Abrasives	82.4	84.9	97.2
Holdings	(17.3)	(14.6)	(12.4)
TOTAL Imerys group	**371.7**	**361.5**	**344.0**

The operating income includes in 2003 environmental expenses for (€8.1) million and Research & Development charges for (€18.4) million.

Assets

(€ millions)	*2003*	*2002*	*2001*
Specialty Minerals	1,160.9	1,237.0	1,396.4
Pigments for Paper	1,032.9	1,229.3	1,473.9
Building Materials	429.6	427.9	410.8
Refractories & Abrasives	618.2	690.2	776.4
Holdings	28.4	57.5	67.2
TOTAL Imerys group	**3,270.0**	**3,641.9**	**4,124.7**

Following the push down in 2003 of the goodwill of English China Clays to the concerned cash generating units, Imerys will present the Group's assets from now on by business group.

Headcount

	2003	*2002*	*2001*
Specialty Minerals	4,792	5,358	5,172
Pigments for Paper	3,087	3,138	3,283
Building Materials	2,882	2,937	2,970
Refractories & Abrasives	2,929	3,056	2,967
Holdings	112	105	105
TOTAL	**13,802**	**14,594**	**14,497**

The headcount breakdown of 2001 and 2002 has been restated in order to match the new 2003 organization.

28 - PRESENTATION BY GEOGRAPHICAL AREA

Sales

(€ millions)	*2003*	*2002*	*2001*
France	756.6	723.8	732.1
Other European countries	1,030.9	1,073.2	1,040.2
North America	694.9	822.7	874.2
Asia-Oceania	138.1	136.1	132.3
Other countries	108.7	106.8	119.3
TOTAL	**2,729.2**	**2,862.6**	**2,898.1**

Operating Income

(€ millions)	*2003*	*2002*	*2001*
France	128.6	123.2	123.8
Other European countries	135.4	136.6	141.4
North America	40.4	53.8	35.7
Asia-Oceania	19.4	12.9	21.5
Other countries	47.9	35.0	21.6
TOTAL	**371.7**	**361.5**	**344.0**

Assets

(€ millions)	*2003*	*2002*	*2001*
France	428.2	513.0	557.4
Other European countries	1,348.2	1,387.2	1,451.9
North America	973.3	1,142.5	1,429.4
Asia-Oceania	177.4	181.6	182.9
Other countries	342.9	417.6	503.1
TOTAL	**3,270.0**	**3,641.9**	**4,124.7**

Headcount

	2003	*2002*	*2001*
France	3,486	3,520	3,578
Other European countries	4,868	5,065	5,108
North America	2,622	2,863	3,062
Asia-Oceania	824	798	521
Other countries	2,002	2,348	2,228
TOTAL	**13,802**	**14,594**	**14,497**

6 Other Information

29 - PROVISIONS RELATING TO PENSIONS AND RETIREMENT

The Imerys group generally contributes, in accordance with the laws and customs of each country, to its employees' pension plans by paying salary-based contributions to national organizations entrusted with social security.

Certain subsidiaries have offered guaranteed pensions to their employees, which they manage themselves or outsource. Such guarantees, which generally accrue over employees' professional life times, include the payment of retirement indemnities, in France and the majority of countries where the Imerys Group is established.

In certain countries, mainly in the United States, United Kingdom and Germany, these guarantees include pensions and/or the coverage of medical and insurance costs.

In the case of pensions, fees are generally paid to independent organizations that manage funds needed to ensure payment of pensions. Provisions therefore, exclude such payments. The amount accounted for as charges for defined contribution pension schemes reaches €9.3 million in 2003 (€9.1 million in 2002). The notes 30 to 33, pages 56 to 58, provide detailed information on defined benefits pension schemes.

30 - MAIN ACTUARIAL ASSUMPTIONS

	FRENCH		*NORTH AMERICAN*		*BRITISH*		*OTHER*	
COMPANIES	***2003***	*2002*	***2003***	*2002*	***2003***	*2002*	***2003***	*2002*
Discount rates	5.00%	5.00%	6.25%	6.75%	5.60%	5.50%	5.69%	-
Expected rates of return on plan assets	4.69%	4.94%	8.25%	8.50%	6.60%	6.60%	7.00%	-
Expected rates of salary increases	3.82%	2.50%	4.00%	4.00%	3.25%	3.30%	4.66%	-
Medical cost trend rates	-	-	11.75%	10.00%	-	-	-	-

31 - ANALYSIS AND HEDGING OF RETIREMENT COMMITMENTS

Reconciliation of assets and liabilities recognized in the balance sheet

COMPANIES	FRENCH		NORTH AMERICAN		BRITISH & OTHER	
(€ millions)	2003	2002	2003	2002	2003	2002
Present value of funded obligations	(3.3)	(4.5)	(96.1)	(111.3)	(637.1)	(587.3)
Market value of plan assets	1.2	2.4	70.1	70.3	532.2	532.2
Funded status	**(2.1)**	**(2.1)**	**(26.0)**	**(41.0)**	**(104.9)**	**(55.1)**
Present value of unfunded obligations	(11.9)	(7.5)	(3.1)	(2.7)	(35.3)	(34.2)
Unrecognized prior service cost	(0.3)	-	-	-	-	-
Unrecognized transition obligation	-	-	-	0.2	-	-
Net unrecognized actuarial differences (1)	4.3	-	20.5	25.2	177.6	159.2
Unrecognized asset due to limit on prepaid asset (2)	-	-	-	-	(2.4)	(2.0)
Pension asset (provision)	**(10.0)**	**(9.6)**	**(8.6)**	**(18.3)**	**35.0**	**67.9**
Of which provisions	(10.0)	(9.6)	(10.1)	(14.0)	(36.7)	(28.9)
Of wich other liabilities	-	-	-	(4.3)	-	(6.1)
Of which assets (3)	-	-	1.5	-	71.7	102.9

(1) *Of which non-amortized actuarial losses of €177.2 million relating to pension funds of the British companies.*

(2) *Surplus of invested fund values over the actuarial value of vested benefits acquired by the employees of the South-African companies, unrecognized due to the uncertain evolution of local legislation for surplus plans.*

(3) *Of which €71.7 million correspond to the difference between the invested fund values and the actuarial value of vested benefits acquired by the employees of the British companies.*

Movements of net liabilities recognized in the balance sheet

COMPANIES	FRENCH		NORTH AMERICAN		BRITISH & OTHER	
(€ millions)	2003	2002	2003	2002	2003	2002
On January 1st	**(9.6)**	**(9.1)**	**(18.3)**	**(22.2)**	**67.9**	**79.2**
Currency translation	-	-	6.7	2.8	(7.3)	(6.1)
Expense recognized in the income statement	(0.8)	0.1	1.3	(6.1)	(24.9)	(6.3)
Contributions	(1.3)	(2.4)	2.7	1.9	(33.7)	(29.6)
Benefits paid	1.7	1.8	3.3	5.3	40.0	32.1
Change in the consolidation perimeter	-	-	-	-	(0.5)	(0.1)
Change in accounting method	-	-	-	-	(0.4)	-
Reclassification	-	-	(4.3)	-	(6.1)	(1.3)
On December 31st	**(10.0)**	**(9.6)**	**(8.6)**	**(18.3)**	**35.0**	**67.9**

32 - ANALYSIS OF THE CHARGE FOR THE FISCAL YEAR

COMPANIES	FRENCH		NORTH AMERICAN		BRITISH & OTHERS	
(€ millions)	2003	2002	2003	2002	2003	2002
Service cost – benefits accrued during the period	1.1	1.5	4.3	5.3	11.6	13.8
Interests costs	0.5	0.5	7.2	7.7	31.2	34.9
Expected return on plan assets	(0.1)	(2.8)	(5.5)	(7.6)	(31.3)	(48.1)
Amortization of actuarial (gains) losses	-	-	1.3	0.3	7.3	-
Curtailments and liquidations	(0.7)	0.7	(9.5)	-	(0.1)	5.7
Amortization of prior service costs	-	-	0.7	0.1	6.2	-
Amortization of transition obligation	-	-	0.2	0.3	-	-
Charge / (revenue) for the period	**0.8**	**(0.1)**	**(1.3)**	**6.1**	**24.9**	**6.3**

33 - MEDICAL COVERAGE PLANS (EMPLOYEES OF NORTHAMERICAN COMPANIES ONLY)

Reconciliation of assets and liabilities recognized in the balance sheet

(€ millions)	2003	2002
Present value of unfunded obligations	(17.5)	(21.4)
Unrecognized prior service costs	(0.6)	(0.9)
Unrecognized transition obligation	0.2	0.4
Net unrecognized actuarial differences	2.8	3.1
Pension asset (provision)	**(15.1)**	**(18.8)**
Of which provisions	(15.1)	(25.8)
Of which other liabilities	-	7.0
Of which assets	-	-

Movements of net liabilities recognized in the balance sheet

(€ millions)	2003	2002
On January 1st	(18.8)	(17.9)
Currency translation	(3.8)	(0.3)
Charge recognized in the income statement	(1.4)	(2.8)
Benefits paid	1.9	2.2
Reclassification	7.0	-
On December 31st	**(15.1)**	**(18.8)**
Service cost during the period	0.2	0.3
Interests costs	1.2	1.6
Amortization of prior service cost	(0.2)	0.7
Amortization of transition obligation	0.2	0.2
Charge / (revenue) for the period	**1.4**	**2.8**

34 - COMMITMENTS GIVEN

The Imerys group presents here all significant commitments which are off balance sheet according to present accounting standards or those which could become obligatory in the future.

The Group's off balance sheet commitments listed below do not include, apart from eventual asset securities (mortgages, pledges ...) given on the Group's assets, the guarantees granted by Imerys and its consolidated subsidiaries for debts or liabilities of Group subsidiaries which are already consolidated in the Group accounts.

The syndicated loan agreement with Crédit Agricole, HSBC, CCF and ING Bank set up in June 2001 for an authorized amount of €750 million is not conditional on any guarantee by the Group. The amount that had been used on 31 December, 2001 was €379 million. This syndicated loan agreement was not used at 31 December 2002 and 2003.

The main commitments given by the Group are as follows:

(€ millions)	*2003*	*2002*	*2001*
Assets given as security	5.1	2.4	0.4
Bank guarantees, sureties	5.7	3.0	2.5
Other guarantees	58.5	38.1	73.3
TOTAL	**69.3**	**43.5**	**76.2**

Additionally, some of the Group's companies have long-term rental commitments, in particular for rail cars; commitments for future rental payments represent €157.2 million: €24.3 million in 2004, €47.6 million from 2005 to 2008 and €85.3 million beyond. In 2002, these commitments were €183.7 million.

35 - COMMITMENTS RECEIVED

(€ millions)	*2003*	*2002*	*2001*
Assets received as security	3.2	-	-
Bank guarantees, sureties	8.9	13.4	18.5
Other guarantees	5.5	0.4	0.4
TOTAL	**17.6**	**13.8**	**18.9**

36 - FOREIGN EXCHANGE AND INTEREST RATE HEDGING

As on 31 December, 2003, the Imerys group had commitments for forward purchases and sales of currencies against euros in the amount of €484 million (€941 million in 2002).

As part of its management of interest rate risks, the Imerys group had entered into a series of transactions, as of 31 December, 2003, with regard to the US dollar and the euro, for a total amount of €1,803.1 million versus €1,594.3 million as on 31 December, 2002.

37 - COUNTRY RISKS

Argentina

Following the rupture of the parity of the Argentinean peso with the American dollar in December 2001, the exchange rate with the euro settled to one euro equals 3.72 pesos on 31 December, 2003 (3.53 pesos on 31 December, 2002), or a value divided by 4 compared to the average value used in 2001 which was of 0.895. In spite of this, on 17 December, 2002 the CNC confirmed, based on the signs of recovery of the country's economy, that Argentina could not be considered as a high inflation country.

Consequently, the inflation accounting imposed by the Argentinean government has been adjusted for Imerys' consolidation purposes. This adjustment has a negligible impact. The consolidated net assets of local subsidiaries including Group's internal financings account for €4.4 million (€2.6 million on 31 December, 2002) and unrealized exchange losses of (€5) million have been accounted for in equity since 2001.

Zimbabwe

The Imerys group operates a vermiculite activity (Advanced Solutions division) in a difficult economic and operational environment, coupled with currency exchange regulation. The net consolidated assets in this country including Group internal financing is €1.3 million on 31 December, 2003 (€2.7 million on 31 December, 2002).

38 - HEADCOUNT

As of 31 December, the headcount of companies whose results are consolidated by full integration is as follows:

	2003	2002	2001
Management	1,562	1,435	1,344
Employees, technicians, supervisors	3,724	3,871	3,790
Workers	8,516	9,288	9,363
TOTAL	13,802	14,594	14,497

39 - REMUNERATION FOR SENIOR MANAGEMENT

(€ thousands)	2003	2002	2001
Supervisory Board [(1)]	607	275	253
Managing Board	3,217	3,355	2,379
TOTAL	3,824	3,630	2,632

(1) Director's fees.

40 - CAPITAL EMPLOYED

(€ millions)	2003	2002	2001
Fixed assets	2,061.2	2,343.6	2,649.9
Inventories	400.1	421.8	479.8
Trade accounts receivable	469.8	502.9	543.3
Other current assets	108.6	103.6	84.7
Regularization accounts	22.3	24.6	24.1
Trade accounts payable	(262.6)	(273.8)	(315.1)
Other current liabilities	(207.9)	(253.0)	(204.7)
TOTAL	2,591.5	2,869.7	3,262.0

41 - POST CLOSING EVENTS

- The Euro Medium Term Note program (EMTN) opened in December 2001 was updated and recorded with the French stock market authorities ("Autorité des Marchés Financiers" – AMF) under number P04-001 on 12 January, 2004. In this context, a private investment of a nominal amount of €50 million and a maturity of 2010 was also issued on 20 January, 2004;
- on 27 February, 2004, the companies Imerys Toiture and Imerys Structure have been absorbed by Imerys Terre Cuite (formerly Parnasse 19), a 100% subsidiary of Imerys;
- at the end of February 2004, the Group finalized through its subisidary Mircal Europe the acquisition of Burton-Apta, a European leader in kiln furniture production for the ceramic industry. Following its integration into the Group, it was renamed Imerys Kiln Furniture Hungary Kft.

_ 3.2. Financial year 2003 Parent Company financial statements

_ Financial Commentary

The financial statements of the Imerys company (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 2003, the corporate net income of the Company comes to €151 million whereas the 2002 net income reached €160 million.

The main factors for the fiscal year were:

- the change in investment securities held by the Company in some subsidiaries through the following operations:
  - contribution of the Imerys UK Ltd and Treibacher Schleifmittel AG shares to Mircal Europe, a holding intended to hold the European investment securities of the Group, of which 100% are owned by the Imerys company and correlative capital increase of Mircal Europe;
  - acquisition of 1,225 shares representing 50% of the capital of Imerys Minerals Netherlands BV for €1.7 million, formerly held by Imerys Kaolin Inc.;
- the evolution of financing sources for the Imerys company:
  - in August 2003: issue of two private offerings in the United States for a total amount of USD170 million, the first being of USD140 million and a maturity of 10 years, the latter being of USD30 million and a maturity of 15 years;
  - in September 2003: issue of a private offering within the Euro Medium Term Note program (EMTN) on the Japanese market for a total amount of JPY7 billion (about €50 million) and a maturity of 30 years;
- the increase of services provided by the Company to the subsidiaries which had the consequence of increasing the turnover from €21.6 to €22.5 million in 2003;
- the increase of the dividends received from €116 million in 2002 to €127 million in 2003;
- the setting of risk covering contracts by the Company concerning energy prices within the Group;
- the definitive settlement on 7 February, 2003 of the litigation which opposed Imerys and the American company Combustion Engineering Inc. Definitive transactional compensation of USD32.5 million (i.e. €30.1 million) was paid on 11 February, 2003. This exceptional cost has led to the recovery of the provision for contingencies which had been provided earlier for this purpose.

_ Income statement

(€ thousands)	NOTES	2003	2002	2001
Operating revenues		**26,279**	**22,360**	**10,459**
Service revenues		22,510	21,628	10,118
Change in provisions and transferred charges		3,769	732	341
Operating expenses		**(36,383)**	**(29,431)**	**(33,608)**
Purchases and services		(22,562)	(17,057)	(15,437)
Taxes		(1,403)	(775)	(363)
Personnel costs		(10,887)	(10,092)	(8,535)
Depreciation and provisions		(878)	(1,228)	(9,025)
Other expenses		(653)	(279)	(248)
Operating income		**(10,104)**	**(7,071)**	**(23,149)**
Net interest and investment income	1	**164,909**	**157,910**	**56,963**
Dividends received		126,924	115,519	77,926
Interest expense (net)		(24,200)	(30,450)	(28,639)
Increase and decrease of provisions		3,125	24,038	(5,601)
Foreign exchange gains and losses		59,060	48,803	13,277
Income excluding non-recurrent items		**154,805**	**150,839**	**33,814**
Non-recurring income	2	**1,465**	**12,302**	**330,003**
Non-recurring gains		581,195	21,102	408,166
Non-recurring losses		(579,730)	(8,800)	(78,163)
Income tax	3	(4,968)	(2,718)	36,046
Net income		**151,302**	**160,423**	**399,863**

_ Balance sheet

ASSETS *(€ thousands)*	NOTES	2003	2002	2001
Intangible assets		2,077	1,275	867
Amortizations		(658)	(510)	(386)
Net intangible assets		1,419	765	481
Property, plant and equipment	4	9,535	9,208	8,843
Accumulated depreciation		(5,210)	(4,667)	(4,103)
Net tangible assets		4,325	4,541	4,740
Long-term investments				
Investment securities	5	2,201,433	2,212,417	2,055,527
Provisions		(2,896)	(9,909)	(40,399)
Net long-term investments		2,198,537	2,202,508	2,015,128
Loans related to investment securities	6-8	557,832	685,394	593,786
Other long-term investments	7-8	2,279	8,250	1,915
Fixed assets		**2,764,392**	**2,901,458**	**2,616,050**
Other receivables	8-13	22,184	31,058	27,316
Marketable securities	9	12,255	17,613	30,183
Cash at bank and on hand		3,170	3,048	4,161
Current assets		**37,609**	**51,719**	**61,660**
Regularization accounts	8	**16,450**	**17,631**	**11,083**
TOTAL ASSETS		**2,818,451**	**2,970,808**	**2,688,793**

LIABILITIES AND SHAREHOLDERS' EQUITY *(€ thousands)*	NOTES	2003	2002	2001
Share capital		126,966	126,016	127,253
Additional paid-in capital		218,094	210,804	229,239
Revaluation reserve		-	-	-
Reserves		961,666	961,666	681,230
Retained earnings		165,604	72,711	15,600
Net income for the fiscal year		151,302	160,423	399,863
Shareholders' equity	10	**1,623,632**	**1,531,620**	**1,453,185**
Provisions for contingencies	11	**35,089**	**76,276**	**84,397**
Borrowings	12	1,126,585	1,297,639	1,132,574
Other liabilities	12-13	19,740	55,876	17,762
Debts		**1,146,325**	**1,353,515**	**1,150,336**
Regularization accounts	12	13,405	9,397	875
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,818,451**	**2,970,808**	**2,688,793**

_ Cash Flow Statement

(€ thousands)	*2003*	*2002*	*2001*
Operating cash flow			
Net income	151,302	160,423	399,863
Charges and revenue with no impact on cash flow			
Depreciation	715	752	9,010
Provisions	(48,865)	(36,898)	20,250
Net income on disposal of assets	12,181	24	(345,386)
Operating cash flow before working capital changes	**115,333**	**124,301**	**83,737**
Changes in working capital	(22,161)	41,129	(38,164)
Operating cash flow	**93,172**	**165,430**	**45,573**
Investment activities			
Acquisition of assets			
- Capital expenditure (tangible and intangible)	(1,242)	(860)	(544)
- Acquisition of investment securities and attached assets	(532,407)	(157,411)	(92,083)
Disposal of assets			
- Tangible and intangible assets	1	-	45
- Disposal of investment securities and attached assets	530,615		
Cash flow from investment activities	**(3,033)**	**(158,271)**	**(92,582)**
Financing operations			
Change in financing debt	(171,012)	155,678	243,110
Change in loans and other financial assets	134,927	(94,532)	(98,202)
Cash flow from financing operations	**(36,085)**	**61,146**	**144,908**
Capital operations			
Capital increase	30,734	3,617	1,305
Share buybacks	(22,495)	(23,289)	(8,252)
Dividends paid	(67,529)	(62,316)	(57,142)
Cash flow from operations on equity	**(59,290)**	**(81,988)**	**(64,089)**
Change in cash	(5,236)	(13,683)	33,810
Cash at opening	20,661	34,344	534
Cash at closing	15,425	20,661	34,344
Change in cash	**(5,236)**	**(13,683)**	**33,810**

Detail of movements on Imerys' owned shares

(€ thousands)	*2003*	*2002*	*2001*
Share buybacks	26,180	31,611	10,420
Sales of Imerys' owned shares	(2,563)	-	-
Imerys' owned shares allocated to the Employee Shareholding Plan	(1,122)	(2,071)	(2,168)
Reduction of capital by cancellation of owned shares	(22,495)	(23,289)	(8,252)
Gross value of Imerys' owned shares as at 31 December	**0**	**6,251**	**0**

_Attachment 1 Accounting principles and procedures

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

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).

INTANGIBLE ASSETS

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

TANGIBLE ASSETS

Tangible assets 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 fixed assets		
• 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

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 profitability prospects, to the portion of equity owned for these investments and to the net asset value. When this value is higher than the book value recorded on 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 in the 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.

RECEIVABLES AND DEBTS IN FOREIGN CURRENCIES

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

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 currency exchange loss on the asset is limited to the portion of unrealized losses exceeding unrealized gains.

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 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.

PROVISIONS

The Company applies, since 1 January, 2002, the CRC regulation no. 2000-06 on the liabilities.

Provisions for contingencies

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

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

Reserves for liabilities

They mainly include:

- provisions for the supplementary pension scheme and pensions for the former salaried employees;
- charge for retirement indemnities calculated according to the retrospective method. In fact, as part of the harmonization of accounting principles within the Group and according to the French standard of reference and IAS 19, two method modifications have been recorded: the first concerns the application of the retrospective method instead of the forecasting one; the second concerns the counting of advantages linked to long-service medals. The impact of these two method modifications is not significant for the Company.

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 (see description in the attachment to the consolidated financial statements, notes 20 and following of the present document – exchange rate risk, interest rate risk).

- The financial instruments used to cover the exchange rate risk are mainly forward buying and selling 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;
- 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, the Company uses option 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 not qualified as hedging options, a provision for contingencies and liabilities is recorded when the market value is inferior to the original contract value. The unrealized gains are not registered.

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 companies joined the tax consolidation structure in 2003: Parnasse 17 SAS and Mircal Europe SAS (formerly Parnasse 18 SAS). The tax consolidation structure included 23 companies as of 31 December, 2003 mentioned below:

- Imerys
- Ardoisières d'Angers
- Ceradel Socor
- Ceratera SAS
- César SAS
- Charges Minérales du Périgord
- Damrec SAS
- Financière d'Angers
- Imerys Minéraux France
- Imerys Services SAS
- Imerys Structure
- Imerys Toiture
- Imerys Tableware France
- Larivière
- Minemet Holding SAS
- Mircal
- Parimetal
- Parnasse 16 SAS
- Imerys Kiln Furniture France (ex-RC2 France)
- Setac
- Toiture Conseil
- Parnasse 17 SAS
- Mircal Europe SAS (ex-Parnasse 18)

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

- the tax consolidated companies 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 the Imerys company which benefits in counterpart from any potential savings generated by this system.

2 Notes pertaining to the income statement

1 - FINANCIAL RESULTS

(€ thousands)	*2003*	*2002*	*2001*
Financial revenues			
Revenues from subsidiaries and affiliates [1]	126,924	115,519	77,926
Other investment income - net [1]	53,778	54,864	41,743
Decreases in provisions	16,917	39,689	2,037
Foreign exchange gains	213,129	140,213	135,307
	410,748	**350,285**	**257,013**
Financial expenses			
Financial interest [2]	77,978	85,314	70,382
Increases in provisions	13,792	15,651	7,638
Foreign exchange losses	154,069	91,410	122,030
	245,839	**192,375**	**200,050**
Net interest and investment income	**164,909**	**157,910**	**56,963**
[1] *of wich revenue concerns controlled companies*	140,733	136,832	111,611
[2] *of wich expense concerns controlled companies*	3,814	4,288	5,731

The dividends received in 2003 are detailed in the table of subsidiaries and equity interests.

As head of the Group, the Imerys company manages the balance sheet exchange rate risk, notably linked to the foreign net assets of the Group and also resulting from the loans and advances granted to the subsidiaries in accordance with the intra-group treasury contracts. Therefore, the proportion of the financial indebtedness drawn in other currencies than the euro is adjusted. In 2003, Imerys has recorded a net exchange gain of €59.1 million (€48.8 million in 2002) 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.

2 - NON-RECURRING INCOME

(€ thousands)	*2003*	*2002*	*2001*
Net gains (losses) on sales of assets	(12,181)	(83)	345,120
Other non-recurring income	1,680	34	12
Decreases in provisions	47,410	19,080	28,432
Increases in provisions	(1,971)	(6,395)	(43,403)
Other non-recurringexpenses	(33,473)	(334)	(158)
Non-recurring income (loss)	**1,465**	**12,302**	**330,003**

Imerys has realized a loss in the sale of Minemet shares of €12.5 million. This loss is covered up to €12.1 million by the recovery of exceptional provision of which €7 million have been originally allocated to financial expenses.

3 - INCOME TAXES

(€ thousands)	*2003*	*2002*	*2001*
Tax on long-term capital gains	-	-	-
Income tax	4,968	2,718	(36,046)
TOTAL	**4,968**	**2,718**	**(36,046)**

Breakdown of the tax charge of the Company

(€ thousands)	*RESULT BEFORE TAXES*	*TAXES*	*RESULT AFTER TAXES*
Current income	154,805	-	154,805
Non-recurring income	1,465	-	1,465
Impact of the tax consolidation	-	(4,968)	(4,968)
TOTAL	**156,270**	**(4,968)**	**151,302**

In accordance with the terms of tax consolidation convention, the Imerys company calculates its taxes as if it were separately taxed. At the closure of the fiscal year 2002, the Company had carried forward short-term losses of €112.9 million. As a consequence, the taxable income for 2003 is nil and no tax is recorded for the fiscal year 2003, as for the fiscal year 2002. At the closure of the fiscal year 2003, the balance of carried forward short-term losses is of €76.4 million.

The tax consolidation structure headed by the Imerys company has long-term losses of €47.8 million and no short-term losses.

Variation of deferred taxes

(€ thousands)	*AS OF 31 DECEMBER, 2003*	
NATURE	*ASSETS*	*LIABILITIES*
Temporary differences		
Temporary non-deductible charges		
Deductible next year	-	15,249
Deductible later	-	12,004
Expenses deducted or taxed income not yet recorded	12,923	13,384
TOTAL	**12,923**	**40,637**
Potential taxable reserves		
Special reserve for long-term capital gain	-	473,471
Other	-	-
TOTAL	**-**	**473,471**

3 Notes pertaining to the balance sheet

4 - VARIATIONS OF THE INTANGIBLE AND TANGIBLE ASSETS

(€ thousands)	GROSS VALUE AS OF 31.12.2002	ACQUISITIONS	DISPOSALS	GROSS VALUE AS OF 31.12.2003
Intangible assets	1,275	915	113	2,077
Lands	560	-	-	560
Buildings	3,549	-	-	3,549
Other fixed assets	5,099	327	-	5,426
Fixed assets	9,208	327	0	9,535
Total fixed assets – gross	**10,483**	**1,242**	**113**	**11,612**

(€ thousands)	AS OF 31.12.2002	DEPRECIATIONS INCREASES	DECREASES	DEPRECIATIONS AS OF 31.12.2003
Depreciation on intangible assets	510	148	-	658
Depreciation on buildings	1,925	121	-	2,046
Depreciation on other assets	2,742	422	-	3,164
Depreciation on tangible assets	4,667	543	-	5,210
Total depreciation on fixed assets	**5,177**	**691**	-	**5,868**

5 - CHANGES IN THE VALUE OF INVESTMENT SECURITIES

The net value of equity interest reduced by €3,971 thousand.

Gross values reduced by €10,984 thousand. The main acquisitions and sales concern the following companies:

- sale of Minemet shares for a gross value of €12,841 thousand;
- acquisition of 1,225 shares representing 50% of the capital of Imerys Minerals Netherlands BV for €1,696 thousand.

Depreciation allowances decreased by €7,013 thousand because of the recovery of the provision on Minemet Holding interest, as a result of the sale of these shares.

6 - LOANS RELATED TO INVESTMENT SECURITIES

The amount of loans related to investment securities reduced by €128,052 thousand. These receivables correspond to intra-group credit agreements aimed at optimizing cash flow management. A reserve, accrued in 2002 for €1,490 thousand, has been partially recovered for €490 thousand in 2003.

7 - OTHER FINANCIAL ASSETS

This included mainly at 31 December, 2002, 50,000 owned Imerys' shares that were assigned to the Crédit Lyonnais Sécurities as part of the liquidity provider contract signed on 13 December, 2002. These shares have been sold in 2003.

8 - OTHER RECEIVABLES

(€ thousands)	*GROSS AMOUNT*	*MATURITY LESS THAN ONE YEAR*	*MATURITY OF ONE TO FIVE YEARS*	*MATURITY GREATER THAN FIVE YEARS*
Loans related to investment securities	558,832	558,832	-	-
Other investments	2,279	180	-	2,099
Other receivables	22,184	22,184	-	-
Premium on issuance of the bond	141	42	99	-
Pre-paid expenses	2,476	1,365	1,111	-
Expenses amortized over several years	910	62	250	598
Unrealized exchange losses	12,923	12,923	-	-
TOTAL	**599,745**	**595,588**	**1,460**	**2,697**

9 - MARKETABLE SECURITIES

(€ thousands)	*2003*	*2002*	*2001*
SICAV's and FCP's (mutual funds)	-	12,613	-
Own shares [a]	5,863	159	-
Deposit for liquidity provider contract	6,392	4,841	-
Certificates of deposit and negotiable bonds	-	-	-
Obligations	-	-	30,183
TOTAL	**12,255**	**17,613**	**30,183**

[a] Inventory of marketable securities in 2003

NATURE	*QUANTITY*	*AVERAGE COST PRICE PER UNIT (€)*	*AVERAGE RATE IN DECEMBER 2003 (€)*
Imerys share (liquidity provider contract)	36,032	162.72	166.46

10 - BREAKDOWN IN CHANGES OF SHAREHOLDERS' EQUITY

(€ thousands)	NUMBER OF SHARES	CAPITAL	PREMIUMS	RESERVES (1)			RETAINED EARNINGS	INCOME FOR THE YEAR	TOTAL
				LEGAL	REGULATED	OTHER			
Shareholders' equity as of 01/01/00 before allocation of income	16,109,881	128,879	255,705	12,888	238,367	175,469	68,203	264,404	1,143,915
Allocation of 1999 income	-	-	-	-	254,669	-	(43,252)	(264,404)	(52,987)
Shareholders' equity as of 01/01/00 after allocation of income	16,109,881	128,879	255,705	12,888	493,036	175,469	24,951	0	1,090,928
Movements in the financial year:									
- Cancellation of 8,040 shares of 8 €	(8,040)	(64)	(965)	(6)	-	-	-	-	(1,035)
- Cancellation of 210,532 shares of 8 €	(210,532)	(1,684)	(23,577)	(168)	-	-	-	-	(25,429)
- Subscription of 73,800 options	73,800	590	4,509	59	-	-	-	-	5,158
15,965,109 shares of 8 €	15,965,109	127,721	235,672	12,773	493,036	175,469	24,951	0	1,069,622
Fiscal net income as of 31/12/00	-	-	-	-	-	-	-	47,791	47,791
Shareholders' equity as of 31/12/00 before allocation of income	15,965,109	127,721	235,672	12,773	493,036	175,469	24,951	47,791	1,117,413
Allocation of 2000 income	-	-	-	-	-	-	(9,351)	(47,791)	(57,142)
Movements in the financial year:									
- Cancellation of 74,326 shares of 8 €	(74,326)	(595)	(7,598)	(60)	-	-	-	-	(8,253)
- Subscription of 15,900 options	15,900	127	1,165	12	(1)	1	-	-	1,304
15,906,683 shares of 8 €	15,906,683	127,253	229,239	12,725	493,035	175,470	15,600	0	1,053,322
Fiscal net income as of 31/12/01	-	-	-	-	-	-	-	399,863	399,863
Shareholders' equity as of 31/12/01 before allocation of income	15,906,683	127,253	229,239	12,725	493,035	175,470	15,600	399,863	1,453,185
Allocation of 2001 income	-	-	-	-	(19,564)	300,000	57,111	(399,863)	(62,316)
Movements in the financial year:									
- Cancellation of 194,758 shares of 8 €	(194,758)	(1,558)	(21,731)	-	-	-	-	-	(23,289)
- Subscription of 40,025 options	40,025	321	3,296	-	-	-	-	-	3,617
15,751,950 shares of 8 €	15,751,950	126,016	210,804	12,725	473,471	475,470	72,711	0	1,371,197
Fiscal net income as of 31/12/02	-	-	-	-	-	-	-	160,423	160,423
Shareholders' equity as of 31/12/02 before allocation of 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 in the financial year:									
- Cancellation of 153,639 shares of 8 €	(153,639)	(1,230)	(21,265)	-	-	-	-	-	(22,495)
- Subscription of 272,434 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
Fiscal net income as of 31/12/03	-	-	-	-	-	-	-	151,302	151,302
Shareholders' equity as of 31/12/03 before allocation of income	15,870,745	126,966	218,094	12,725	473,471	475,470	165,604	151,302	1,623,632
Proposition for allocation of income (2)	-	-	-	-	-	-	71,948	(151,302)	(79,354)
Shareholders' equity as of 01/01/04 after allocation of income	15,870,745	126,966	218,094	12,725	473,471	475,470	237,552	0	1,544,278

(1) *Imerys' shareholders' equity does not include revaluation differences.*
(2) *Proposed to the General Shareholders Meeting on 3 May, 2004.*

During the year 2003, 185,738 Imerys' shares have been purchased following the renewed approval of the Share Acquisition Programme granted by the Shareholders Meeting on 5 May, 2003. 22,743 shares have been sold on the market, 9,356 were granted to Group employees part of the Employee Shareholding Plan. 153,639 shares have been cancelled and 272,434 created.

STOCK OPTION SUBSCRIPTION PLANS IN FORCE AS OF 31 DECEMBER, 2003

		POSITION AS OF 31 DECEMBER 2002	GRANT OF OPTIONS	EXERCISE OF OPTIONS IN 2003	RETIRED	POSITION AS OF 31 DECEMBER 2003
1995	Plan	-	-	-	-	-
1996	Plan	104,250	-	99,250	5,000	-
1997	Plan	41,000	-	33,300	-	7,700
1998	Plan - March	75,000	-	56,301	-	18,699
1998	Plan - Sept	31,500	-	30,500	-	1,000
1999	Plan	107,750	-	24,250	-	83,500
2000	Plan	123,135	-	28,535	1,700	92,900
2000	Plan - Salaried	18,192	-	253	-	17,939
2001	Plan	143,545	-	-	16,350	127,195
2001	Plan - Salaried	18,431	-	15	-	18,416
2002	Plan	146,000	-	-	14,500	131,500
2002	Plan - Salaried	17,082	-	30	-	17,052
2003	Plan	-	186,930	-	4,565	182,365
2003	Plan - Salaried	-	9,356	-	-	9,356
		825,885	196,286	272,434	42,115	707,622
Number of shares liable to be created by the exercise of subscription options						**707,622**

See the more detailed table on page 190 of the present document.

NUMBER OF SHARES

Position as of 31 December, 2002	**15,751,950**
- Exercised in 2003 with nominal of 8 euros	272,434
- Cancellation of shares in 2003 with nominal of 8 euros	153,639
Position as of 31 December, 2003	**15,870,745**
- Number of shares liable to be created	707,622
- Potential total number of shares	16,578,367

The exercise of all granted options would dilute the share capital by 4.27%.

11 - PROVISIONS

(€ thousands) TYPE OF PROVISIONS	OPENING BALANCE	INCREASES OPERATING	INCREASES FINANCIAL	INCREASES NON-RECURRING	DECREASES OPERATING	DECREASES FINANCIAL	DECREASES NON-RECURRING	CLOSING BALANCE
Provisions for depreciation of the balance sheet assets								
Investment securities	9,909	-	-	-	-	-	(7,013) [1]	**2,896**
Receivables linked to investment securities	1,490	-	-	-	-	(490) [2]	-	**1,000**
Marketable securities	176	-	-	-	-	-	(176) [1]	**-**
Bond premiums	47	-	42	-	-	-	-	**89**
TOTAL	**11,622**	**-**	**42**	**-**	**-**	**(490)**	**(7,189)**	**3,985**
Provisions for contingencies								
Litigation and misc. contingencies	40,798	-	-	-	-	(497) [2]	(32,821) [1]	**7,480**
Foreign exchange losses	13,938	-	12,923	-	-	(13,938) [1]	-	**12,923**
Personnel related contingencies	1,628	-	-	1,834	(76) [3]	-	(2,300) [1]	**1,086**
Environmental related contingencies	9,940	-	-	-	-	(1,992) [2]	-	**7,948**
Financial instruments	-	-	827	-	-	-	-	**827**
Contingencies on subsidiaries and investment securities	5,100	-	-	-	-	-	(5,100) [1]	**-**
Subtotal	71,404	-	13,750	1,834	(76)	(16,427)	(40,221)	**30,264**
Provisions for liabilities								
Provisions for misc. liabilities	2,060	163	-	-	(315) [1]	-	-	**1,908**
Pensions	26	-	-	-	(3) [1]	-	-	**23**
Other employee benefits	119	-	-	137	(29)	-	-	**227**
Income tax	2,667	-	-	-	-	-	-	**2,667**
Subtotal	4,872	163	-	137	(347)	-	-	**4,825**
TOTAL	**76,276**	**163**	**13,750**	**1,971**	**(423)**	**(16,427)**	**(40,221)**	**35,089**
GENERAL TOTAL	**87,898**	**163**	**13,792**	**1,971**	**(423)**	**(16,917)**	**(47,410)**	**39,074**

[1] *Provisions decreased according to used amounts, in particular for the litigation settlement which opposed the Company and the American company Combustion Engineering up to €30,321 thousand.*

[2] *Provisions decreased according to the last available financial elements.*

[3] *The other decreases in provisions are linked to a better evaluation of the risks as of 31 December, 2003 and to the expiration of other risks.*

The rates used for the calculation of retirement obligations are a discount rate of 5% and an average wage increase of 2% in 2003.

As of 31 December, 2003, a provision for financial risks has been registered in order to take into consideration the unrealized loss on financial instruments concerning the energy price. These instruments are not accounted as hedging instruments in the Imerys company.

12 - DEBTS AND REGULARIZATION ACCOUNTS AS AT 31 DECEMBER, 2003

(€ thousands)	*GROSS AMOUNT*	*MATURITY LESS THAN ONE YEAR*	*MATURITY OF ONE TO FIVE YEARS*	*MATURITY GREATER THAN FIVE YEARS*
Borrowings	1,126,585	432,152	508,000	186,433
Other liabilities	19,740	19,656	84	-
Deferred income	21	6	15	
Unrealized exchange gains	13,384	13,384	-	-
TOTAL	**1,159,730**	**465,198**	**508,099**	**186,433**

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 currency share out as follows:

(€ thousands)	*AMOUNT*
Euro	913,909
American Dollar	147,766
British Pound	4,253
Japanese Yen	52,347
Other currencies	8,310
TOTAL	**1,126,585**

The external debt of the Imerys company represents almost all of the total external debt of the Group. The analysis of the external debt per rate and currency figures in the attachment to the consolidated financial statements, note 22.

13 - ACCRUED INCOME AND EXPENSES

The following items are included in "other receivables" and "other liabilities":

(€ thousands)	*ACCRUED INCOME (ASSETS)*	*ACCRUED EXPENSES (LIABILITIES)*
Operating	1,932	9,400
Financial	-	228
TOTAL	**1,932**	**9,628**

4 Other information

OFF BALANCE SHEET COMMITMENTS

The syndicated credit put in place by the Crédit Agricole, HSBC, CCF and ING Bank in June 2001 for an amount of €750 million is not guaranteed by the Company. It is not used as at 31 December, 2002 nor at 31 December, 2003.

The amount of bilateral multi-currencies credit lines confirmed, unutilized and available for the benefit of Imerys, is €497 million as at 31 December, 2003.

(€ thousands)

	FOR THE BENEFIT OF			
COMMITMENTS GIVEN	SUBSIDIARIES	EQUITY INTEREST	OTHER RELATED COMPANIES	TOTAL
Avals, sureties and guarantees	106,888	-	77,152	184,040

	RECEIVED FROM			
COMMITMENTS RECEIVED	SUBSIDIARIES	EQUITY INTEREST	OTHER	TOTAL
Avals, sureties and guarantees	-	-	-	-

OTHER COMMITMENTS IN RELATION TO SUBSIDIARIES

In 2003, the Company has granted new letters of intent and purchase commitments for €7.5 million. Consequently, the amount of the global commitment rose from €18 million as at 31 December, 2002 to €25.5 million as at 31 December, 2003.

COMMITMENTS ON FOREIGN EXCHANGE RISKS

As of 31 December, 2003, the Company had net commitments regarding forward purchases and sales against euros divided up by currencies as follows:

(€ thousands)	FORWARD PURCHASE	FORWARD SALE	FORWARD NET POSITION	FORWARD NET POSITION EXCHANGE VALUE IN EURO
Australian Dollar	1,500	6,751	5,251	3,125
Canadian Dollar	-	11,810	11,810	7,275
Swiss Franc	1,160	45,345	44,185	28,362
British Pound	785	48,020	47,235	67,019
Japanese Yen	5,890,100	1,360,000	(4,530,100)	(33,544)
Mexican Peso	14,000	-	(14,000)	(986)
Norvegian Krone	1,395	-	(1,395)	(166)
Swedish Krona	44,765	-	(44,765)	(4,930)
Thai Baht	-	454,190	454,190	9,075
Amerian Dollar	5,000	521,547	516,547	408,984
TOTAL				**484,214**

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

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) for the year 2004:

CURRENCY	AVERAGE LIABILITY AT FIXED RATE (OR OPTION IN THE CURRENCY)	AVERAGE FIXED RATE	AVERAGE LIABILITY AT CAPPED RATE (OPTION NOT IN THE CURRENCY)	AVERAGE FIXED RATE
USD	479,000	1.50%	313,000	1.95%
EUR	-	-	290,000	2.50%

The Company has hedged a total amount of USD267 million (€230 million) with a collar at a rate of 1.88% / 3% for the year 2005.

As of 31 December 2003, the hedges by nature and in notional amounts could be analyzed as follows:

	MATURITY			
	OF LESS THAN 1 YEAR	1 TO 2 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Millions of euros				
Swaps receiving at fixed rate	-	-	458	-
Caps purchased	300	-	-	-
Millions of American Dollars				
Swaps paying at fixed rate	750	-	-	-
Swaps receiving at fixed rate	-	-	-	170
Caps purchased	200	-	-	-
Caps spread purchased	200	300	-	-
Floor sold	-	(300)	-	-

Considering the factors above, the portion at fixed rate or at variable rate capped (in the currency) represents 50% of the indebtedness maturing in 2004.

In these conditions, an immediate and homogenous variation of 1% of the interest rates would have an impact of €3.5 million on the net result.

All hedging instruments in place correspond to identified risks within the Group.

ELEMENTS CONCERNING ENERGY PRICE RISKS

Following its policy to manage centrally energy price risks, the Company has implemented different hedging options concerning the identified risks within the Group:

(currency in thousands)	NET NOTIONAL AMOUNT IN MILLIONS OF MMBTU	MATURITY
Management operations		
Swaps	-	-
Options	-	-
Purchase of Puts	200,000	< 6 months
Sale of Puts	(200,000)	< 6 months
Purchase of Calls	1,450,000	< 6 months
Sale of Calls	(1,450,000)	< 6 months
Futures	-	-
Forwards	-	-

The above-mentioned operations mainly cover natural gas risks for the first six months of 2004 *(see page 127)*.

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

(€ thousands)	TOTAL	INCLUDING CONTROLLED COMPANIES (1)
Investment securities	2,198,537	2,197,771
Loans related to investment securities	557,832	557,832
Other investments	2,279	9
Other receivables	22,184	18,790
Borrowings	1,126,585	139,924
Other liabilities	19,740	9,683

(1) The controlled companies are those that can be consolidated by full integration into the same group.

PRINCIPAL SHAREHOLDERS

As at 31 December, 2003	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS
Pargesa Netherlands BV	4,304,428	27.12	35.32
Groupe Bruxelles Lambert	4,186,007	26.38	34.35
Group Employees	61,435	0.38	0.28
Owned by the Group	36,032	0.23	Nil
Public	7,282,843	45.89	30.05
TOTAL	**15,870,745**	**100.00**	**100.00**

Total voting rights : 24,371,851.

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

HEADCOUNT AS AT 31 DECEMBER, 2003

EMPLOYEES OF THE COMPANY	NON-EXECUTIVES	EXECUTIVES	TOTAL
Full-time	21	57	78
Part-time	1	-	1
TOTAL	**22**	**57**	**79**

POST CLOSING EVENTS

- The Euro Medium Term Note program (EMTN) implemented in December 2001 was updated and registered by the financial market authorities (A.M.F.) under the number P04-001 on 12 January, 2004. On this occasion, a private investment of a nominal amount of €50 million with a maturity date of 2010 was issued on 20 January, 2004.
- On 27 February, 2004, the companies Imerys Toiture and Imerys Structure have been taken over by Imerys Terre Cuite (formerly Parnasse 19), a 100% subsidiary of the Imerys company.
- At the end of February 2004, the Group finalized with the help of its subsidiary Mircal Europe the acquisition of Burton-Apta, a European leader in kiln furniture production for the ceramic industry. Following its integration into the Group, it was renamed Imerys Kiln Furniture Hungary Kft.

_Table of subsidiaries and equity interests as of 31 December, 2003

	LOCAL UNITS (THOUSANDS)						(€ THOUSANDS)							
	CAPITAL AS OF 31,12,2003	RESERVES AS OF 31,12,2003	NUMBER OS SHARES OWNED BY IMERYS	NATURE OF SECURITIES		% OF EQUITY OWNED BY IMERYS	GROSS BOOK VALUE OF SECURITIES HELD	NET BOOK VALUE OF SECURITIES HELD	LOANS AND ADVANCES GRANTED BY IMERYS AND NOT REPAID	BORROWINGS MADE BY IMERYS AND NOT REPAID	SURETIES AVALS GIVEN BY IMERYS	DIVIDENDS COLLECTED BY IMERYS IN 2003	NET SALES 2003	INCOME OR LOSSS IN FISCAL 2003
1 - Subsidiaries (at less 50 % of equity owned by Imerys)														
Imerys Toiture	43,444	30,465	43,444,168	shares of	1 €	100.00	434,442	434,442	-	30,091	-	104,266	279,000	69,404
Imerys Structure	22,711	23,757	5,546,567	shares of	3 €	73.27	55,497	55,497	-	26,494	-	7,211	96,381	9,420
Financière d'Angers	834	14,962	832,989	shares of	1 €	99.89	62,122	62,122	-	11,907	-	-	1	7,914
Mircal	526,615	111,118	35,107,681	shares of	15 €	100.00	630,692	630,692	74,389	-	-	15,447	112	(30,512)
Imerys USA	330,000	399,412	1,000	shares of	0.01 USD	100.00	482,932	482,932	68,686	3,096	106,888	-	nil	3,281
Imerys Services	38	165	2,499	shares of	15 €	99.96	38	38	2,113	-	-	-	9,141	145
Imerys Minerals Netherlands BV	1,098	1,635	1,225	shares of	453 €	50.00	1,696	1,696	-	2,947	-	-	1,196	719
Mircal Europe	53,035	477,316	53,035,198	shares of	1 €	100.00	530,352	530,352	6,720	-	-	-	-	29,277
2 - Equity Interests (10 to 50% of capital held by Imerys)							50	50	-	-	-	-		
3 - Micellaneous Equity Interests (in non-significant French companies)							3,612	716	-	235	-	-		
TOTAL							**2,201,433**	**2,198,537**	**151,908**	**74,770**	**106,888**	**126,924**	**385,831**	**89,648**

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

(in euro)

TYPE OF INDICATORS	2003	2002	2001	2000	1999
I - Capital and other securities at fiscal year end					
Capital stock	126,965,960	126,015,600	127,253,464	127,720,872	128,879,048
Number of common shares at fiscal year end	15,870,745	15,751,950	15,906,683	15,965,109	16,109,881
Nominal per share	8 €	8 €	8 €	8 €	8 €
Number of preferred shares (without voting rights)	-	-	-	-	-
Maximum number of future shares to be created:					
- through exercise of options	707,622	825,885	746,843	579,052	534,200
II – Transactions and income for the fiscal year					
Pre-tax sales	22,510,908	21,627,994	10,118,180	7,144,641	5,393,006
Income before income tax, employee profit-sharing and depreciation and provisions	108,162,508	126,996,871	449,940,116	26,604,051	356,620,040
Income tax	4,968,096	2,718,324	(36,046,088)	(7,514,734)	49,267,846
Employee profit-sharing payable for the fiscal year	-	-	-	-	-
Income after income tax, employee profit-sharing and depreciation and provisions	151,302,402	160,423,245	399,862,745	47,790,869	264,403,675
Distributed income (excluding withholding)	67,529,346	67,733,385	58,854,727	57,474,392	51,525,891
III - Income per share [1]					
Income after income tax, employee profit-sharing and before depreciation and provisions	6.50	7.89	26.98	2.14	19.08
Income after income tax, employee profit-sharing and depreciation and provisions	9.53	10.18	25.14	2.99	16.41
Net dividend per share	5.00	4.30	3.70	3.60	3.20
IV - Personnel					
Average number of salaried employees for the fiscal year	77.00	73.92	75.00	65.67	54.00
Payroll for the fiscal year	6,549,630	6,022,690	5,532,066	5,372,845	4,215,414
Amount paid as benefits for the fiscal year	4,337,057	4,068,981	3,002,752	2,559,484	2,848,528
- of which profit-sharing	606,276	596,329	410,835	472,592	396,367

[1] Based on the number of shares at the end of each fiscal year.

_ 3.3 Audit fees

1 - TERMS OF SERVICE OF AUDITORS

Following the events which occurred in 2002 and led the firm Barber Frinault & Others to join Ernst & Young in France, the Supervisory Board in its meeting of 27 January, 2003, decided to propose to the General Shareholders Meeting on 5 May, 2003, which approved, the nomination of the firm Deloitte Touche Tohmatsu as the new Statutory Auditors of Imerys. This nomination was for the remaining term of office, i.e. until the General Shareholders Meeting, which in 2004 will be proposed to approve the 2003 accounts. On recommendation of the Accounts Committee expressed during the meeting of 25 February, 2004, the Supervisory Board suggests to renew the term of office of the present Statutory Audit firms for another 6 years.

2 - 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 (Ernst & Young and Deloitte Touche Tohmatsu) 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:

	2003	*2002*	*2001*
Audit fees *(€ thousands)*	4,706	4,123	3,257
Hours	37,802	33,792	27,087
Distribution			
Ernst & Young	60%	48%	49%
Deloitte Touche Tohmatsu	32%	21%	2%
Barbier Frinault & Others, Andersen network	-	23%	42%
Other firms	8%	8%	7%

3 - FEES AS ON 31 DECEMBER, 2003:

The total fees paid in 2003 to the two Statutory Audit firms of the parent company Imerys are as follows:

	2003		*2002*	
	NETWORK	*NETWORK*	*NETWORK*	*NETWORK*
(€ thousands)	*ERNST & YOUNG*	*DELOITTE TOUCHE TOHMATSU*	*ERNST & YOUNG*	*BARBIER FRINAULT & OTHERS*
Audit				
Certification and Auditing of corporate accounts	1,898	1,444	1,545	408
Secondary assignments	934	45	301	30
Sub-total	**2,832**	**1,489**	**1,845**	**438**
Other occasional assignments				
Legal, fiscal, social	476	173	437	-
Information technology	16	-	-	-
Internal audit	21	-	-	-
Other (to specifiy if > 10% of audit fees)	59	24	66	-
Sub-total	**572**	**197**	**503**	-
TOTAL	**3,404**	**1,686**	**2,349**	**438**

Chapter 4

_Information concerning the Group's business

pages

4 _ Information concerning the Group's business

_ 4.1. History and strategy

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 by making acquisitions in minerals for refractories (C-E Minerals, United States, then Plibrico, Luxembourg), in clays (Ceratera, France), in ceramic bodies (KPCL, France), and entered the graphite (Stratmin Graphite, Canada then Timcal, Switzerland), as well as the technical ceramics market.

In 1999, the Group acquired English China Clays plc (ECC, United Kingdom), one of the world's foremost specialists in industrial minerals, primarily white pigments (kaolin and calcium carbonate), and became the global leader in its sector[1]. In the same year, Imerys increased its stake in Rio Capim Caulim S.A. (Brazil) from 49.7% to almost 100% in order to optimize its full potential in the kaolin business. The Group also continued to extend its industrial base in minerals for refractories (Refractory Materials, Transtech and Napco in the United States; Rhino Minerals in South Africa).

With the acquisition of ECC and the correlating divestment of Copperweld (United States) and ECC's specialty chemicals business (Calgon, United States), the Group focused on Minerals Processing exclusively. To reflect that development, Imetal changed its name to Imerys. The Group was then organized in four business groups: Pigments & Additives, Building Materials, Refractories and Ceramics & Specialties.

From 2000 to 2002, the Group broadened its product range, entered new markets and extended its geographic network into high-growth zones, such as Asia.

In particular, 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

[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.

remaining shares in July 2002. Since then, the Abrasives division has developed its positions in Europe and Brazil, particularly by increasing its stake in the fused aluminum oxide producer Surfatec (Germany) from 51% to 100% and by integrating a fused alumina oxide and silicon carbide plant (Brazil) that was previously operated by Alcoa.

During this period, the Ceramics & Specialties business group also developed in the following segments:

- raw materials for ceramics, kaolin (New Zealand China Clays), fine ceramic clay and feldspar (with the acquisition of the K-T group in the United States and Mexico), and ready-to-use ceramic bodies;
- expansion in Asia in 2002 with, on one hand, the acquisition of the kiln furniture business of Siam Refractory Industry Co, Ltd and the takeover of MRD-ECC and MRD, producers of ball clays and kaolin, respectively, mainly for the sanitaryware industry, and, on the other hand, the creation of a 50/50 joint-venture in China-Dalian Jinsheng Fine Chemical Company (Dalian, Lia Ning Province, China); with a private local partner for the production of calcium carbonate for the specialties market;
- acquisition of a majority stake (51%) in Donbasskeramika (Ukraine), the owner of mining rights to a high-quality kaolin quarry;
- extension of vermiculite production and processing capacities through the acquisition of Australian Vermiculite Industries Pty Ltd (Australia) in February 2002.

During this period, the Pigments & Additives business group developed its positions in calcium carbonate, on one hand with the acquisition in 2000 of Quimbarra (Mexico, Argentina and Brazil) and Honaik (Malaysia and Thailand) and the ground calcium carbonate activities of AGS-BMP (France), and on the other hand through the creation, in 2002, with a Chinese state company, of a joint-venture for calcium carbonate production, Qingyang Company (Qingyang, Anhui Province, China), which is 80% owned by Imerys.

In Building Materials, the business group continued to expand its roofing products trading network in France, established a base in Portugal with the acquisition of the clay roof tiles and bricks manufacturer Campos Ceramicas Fabricas and developed in Spain by acquiring Tecasa, a Catalonian producer of clay partition bricks.

The organization set up in 1999 was intended to foster the integration of ECC's activities with the Group's businesses, particularly by bringing together all pigment for paper and specialty activities within the Pigments and Additives business group. When this phase was completed, a new structure was set up on January 1, 2003, in line with the Group's approach to its main markets.

In 2003, Imerys continued its development strategy through its four new business groups:

- in the Specialty Minerals business group, which results from the combination of Performance Minerals activities (former Pigments & Additives business group) with the Ceramics & Specialties:
  - acquisition of the "Grès de Thiviers" (sandstone) activity of Denain Anzin Minéraux (France) in January;
  - integration of the "carbon black" activity (located in Belgium) of Erachem Comilog, a subsidiary of Eramet (France), an excellent business fit with Timcal graphite in the portable energy and conductive plastics sectors, in September;
  - acquisition of the sales activity of Euroargille (Italy) and its interests in three minerals companies (4 MDPL, Industrialmin and Sarda Argille), strengthening the business group's positions in Tiles Minerals in Italy;
  - creation in October of the Ukrainian company Popasnianska Clay, a 50/50 joint-venture with Dobrobut, a local partner, with a view to operating a clay quarry in Ukraine;
  - in December, increase of the Group's stake in KPCL KVS (prepared bodies for porcelain, Germany and Czech Republic) from 75% to 100% and exercise of its call option for 30% of its partner Banpu Minerals' shares in MRD-ECC (Thailand);

- in parallel, in 2003 the business group withdrew from two activities that no longer corresponded to its core business: Dimension Stone (Georgia, United States), which was sold to Polycor (Canada) in August; the silica mining and marketing activities of the South African company Bronx Mining & Investments (Pty) Ltd, sold to B & E Silica (Pty) Ltd in September.

- In Pigments for Paper (activities in the former Pigments & Additives business group), the strategy of developing in ground calcium carbonate (GCC) was concretized in Asia with the signing of two agreements:
  - in August, an agreement was entered into for the creation of a 74% Imerys-owned joint-venture in India with Ballarpur Industries Ltd, India's leading papermaker, to build a calcium carbonate production plant with annual capacity of 60,000 tons;
  - then Imerys was chosen by UPM-Kymmene, one of the world's foremost papermakers, as the exclusive calcium carbonate supplier to the new paper machine to be installed in its production complex in Changshu (Jiangsu Province, China). For that purpose, Imerys will build a local carbonate production plant with initial annual capacity of 120,000 tons, scheduled to come on stream in 2005.

- In Refractories & Abrasives
  - in August: creation of a 50/50 joint-venture with Europe Commerce (Luxembourg) for the distribution in Europe and North Africa of all the Group's products for the refractories industry;
  - in October: buyout of minority interests in the joint venture specializing in fused aluminum oxide production in Guiyang (Guizhou Province, China).

In Building Materials: Digemat Scholer (Haut Rhin, France) was acquired and a new agency was created in Mérignac (Gironde, France), bringing the number of Larivière distribution agencies to 70.

STRATEGY

Further improvement in the Group's financial indicators

In 2003, despite mainly unfavorable trends in many external factors (particularly currency rates and energy costs), Imerys significantly improved its main financial indicators:

- net income from recurring operations grew for the 12th year in a row;
- operating margin continued to improve, at 13.6% in 2003 vs.12.6% in 2002 and 11.9% in 2001;
- return on investment[1] improved significantly to 13.6% in 2003, vs.11.8% in 2001 and 10.8% in 2002;
- net financial debt was reduced further to under €1 billion at the end of 2003, i.e. a debt-to-equity ratio of 69.9% compared with 78.8% at the end of 2002.

This performance results from a strategy that determined teams apply rigorously and consistently.

A core business with unchanged strategic orientations

Imerys' business - Minerals Processing – combines three long-term competitive advantages:

- access to rare, geographically diversified mineral reserves that guarantee stable supplies for many years;
- grasp of sophisticated production processes that are adapted to the specificity of each deposit;
- close relations with major international customers through partnerships based on the Group's research and technology capabilities.

Since refocusing on this business in 1999, the Group's strategy, which is applied methodically to each of its four business groups, has remained the same:

- positioning the Group on high value-added products that deliver a real advantage for its customers;

[1] *ROI: operating income divided by average capital invested over the period (including goodwill).*

- maintaining a limited risk profile, particularly by diversifying the end markets (in terms of applications or geography) to which the Group is exposed;
- constantly optimizing manufacturing and sales facilities;
- determinedly seeking growth, through both internal and external opportunities.

This strategy combines growth potential with the ability to weather adverse conditions.

An active growth policy

In 2003, the Group continued its development strategy which is defined along three main lines:

- acquiring strategic mining resources;
- extending its geographic positions;
- enhancing its range of mineral products, particularly those used by its existing customers.

In that context, capital expenditures in 2003 totaled €125 million, i.e. 91% of depreciation expense. The largest of these projects concerned the selective extension or upgrading of our production capacities, e.g. kaolin for paper in Brazil, natural graphite processing in Canada and clay roof tiles & bricks in France.

External growth also continued, albeit at a slower pace than in previous years, given the low number of value-creating opportunities that arose in 2003. €48 million was invested in around 10 acquisitions in 2003.

Further strengthening of financial structure

In 2003, thanks to excellent generation of operating cash flow[1] (€378 million) and the depreciation of the US dollar, in which almost 60% of its debt is stated, Imerys further reduced its debt. As on December 31, 2003, net financial debt stood at €986 million, compared with €1,159 million at the end of 2002.

The structure of that debt also evolved. In particular, the average maturity of Imerys' financial resources was extended significantly (4.1 years vs. 3.2 years at the end of 2002) with private placement operations carried out in mid-year in the United States (USD 170 million over 10 and 15 years) and Japan (€50 million over 30 years). Imerys' ability to raise capital at favorable terms with long maturities of this kind reflects its solid credit and the confidence that financial markets have in the Group.

Supported by a robust financial situation and an experienced team of managers, Imerys intends to sustain the pace of internal growth in 2004, with an emphasis on the development of strategic projects such as carbonates for paper in Asia.

Imerys is also ready to seize, with the same financial and operating discipline as in the past, value-creating external growth opportunities of any size in order to extend its geographic positions or broaden its range of minerals.

[1] Operating cash flow: Earnings before income tax, depreciation & amortization (EBITDA), minus tax on operating income (EBIT).

_ 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

Specialty Minerals business group

- Performance Minerals Europe & Fine Ceramics
- Performance Minerals North America
- Performance Minerals South America
- Performance Minerals Asia-Pacific
- Tiles Minerals
- Advanced Solutions
- K-T Clays and Ceramics Americas

Pigments for Paper business group

- Technical
- Operations
- Sales & Marketing
- Asia-Pacific

Building Materials business group

- Clay Roof Tiles & Bricks France
- Clay Roof Tiles & Bricks International
- Distribution & Slates

Refractories & Abrasives business group

- Minerals for Refractories
- Minerals for Abrasives
- Monolithic Refractories

The breakdown of the Group's 2003 consolidated sales by business group is as follows:

27% Specialty Minerals

27% Pigments for Paper

24% Building Materials

22% Refractories & Abrasives

Managers of operational divisions run and develop them in line with the Group's strategic orientations, which are determined as part of a multi-year plan that includes internal and external growth goals.

Under the control of the Supervisory Board, the Managing Board defines the Group's overall strategy and the major operations involved in its implementation. The Managing Board strives to develop the Group's human potential and determines its organization. It also ensures that the Group's financial resources are sufficient for its needs.

The Managing Board is assisted by an Operating Committee comprised of the managers of the Group's four business groups and four main corporate departments. The Committee is mainly in charge of implementing the Group's strategy, monitoring its operating activities, defining Group-wide policies and actions (Purchasing, Sustainable Development, Internal Communications, Risk Management), controlling their rollout and fostering the sharing and dissemination of best practices between the Group's business groups in all areas.

		OPERATING DIVISION MANAGERS
Gérard Buffière [1]	**Chief Executive Officer**	
Richard Bown [2]	**Research & Technology**	
Catherine H. Lafiandra [2]	**Human Resources**	
Denis Musson [2]	**Legal**	
Friedrich Nitsche [1]	**Refractories & Abrasives**	
	Minerals for Refractories	Collegiate Management
	Minerals for Abrasives	Collegiate Management
	Monolithic Refractories	Collegiate Management
Jérôme Pecresse [1]	**Finance & Strategy**	
Rich Ryan [2]	**Pigments for Paper**	
	Technical	Mikko Likitalo
	Operations	Christophe Daulmerie
	Sales & Marketing	Paul Woodward
	Asia-Pacific	Jonathan Wilson
Thierry Salmona [1]	**Specialty Minerals**	
	Performance Minerals Europe & Fine Ceramics	Olivier Hautin
	Performance Minerals North America	Dan Moncino
	Performance Minerals South America	Paulo Russomano
	Performance Minerals Asia-Pacific	Jonathan Wilson
	Tiles Minerals	Pierre Jonnard
	Advanced Solutions	Giovanni Nizzola
	K-T Clays and Ceramics Americas	Michael Yarborough
Christian Schenck [2]	**Building Materials**	
	Clay Roof Tiles & Bricks France	Christian Schenck
	Clay Roof Tiles & Bricks International	Guy Vallejo
	Distribution & Slates	Cuong Nguyen Tat

[1] Member of the Managing Board and the Operating Committee.
[2] Member of the Operating Committee.

_ 4.3. Specialty Minerals

The Specialty Minerals business group has worldwide access to a wide range of minerals – including kaolins, clays, calcium carbonates, graphites, feldspars and vermiculite – many of them offering matching characteristics.

Its comprehensive mineral reserves strategically located around the globe enable the business group to offer a diverse range of technical products that are essential to the numerous industries it serves. Its principal markets are plastics, paints and coatings, tableware, sanitaryware, floor and wall tiles, as well as the mobile energy and technical ceramics industries.

The business group benefits from strong strategic positions thanks to its high quality products, state-of-the-art industrial facilities, and vast in-depth knowledge of mineral processing technology and customer applications.

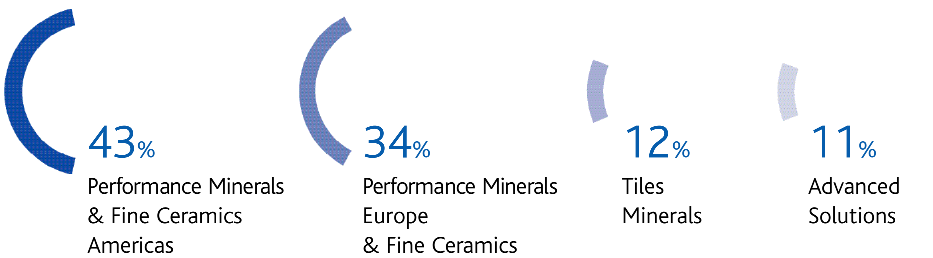
4.3.1. BUSINESS GROUP ORGANIZATION

The business group is organized in three main sectors of activity:

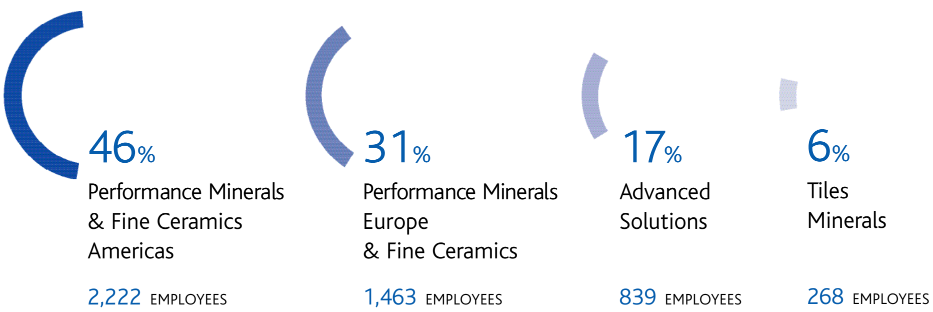
- Performance Minerals and Fine Ceramics;
- Tiles Minerals;
- Advanced Solutions.

As of December 31, 2003, the Specialty Minerals business group's sales totaled €763 million, contributing to 27% of Imerys' 2003 consolidated sales.

2003 sales BY DIVISION



Workforce by division 4,792 EMPLOYEES



4.3.2. OVERVIEW OF THE BUSINESS GROUP

SECTORS OF ACTIVITY	PRODUCTS	MAIN APPLICATIONS	MARKETS	BRANDS	MARKET POSITIONS
PERFORMANCE MINERALS	Kaolin, Calcined Kaolin, GCC, PCC, Dolomite	Additives for: Rubber, Sealants & Adhesives, Paints, Plastics, Catalyst substrates	Agriculture, Food, Construction, Automobile, 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™, Neogen™, Opacilite™, Polestar™, Polsperse™, Polwhite™,Polarite™, Polcarb™, Pool Mix™, Queensfil™, Snowflake P.E.™ Speswhite™, Stockalite™, Supreme™	**World #1** in minerals for breathable polymer films
&					
FINE CERAMICS	Feldspar, Ball clays, Halloysite, Pegmatite, Kaolin, Ceramic bodies & Glazes	Ceramics, Electro-Ceramics, Glazes, Sandstone	Hobbycraft, Sanitaryware, Tableware, Fibreglass	**> Tableware** ECC (SSP™, SP™, Grolleg™), KPCL (Ceramic bodies & glazes), NZCC (Premium) **> Sanitaryware** Hycast Forza™, Hycast LR™, Hycast Rapide™, Hycast VC™, 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
TILES MINERALS	Kaolins, Ball clays, Feldspar, Feldspathic sands	Raw materials for bodies	Floor & Wall tiles	Imerys Tiles Minerals, Eurec	**European #2** in raw materials for floor tiles
	Kaolins, Ball clays, Ground Silica, Feldspar & Feldspathic sands	Raw materials for glazes & engobes		Imerys Tiles Minerals	
	"Grès de Thiviers" Natural colours	Stains for porcelain tiles		Cesar	
ADVANCED SOLUTIONS *Graphite*	Natural graphite, Synthetic graphite, Carbon black, 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
Kiln Furnitures	Cordierite, mullite or silicon carbide products	Kiln furniture & components	Roof tiles, Fine ceramics, Floor & Wall tiles, Kilns	**> Kiln furniture** Imerys Kiln Furniture™, Refral™, Diceron™, Lomba™, Refractarios Cedonosa™	
Southern Hemisphere Specialties	Vermiculite	Insulating materials	Insulation, Agriculture	**> Vermiculite** Imerys Vermiculite™	

4.3.3. PERFORMANCE MINERALS & FINE CERAMICS

Through their extensive portfolio of raw materials and ceramic bodies, the Performance Minerals and Fine Ceramics divisions offer tailor-made solutions to their customers.

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

The focus on excelling in application technology leads to opportunities to offer value to customers through providing greater functionality, reducing processing costs, or lowering overall material costs. Examples include improving production yields in the sanitaryware industries or, for performance minerals, finding substitutes for more costly synthetic products such as titanium dioxide or synthetic silica.

4.3.3.1. Products

In order to satisfy and meet the ever-changing needs of its markets, the Performance Minerals & Fine 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 vary according to the specific applications requirements.

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

• 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 (Provins), the United Kingdom (Devon and Dorset), the United States (Kentucky, Mississippi and Tennessee) and Thailand (Lampang Province).

• Kaolins

Kaolin, also known as china clay, is a white mineral derived from the geological alteration of granite or similar rock, that is mined in open quarries by hydraulic processes or by dry extraction. Its uses in fine ceramics are extensive, 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, the kaolin is calcined and, in some cases, processed after calcination. Calcination transforms the kaolin at high temperature providing a brighter more inert mineral, which imparts different values to the end application. Imerys mines outstanding kaolin reserves, located in the United Kingdom (Cornwall and Devon), the United States (South Carolina and Georgia), New Zealand (Matauri Bay), 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, Malaysia, China, North Africa, Turkey and Europe.

• Precipitated Calcium Carbonate – PCC

PCC is produced artificially from natural limestone. Natural limestone is burnt to form lime and then re-precipitated with carbon dioxide. This controlled process provides a pigment, well defined in both shape and size with 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 the United States (North Carolina).

• Ceramic Bodies

Ready-to-use ceramic bodies 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, Mexico, Portugal and the United Kingdom.

Applications

• Performance Minerals

Marketed in Europe, North and South America and Asia, performance minerals are mineral additives based on kaolins, GCC, PCC and feldspar. They are added to finished or intermediary products to give improved functionality and better processability to reduce the total raw material cost.

Applications include:

- Paints & Coatings

Imerys has an extensive range of kaolins, calcined kaolins, calcium carbonates and feldspar available as high performance extenders that can improve paint quality and opacity.

- Plastics & Film

The development of increasingly sophisticated applications for plastics and film materials mean 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).

- Rubber

Kaolins, calcined kaolins, ball clays and calcium carbonates, the latter being sometimes stearate coated, as well as feldspars are used in many rubber applications. Imerys' range of kaolins provide good processing, chemical resistance and barrier properties, together with good whiteness and strength dependent on their particle size. Ball clays give the same balance of properties but with a darker colour.

- 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 water or volatile content of the compound. Some fine products are hydrophobized with stearate coating to reduce moisture pick-up, ease handling and improve dispersion.

- Consumer Products

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

These include, for instance, white marble aggregates used in coatings for swimming pools, or 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.

• Fine 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

Imerys Tableware offers a comprehensive range of raw materials and ceramic bodies, suitable for all types of tableware applications, such as SSP™, Standard Porcelain™ and Grolleg™ kaolins, plus Hypure Sigma™, Hypure Vector™, both fully refined ball clays. Body types include bone china, porcelain, vitreous china, stoneware and earthenware where properties such as fired colour, translucency and plasticity are a pre-requisite.

- Sanitaryware

Imerys Sanitaryware 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 vitreous china, fine fireclay and traditional fireclay.

Innovation

In early 2003, to respond to a fast-changing market, the business group increased its research efforts by setting up a dedicated new Product Development team for the creation of new products and applications in a cost efficient and environmentally responsible way. The team's work, combined with developments by teams, has resulted in the launch of new formulations.

• Performance Minerals

In 2003 the business group continued to promote Opacilite™ and ImerSeal technologies to paint and niche polymer segments.

Its investment in greater resources in new product development throughout 2002 and 2003 has led to a number of new technologies that are being trialled by customers throughout Europe and the United States including: Film Link™ 3000 (notably used for opaque BOPP[1] film), Film Link™ 2500 (for breathable film), Neogen™ EFP (silica substitute) and Neogen™ FTE (pigment extender). BOPP films are new stretched polypropylene films with low moisture permeability. These transparent or white opaque thin plastic films can replace paper, cellophane or polyester in packaging or labeling for food and other consumer products.

• Fine Ceramics

The Tableware department is continually striving to enhance the quality or reduce the total manufacturing costs of its customers through yield or throughput improvements. In a recent development at one of its largest clients, a new body and glaze system was introduced, increasing the customer's yield by 50%. This development concept is key to Imerys' ability to stand out from the competition.

[1] BOPP: Biaxially Oriented Polypropylene.

Other recent innovations include the development and marketing of VM/VP425, a bone china "look-a-like" body that requires no bone ash, providing tableware manufacturers with a high quality product at a much lower cost than traditional china.

In addition to internationally acknowledged quality raw materials, such as Hycast VC™, NSC™ and Remblend™, the sanitaryware business unit has recently launched two new products:

- XtraCast™, a blend of several carefully selected kaolins that gives cast pieces superior plasticity and higher wet strength, and reduces the risk of cracking during drying before firing; and
- Hycast LR™, a lower residue ball clay for vitreous sanitaryware designed to optimize performance, whilst helping manufacturers to reduce the impact of their operations on the environment.

4.3.3.2. Markets

• Performance Minerals

- Europe

The construction and automotive markets, the main sectors for polymer and coating applications, showed contrasting trends (new housing: + 2.8%[1], and automotive: - 1.3%[2] in 2003).

Despite increased competitive pressure on a number of higher added value product groups, the European operations were able to maintain their market shares, and even increase them in targeted polymer applications. Opacilite™, a highly opacifying calcined kaolin for the paint industry launched in 2001, also continued to grow as approval was gained from many target customers.

- North America

Despite a difficult economic environment in the first half of 2003, and a slow but steady upturn in the second semester, the division continues to improve market share in a number of key segments and improve overall profitability. A major contributing factor in the continued growth of North American Performance Minerals is the turnaround in the building and construction

[1] Source: Euro Construct Report.
[2] Source: ACEA (Association Auxiliaire de l'Automobile).

markets, which were very dynamic (housing starts: + 8.4%[3]), and which account for a large portion of its revenue. Additional major market segments realizing growth in 2003 are packaging, commodity plastics and catalyst substrates.

- South America

Political and economic problems in Brazil resulted in difficult trading conditions for the most part of 2003. The civil construction sector was practically halted and consequently mineral sales to decorative paints, pipes, fittings and window frames were drastically reduced.

However, local sales of toothpaste and soap showed some growth, and export sectors such as steel, paper and toothpaste had significant growth due to the very favorable exchange rate. For Argentina, the economy experienced a slow recovery which was also the case for the civil construction and paper markets.

- Asia-Pacific

Asia-Pacific markets for Performance Minerals continued to develop positively due to strong demand in China for the paint, plastic and rubber sectors as well as a robust economy in Thailand and Australia. The business group continues to serve the specialty value-added markets, especially in the automotive sector in Japan and Thailand, through a range of mineral solutions that are locally made or imported from Europe or the United States.

• Fine Ceramics

- Tableware

Western Europe continues to decline with production moving East (Eastern Europe and Asia).

Decline in output from tableware producers in Western Europe continues with lower manufacturing costs in Asia ensuring that the region takes an ever increasing share in the world's tableware market. Eastern European tableware manufacturers continue to grow their share of the European market through technological advances and quality improvement.

However, Imerys' mineral deposits are strategically located to take advantage of this movement with high quality kaolin reserves in Asia-Pacific as well as Western Europe.

The tableware market in the United States continues to decline with decreased volumes and plant shutdowns.

- Sanitaryware

The Sanitaryware department continued its strategy of growth in a very competitive market. High cost manufacturing areas such as Western Europe continued to decline with the further closure of plants. Low manufacturing cost areas such as Middle East and North Africa continued to show growth and the production areas of South East Asia and China continued their strong manufacturing performance of previous years. As in 2002, manufacturing output in "greater Europe" and Asia was strong for the first nine months of 2003, but in the last quarter a measurable slowdown occurred particularly in Western Europe.

The same trends are observed in 2003 as in 2002 for the American markets served by Imerys, with continued growth seen in Mexico (2 new customers plants opened in 2003) and South America. Despite strong housing starts in the United States, the local sanitaryware production has not enjoyed the same market dynamics.

> Main competitors are:

- **In Performance Minerals:** Minera TEA (Argentina), Quivale and Transan (Brazil), Provençale (France), AKW, Dorfner and Hoffman Minerals (Germany), Reverte (Spain), Omya (Switzerland), Goonvean and WBB Minerals (United Kingdom), Burgess, Engelhard, Franklin Industrial Minerals, J.M. Huber and Specialty Minerals (United States).

- **In Fine Ceramics:** Sibelco in Asia, Kaolin AD (Bulgaria), Horni Briza and Sedlecky Kaolin (Czech Republic), DAM and SOKA (France), Mineral Processing and Weissenbrunn (Germany), EuroArce and Ferro (Portugal), Burella (Spain), GCM, Goonvean, Jesse Shirley and WBB Minerals (United Kingdom).

[3] *Source: US Department of Housing and Urban Development.*

4.3.3.3. Industrial facilities and sales organization

The Performance Minerals and Fine Ceramics divisions have the following industrial facilities:

	EUROPE	*AMERICAS*	*ASIA & AFRICA*
Kaolin	Lee Moor, Devon *(United Kingdom)* Marsh Mills, Devon *(United Kingdom)* St Austell, Cornwall *(United Kingdom)*	Embu Guaçu[(1)], São Paulo *(Brazil)* Dry Branch, Georgia *(United States)* Langley, South Carolina *(United States)* Sandersville, Georgia *(United States)*	Cong Hua, Guangdong *(China)* Matauri Bay *(New Zealand)* Ranong *(Thailand)*
Ball Clays	Bovey Tracy basin, Devon *(United Kingdom)* Petrockstow basin, Devon *(United Kingdom)*	Mayfield, Kentucky *(United States)* Crenshaw, Mississippi *(United States)* Gleason, Tennessee *(United States)*	Lampang *(Thailand)*
GCC	Lixhe *(Belgium)* Axat *(France)* Villers sous Saint-Leu *(France)* Beverley, Yorkshire *(United Kingdom)*	Brás Cubas, Mogi das Cruzes[(2)], 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[(3)], Liao Ning *(China)* Feriana[(4)] *(Tunisia)*
PCC		Los Berros, San Juan *(Argentina)* San José de Jachal, San Juan *(Argentina)* Arcos, Minas Gerais *(Brazil)* Limeira, São Paulo *(Brazil)* Santanésia Pirai, Rio Janeiro *(Brazil)* Cuautitlan *(Mexico)*	
Ceramic bodies	Karlovy Vary *(Czech Republic)* Aixe sur Vienne *(France)* Juriol *(France)* Marcognac *(France)* Vallauris *(France)* Kahla *(Germany)* Neustadt bei Coburg *(Germany)* Schmelitz *(Germany)* Selb *(Germany)* Wiesendorf *(Germany)* Civita Castellana *(Italy)* Ilhavo *(Portugal)* Stoke on Trent *(United Kingdom)*	Monterrey *(Mexico)*	
Feldspath		Spruce Pine, North Carolina *(United States)*	

[(1)] *White Claytech, joint venture of which Imerys owns 60%.*
[(2)] *EDK, joint venture of which Imerys owns 50%.*
[(3)] *Dalian Jinsheng Fine Chemicals Co. Ltd, joint venture of which Imerys owns 50%.*
[(4)] *Blancs Minéraux de Tunisie, joint venture of which Imerys owns 25%.*

2003 highlights

• Europe

The measures taken in 2003 were mainly focused on vigorous restructuring and reorganization actions:

- Extensive reorganization started in France and Germany in 2002:
  - in Germany: closure of ceramic body plants at Kirchenlamitz and Selb, transfer of production to Schmelitz, Neustadt and Kahla; restructuring also at Neustadt, in order to concentrate production on special bodies after the termination of earthenware and normal porcelain body activities;
  - in France: relocation of office and laboratory facilities from Magré to Aixe sur Vienne, overhead reduction and reshuffle of responsibilities at Villers sous Saint-Leu;
- Mining optimization and investments in the United Kingdom:
  - a move to a new way of mining kaolin, from hydraulic to dry mining, was introduced at Lee Moor;
  - the consolidation of the Western Area of Cornwall and Lee Moor, Devon production units has resulted in improved management of mineral reserves;
  - a new state-of-the-art Ventilex™ drying unit for ceramics was commissioned at the Western Area complex, and a new pressure casting pilot plant facility was introduced at Par Moor Centre, Cornwall for the development of clay systems dedicated to the Sanitaryware business unit.

• Americas

In North America, the Performance Minerals division was restructured in depth. It was decided to withdraw from Dimension Stone activities, which were insufficiently profitable. In Georgia, the Nelson plant and part of the Tate plant were closed in June and the Elberton plant was sold to its management. The remainder of the activity was acquired by the Canadian group Polycor in early August.

One Mexican precipitated calcium carbonate (PCC) production plant (Carbono) was shut down and product lines were rationalized at the Dry Branch kaolin for performance minerals plant in the United States (Georgia). These operations involved significant manpower reduction.

In South America, to address a deteriorated local economic environment, the Suzano (Brazil) PCC plant was closed, the talc business was sold and local manpower was reduced by approximately 25%.

• Asia

Imerys further strengthened its Asian position in Performance Minerals through the creation of stand-alone performance minerals departments in both Japan and South Eastern Asia. These departments have dedicated manufacturing and sales teams to serve the paint, plastics, rubber and automotive industries, with custom solutions tailored to the local market. In Japan, Imerys strengthened its position by entering into a multi-year product development agreement with a world leader in catalyst manufacturing.

To be able to meet demand, Imerys doubled its capacity from 30,000 to 60,000 tons per annum in Lopburi (Thailand) for the manufacture of high performance fine ground GCC and treated GCC.

In China, a new storage and blending facility, for the processing of ceramic bodies and glazes for tableware, was installed at Cong-Hua (Guangdong Province).

Quality

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

- In Europe: all activities in the United Kingdom are registered to the new ISO 9001 version 2000; the Civita Castellana site (Italy) is ISO 9000 certified. All European ceramic body sites are certified ISO 9001 version 2000 or ISO 9002.

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

Sales organization

The Performance Minerals and Fine Ceramics divisions have strategic bases located all over the world and market their products through their sales teams and a network of independent sales agents and distributors.

4.3.4. TILES MINERALS

The Tiles Minerals division is a leading global raw material supplier for the wall and floor tile industry. Its mission is to find, produce and supply raw materials and provide innovative and economical solutions for the manufacturing of ceramic tiles all over the world.

4.3.4.1. Products

The division mines, blends and processes clays and natural body stains from its own deposits in order to meet customers' specific needs:

- ball clays from Tournon St Martin, Allier and Provins basins (France),
- kaolin and ball clay from Cornwall, Devon and Dorset (United Kingdom),
- lithic feldspar from Spain,
- kaolins and ball clays from Ukraine,
- since 2003, sand and feldspathic sands from Sardinia (Italy),
- natural colours from France to be used as body stains.

The division also operates a grinding facility for frit[1], glaze and engobe[2] applications in Castellon, (Spain) as well as several blending plants dedicated to supplying the Italian and Spanish tile body markets.

Applications

• 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 division supplies all of these products to the major Italian and Spanish tile manufacturers concentrated in the regions of Sassuolo and Castellon, and to other European tile manufacturing markets, including France and the United Kingdom.

The raw materials supplied are a combination of the division's own reserves and those sold through its distribution activities.

In response to the rapid growth of the European porcelain and glazed porcelain tile market, the division has developed a full range of high cohesive and high white blends. The high value added to these products allows them to be marketed across a wider geographic area as they permit the use of local clays.

• Raw materials for frits, glazes and engobes

In glazed tile technology, tile decoration is achieved by adding frits, glazes and engobes to the surface of the body.

[1] Frit: a blend of minerals fired at high temperatures, used to cover and decorate ceramics.

[2] Engobe: a coating made from clay, kaolin and/or feldspar intended to give the ceramic body a specific appearance and colour prior to decoration.

These products require a variety of high value raw materials, several of which are offered by the Tiles Minerals division:

- ground silica and ground fluxes [1];
- kaolins and ball clays;
- carbonates.

These raw materials are generally processed to obtain the exact technical characteristics required by customers.

• Natural body stains

For full body porcelain tiles, the decoration is achieved by using body stains.

Imerys Tiles Minerals is the only supplier able to offer a range of natural colours for use in body stains, rather than colouring solutions obtained with synthetic products.

For some 30 years, much experience and knowledge has been acquired by the division working with "Grès de Thiviers"[2] and its natural red colour.

Innovation

The Tiles Minerals division is focused on providing innovative solutions for its customers whilst keeping pace with major trends in the tiles markets, which led it to actions such as:

- addressing glaze porcelain tile growth with new blends from the division's Modena blending plant in Italy, and dedicated products such as blends from raw materials sourced in several French quarries;
- helping the Spanish frit makers to improve their production by offering new formulations of ground products, based on feldspathic sands, kaolin and blends;
- providing solutions for high white bodies with the development of French high strength ball clay for global supply and of new high white blends based on a special white kaolin;
- launching a complete range of other natural colours in 2003, in order to enhance and complete its product portfolio and to keep pace with the growth in natural stone and light coloured marble imitation. The division has developed a new range of natural pigments with subtle and very natural results.

4.3.4.2. Markets

After shrinking for two years, the tiles market is more positively oriented in Western Europe, particularly in Italy and Spain which remain key markets for the division and are at the origin of new designs. The euro's appreciation against the dollar slowed the division's development, particularly from its own French and English production sites. Conversely, in Italy and Spain, conditions were favorable for the distribution of imports from the Ukraine and Turkey.

Continued development, together with substantial growth in some cases, is prevalent in other regions, especially in South East Asia, where China remains the world's biggest manufacturing country due to its huge domestic market, which is still growing following the boom of the Chinese economy. In 2002, China became the third largest exporter of tiles, and this trend is continuing.

Main competitors are:

The division's main competitor as a global supplier of raw materials for the tile market is WBB Minerals (United Kingdom).

Other competitors tend to be more regional and dedicated to one main raw material: Vesco (Ukraine), Italian or Turkish feldspar producers, and all synthetic body stain producers.

[1] *Feldspar family products.*

[2] *Thiviers sandstone.*

4.3.4.3. Industrial facilities and sales organization

The Tiles Minerals division has the following industrial facilities:

FRANCE	*EUROPE*
Beaulon *(Allier)*	Modena *(Italy)*
Litry *(Calvados)*	Ravenna *(Italy)*
Nançay *(Cher)*	Sassuolo *(Italy)*
Saint-Sulpice de Mareuil *(Dordogne)*	Tiesi *(Italy)*
Neuvy Saint-Sépulchre *(Indre)*	Castellon *(Spain)*
Tournon Saint-Martin *(Indre)*	Belaya Balka *(Ukraine)*
Saint-Pierre Le Moutier *(Nièvre)*	Popasnianska *(Ukraine)*
Charolais *(Saône et Loire)*	Wareham *(United Kingdom)*
Beaujard *(Seine et Marne)*	

> 2003 highlights

In 2003 the Tiles Minerals division set up a joint venture (50/50) in Ukraine (Popasnianska Clay) with Dobrobut, a local partner, in order to operate a clay deposit. In Italy, the division acquired Euroargille's sales activities and participating interests in three mineral companies (4 MDPL, Industrialmin and Sarda Argille). Eurec, a joint subsidiary (50/50) between Imerys and Euroargille, is now in charge of selling Sardinian ball clay and feldspathic sand from Euroargille in addition to the division's products.

> Quality

The ISO 9001 version 2000 standards certification process for the division's sites, which began in 2002, is nearing completion.

> Sales organization

The Tiles Minerals division sells its products through its commercial offices and a network of agents and distributors.

In Italy, Imerys Tiles Minerals' sales network was merged with the network of Euroargille, previously the Group's agent. Through this simplification of its sales organization, Imerys is now one of the main suppliers of raw materials for floor tiles of the Italian market.

4.3.5. ADVANCED SOLUTIONS

The Advanced Solutions division provides its global markets with graphite and carbon-based solutions, ceramic kiln furniture and vermiculite, extracted in its own mines in the Southern Hemisphere. Through its three departments, the division focuses on both internal and external growth, with the primary goal of meeting its customers' increasing demanding needs. The division's common strategy for all its businesses is to optimize each of its product portfolios and provide a complete range of solutions for each of the application fields it serves.

4.3.5.1. Graphite & Carbon

The Graphite and Carbon department comprises the high-performance natural and synthetic graphite production activities of Timcal located in Switzerland, Germany, China, United States, Japan, Canada, and since September 2003, the newly acquired - from Erachem Comilog (Eramet Group)- carbon black business in Belgium.

4.3.5.1.1. Products

Timcal is the world leader in technical applications for high-performance graphite and carbon, providing customers with an extensive range of synthetic and natural graphite products, as well as a combination of the two types, with the addition of other materials where required. With the recent acquisition of the carbon black facility in Belgium, Timcal is now able to supply its customers with highly conductive carbon black powders or pellets.

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 department 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.

The addition of the carbon black facility provides carbon and graphite solutions, particularly for Timcal's major customers in the mobile energy market. It is also a significant addition to the business group's product range in conductive polymers.

Applications

The department's business is designed in strict alignment with a market oriented approach, therefore ensuring high quality products and services in each application field for its customers.

- Mobile Energy: alkaline batteries, Zn-C batteries, Lithium-ion rechargeable batteries, fuel cells, supercaps and can coating. In the fiercely contested portable energy market, Timcal is the world leader thanks to the variety of its products, which range from standard and special graphite 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, technically advanced graphites or dispersion.

- Engineering Materials: including, for the automotive sector: friction pads, clutch facings, seals, iron powder metallurgy, carbon brushes and foils. Other applications include sintered ceramics, hard metals, pencil leads, catalysts and 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. With the unique combination of graphite and carbon black, Timcal is able to offer tailor-made solutions to its customers.

- Carbon 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 to the industry in the niche market of conductive polymers. Applications include: conductive coatings, plastics & resins, PTFE[(1)] elastomers, rubber, cables and flame retardants.

- Lubricants: Timcal's continued leadership in a sector that is heavily dependent on the oil drilling business is based on its reputation and experience in this field and, more particularly, on its extensive knowledge of graphite dispersions. Applications here comprise hot metal forming, descaling agents, forging, and powders for lubricants.

- Refractories and Metallurgy: in the natural graphite processing sector, the refractories industry now represents a significant outlet for the department in terms of volume. Applications include bricks, monolithics, carbon raisers and metal topping.

Innovation

In 2003, Timcal developed and marketed a new generation of can-coating dispersions for alkaline batteries (LB-1016) and a new line of graphitic products for Lithium-ion batteries (T-MCMB & T-SLC). Furthermore, natural graphite-based products for carbon-brushes (BE family) and for lubricants (LSG) are also at the promotion stage.

[(1)] *PTFE: polytetrafluorethylene.*

4.3.5.1.2. Markets

In 2003, as 2002, Timcal's business was adversely affected by the weakness of the dollar especially against the Swiss franc (Timcal's main production facility being located in Switzerland), and more generally, the difficult economic climate, due to strong Chinese competition against the department's own customers and a weak automotive market. In the United States, graphite consumption for alkaline battery production was slightly lower than forecasted. However, the demand remained high in Europe and Asia.

A significant part of the adverse effects was offset by greater sales, thanks to the quality of the department's new products, mainly in alkaline batteries, Li-ion batteries and can coating, and the integration of the carbon black business.

4.3.5.1.3. Industrial facilities and sales organization

The Graphite and Carbon department has the following industrial facilities:

EUROPE	*NORTH AMERICA*	*ASIA*
Willebroek *(Belgium)*	Lac-des-Iles *(Canada)*	Changzhou *(China)*
Bodio *(Switzerland)*	Terrebonne *(Canada)*	Fuji *(Japan)*

> 2003 highlights

To meet the needs of North American customers, a new conditioning, processing and grinding plant for natural graphite came on stream at the beginning of 2003 in Terrebonne (Quebec).

In September 2003, the acquisition of the carbon black business of Erachem Comilog (Belgium), a subsidiary of Eramet, strongly enhanced the department's range for portable energy and conductive plastics.

> Quality

The Changzhou site is certified ISO 9002. Lac-des-Iles, Willebroek and Bodio are certified ISO 9001 version 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, agents are in regular customer contact. This global representation provides continued support to its customers, ensuring that product solutions can be found quickly.

4.3.5.2. Kiln Furniture

The Kiln Furniture (previously named "Technical Ceramics") department is a global organization that develops, designs, produces and sells kiln furniture and components for industrial kiln construction, mainly for roof tile production and fine ceramics, including tableware, sanitaryware, wall and floor tiles.

4.3.5.2.1. Products

The department offers its customers a wide and diversified range of kiln furniture products specifically designed to meet the needs of all production conditions, such as 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 greater efficiency.

Applications

The department's main products are used in the following markets:

• Roof tiles

The Kiln Furniture department 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 completed with the design and production of kiln car linings and substructures, which complement perfectly the utilization of these supports; it also increases their usable lifetime significantly. Extremely flexible and lightweight firing tray systems are based on superstructures and construction elements that are produced using Imerys' own silicon carbide.

• Ceramics

For the fine ceramics markets, the department produces pressed, cast or extruded individual or stackable firing supports for tableware and sanitaryware, cast or pressed cassettes for wall & 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 & wall tiles are nowadays mainly fired in roller hearth kilns on extruded and machined mullite-based rollers.

Innovation

The department has a design & conception unit that visualizes, models, develops and optimizes kiln furniture products using a computer-aided design system that incorporates state-of-the-art simulation programs indicating thermal-mechanical performance and behavior under mechanical shock and vibration. This leading-edge technology is crucial in enabling department to meet to the requirements of its most demanding customers.

In 2003, the department developed a new pressed H-cassette for the roofing tiles market. Used for many years in the porcelain and sanitaryware industry, the high-pressure casting technique was applied by the department to the production of individual kiln furniture for roof tiles ("H type"). The liquid blend is injected into a porous resin mold. Pressure is raised to 40 bars, drying the part, which takes shape and is demolded directly on the furniture. This improves productivity by reducing the mold's utilization time and extending its lifespan. Greater size consistency and more homogenous results make new applications possible that cannot be cast in conventional plaster molds.

4.3.5.2.2. Markets

In spite of a general slowdown, investments in the roof tiles industry stayed at an acceptable level. Fine ceramics markets suffered from a generally unfavorable economic environment in Europe with continuing capacity reduction and transfers into low labor cost countries. The high level of activity in Thailand, which saw the saturation of production capacity during most of the year, but with the burden of an unfavorable exchange rate, could not offset the declining markets in Europe.

4.3.5.2.3. Industrial facilities and sales organization

The Kiln Furniture department has the following industrial facilities:

SPAIN	*FRANCE*	*THAILAND*
Cuntis *(Galicia)* La Guardia *(Galicia)*	Lamotte-Beuvron *(Loir-et-Cher)*	Saraburi

2003 highlights

The acquisition in 2002 of the kiln furniture business of the Thai company Siam Refractory Industry Co. Ltd. gave the department access to the pressed H-cassette technique. In addition, the acquisition, in 2003, of machinery, equipment and pressing tools following the closure of a competitor's facility in the Netherlands enabled the department to develop this activity, not only for roofing tiles, but also in fine ceramics (tableware and sanitaryware).

In Thailand, a new furnace, which doubles output and will be in operation at the end of the first quarter 2004, is being built; it will address the threat provided by competitors from Asia, especially China, which entered the European market in 2003.

In 2003, the name of the entities operating within the department changed worldwide to "Imerys Kiln Furniture".

Quality

The Spanish plants are ISO 9002 certified and the two French plants in Lamotte Beuvron are ISO 9001 version 2000 certified.

Sales organization

The products of the Kiln Furniture department are sold through an integrated global sales organization with three sales outlets with geographic responsibility, assisted by a worldwide network of agents and distributors.

4.3.5.3. Southern Hemisphere Specialties

The Southern Hemisphere Specialties department is now exclusively focused on mining and processing activities for vermiculite in Zimbabwe and Australia.

Since January 1, 2004, the former Specialties businesses in South Africa (ceramic clays and bentonite) have been transferred to the Refractories & Abrasives business group.

4.3.5.3.1. Products

Vermiculite is mainly used in the heat insulation, soundproofing, fire protection and agriculture industries throughout Europe and Asia.

4.3.5.3.2. Markets

Following the successful integration of Australian Vermiculite Industries Pty Ltd (Australia) which was acquired in 2002, the department continues to maintain its supply of vermiculite to the European, Asian and Australian markets, despite a difficult environment and the emergence of new competitors, particularly from China.

4.3.5.3.3. Industrial facilities and sales organization

The Southern Hemisphere Specialties department has the following industrial facilities:

ZIMBABWE	*AUSTRALIA*
Shawa	Alice Springs

2003 highlights

The silica production and marketing activities in South Africa were sold in November 2003 to a local company.

Quality

Certification is in progress for the Shawa site (Zimbabwe).

_ 4.4. Pigments for Paper

Imerys' Pigments for Paper business group is comprised of the Group's global activities in kaolin and calcium carbonate production for paper industry applications. The Pigments for Paper business structure is designed to serve the needs of its paper industry customers in a vibrant, ever changing global market segment.

4.4.1. BUSINESS GROUP ORGANIZATION

The Pigments for Paper business was created as part of the new Group organization effective January 1, 2003 and was originally organized in three divisions by geographic zone. Further organizational development of the business group took place in July 2003 with the creation of a new functional structure designed to optimize Imerys' capabilities in a global context.

Under the leadership of a senior management team, areas of the Pigments for Paper business group that are managed on a global basis include key account management for large customers with significant global operations, optimization of Imerys kaolin assets, market analysis, new product development, and process technology. All other activities, such as regional customer management and day-to-day operation of assets, remain locally managed. This approach allows for efficient management of assets and increased responsiveness to multinational customers without losing sight of regional needs at each paper mill location or individual Imerys operational facility.

Regional Pigment for Paper activity continues to be focused within the following geographic zones where the majority of papermaking production is concentrated:

- Pigments for Paper Americas;
- Pigments for Paper Europe;
- Pigments for Paper Asia-Pacific.

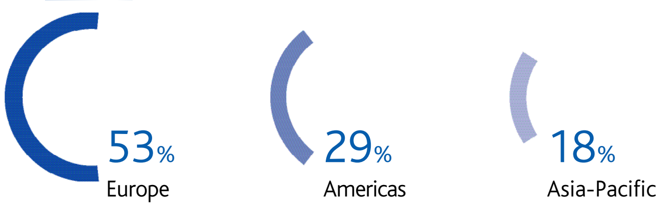
As of December 31, 2003, the Pigments for Paper business group's sales totaled €748.6 million, contributing to 27% of Imerys' 2003 consolidated sales.

The management of the Pigments for Paper business group is headquartered in Atlanta, Georgia (United States) with regional offices in St Austell, Cornwall (United Kingdom) and Singapore. Satellite offices are located throughout the Asia-Pacific region in Tokyo (Japan), Shanghai (China), Kuala Lumpur (Malaysia) and Melbourne (Australia).

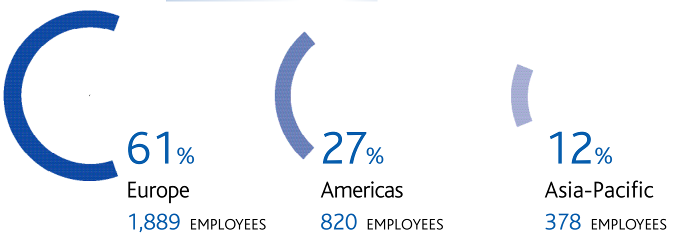
The Pigments for Paper business group supplies over 400 individual paper mill sites, with 28% located in North America, 52% in Europe and 20% in the rest of the world including the paper industry growth region of Asia-Pacific. Over 20% of these individual customer sites purchase more than one category of pigment product from Imerys.

The Imerys product supply chain to these paper industry locations comes from 40 industrial sites located in 18 countries.

2003 sales BY GEOGRAPHIC DESTINATION



Workforce by geographic zone 3,087 EMPLOYEES



4.4.2. OVERVIEW OF THE BUSINESS GROUP

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 **Packaging** › Coated packaging: Coated bleached board, Coated unbleached kraft, Coated recycled board › Uncoated packaging: Containerboard, Linerboard, Corrugated medium	› **Kaolins** - *fillers*: Alphatex™, Capim™, Intrafill™, Intramax™, Opacitex™ › **GCC** - *fillers*: G400™, Intracarb™, LX60™, Polcarb™ › **PCC** - *fillers*: Opti-Cal™ CP, Opti-Cal™ HB, Opti-Cal™ HP, Opti-Cal™ NB › **Kaolins** - *coatings*: Astra-Cote™, Astra-Glaze™, Astra-Gloss™, Astra-Jet™, Astra-Plate™, Capim™, Contour™, KCS™, Premier™, SPS™, Supragloss™, Supramatt™, Suprasmooth™, Suprawhite™ › **GCC** - *coatings*: Carbilux™, Carbital™, Carbopaque™ › **PCC** - *coatings*: Opti-Print™	**World #1** in kaolin for paper **World #2** in GCC for paper **World #3** in PCC for paper

4.4.3. PRODUCTS

Imerys is a world leader in pigments for the paper industry.

Its 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 mineral 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 in response to its customers' specific needs. It offers the world's broadest range of pigments targeted for paper industry application.

• 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 kaolin for paper producer.

Each of these mineral deposits offers unique and specific geological characteristics as a result of 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 reserves are used for all coating applications for the North American and Japanese paper industry. Its calcined kaolins are used worldwide for their opacifying effect;
- the coating kaolins produced in Brazil are particularly appreciated for their particle size distribution, which give outstanding whiteness and opacity.

Imerys kaolin mines are ideally located near specialized ports with optimized logistical facilities in Brazil (Barcarena), Georgia (Savannah) and Cornwall (Par and Fowey).

• Ground calcium carbonate (GCC)

GCC is mined from various marble (calcium carbonate) quarries, and then ground 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 has extensive calcium carbonate reserves in North America, Brazil, Asia (Malaysia and China) and Europe.

The business group's production plants are close to customer mill sites and provide a reduced cost basis due to optimized logistics.

• Precipitated calcium carbonate (PCC)

PCC is produced synthetically by reacting lime with carbon dioxide, precipitating a high-quality product. The process can be controlled to obtain specific particle sizes or shapes.

Imerys is the world's third-largest producer of PCC. The Group has the engineering and technological expertise to meet the evolving technical specifications from its customers. Imerys produces filler pigments in its plants in the United States and South America and coating products in the United States.

› Applications

Kaolin, GCC and PCC are used in the paper industry as fillers and coating products.

Filler products 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 are playing an increasingly important role in the success of uncoated woodfree, newsprint and supercalendered grades as demand for improved print performance continues.

Coating minerals are used in a sophisticated coating formulation containing varying pigment and chemical components to achieve high levels of brightness, gloss and print performance. They are applied to the paper surface in a thin layer to produce opaque, white, smooth and glossy paper, at minimum coat weight.

Innovation

The business group's technical expertise and its ability to constantly improve operational efficiency are critical elements in its ability to adapt its product portfolio to customers' specific and changing 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, etc.

The scale of capital expenditure for a modern papermaking machine (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. Therefore, the pigment producers' technical know-how and research & development capabilities are becoming key factors in the papermaker's selection of a pigment supplier.

Recognizing the significance of technical advances to its success, the Pigments for Paper business group has over 90 technology specialists working throughout the world.

The business group currently has over 175 granted patents and 120 pending patent applications. Patent filings for 4 new technologies were made in 2003. These patent positions provide the group with a competitive advantage in a number of pigment processes designed to optimize operational efficiency, as well as allow the Group to make unique product offerings to the paper industry.

Understanding that in most cases a single pigment type is not enough to fully deliver all the expected customer properties (whiteness, gloss, opacity, printability, process efficiency), the business group utilizes a multi-pigment approach to recommend pigment combinations to achieve a more efficient solution for customers' formulating needs. This unique formulating know-how, combined with the business group's comprehensive range of pigments, make it the leading partner for papermakers in their production capacity modernization or start-ups.

This multi-pigment technical approach resulted in the business group's participation in several key industry projects in 2003. These included the successful start-up of a new paper coater in Canada and the commitment to commission another Canadian paper coater in 2004. It also implemented a new GCC/kaolin technology for a supercalendered paper machine and has been selected by UPM-Kymmene, one of the major worldwide paper producers, as the exclusive ground calcium carbonate (GCC) supplier for its new paper machine to be installed in Changshu (Jiangsu Province), in China in 2005.

The deep understanding of industry needs and pigment application expertise has allowed the business group to develop several new value-added products aimed at key customer requirements. For example, the following products have been offered to the paper industry in the last few years:

• Kaolin

- Contour™ engineered Georgia (United States) kaolins deliver outstanding performance in terms of optics, gloss and printability in coating applications, thanks to a unique manufacturing process that gives better control of particle shape. Contour™ kaolins are intended primarily for the production of ultra-lightweight paper with demanding print quality requirements. Contour™ products were introduced to the North American paper market in 2002 and gained full commercial success in this region during 2003. Contour™ products are now making inroads into the Japanese coated paper market.

- Capim™ SP engineered Brazilian kaolin was fully commercialized in 2003 following testing with customers in 2002. Capim™ SP provides high whiteness and gloss, outstanding fiber coverage and excellent water retention as a coating ingredient.
- Intramax™ 55, a fine, dense kaolin filler pigment that improves paper's optical qualities was fully commercialized during 2003 following testing with customers. Its characteristics are highly appreciated in the North American filler pigments market and are gaining recognition in Europe.

• GCC

Carbopaque™, a new GCC product, enables papermakers to further improve both the optical characteristics of their papers and the efficiency of their production. This product was fully commercialized during 2003 after introduction to the industry in 2002.

• PCC

AstraJet 5200™, a new PCC based product, enables papermakers to improve the ink receptivity of ink jet papers for improved print properties. The blue-white shade of the pigment produces a high quality, high brightness paper targeted at both consumer and commercial printing applications using a variety of laser or ink jet print processes. The AstraJet 5200 product was introduced and commercialized in 2003.

4.4.4. MARKETS[(1)]

After an exceptional downturn in 2001 (- 4.9%) followed by a slight upturn in 2002 (+ 2.5%), the global market for printing and writing paper - the business Group's main outlet - gained + 2.1% in 2003. However, business conditions varied significantly between geographic zones.

Pigments for Paper Americas

Despite a first-quarter upturn relative to the very low level in the same period in 2002 and an improvement in the main economic indicators, paper production decreased slightly for the year as a whole (- 1.4%, especially in the United States compared to Canada).

Lightweight coated papers and supercalendered papers remained as the primary segments showing growth over 2002 rates.

Notwithstanding the weakening dollar against the euro, imports from Europe of optically bright coated woodfree papers continued to increase. Moreover, European imports of lightweight coated and supercalendered grades remained high as these market segments represented growth opportunities for European producers that struggled with their own markets.

Restructuring of North American based papermaking sites is expected to continue as this market struggles to compete with older equipment and higher labor costs versus imported products. This struggle is most evident in the coated woodfree market and the newsprint market where further downtime and machine closures are anticipated.

Pigments for Paper Europe

Despite the limited increase in local demand, paper shipments rose significantly (+ 3.2%) driven by increased exports to the United States and Asia, in spite of the US dollar's heavy depreciation against the euro.

Pigments for Paper Asia-Pacific

Paper market in Asia rose significantly (+ 3.9%) throughout the year. Gross domestic product is growing rapidly in the Asia-Pacific region, especially in China. This growth has been the basis for the growth in the region's printing and writing demand.

Despite good demand, there is an imbalance in the finished product price versus the regional increases in fiber costs. Based on this imbalance, the Asia-Pacific paper industry will continue its focus on cost reduction programs throughout 2004 as it did in 2003.

(1) *Source: RISI (Resources Information System, Inc.).*

Main competitors are:

In a worldwide paper market, the competitors are global.

- for Kaolin: PPSA and Cadam, (Brazil), AKW (Germany), Engelhard, Huber and Thiele (United States);
- for GCC: Omya (Switzerland), and various local competitors;
- for PCC: Huber and Minerals Technologies (United States).

It should be noted that during 2003, Companhia Vale do Rio Doce (CVRD), already owner of Cadam, gained controlling interest of PPSA.

4.4.5. INDUSTRIAL FACILITIES AND SALES ORGANIZATION

The Pigments for Paper business group's industrial facilities are the following:

	AMERICAS	*EUROPE*	*ASIA-PACIFIC*
Kaolin	Barcarena, Para *(Brazil)* Deep Step Road, Georgia *(United States)* Dry Branch, Georgia *(United States)* (*) Sandersville, Georgia *(United States)*	St Austell, Cornwall *(United Kingdom)*	Pittong *(Australia)*
GCC	Bras Cubas, Mogi das Cruzes, SP *(Brazil)* (*) Cockeysville, Maryland *(United States)* Kimberly, Wisconsin *(United States)* Sylacauga, Alabama *(United States)*	Lixhe *(Belgium)* Ste Croix de Mareuil *(France)* Avenza *(Italy)* Avezzano *(Italy)* Massa *(Italy)* Köping *(Sweden)* Tunadal *(Sweden)* Canakkale *(Turkey)* (1) Salisbury, Wiltshire *(United Kingdom)*	Burnie *(Australia)* Nanling *(China)* Qingyang *(China)* (2) Kerinci *(Indonesia)* (3) Fuji *(Japan)* Miyagi *(Japan)* Ipoh *(Malaysia)* Kaohsiung *(Taiwan)* Lopburi *(Thailand)*
PCC	Capitán Bermúdes, Santa Fé *(Argentina)* (*) Pueblo Ledesma, Jujuy *(Argentina)* (*) Santanésia Pirai, Rio de Janeiro *(Brazil)* (*) Limeira, São Paulo *(Brazil)* (*) Bennettsville, South Carolina *(United States)* Canton, North Carolina *(United States)* Somerset, Maine *(United States)*		
Slurry make down		Kotka *(Finland)* Vlaardingen *(Netherlands)* Falkenberg *(Sweden)* Sundsvall *(Sweden)*	

(*) *This plant is specialized in the performance minerals market but also serves the paper industry.*

(1) *Assos Mermer, a joint venture 50% owned by Imerys.*

(2) *Imerys Pigments Qingyang, a joint venture 80% owned by Imerys.*

(3) *PT. Esensindo Cipta Cemerlang, a joint venture 49% owned by Imerys.*

2003 highlights

The Pigments for Paper business group's key activities and programs centered its strategic focus areas of maintaining its leadership position in kaolin for paper and growing on its carbonate business.

• Kaolin

In 2003, the business group completed the implementation of the kaolin production optimization program begun in 2001. This program involves specializing of each deposit and the related industrial operations in the most suitable finished products and applications, in terms of both production efficiency and technical characteristics.

- In Brazil, the new increase in kaolin production capacity (from 600,000 to 850,000 metric tonnes a year) was commissioned in May and was already operating at full capacity by the end of 2003. This expansion began in 2002 and was finished on time and under budget. The availability of the expansion tonnes facilitated the introduction of the new Brazilian kaolin Capim™ SP grade.
- The business group also expanded its North American logistics infrastructure in Portland, Maine (United States) and in Trois Rivieres, Quebec (Canada) to handle the additional tonnes of Capim™ kaolins into the market.
- In Cornwall (United Kingdom), a new "footprint" focusing on a smaller number of quarries was successfully implemented. This new footprint allows for better technical and economic management of Cornish operations. As part of this optimization program in Cornwall, the business group successfully transferred 10% of engineered kaolin production from Cornwall to Brazil.

• Calcium carbonate

In 2003, the development strategy of the business group led to two major achievements in Asia:

- in August 2003, the Group entered into an agreement for the creation of a joint venture (74% held by Imerys) for the production of GCC in India with Ballapur Industries Ltd. (BILT), a leading Indian papermaker. The plant will be located in Bhigwan, Western India and is scheduled to be operational in 2005;
- in December 2003, the business group announced a new GCC processing plant to be built in Changshu, Jiangsu Province (China). The new plant will use its local sources of marble and will be operational in the summer of 2005. The plant start-up will coincide with the start-up of the new UPM-Kymenne[1] paper machine at its Changshu production complex, for which Imerys has been selected as the exclusive GCC supplier.

Quality

The Group's kaolin facilities in Georgia (United States) and in Cornwall (United Kingdom), as well as calcium carbonates facilities in Alabama and Maryland (United States), Salisbury, (United Kingdom), Lixhe (Belgium), Massa and Avessano (Italy), Tunadal and Köping (Sweden) are all ISO 9001 version 2000 certified.

Sales organization

Products are marketed through the business group's own dedicated sales force specializing in paper applications.

[1] *UPM-Kymmene: international paper group.*

_ 4.5. Building Materials

The Building Materials business group produces and distributes roofing and housing products.

French leading producer of clay roof tiles, bricks and chimney blocks, the business group is also the country's number one specialized distributor of roofing products through the Larivière network of sales agencies.

Through Ardoisières d'Angers, it is also France's largest producer of high-quality natural slates.

4.5.1. BUSINESS GROUP ORGANIZATION

In March 2003, the clay roof, tiles structure bricks and chimney blocks activities in the business group's former Roofing and Structure divisions were grouped together in a new "Clay Roof Tiles & Bricks" entity.

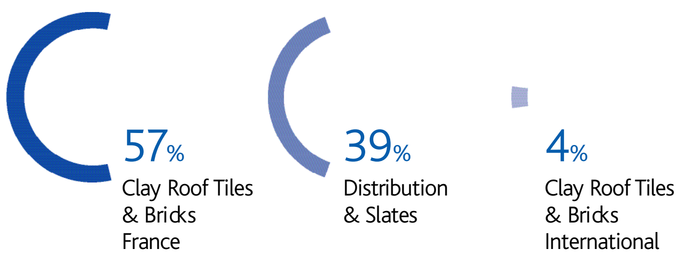
Technical and sales synergies have been optimized through the pooling of functions such as technical support, industrial processes, information systems & customer database management and sales administration. This operating reorganization led to the merger of Imerys Toiture and Imerys Structure into a new entity, Imerys TC, on February 27, 2004.

The business group is made up of the following three divisions:

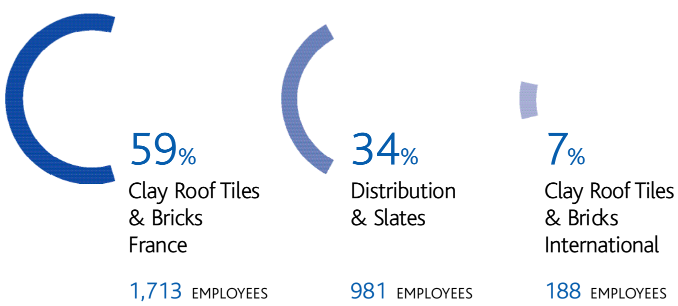
- Clay Roof Tiles & Bricks France;
- Clay Roof Tiles & Bricks International;
- Distribution & Slates.

As of December 31, 2003, the Building Materials business group's sales totaled €652 million, contributing 24% of Imerys' 2003 consolidated sales.

2003 sales BY DIVISION



Workforce by division 2,882 EMPLOYEES



4.5.2. OVERVIEW OF THE BUSINESS GROUP

DIVISIONS	*BUSINESSES AND PRODUCTS*	*MARKETS*	*BRANDS*	*MARKET POSITIONS*
CLAY ROOF TILES & BRICKS FRANCE	**Roof tiles & accessories**	Roofing renovation New housing	**Roof tiles:** *a single 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 Structure bricks *(walls and partitions)*	New housing	**Bricks:** *a single brand:* Imerys Structure™ *products brands:* Gélis bricks, Monomur Gélis, Optibric™ **Partitions:** *a single brand:* Imerys Structure™ *products brands:* "Carrobric" system	
	Chimney blocks & Concrete products	New housing	**Chimney blocks:** *a single brand:* Imerys Structure™ *products brands:* Ceramys™ chimney blocks, "Tereco™" system **Concrete products** *a single brand:* Imerys Structure™ *products brands:* Planchers Fabre "Bétoconcept" system	
CLAY ROOF TILES & BRICKS INTERNATIONAL	**Roof tiles & accessories**	Renovation New housing	**Roof tiles** *in Spain* - Collado™ *in Portugal* - Campos™	
	Structure materials Structure bricks *(walls and partitions)* Chimney blocks	New housing	**Partitions** *in Spain* - Ladryeso™, Tecasa	
DISTRIBUTION & SLATES	Specialized distribution of roofing products	New housing Renovation		**French #1** specialized distributor of roofing products
	Natural slates	Historical monuments Fine old houses Houses and multi-family housing	**Historique range:** Angers-Trélazé ® **Patrimoine range:** Galiza, Real, Renvoyé **Caractère range** **Tradition range**	**French #1** for natural slates

4.5.3. PRODUCTS

The Building Material business group'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. In that framework, four new quarries were opened in France in 2003.

The business group's customers and partners are traders in building materials and, in its distribution business, craftsmen and construction professionals.

> Clay Roof Tiles & Bricks France

The Clay Roof Tiles & Bricks France division 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 59 models and 100 colors of flat tiles, Roman tiles and large and small interlocking tiles, the division 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 Sainte Foy™. The division also markets a wide range of accessories (approx. 3,000), 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 (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 an Imerys Structure specialty. In addition to joists, the range also includes structural beams. The specifications of the beams produced by Imerys Structure are calculated for each use, which allows for quicker installation at the construction site.

> Clay Roof Tiles & Bricks International

The Clay Roof Tiles & Bricks International division is comprised of all the production and sales activities for the clay roof tiles and roofing accessories of the companies Imerys TC España (formerly Ceramica Collado) in Spain and Campos Fabricas Ceramicas ("Campos") in Portugal, as well as the clay structure bricks production activities of the Spanish company Tecasa.

Distribution and Slates

This division is made up of specialized roofing products distribution activities through Larivière, a company based in Angers (France), and the French natural slate production and marketing activities of the company Ardoisières d'Angers.

• Distribution

Larivière is France's largest specialized distributor of roofing products such as clay tiles, concrete tiles, natural and artificial slates, chimneys and tubing, zinc, roofing plates, wood and panels, skylights, copper, lead, hooks, nails and fastenings, PVC gutters, drainpipes and accessories, cladding, materials and tooling.

On a market made complex by the high number of new products, Larivière has developed a clearer, simpler segmentation of its natural slate offering.

The new offering is made up of four market-focused ranges:

- Historique, for historic monuments and buildings,
- Patrimoine, for old or contemporary houses with exceptional roofing,
- Caractère, for stylish and upscale roofs,
- Tradition, for detached houses and multi-family housing.

• 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.

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. Slate is especially suited to steeply sloping roofs.

4.5.4. INNOVATION

Thanks to an ongoing innovation policy supported by perfect knowledge of the trading business and of contractors' and end customers' technical constraints, the Building Materials business group 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

In 2003, new products were added to the division's range of tiles and accessories, including the following:

- the Diamant Tile, with its original faceted design, is intended for architects and influencers who are looking for roofing with a definite contemporary touch. Designed to play on light, the tile gives the impression of roofing that evolves throughout the day. The Diamant Tile won the Design Trophy[(1)] at Batimat 2003[(2)];

- the photovoltaic Tile, the first solar tile that integrates perfectly with roofing, converts sunlight into electricity through photovoltaic cells. Its development was supported by the European Commission and ADEME[(3)]. The Imerys Toiture photovoltaic Tile won the Pyramide d'Or in the Innovation Competition at Batimat 2003[(4)];

- the Gelis Roman Restoration Tile – a new-generation old-style tile – combines a sophisticated surface appearance (patina, irregular mixed hues, lichen effect, etc.) that is identical to restoration tiles with easy fitting, thanks to its large size and regular dimensions;

(1) The Design Trophy rewards manufacturers who have successfully factored design considerations into their development process.

(2) Batimat: France's largest trade fair for construction professionals, is held every two years in Paris.

(3) ADEME: the French national agency for the environment and energy resources.

(4) Organized with the French ministry of public works, transport and housing in cooperation with the urban planning office, the competition singles out the most innovative products on show at the trade fair.

- the Huguenot HP 10 Tile, "Pierre de Lauze" color, designed for mountain regions, provides a stylish and economical alternative to traditional lauze by imitating perfectly the stone's destructured, stratified aspect;

- the Aquitaine Poudenx Tile, with a unique interlocking system for optimum use;

- new colors such as "Garrigue" for southern France, "Chevreuse" for Alpha 10 Ste Foy tiles and "Hermitage" for the Phalempin flat tile;

- in Portugal, the Clay Roof Tiles & Bricks International division launched the Campos Mas tile and broadened its range of accessories.

• Clay bricks

To step up its development, Imerys Structure launched five new products that all meet two critical customer expectations: laying speed and value creation.

The rectified product range[1] introduced in 2002 is developing well, supported by new models:

- Optibric™ Joint Mince, the first large narrow-join brick, is driving growth in structure bricks as an alternative to cement blocks;

- Monomur Joint Mince (30 and 37.5 cm) continues the development of this building system for distributed insulation by reducing laying time, making the bricklayer's work easier and improving the quality of finishing.

Several specific products were also launched in 2003:

- Carrée, a new large partition brick that has revived a traditional customer base. Its convenient 50x50cm size reduces the number of movements needed to enable partitions to be built quickly;

- Carroflam (the uncoated dry fire partition that resists fire for up to 1.5 hour) has proved a great success in tertiary accommodation for the public, such as hospitals;

- Coffralège™, lightweight quick-laying flooring with thermal qualities that improve floor insulation;

- in Spain, the Clay Roof Tiles & Bricks International division launched the Gran Formato partition brick.

4.5.5. MARKETS

The business group's activity is predominantly linked to the individual housing market.

> Clay Roof Tiles & Bricks France

• French clay roof tiles market

After the slump observed in 2002 (- 7% vs. 2001), and despite difficult weather conditions early in the year, the French clay roof tiles market picked up slightly in 2003 (+ 3%[2]). Renovation business was brisk, while new housing was stable year-on-year. The share of renovation in the division's overall activity continues to grow (now almost 60%) and the decision to maintain the reduced value-added tax rate for the next two years supports that trend.

In parallel, clay roof tiles continue to grow at the expense of rival products and solutions. The division's sales efforts have enabled it to consolidate its market share[2]

[1] Rectified products: the rectification process, carried out after the brick is fired, consists of making the laying faces perfectly parallel by simultaneous grinding.

[2] Source: Fédération Française de la Tuile et de la Brique (FFTB – French roof tiles and bricks federation).

• French clay bricks market

Clay bricks mainly concern the single-family house building market, in which they have an approximately 9% share. In 2003, on a stable new housing market, clay structure bricks continued their market penetration with a 2.5% increase by volume in single-family houses[1]. This trend is driven by the development of new self-insulating bricks (Monomur) and/or narrow-join (Optibric™ and Monomur) products that are laid by gluing.

In 2003 as in previous years, the division contributed to and benefited from this growth.

• French clay chimney blocks market

On the French chimney blocks market, against competition from metal conduits and the development of coating-free heating methods, sales of clay products were again eroded in 2003. However clay remains the most widely used material for chimney blocks in new single-family housing in France.

Clay Roof Tiles & Bricks International

The business of Imerys TC España (formerly called Ceramica Collado) took advantage of excellent market conditions in Spain.

Campos' activity in Portugal faced a market that declined throughout the year for both floor tiles and bricks. This downturn resulted from a slump in demand, due to a decrease in new housing projects, and from adverse weather conditions at the beginning and end of the year.

Distribution and Slates

• Distribution

On a market that was hit by slack overall economic conditions in 2003, Larivière consolidated its market share, particularly in Northern France and the Rhône-Alpes region, while growth was slower in more conventional regions.

• Slates

Ardoisières d'Angers continued to implement its strategy of focusing on upscale markets. This strategy enabled the high value-added activity to confirm its recovery.

Main competitors are:

- for the Clay Roof Tiles & Bricks France division: Bouyer-Leroux, Lafarge Couverture, Terreal (France) and Wienerberger (Austria);
- for the Clay Roof Tiles & Bricks International division: Borja, Escandella, Mazaron and Uralita in Spain; Coelho da Silva, Margon and Uralita in Portugal;
- for Distribution : Point P and Réseau Pro (Pinault Bois et Matériaux).

[1] *Source: FFTB..*

4.5.6. INDUSTRIAL FACILITIES AND SALES ORGANIZATION

The Building Materials business group has the following 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)*	Gironde sur Dropt *(Gironde)* Colomiers *(Haute-Garonne)* Mably *(Loire)* Saint-Marcellin *(Loire)* Bessens *(Tarn & Garonne)*	Vergongheon *(Haute-Loire)* Sainte-Agathe la Bouteresse[(1)] *(Loire)* Vihiers *(Maine & Loire)*	Pibrac *(Haute-Garonne)*
	Roof tiles	**Structure bricks**		
CLAY ROOF TILES & BRICKS INTERNATIONAL	Almansa, *Albacete (Spain)* Aveiro *(Portugal)*	Castellbisbal, *Catalogne (Spain)*		
	70 agencies organized in 2 geographic zones			
DISTRIBUTION	• The Western France network, comprised of the Brittany, Loire valley and Center-West regions • The France Development network, comprised of the Paris, South-West, Normandy, North and Rhone-Alps regions			
SLATES	Trélazé – Les Fresnais *(Maine & Loire)* Trélazé – Les Grands Carreaux *(Maine & Loire)*			

(1) Site closed in July 2003.

Given the essentially local nature of its markets, the Building Materials business group's locations ensure it has optimum coverage of the French market, which represented 92% of its sales in 2003.

› 2003 highlights

The business group commits substantial capital expenditure– more than €142 million over the past five years – to modernize its production resources. In addition, it is gradually developing its manufacturing positions outside France, particularly on the Iberian peninsula.

On the manufacturing side, the creation of a single Clay Roof Tiles & Bricks entity is a major lever for reducing costs and improving production efficiency by pooling key functions such as industrial processes.

Clay Roof Tiles & Bricks France

• Clay roof tiles

The production rationalization program, launched in France in 2001, continued in 2003. In February, the tile production line at the Damiatte (Tarn) plant was shut down and production was transferred to Léguevin (Haute-Garonne). In September, new individual kiln furniture equipment ("H-type") went into operation in the Pargny sur Saulx (Marne) tile plant, leading to significant improvement in product quality on the site and on the automated accessory line in Damiatte.

• Clay bricks and chimney blocks

Capital expenditure programs continued in 2003 at the Saint-Marcellin (Loire) and Gironde sur Dropt (Gironde) sites in order to manufacture rectified products[(1)] (Optibric™ and Monomur).

Since July 2003, following the closure of the Sainte-Agathe site, chimney block activities have been divided solely between the Vergongheon (Haute-Loire) and Vihiers (Maine & Loire) sites.

In August, the Loudet terra cotta brick and facing brick production unit in Colomiers (Haute Garonne) was closed. Facing brick production was stopped and terra cotta brick production was transferred to Bessens (Tarn & Garonne).

Clay Roof Tiles & Bricks International

In 2003, rationalization efforts included the ending of brick production at the Aveiro (Portugal) plant and, in Spain, the development of large products and the ramp-up of the specialized accessory production unit (Castellbisbal).

Distribution & Slates

• Distribution

In 2003, the Larivière distribution network continued its geographic expansion by:

- creating a new agency in southwestern France, in Mérignac (Gironde) in May;
- acquiring the trading company Digemat Scholer (one agency in Bartheneim, Haut-Rhin) in June 2003, enabling Larivière to extend its network in eastern France and bringing its total number of agencies to 70;
- signing an agreement protocol for the takeover of a trading outlet in southwestern France in the first half of 2004.

To support sales of slate Larivière exhibited at Batimat[(2)] for the first time in November 2003. A 100 m^2 stand, mainly featuring Larivière's natural slate offering, welcomed almost 1,000 visitors, including influencers and design firms who closely follow trends on the slate market.

• Slates

In 2003, Ardoisières d'Angers completed the reconstitution of its slate reserves at Grands Carreaux and Les Fresnais quarries. It also began the transfer of production volumes from Les Fresnais to Grands Carreaux. This transfer should continue during 2004 and come with an upturn in production of higher value-added top-grade slates.

In early September 2003, the company finished construction of a second splitting workshop capable of processing all slate sizes below 40x25 cm. This should improve working conditions, safety and work quality and lead to higher productivity.

› Quality

Clay Roof Tiles & Bricks France

All the Clay Roof Tiles & Bricks France division's industrial sites are ISO certified. Imerys Toiture has been ISO 9001 qualified since November 13, 2001 for all its products and services. All products meet European standards. Most Imerys Structure industrial sites are certified ISO 9002. Some units also or exclusively make products under "Avis Technique" independent construction industry norms.

The Mably (Loire) and Gironde sur Dropt (Gironde) sites are ISO 14000 certified. Certification of the Saint-Marcellin (Loire) site is nearing completion and Imerys Structure's other industrial sites are preparing for certification.

[(1)] *Rectified products: see note on page 114.*

[(2)] *Batimat: see note on page 113.*

In addition, all the products made by the Clay Roof Tiles & Bricks France division are certified NF and most bear the NF label.

These French standards certify the following characteristics:

- for tiles – appearance, geometry, bending strength, impermeability and frost resistance;
- bricks and chimney blocks – dimensions, physical and mechanical characteristics.

In 2003, Imerys Toiture's Omega 10 was the first - and is still the only - roof tile to earn the NF Montagne label, recently created by CSTB[1].

Clay Roof Tiles & Bricks International

The Almansa site (Spain) is certified ISO 9000.

Distribution and Slates

• Distribution

Continuing its environmental quality efforts, Larivière brought all its wood processing pots into compliance with current standards and implemented new waste processing rules in all 70 of its agencies.

In September 2004, all customers will be able to access trade rates and product sheets online.

To develop a Safety process with its employees, Larivière regularly conducts audits on its sales outlets in order to improve workplace safety.

• Slates

Ardoisières d'Angers' natural slates meet French standards NF P 32-301 and NF P 32-302, and even exceed requirements for the top-grade label "Classe A."

The Internet site *ardoiseangers.fr* includes a dedicated zone for professionals and offers a virtual tour of the Les Fresnais underground quarry in Trélazé (France), in addition to technical information and advice.

Finally, in 2003 Ardoisières d'Angers launched *le Club de la Bleue*, a loyalty club comprised of leading roofing companies and offering them a range of services in line with their trade.

› Sales organization

To meet its customers' needs better, the sales organization of the Clay Roof Tiles & Bricks divisions is structured by regional markets 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 division's portal, *e-toiture.com*, provides a unique online offering and is increasingly popular with both trade and private visitors. The site includes a link to *imerys-toiture.com*, which can be accessed in several languages.

Customer service was enhanced by online services through *monomur-gelis.com* in 2002 and *ceramys.com* in 2003.

[1] CSTB: Centre Scientifique et Technique du Bâtiment (scientific and technical center for construction).

_ 4.6. Refractories & Abrasives

The Refractories & Abrasives business group's comprehensive technical expertise enables it to offer a diverse range of products requiring precise and strictly repeatable characteristics, particularly in terms of thermal, mechanical and chemical resistance. 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.

4.6.1. BUSINESS GROUP ORGANIZATION

Thanks to its worldwide presence, the Refractories & Abrasives business group is in a position to accompany customers who grow globally, to understand and adapt to the development of new and alternative raw materials, and to seize competitive advantages from currency fluctuations.

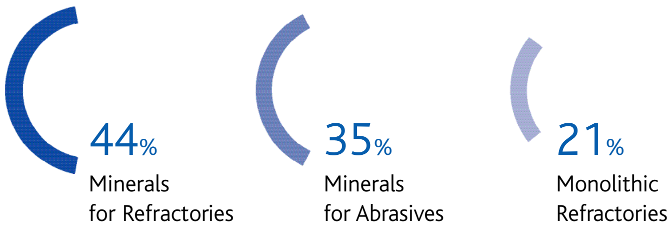
In 2003 the integration of Refractories and Abrasives divisions in one homogeneous business group has made good progress allowing therefore valuable synergies.

The Refractories & Abrasives business group is organized in 3 divisions:

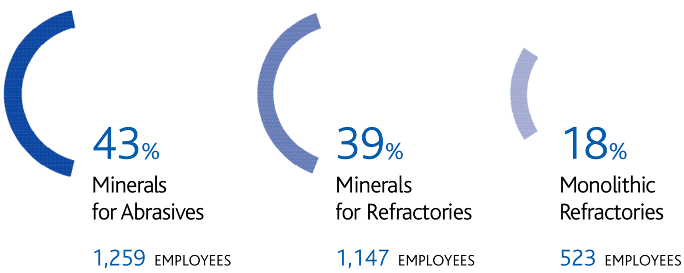
- Minerals for Refractories;
- Minerals for Abrasives;
- Monolithic Refractories.

As of December 31, 2003, the Refractories & Abrasives business group's sales totaled €594 million, contributing to 22% of Imerys 2003 consolidated sales.

2003 sales BY DIVISION



Workforce by division 2,929 EMPLOYEES



4.6.2 OVERVIEW OF THE BUSINESS GROUP

DIVISIONS	PRODUCTS	MAIN APPLICATIONS	MARKETS	BRANDS	MARKET POSITION
MINERALS FOR REFRACTORIES	Calcined clays Andalusite Calcined kaolin Alumina Silica Bauxite Silicon carbide Magnesite Zircon Olivine Bentonite	Refractories	Steel, glass & aluminum industries Casting Electronics Agriculture Ceramics Construction Cement Drilling mud	Alpha Star® Andamul™ Durandal™ Ecca Chamottes™ Granusol® Kerphalite™ Krugerite™ Molochite™ Mulcoa® Purusite™ Randalusite™ Teco-Sil® Teco-Sphere®	**World #1** for Minerals for Refractories
MINERALS FOR ABRASIVES	Fused aluminum oxides	Abrasives, Sand blasting Laminates, Tile coatings	Automobile Aeronautic Construction Steel, Glass	Alodur® Mulgrit™	**World #1** for Minerals for Abrasives
MONOLITHIC REFRACTORIES	Monolithic refractories Prefabricated shapes	Refractory castables Refractory gunning materials Refractory mouldable materials Refractory mortars	Cement Petrochemicals Incineration Energy production Iron & Steel Foundry	Plicast® Pliflow® Pligun® Plistix® Spraycast® Pliram® Plitap® Plichem® Pliral® Pliron® Pliline®	**A European Leader** in Monolithic Refractories

4.6.3. MINERALS FOR REFRACTORIES

The Minerals for Refractories division results from a series of acquisitions by the Group and comprises all its production and processing activities of aggregate minerals for acid and basic refractories, in which the Group is a world leader.

4.6.3.1. Products

› Raw materials

The business group's raw materials are used by the refractory industry for their mechanical strength, chemical resistance and thermal properties.

Aggregate minerals for acid refractories contain alumina and silica; basic refractories are magnesite or dolomite based.

The division owns or operates very high quality alumina-silica deposits around the world:

- andalusite in Glomel (France) and South Africa;
- kaolin in Cornwall (United Kingdom), Georgia and Alabama (United States).

It also offers the widest range of quality refractory raw materials: calcined clays (chamottes, produced in South Africa), mullites produced in Georgia, calcined kaolin (Molochite™), fused silica and fused alumina, spherical silica, tabular alumina, bauxite, silicon carbide, magnesite, zircon, chromite, olivine etc.

Since January 1, 2004, the South African ceramic clays and bentonite activities, previously operated by the Southern Hemisphere Specialties department, have been transferred to the Minerals for Refractories division.

Applications

Refractory materials are natural or synthetic raw materials that resist extreme temperatures (> 1,500°C) under harsh physical and chemical conditions.

The most prevalent applications for the division's products are:

- refractories for steel, glass, cement, and aluminum industries;
- kiln furniture for the ceramic industry;
- investment casting in the foundry industry;
- electronic components substrates;
- rollers for roller kilns.

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 worldwide leader in the production and supply of refractory industrial minerals, including Mulcoa®, a mullite with a 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 markets;
- American Minerals, Inc. (United States) specializes in the processing and trading of magnesite, pyrites, olivine, chrome, iron, manganese, zircon and features some unique products such as Granusol™ (a nutrient for agriculture). These products, marketed worldwide, are used in the agriculture, ceramics, facing bricks, glass, casting, foundry, refractories and steel markets;
- 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), the worldwide leader in the production of andalusite, which is used primarily in the steel industry but also in the aluminum, glass and cement industries, offers a complete line of products known as Durandal™, Kerphalite™, Krugerite™, Purusite™, and Randalusite™;
- Ecca Holdings (Pty) Ltd and Cape Bentonite (Pty) Ltd are South African producers of, respectively, ceramic clays and bentonite. Bentonite is used primarily in foundry, casting, pelletizing, drilling mud and environmental sectors. Ceramic clays are sold to the local South African market especially for floor tiles.

Innovation

The division owns two Research & Development centers: one in Glomel (France), and the other in Andersonville (Georgia, United States). Some of the major projects are development of products for waste materials, clays for non-refractory applications as well as fused silica and fused alumina for specialty paints, coatings and other applications.

In its natural state, Andalusite contains silica and alumina which are turned into mullite by heating. With Andamul™, a high temperature (1,550°C) calcined andalusite specially suited to production of the refractory blends used in glassmaking, the division has developed an innovative and cheaper alternative to the sintered mullite used by refractory makers.

4.6.3.2. Markets

Steel production, a major market for refractories, was stable in Europe (+ 0.8% year-on-year) and decreased slightly in the United States (- 1%)[(1)], where the upturn observed in the first half of the year following the setup of customs tariffs did not continue into the second half. Other refractory markets – except for the investment casting segment, which decreased – were relatively firm.

Chinese mullites continue to put pressure on Mulcoa®, but have so far not been able to succeed in penetrating the North American market.

The export of bentonite from South Africa to the European market was sustained in 2003, despite the fluctuating and very unfavourable exchange rates between the South African currency and the major Western currencies (euro and sterling).

Main competitors are:

Almatis (formerly named Alcoa World Chemicals, United States), Pechiney (France), Andalusite Resources (South Africa) and various Chinese producers.

4.6.3.3. Industrial facilities and sales organization

Industrial facilities of the Minerals for Refractories division are the following:

	UNITED STATES	*EUROPE*	*ASIA-AFRICA*
Production of refractory minerals			
Clays, calcined clays	Andersonville *(Georgia)*		Cyferfontein *(South Africa)*
Fused silica	Greenville *(Tennessee)*		
Sizing of alumina products,	Newell *(West Virginia)*		Guiyang *(China)*
Bauxite calcination			Zhanjiang *(China)*
Andalusite		Glomel *(France)*	Annesley *(South Africa)* Apiesdoring *(South Africa)* Havercroft *(South Africa)* Krugerpost *(South Africa)* Thabazimbi *(South Africa)*
Molochite™		St Austell, Cornwall *(United Kingdom)*	
Trading and processing of various minerals			
Bentonite			Heidelberg *(South Africa)*
Magnesia, zircon, chromite, olivine, pyrites, manganese	Wilmington/New Castle *(Delaware)* Mc Calla *(Alabama)* Rosiclare *(Illinois)* Camden *(New Jersey)* Deming *(New Mexico)* El Paso *(Texas)*		

(1) *Source: International Iron and Steel Industry.*

2003 highlights

In South Africa, Imerys follows an active policy intended to promote representatives of Historically Disadvantaged South Africans[1] within its subsidiaries. In particular, in line with the new requirements of the New Mineral and Petroleum Act, a "Black Economic Empowerment Agreement" was signed in June by Imerys and Nghala Mining (Pty) Ltd. Under this partnership, Nghala will own a 26% stake in Imerys' South African activities.

Together with Nghala, Imerys pledged to continue the actions taken in recent years to:

- provide social assistance for mines' neighboring communities;
- work as priority with local suppliers committed to the BEE[2] program;
- contribute to employees' education, particularly as regards literacy;
- train employees in Imerys' professions;
- increase the number of HDSA managers;
- take part in the fight against AIDS.

Still in South Africa, the andalusite business continued to optimize operations with the phasing out of the Annesley site and the reopening of the Havercroft site.

In the United States, C-E Minerals' head office in Philadelphia (Pennsylvania) was closed and transferred to Imerys' North American headquarters in Atlanta (Georgia).

Quality

The Andersonville, Greenville and all American Minerals sites, dedicated to trading and processing of various minerals are ISO 9002 certified.

The sites of the andalusite department (France and South Africa) are all certified to the ISO 9001 version 2000 standards.

Sales organization

To optimize the sales structure and build closer relations with customers, a 50/50 joint venture – Europe Commerce Refractory (Luxembourg) – was set up in August by Imerys and Europe Commerce SA, C-E Minerals, Inc's European distributor of calcined kaolins for many years. This joint venture sells in Europe all refractory raw materials produced or distributed by the two partners.

To streamline andalusite sales in Japan, a new sales office (Damrec Japan KK) was successfully established in March.

4.6.4. MINERALS FOR ABRASIVES

The Minerals for Abrasives division was created in July 2000, with the acquisition of the Austrian Group Treibacher Schleifmittel, now fully owned by Imerys since July 2002.

This division converts bauxite and calcined alumina into high-performance materials (fused alumina grains) to fulfill the specific requirements of the abrasives and refractories industry.

4.6.4.1. Products

Fused aluminum oxide is the mineral mostly processed by the division. Its characteristics are superior hardness, mechanical strength, thermal stability and chemical resistance.

Products are obtained by fusing alumina (white) or bauxite (brown) in an electric arc furnace. During fusion, the physical characteristics of aluminum oxide are changed (higher density and different crystal structure and size).

- the most important bauxite-based products are regular brown and semi-friable, with both high and low titanium content;
- white fused alumina is by far the most important alumina-based product, while other products in this group include mono-crystalline grain and various alumina grains containing performance enhancing additives such as titanium, chromium or zirconium.

The division's products are also differentiated by their crystal structure, 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 an important shift from macro grit to micro grit usage. Strong growth is expected to continue in the micro grit segment.

(1) Historically Disadvantaged South Africans: HDSA.
(2) BEE: Black Economic Empowerment.

Applications

Fused aluminum oxide is widely used in applications in both the abrasive and refractory industries because of its wear resistance and its 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 paper, fiber discs, belts, etc;
- sand-blasting;
- monolithic refractories and shaped refractory products, used for their superior mechanical and chemical corrosion resistance;
- various other applications such as laminates, lapping, ceramics, surface treatments, etc.

Innovation

A new surface treatment has been developed to improve the binding efficiency of fused aluminum grains in resins (phenolic, melaminic, epoxy, etc.) This has a great effect on the bonding strength of grinding wheels as well as on the transparency of laminate products.

The division's innovation capacity, further enhanced through cooperation with the Group's other divisions, is reflected in constant improvement in the value added by its product range.

With the support of other Imerys companies active in the field of kaolin and clay, for the first time it was possible to classify very fine grit sizes, such as 1, 2 and 3 microns, which will permit the division to enter new markets in the polishing of crystals and electronic components.

4.6.4.2. Markets

The abrasives market deteriorated, particularly in Europe, where the competitiveness of customers - traditionaly major exporters - was affected by the dollar’s depreciation against the euro. Automobile and aerospace production decreased in both the United States and Europe. Construction was the only healthy market for the division.

In 2003, the division achieved about two-thirds of its sales in Europe, with the remainder principally in the American and Asian markets.

In October 2002, the anti-dumping duty on Chinese imports of brown fused alumina expired in the European Union followed by an increasing pressure on sales prices which continued also in 2003, especially in low-end applications like sand blasting. However, due to this expiry of the anti-dumping duty, the division’s Chinese operation located in Guiyang started successfully to sell to European customers. In the United States at the end of October 2003, an anti-dumping duty of 135.81% was finally imposed on imports of brown fused aluminum oxide grains originating in China. Due to high inventories among customers and traders in the United States, no effect could yet be seen on prices.

In applications where wear and tear resistance is required more and more end-users developed their own technology enabling them to directly use fused aluminum oxide grains and thereby avoiding the purchase of intermediate products from specialized manufacturers. This trend broadened the division’s customer base in this growing market.

Main competitors are:

Motim (Hungary), Zaporozhye Abrasives (Ukraine), Washington Mills (United States) and various Chinese producers.

4.6.4.3. Industrial facilities and sales organization

Industrial facilities of the Minerals for Abrasives division are the following:

EUROPE	*AMERICAS*	*ASIA*
Villach *(Austria)*	Salto *(Brazil)*	Guiyang *(China)*
Sokolov *(Czech Republic)*	Andersonville *(Georgia, USA)*	
Laufenburg *(Germany)*	Niagara Falls *(New York, USA)*	
Zschornewitz *(Germany)*	Puerto Ordaz *(Venezuela)*	
Domodossola *(Italy)*		
Ruse *(Slovenia)*		

2003 highlights

The division strengthened its bases in China with, in April, the setup of a logistics office in the North (Henan Province), and, in October, the buy out of minority interests in the joint-venture specialized in fused aluminum oxide production, located in Guiyang (Guizhou Province).

The operations in Venezuela were restructured, making this site one of the most cost-competitive in the division.

Production of fused zirconia mullite was transferred from the Belvedere facility (United Kingdom) to the Zschornewitz plant (Germany), where a new modern furnace was installed. The low production costs achieved, as well as the central position of the site in Europe give the division a firm foundation in this market.

Integration of the Brazilian fused aluminum oxide production unit (Salto), acquired in 2002, has been completed.

Approximately €1 million was invested to upgrade the plant's crushing and particle sizing facilities and reorganize its quality system. The Salto plant is now able to serve higher value-added abrasive and refractory markets in Brazil, but also in Europe and the United States. In 2003, exports already accounted for 23% of Treibacher Schleifmittel Brasil Ltda's sales, compared with just 5% in 2002.

Quality

The Villach, Laufenburg, Zschornewitz, Domodossola, Sokolov and Ruse sites are certified ISO 9001 version 2000; the Salto site is ISO 9002 compliant.

Sales organization

Minerals for Abrasives products are marketed through the division's network of sales units located in all important markets.

As of January 1, 2004, sales of raw materials to the refractory industry were channeled through Europe Commerce Refractory, the new joint venture between the Group and Europe Commerce SA. *(see page 123)*.

4.6.5. MONOLITHIC REFRACTORIES

This division consists of the Plibrico group, established in 1914 and a subsidiary of the Imerys group since 1996. The Plibrico group is a leading European producer of monolithic refractories and prefabricated shapes. Plibrico's technical expertise allows the division to offer complete refractory solutions (raw materials, engineering, installation and supervision).

4.6.5.1. Products

Monolithic refractories are formulated products 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 refractory 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 benefits of superior performance characteristics in an array of applications and of relatively easy installation (often automated) are leading to a slow but steady market share growth for monolithics versus shaped refractories (bricks) in all industries.

Applications

The division's products are found in every industry where high temperatures are necessary, such as iron and steel plants, foundries, non-ferrous metals, glass and ceramics industries, incinerators, power plants, cement, lime and gypsum industries, as well as for chemical processes and petrochemical plants.

The products are used in numerous industrial applications, such as casting (Plicast®), ramming (Pliram® and Plitap®), projection and gunning (Pligun®, Plistix®, Pligun HC®). Plibrico's brand names are often the benchmark for refractory industries and users.

Innovation

The central Research & Development laboratory of the division is located at Neuwied (Germany) with local laboratories in other plants such as Oosterhout (Netherlands), where mainly insulating materials are developed. In 2003 Research & Development activities were mainly focused on the following products and developments: taphole clays for blast furnace operations, mixes for blast furnace runners, self-leveling materials for the aluminum industry, corrosion-resistant materials for incinerators with plasma furnaces and abrasion-resistant materials for cyclones for the petro chemical and aluminum industry.

The division had been especially successful in improving the quality of its taphole clays and as a result gained market shares in this field of application. Taphole clay is special refractory clay mainly used in blast furnace operations.

4.6.5.2. Markets

Plibrico is committed to bringing the customer maximum use of its production units by providing superior monolithic refractory solutions on a continuing basis. Full innovative systems combined with engineering and services give it a competitive edge.

Plibrico's main market areas are producers of iron and steel, cement and lime, petroleum and chemical, power and aluminum. Continued difficult economic conditions clearly affected the United Sates and European steel and cement industry, the two main markets served by the refractory industry. However, the impact on geographical areas elsewhere has been less significant.

Main competitors are:

RHI (Austria), Vesuvius (Belgium), Lafarge (France) and Intocast (Germany).

4.6.5.3. Industrial facilities and sales organization

Industrial facilities of the Monolithic Refractories division are the following:

EUROPE	*AFRICA-AMERICA*
Neuwied *(Germany)*	Vereeniging *(South Africa)*
Györ *(Hungary)*	Puerto Ordaz *(Venezuela)*
Oosterhout *(Netherlands)*	
Gijon *(Spain)*	

2003 highlights

The organization of the Monolithics Refractories division was overhauled and manpower was reduced significantly on its main production site in Neuwied (Germany), where substantial modernization and productivity investments were made.

In particular, in October, a new plant for taphole clay was finished in order to satisfy the increasing demand for this product, and in November, another new monolithic manufacturing unit started operation and replaced two obsolete units.

The Vereeniging (South Africa) industrial facility underwent further restructuring to improve productivity and efficiency. In Puerto Ordaz (Venezuela), the division invested in a new de-dusting system and further automation of the production started.

Quality

Plibrico's production industrial facilities are all ISO 9001 certified.

Sales organization

In order to guarantee a market-oriented approach and offer its customers complete refractory solutions, Plibrico has sales offices in all major markets. The new sales office established in 2002 in Russia successfully supported the penetration of Plibrico's products into this growing market.

_ 4.7. Analysis of the Group's risks

4.7.1. MARKET RISKS

Information on financial market-related risks is given in chapter 3 of the Annual Report *(see notes 19 - 22 of the Attachment to the Consolidated Financial Statements).*

4.7.2. ENERGY PRICE RISKS

Like any industrial group, Imerys is exposed to the risk of fluctuating prices for the various energy sources - mainly coal, natural gas and electricity – that enter into its activities' production cycle. The geographic distribution of the Group's industrial facilities, as well as the diversification of its energy supply sources, mean that energy is not considered a significant risk factor for the Group as a whole.

As energy supplies are sourced regionally, some local markets may be subject to significant but non-recurring price variations. This has been the case for natural gas prices in the South-Eastern United States since the end of the last quarter of 2002.

As of 2001, the Group companies concerned by the rise in natural gas prices on this market reinvoice customers for part of the resulting production cost increase, if such a rise is over a certain threshold on a lasting basis.

Furthermore, 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 million MMBTU[1] of natural gas with supply contracts based on the NYMEX Henry Hub index (listed in New York).

[1] *MMBTU: millions of British Thermal Units.*

As part of the management of its natural gas risk in the United States, as on December 31, 2003, the Group had various hedging options, mainly covering the first half of 2004.

In the United Kingdom, the Group consumes approximately 30 million therms with supply contracts based on the UK Natural Gas IPE index (listed in London). No hedges were in place on December 31, 2003.

In continental Europe, the Group has also undertaken the centralization of its energy risks. Application of this process will be effective in 2004.

All transactions on gas in the United States as on December 31, 2003 are described in the table below:

		NET NOTIONAL AMOUNTS (MMBTU)	*TERM*
Management transactions			
Swaps	-	-	-
Options	-	-	-
	Put purchases	200, 000	< 6 months
	Put sales	(200,000)	< 6 months
	Call purchases	1,450,000	< 6 months
	Call sales	(1,450,000)	< 6 months
Futures	-	-	-
Forwards	-	-	-

(see page 76 of the Annual Report).

4.7.3. LEGAL RISKS

At the time of Imerys' acquisition of C-E Minerals, Inc. (United States), a subsidiary of Combustion Engineering, Inc. ("Combustion Engineering"), in 1990, patent litigation was in progress that obliged Combustion was Engineering to pay a substantial indemnity to Minco, Inc in 1996. In 1997, Combustion Engineering claimed the repayment of part of that indemnification from Imerys, which was contested.

The first court decisions in June 2001 and 2002 were in favor of Combustion Engineering and found that the said company was entitled to indemnification from Imerys.

While the case was before the New York Court of Appeal, Combustion Engineering and Imerys agreed on an out-of-court settlement on February 7, 2003 that put an end definitively to the lawsuit that opposed them. Under the terms of this agreement, Imerys paid Combustion Engineering a compromise indemnity of USD 32.5 million on February 11, 2003.

The settlement of this dispute led to the recovery in the 2002 accounts, as a non-recurring positive item, of the surplus of the reserve corresponding to this risk, which existed on December 31, 2002.

Any other litigations in which the Group's companies may be involved, whether considered individually or as a whole, do not appear likely, in their current state of development and to Imerys' best knowledge, to significantly affect the Group's financial position, business or results.

4.7.4. SUSTAINABLE DEVELOPMENT: ENVIRONMENT, HEALTH & SAFETY, HUMAN RESOURCES, COMMUNITY RELATIONS AND INNOVATION

4.7.4.1. Imerys' Sustainable Development process

In 2002, Imerys began the setup 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.

The Sustainable Development steering committee is comprised of various corporate department managers (legal, strategy, internal & external communications, human resources, environment). Initially facilitated by the Vice-President Human Resources, the Committee is now under the responsibility of the Vice President Development & Technology and reports directly to Imerys' Operating Committee.

Operating divisions had been implementing many best practices for Sustainable Development, including several innovative actions, long before a Group-wide policy was in place. The goal is now to make all those initiatives part of an overall program by leveraging existing expertise and know-how. For that purpose, six action areas, each including a priority axis, were selected in 2003.

> Definition of six priority action areas

- Environment: Respect and protect the environment (particularly through optimum management of mineral reserves, quarry restoration and control of energy or water consumption);
- Health & safety: Guarantee maximum health and safety for employees and strict compliance of facilities.
- Human resources & management: Roll out a Group-wide human resources policy that contributes to the improvement of Imerys' know-how and the personal development of its employees.
- Community relations: Strengthen ties with the local community (relations with neighbours of industrial sites, local authorities, non-governmental organizations, etc.);
- Innovation: Select the most innovative research and technology projects to develop products with added "green" value, process technologies with the most neutral environmental impact possible, and enable improvement in the life cycle of products *(see paragraph 4.7.11. of the Annual Report).*
- Corporate governance: Establish openness and professionalism as core values for Corporate Governance *(see chapter 6 of the Annual Report).*

> Creation of dedicated in-house networks

First, in-house networks were set up for each of the first five selected priorities. The mission of each network is to define the most relevant indicators for the Group in the area in question, as well as their measurement method and frequency. To do so, the networks take into account significant quantifiable items for each of Imerys' business groups, in accordance with the expectations of legal authorities and the guidelines of the trade federations with which the Group works regularly.

These five internal networks (Environment, Health & Safety, Human Resources, Innovation, Community Relations) are organized by country and mainly cover France, the United Kingdom, the United States and Brazil. For the sake of reliability and consistency, the steering committee decided to work in stages. In 2003/2004, the project will focus on Group sites with existing analysis tools for the environment, health & safety and human resources. Through the first work on these four countries, approximately 70% of the Group's employees and industrial facilities can now be covered.

Best practice survey

In parallel, a survey of best in-house practices was launched in areas ranging from quarry restoration, energy consumption control and community relations to health & safety policies. When completed, the survey should enable Group standards to be defined and disseminated based on the benchmark initiatives observed.

One of the most comprehensive projects so far carried out is *"Blueprint"*, which was launched at the Royal Cornwall Show in early June 2003 by the Group's English subsidiary, Imerys Minerals Ltd. The aim is to promote the kaolin industry and optimize its integration with the local community. This is a major issue, as Cornwall, one of Britain's most beautiful regions, is a tourist's heaven, and Imerys is its biggest employer. 20,000 copies of the *"Blueprint"* brochure were printed and sent to local authorities or given out at the public meetings organized in the surrounding towns and villages. The 56 page brochure presents Imerys' activities in Cornwall and the issues facing the region's clay industry. It also includes detailed information on mining-related nuisances, site reclamation and the working conditions of the Group's 2,133 employees in Cornwall. More than a brochure, *"Blueprint"* is above all an action plan for the years ahead, including:

- the pledge to promptly answer every question or complaint the local operations receive;
- setup of six discussion groups with neighbouring villages;
- creation of an independent dust forum on air quality in cooperation with academics and representatives from the environmental agency;
- participation in two environmental programs under the English Biodiversity Action Plan;
- restoration of four abandoned industrial sites;
- partnership of the local Wheal Martyn museum.

Internal and external communication on the program's progress

A specific Sustainable Development section was created on the website www.imerys.com in the summer of 2003. It describes 24 initiatives, on subjects as varied as the use of sawdust as fuel at Imerys Structure (France), waste water treatment at Damrec (France), the secure slate workshop at Ardoisières d'Angers (France), a safety award in Brazil and a partnership between Kentucky-Tennessee Clay Company (United States) and the Blue Ridge Parkway. *"The Blueprint"* brochure can also be downloaded from the website.

The launch of Imerys' Sustainable Development policy was discussed in Letter to Shareholders #24 in September 2003.

The Group believes that it is essential for all its employees to be aware of the importance of the Sustainable Development project and its issues for the future. This entails active internal communication on the subject, as well as recurring actions. For this purpose, the layout of the in-house magazine "Imerys News" was reviewed and two new sections – "Environment" and "Social" – were created. Issues #8 and #9 of the magazine, published in the third and fourth quarters of 2003 with a print run of 9,000, featured several examples of quarry restoration in Brazil, England and France. An article was also published on the recycling of precipitated calcium carbonate production waste in the Somerset (Maine, United States) plant. The back cover of each publication is now given over to the profile of an Imerys employee who illustrates job or geographic mobility.

Publication of the Group's first Sustainable Development report is scheduled for 2004. It will include a description of Imerys' coordinated policies on Sustainable Development issues, as well as the data collection procedures set up in the Group. The 2004 version will give the first set of figures checked by an outside organization, covering France, the United Kingdom, the United States and Brazil. Best practices by operating divisions will continue to be highlighted in the report.

Writing of Imerys Sustainable Development charter

A Sustainable Development charter *(see box hereafter)*, a genuine commitment to a limited number of basic objectives, was approved by the Managing Board. It was circulated widely in the Group in the first quarter of 2004.

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 their strategic plan and their 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.

Gérard Buffière, *Chairman of the Imerys Managing Board*
The members of the Managing Board: Friedrich Nitsche, Jérôme Pecresse and Thierry Salmona

4.7.4.2. Environment

Wherever it operates, the Group is subject to the regulations that apply to every operator of industrial facilities. In France, for example, the Group's activities that are defined as classified facilities (including quarries) are subject to administrative authorizations delivered by the Prefect following impact studies and public inquiries. Some of the Group's facilities, whether in France or abroad, may also have to comply with particular obligations that are specific to the activity pursued and to local conditions (e.g. strict definition of site restoration or the obligation to measure a particular parameter).

The main impacts of the Group's activities on the environment result from minerals mining in most of the Group's divisions and the downstream continuation of that process in product processing or preparation facilities. These impacts are mainly of a visual – the temporary or definitive modification of a site's topography – or sound nature. They may however involve air (dust or smoke) or water (waste process water containing mineral particles).

The industrial activities pursued by the companies in the Imerys group do not require the massive use of toxic substances or any processes likely to cause lasting environmental nuisance.

To the best of Imerys' knowledge, none of the specific measures or obligations to which the facilities or quarries operated by the Group are subject is likely to significantly affect its business or financial situation.

However, Imerys is aware that these impacts can seldom be completely avoided and is concerned to reduce them as much as possible by using every available technique in this field. For that purpose, the Group has opted for highly decentralized environmental management. Considering that the tolerance of the inevitable residual impacts inherent in industrial activity, particularly mining, depends on completely open information and well-informed consultation with every concerned party, the Group has chosen to give as much initiative as possible, within the framework of well-defined objectives, to the local managers of its industrial sites. These objectives consist, as a minimum, of rigorously complying with applicable national regulatory requirements and any specific commitments relating to operating permits. Site managers have full authority to take the measures that are best suited to the local context in order to achieve the objectives set.

> Site restoration

In addition to the regulatory requirements governing the ending of a site's operations, the following initiatives are often taken locally:

- reconversion of a site after exploitation, taking into account the wishes of the population or local authorities;
- coordinated planning in order to restrict or divert any residual impacts (machine circulation plan, water treatment, dust recovery, noise reduction barriers, etc.);
- participation by the operating division concerned, with nature protection organizations or associations, in local initiatives or projects that can co-exist with or take over from industrial operations, such as reintroducing endangered animal species into adapted wet areas, creating bodies of water or public plant parks, etc.

> Energy consumption[1]

To the best of Imerys' knowledge, the European directive on greenhouse gas emission quotas, which is currently being transposed into national law in European Union countries, will only affect the Clay Roof Tiles & Bricks France and International divisions. In the 1980's, the Clay Roof Tiles & Bricks France division, which is the highest energy consumer of the Group's divisions in France, began to implement many early actions with a view to reducing its carbon dioxide emissions, including:

- discontinuation of heavy fuel and coal in favor of natural gas and electricity;
- use of biomass (sawdust) in brick production plants.

Therefore, the impact of the directive on this division will be very limited.

[1] *see paragraph 4.7.2. "Energy price risks."*

Independently of this regulatory pressure, the rise in energy prices, especially for electrical energy, in most countries where Imerys operates, naturally led the divisions to take every possible measure to limit their consumption. In Europe, the first symptoms of a general electricity shortage, which appeared in the summer of 2003, will encourage different consumption methods, with peak period reduction clauses and the probable use of autonomous generating resources.

The actions carried out, chiefly in France, by the Group's purchasing teams, have partly offset the sharp rise in energy prices by drawing maximum benefit from market deregulation. They have also fostered better consumption behavior among line managers, with the help of the online consumption monitoring tools provided by electricity suppliers.

> Industrial risk prevention

In cooperation with the assessors of the leading company in the Group's damage insurance program, in 2003 Imerys continued its campaign of engineering audits on approximately 15 industrial sites in Europe, Brazil and the United States. The audits will be continued and stepped up.

These preventive visits, mainly focusing on fire risks, machinery breakdown or natural disaster, in most cases also cover environmental risks (accidental pollution). The visits by external assessors help to enhance operators' awareness of these issues. Their pragmatic recommendations are indisputable improvement factors in the prevention process.

> Volume reduction, beneficiation or recycling of tailings or industrial waste

Whenever technical or logistical conditions allow, the tailings generated by the Group's mining activities are transformed into materials for use by public works firms.

When no other solution is possible, they are stored on sites that are designated by regulations for that purpose. If there is a risk of damage to runoff water, for example by acidification, the tailings undergo neutralizing treatment.

Other industrial waste, produced in small quantities, is sorted and removed by recycling professionals, in accordance with current regulations.

> Environmental reporting

In accordance with the highly decentralized environmental management structure:

- a central department supervises implementation of the Group's environmental protection strategy, facilitates dissemination of best practices between operating divisions and acts in an advisory role for divisions;
- operating divisions or, as the case may be, operating sites themselves, define objectives within the framework of that strategy. These objectives are validated in budget procedures. They define the relevant necessary actions, carry them out and monitor their results. Depending on the size of the industrial sites, the teams in charge of this task are wholly or partly dedicated to it;
- reliable, exhaustive feedback that enables the Group to measure the performance of its sites in the 36 countries where it is active has become essential. A reporting system for the input of selected indicators is in the setup process and will be operational in the second half of 2004.

> 2003 Initiatives

With the Group's encouragement, more and more operating divisions are implementing specific actions for the protection of the environment. The most significant initiatives in 2003 include the following:

- Setup of an environmental management system in North America

A permanent structure was formed, comprised of five individuals with both specific high-level training and extensive field experience. It conducts a regular internal audit of all the Group's sites in North America (Canada, Mexico, United States) and delivers training for operators. Furthermore, the Environment department provides the various operating divisions in the geographic zone with technical expertise, a regulatory watch service and the tools needed for the ongoing improvement of environmental performance.

- Reforestation in Brazil

Imerys RCC has been operating kaolin quarries near Belem since 1996. The post-operations reforestation campaign began in 1998. To ensure that reforestation takes place in optimum conditions, Imerys RCC created a nursery for up to 7,000 young plants of local species. More than half of the surface area used since 1996 has already been replanted. Traditional flora and fauna have taken over the site, attesting to the program's success.

- The *"Blueprint"* program in Cornwall

The environmental part of the *"Blueprint"* initiative in Cornwall (United Kingdom) meets the foremost expectation voiced by the populations concerned. It includes major commitments on limiting all impacts directly related to the activity (noise, vibration, dust), as well as transport, energy and water consumption and site restoration. These commitments are clearly stated in a brochure of which 20,000 copies were circulated.

- First two ISO 14001 certifications in the Clay Roof Tiles & Bricks France division

Almost two years of preparatory work were needed to obtain ISO 14001 certification for the Mably (Loire) and Gironde sur Dropt (Gironde) brickworks. The two French sites are now working on the common challenge of reducing energy consumption, air and water releases and noise pollution and of improving the cleanliness of the roads used by trucks.

- More awards for K-T Clays (United States)

In 2003, Kentucky-Tennessee Clay Company continued to win awards for the excellence of its environmental policy. In March, it won an IMCC (Interstate Mining Compact Commission) award for the reclamation of the Mayfield (Kentucky) site. In July, an award from the Georgia Mining Association acknowledged the outstanding restoration of the Renfroe (Washington) site.

4.7.4.3. Health & Safety

Decentralized organization

Compliance of facilities and equipment with local regulations on worker safety and the observance of exposure thresholds for hazardous substances are the minimum standard required across the Group.

As with environmental management, Imerys has opted for a highly decentralized system for managing occupational health and safety issues. Behavior with respect to potentially hazardous situations (compliance with instructions and operating methods, wearing of protective gear and a sense of tidiness and cleanliness) is very generally reflective of a management unit. It is acknowledged that performance in this field depends above all on a safety-focused state of mind and general behavior in the workplace.

Imerys has therefore focused its training, awareness-raising and motivation actions on its operating structures.

Within the framework of the policies defined by business groups and the objectives they set themselves, these actions involve promoting the implementation of proven practices such as internal and external audits, detection and systematic analysis of accidents and near-accidents, formal procedures for the induction and training of new and temporary personnel and the extensive involvement of personnel representatives.

A safety performance reporting system was set up at Group level in 2003. Its implementation proved longer and more difficult than expected because of the following factors:

- heterogeneous definitions of indicators (e.g. the notion of a lost-time accident varies from country to country);
- the difficulty of transposing the various indicators required by national regulations into a common Group standard.

Imerys will be able to publish partial data on a restricted scope in the second half of 2004.

> 2003 Initiatives

- In the United States, a lateral safety management structure was set up on all the Group's sites. The first phase of the program, which was launched in 2003, involved providing all sites with an improvement plan based on prevention and training. A system of inter-site cross-audits is also being implemented gradually. The first year's results were promising, as lost-time accidents decreased 16%, and the number of accidents having to be reported to the Mine Safety and Health Administration (MSHA) fell 40%.

- In South America, the Performance Minerals division also set up a dedicated Health & Safety organization in 2003. The first phase of the program concerns regulatory compliance audits on all sites.

- In 2003, the Clay Roof Tiles & Bricks France division repeated its annual inter-site Safety Challenge. This well-established competition leads to a ranking based on criteria including accident frequency and seriousness, but also a qualitative appraisal of the actions carried out in training, prevention and audits. The Safety Challenge is just one of many components of the Safety policy in the division, where the accident frequency rate has decreased from 11.3 in 2001 to 3.1 in 2003.

- Finally, the Kentucky-Tennessee Clay division recorded zero lost-time accidents in 2003 for 760,000 hours worked. This outstanding result attests to the effectiveness of the active, dynamic policy for prevention and operator motivation that has been in force in this division for several years.

4.7.4.4. Human resources

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.

This policy is the subject of a *"Human Resources Guide"* that has been circulated in all the Group's divisions *(see paragraph 6.6.1. of the Annual Report)*. This document enables every manager to draw on the principles that form the framework for all the Group's operating divisions in terms of the definition and decentralized management of their own human resources policy.

These principles cover the following points, in particular:

> Decision-making

The areas or types of Human Resources - related decisions requiring prior authorization from management are listed.

> Ethical standards

The obligation to comply with regulations and legislation in force is asserted and strengthened through the commitment for both Imerys and its sub-contractors to abide with the basic principles defined by the International Labour Organization (ILO) in its declaration on "Fundamental Principles and Rights at Work and 1999 Convention on Child Labour".

> Industrial relations

The Group aims to develop constructive communication and contractual policies with its employees and their representatives in accordance with local rules.

The Group's European Works Council, which was created in 2001, meets in a plenary session once a year (Cornwall, United Kingdom in 2002; Lixhe, Belgium in 2003). Eleven countries (Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Spain, Sweden, Portugal, United Kingdom) are represented on the council by a 13-member employee delegation. The four Officers, including the current Secretary Serge Gonzalès (Imerys Clay Roof Tiles & Bricks France division) also meet once a year.

Reorganization

The need to improve the efficiency and productivity of the Group's organizations may lead to restructuring operations and job cuts. In such situations, the Group's policy is for divisions to favor internal relocation or solutions for the employees concerned and to set up retraining and support programs to assist them in finding external employment or starting a business. In that context, in 2003:

- In the United States:
  - Imerys divested its "Dimensional Stone" activity, which no longer corresponded to the Group's strategy. In that framework, in Georgia, the Nelson site and part of the Tate site were closed in June and the Elberton plant was sold to its management. The rest of the activity was acquired by the Canadian group Polycor, which retained part of the personnel. However, the restructuring led to a total of 157 redundancies.
  - The rationalization of the Dry Branch (Georgia) kaolin production site led to significant manpower reduction. An early retirement program was set up to limit redundancies.
- In Brazil, because of the sharp economic downturn, the Suzano PCC production site was closed and manpower at Imerys do Brasil was reduced by approximately 25%. However, the employees made redundant benefited from an extension of their healthcare coverage, increased indemnities and assistance with finding new jobs.
- The Pigments for Paper business group was reorganized in July 2003. The business group is now structured with global corporate departments, enabling it to serve its international customers effectively and optimize its assets. This reorganization did not lead to any significant manpower reductions.
- The Monolithic Refractories division was reorganized and manpower was reduced significantly at the main production site in Neuwied (Germany), where substantial modernization and productivity improvement investments were made. A redundancy plan concerned 30 employees.
- The creation of the Clay Roof Tiles & Bricks France division fostered the combination of the Roof Tiles and Bricks activities and prepared for the merger of Imerys Toiture and Imerys Structure into a single entity. This took place in the first quarter of 2004 with no impact on employment. This was also the case with the constitution of the Imerys Clay Roof Tiles & Bricks International division, comprised of the Roof Tiles and Bricks sites in Spain and Portugal.
- Local market constraints made the restructuring of the Bricks activity in Portugal necessary. Approximately 50 jobs had to be cut on the site. This reorganization, which took place in a climate of dialog, was completed without conflict. By the beginning of 2004, most of the people concerned had found employment in the area and around 20 projects to start or take over small businesses (particularly in the fishing, agricultural mechanical sectors) had been realized.
- The closure of Imerys Structure's Sainte Agathe (France) plant, due to the transfer of activities to other sites, led to the loss of 11 jobs. The number of relocation possibilities to nearby sites was higher than the number of redundancies. Similarly, a brick production workshop in Colomiers (France) was closed. All 10 employees were relocated to another brickworks near Colomiers.
- The roof tiles production line in Damiatte (France) was transferred to the Leguevin (France) plant. The resulting overstaffing was managed mainly through internal relocations or transfers.

Non-Discrimination

Non-discrimination principles apply in all the Group's divisions, in particular for all issues related to recruitment, training and career progression.

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 subsidiaries. A Black Economic Empowerment (BEE)[1] agreement was signed in June 2003 by Imerys and the South African group Nghala Mining (Pty) Ltd. Under the partnership, Nghala will have a 26% stake in Imerys' South African activities, and the two companies will continue the actions that were taken several years ago. These include:

- providing social assistance for mines' neighboring communities;
- working as a priority with local suppliers committed to the BEE program;
- contributing to employees' education, particularly as regards literacy;
- training employees in Imerys' professions;
- increasing the number of HDSA[1] managers;
- taking part in the fight against AIDS.

Training

In the framework of forward planning of employment, the divisions must set up adapted training programs to provide for the maintaining and updating of employees' skills.

Imerys acknowledges the importance of vocational training in maintaining best practices within the Group, improving performance and strengthening the corporate culture. On a Group level, training is developed for managers in Imerys' core businesses. Targeted training programs have also been developed for Group division managers, mine and quarry operating specialists, financial teams and young graduates at the start of their career with Imerys.

- In 2003, significant efforts were made in terms of training. In particular, training on management and safety was organized in the United States, the United Kingdom and Brazil.
- In October and December 2003 in the United Kingdom, training on the setup of IFS[2] concerned approximately 100 employees.
- The Group's financial department, in partnership with Price Waterhouse Coopers, began training its controllers in International Financial & Reporting Standards (IFRS). In December 2003, around 20 European controllers attended a three-day training session on "Putting IFRS into Practice: the Transition from Individual Accounts to IFRS Reporting." A second session took place for head office personnel in January 2004. In the coming months, this training is to be delivered in English for non-French-speaking European employees.
- A Group geologists seminar is scheduled for April 2004 in France.
- In 2001, Imerys set up an international program for young graduates. Concerning approximately 45 graduates from several European countries, South Africa and the United States, the program is based on three training sessions over an 18-month period and is carried out in cooperation with the renowned Robert Gordon University of Scotland. In 2004, the third session will be even more international as it includes young graduates from Asia and Brazil. The program is an exceptional opportunity for participants to develop their skills and networks through different cultures and to boost their international career. It is also a good way of identifying future senior managers, reducing staff turnover and managing careers.

Career management

The aim of the Group's policy is for every employee to develop his or her individual potential in the context of the Group's needs. As regards to managers, the Group has set up a methodology designed to provide better knowledge of each individual'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 prepared for examination by the Managing Board.

[1] *BEE: South African government policy in favor of Historically Disadvantaged South African (HDSA).*

[2] *IFS: integrated financial management software.*

For example, under this process in 2003:

- the Human Resources manager of the Pigments for Paper business group in the United States took on Human Resources responsibility for the entire Group in June;
- the IT manager in charge of setting up IFS software in Europe became Imerys vice-president Information Systems;
- the manager of the Specialties Southern Hemisphere activity was appointed manager of the Kiln Furniture department (Specialty Minerals business group);
- the manager of the Andalusite department (Refractories & Abrasives business group) took on the newly created position of Development & Technologies manager in charge of the Group's Sustainable Development strategy.

Compensation and benefits

The compensation principles developed by the Group refer to competitive local practices and to internal fairness.

By the actions and initiatives they may take to mobilize their personnel around their unit's goals, managers play an essential role in improving the Group's performance. By ensuring that manager compensation is competitive and motivating, the Group aims to develop a policy that is adapted to the achievement of its goals.

Consequently, the aims of the compensation system in force are:

- on one hand, to maintain the overall amount of compensation at a competitive level in relation to benchmark markets, particularly by using specialized surveys;
- on the other hand, to take managers' individual contributions in their units more into account. These objectives are achieved through the individualization of managers' base salary and by increasing the relative weight of the annual bonus.

The bonus is calculated on the basis of two types of criteria: economic and job-specific. In accordance with the Group's priorities, the economic criteria taken into consideration are operating income and the operating free cash flow created by the division or business group to which the manager belongs.

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 d'euros)

2003	2002	2001	2000	1999
9.1	11.6	9.9	9.2	6.7

Information and communication

Internal and external 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.

The objectives of the corporate magazine *"Imerys News"* are to develop the feeling of belonging and the sharing of experience within the Group. Its layout and section organization were redesigned in the summer of 2003 in order to integrate Sustainable Development issues more effectively *(see paragraphs 4.7.4.1. and 4.7.4.2. of this chapter)*. Features were published on the Graphite & Carbon department and the Tiles Minerals division.

In the fall of 2003, for the fourth year running, the Group also mobilized around the "Imerys Employee Shareholder Plan 2003." Subscription was open to 13,000 employees from 15 countries, which represents an average participation rate of 7% with an average investment of 10.1 shares per employee. Overall, employees acquired 9,356 Imerys shares that the Group had bought back on the market in 2003 and were granted 9,356 subscription options concomitantly. These results are considered satisfactory.

• Subscription rate to Employee Shareholder Plan for past 4 years (% of employees taking part)

	2000	2001	2002	2003
- France	34.3%	19.2%	13.7%	7.9%
- United Kingdom	14.6%	10.1%	10.0%	4.5%
- United States	16.5%	9.9%	8.3%	4.8%
- Germany	Not concerned	13.9%	9.2%	5.1%
- Austria	Nc	18.9%	10.4%	7.7%
- Belgium	Nc	19.7%	14.5%	6.5%
- Switzerland	Nc	20.4%	12.1%	3.9%
- Spain	Nc	Nc	13.1%	9.6%
- Italy	Nc	Nc	17.8%	7.7%
- Portugal	Nc	Nc	13.8%	21.8%
- Brazil	Nc	Nc	17.8%	17.5%
- Canada	Nc	Nc	12.8%	22.7%
- Sweden	Nc	Nc	22.7%	14.2%
- South Africa	Nc	Nc	1.5%	0.1%
- Netherlands	Nc	Nc	10.5%	0%
TOTAL	**22.9%**	**13.1%**	**11.3%**	**7%**

See additional information in paragraph 5.2.5. of the Annual Report.

Human resources reporting

In 2003, the Group undertook an extensive program of collecting and organizing information in order to have a consolidated, reliable and exhaustive global instrument on the main relevant indicators for human resources management, including manpower, age and seniority pyramids, training, compensation, working hours and industrial relations. The program should be completed in 2004.

• **2003 employee headcount**

• Employees by business group

	12/31/2003	12/31/2002	12/31/2001	12/31/2000
Specialty Minerals	4,792	5,373	4,945	4,654
Pigments for Paper	3,087	3,183	3,595	3,910
Building Materials	2 882	2,971	2,970	2,896
Refractories & Abrasives	2,929	2,962	2,882	3,034
Holdings	112	105	105	89
TOTAL	**13,802**	**14,594**	**14,497**	**14,583**

• Employees by geographic zone

	12/31/2003	12/31/2002	12/31/2001	12/31/2000
Europe	8,354	8,613	8,699	8,595
- of which France	3,486	3,531	3,578	3,499
- of which United Kingdom	2,449	2,610	2,712	2,884
North America	2,622	2,944	3,112	3,231
Rest of world	2,826	3,037	2,686	2,757
TOTAL	**13,802**	**14,594**	**14,497**	**14,583**

4.7.4.5. Community relations

Imerys and its operating divisions work closely on a long-term basis with French or international trade associations that represent their respective businesses (e.g. *"Fédération Française de la Tuile et de la Brique"*, the French roof tiles & bricks federation, for the Building Materials business group, or Industrial Mining Association-Europe) and governmental organizations for local projects (e.g. English Nature in Cornwall). These cooperation programs are intended to help take the public's expectations into account more effectively and to raise public awareness of Sustainable Development. Increasingly, their objective is also to support the development of the local economic fabric.

Community relation programs, whether for environmental, safety or social issues, are mainly set up on unit managers' initiatives. They are in the best position to choose the most committed partners and establish contacts with the relevant local authorities or associations.

Furthermore, the Group, like other companies on the SBF 120 index, is contacted more and more frequently by ranking agencies or ethical investment analysts. It replied to several questionnaires in 2003, particularly from Vigeo and EIRIS, and for the *"European Investors Survey"* conducted by Deloitte & Touche.

› Some local initiatives

Like the *"Blueprint"* program in England *(see paragraphs 4.7.4.1. and 4.7.4.3.)* or the Black Economic Empowerment agreement in South Africa *(see paragraphs 4.6.3.3. and 4.7.4.4.)*, the examples below show the kind of relations that the Group is able to forge with local communities:

- thanks to the support of Imerys do Brasil, pupils at a school near Arcos (Brazil) are aware of water wastage issues and the dangers of non-drinkable water. Special emphasis was put on ways of cleaning the village's reservoirs or avoiding contamination through personal hygiene behavior. Furthermore, the Company carries out microbiological analyses on the region's reservoirs and, if necessary, recommends simple decontamination treatments;

- with over 20 million visitors per year, the Blue Ridge Parkway is one of the most popular sites in the United States network of national parks. One of Imerys' American subsidiaries, Kentucky-Tennessee Clay, sponsors the site's minerals museum and supports its educational activities. The aim of the museum is to raise awareness among children, local residents and visitors of the contribution of mining to our society;

- ten per cent of employees at Damrec in Glomel (France) are volunteer firefighters on a private basis in their village. The company decided to support them in their civic action by allocating part of its training budget and signing an agreement with the regional emergency services center. Under the agreement, the employee firefighters are entitled to 12 days' absence for training. In return, Damrec receives the sums that the center usually pays volunteers. Damrec also funds uniforms and equipment for the young volunteer firefighters training school;

- for several years, the Group has been committed to supporting two associations that foster the inclusion of individuals with personal or professional difficulties, "Astrée" and "La Fondation de la Deuxième Chance";

- for the second consecutive year, Imerys sponsored the vocal ensemble "Les Arts Florissants," led by William Christie. Imerys also gives employees the opportunity to attend selected performances or dress rehearsals.

4.7.5. MINERAL RESERVES AND RESOURCES

Imerys through its subsidiaries operates mines and quarries in various countries around the world which are owned by the Group or held under long term agreements. The Group ensures access to these mineral reserves to meet both short and long term requirements for its development activities and seeks continuously to consolidate its existing position and to diversify it 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 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, United States and Canada and constitute best available practice for the reporting 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. supply of alumina and bauxite to the Abrasives Division and of calcium carbonates in Carrara – Italy – for Pigments for Paper), are not included in these tables.

The estimates have been compiled by Competent Persons[2] or other professionals most of whom are full time Imerys group employees. They reflect the situation as at 31st December 2003.

Reserves estimates are based on current mining, economic and market parameters and forecasts.

Resource estimates are based on geological information with preliminary consideration of mining, economic and other factors with realistic expectations but with no guarantees that all or part of the mineral resources will be converted to mineral reserves with further exploration work.

In recognition of the need for greater transparency in the disclosure of Mineral Reserve and Resource estimates, the Group in line with the section entitled *"Reporting of industrial minerals, stone and aggregates"* in the *"Reporting Code"* has regrouped the estimates compiled for each mine or quarry by commodity and geographic region to protect the confidentiality of commercially sensitive information. This regrouping is clearly justified to protect the quality, quantity and closely associated market information 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 of mine for each mine or quarry but on the basis of the geological surveys conducted and the modifying factors applied, the Group considers that its mineral reserves and resources will be sufficient to sustain the long term operation of its activities at their 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.

[1] *www.iom3.org/divisions/earth sciences/reportingcode240303.pdf- access link on the Imerys website.*

[2] *Profile of "Competent Persons" are defined in the Code.*

COMMODITY	LOCALITY	MINERAL RESERVE ESTIMATES 2003 PROVED (KT)	PROBABLE (KT)	TOTAL (KT)
Ball Clay	Europe (incl Africa)	5,921	7,194	13,115
	North America	8,921	2,575	11,496
	Asia	1,085	0	1,085
	TOTAL	**15,927**	**9,769**	**25,696**
Carbonates *(Calcite, Marble, Chalk, Limestone, Dolomite & Dimension stone)*	Europe	6,167	5,300	11,467
	North America	160,151	73,305	233,456
	South America(*)			
	Asia(*)			
	TOTAL	**166,318**	**78,605**	**244,923**
Clays *(Brick & Roof Tile Raw Materials)*	**Europe**	**68,748**	**14,566**	**83,314**
Feldspar, Feldspathic sand & Pegmatite	Europe	0	2,540	2,540
	North America	2,985	0	2,985
	TOTAL	**2,985**	**2,540**	**5,525**
Graphite	**North America**	**119**	**0**	**119**
Kaolin	Europe (incl. Africa)	8,263	27,521	35,784
	North America	22,543	7,225	29,768
	South America	17,382	1,455	18,837
	Asia	526	2,821	3,347
	TOTAL	**48,714**	**39,022**	**87,736**
Minerals for refractories *(Refractory Kaolin, Bauxitic Kaolin, Bauxite, Flint Clays & Andalusite)*	Europe (incl Africa)	2,422	1,595	4,017
	North America	4,130	0	4,130
	TOTAL	**6,552**	**1,595**	**8,147**
Slates	**Europe**	**112**	**89**	**201**
Speciality Minerals *(Bentonite, Grès de Thiviers sandstone, Silica & Vermiculite)*	**World**	**470**	**642**	**1,112**

(*) Estimates currently under review to comply with the European Reporting Code.
- In line with provisions made for the reporting of industrial minerals in the Reporting Code reserve estimates have been grouped to protect their sensitive nature.
- Estimates are quoted on a contained sellable ton equivalent dry basis. Clay estimates are quoted as dry processable tons.

A Mineral Reserve is the economically exploitable part of the *"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.

COMMODITY	LOCALITY	MINERAL RESOURCE ESTIMATES 2003 MEASURED (KT)	INDICATED (KT)	INFERRED (KT)	TOTAL (KT)
Ball Clay	Europe (incl. Africa)	1 950	3 136	9 041	14 127
	North America	9 675	18 884	7 250	35 809
	Asia	0	0	0	0
	TOTAL	**11 625**	**22 020**	**16 291**	**49 936**
Carbonates *(Calcite, Marble, Chalk, Limestone, Dolomite & Dimension stone)*	Europe	1 090	8 236	9 884	19 210
	North America	264 920	147 468	146 658	559 046
	South America(*)				
	Asia(*)				
	TOTAL	**266 010**	**155 704**	**156 542**	**578 256**
Clays *(Brick & Roof Tile Raw Materials)(*)*	**Europe**	**12 558**	**7 110**	**647**	**20 315**
Feldspar, Feldspathic sand & Pegmatite	Europe	0	1 801	4 171	5 972
	North America	3 600	450	0	4 050
	TOTAL	**3 600**	**2 251**	**4 171**	**10 022**
Graphite	**North America**	**52**	**60**	**0**	**112**
Kaolin	Europe (incl Africa)	5 935	15 198	88 974	110 107
	North America	30 875	11 775	24 983	67 633
	South America	2 215	2 785	6 316	11 316
	Asia	0	861	3 358	4 219
	TOTAL	**39 025**	**30 619**	**123 631**	**193 275**
Minerals for refractories *(Refractory Kaolin, Bauxitic Kaolin, Bauxite, Flint Clays & Andalusite)*	Europe (incl Africa)	1 023	2 515	2 523	6 061
	North America	16 530	0	0	16 530
	South America	0	1 500	0	1 500
	TOTAL	**17 553**	**4 015**	**2 523**	**24 091**
Slates	**Europe**	**123**	**127**	**307**	**557**
Speciality Minerals *(Bentonite, Grès de Thiviers sandstone, Silica & Vermiculite)*	**World**	**309**	**489**	**549**	**1 347**

(*) Estimates currently under review to comply with the European Reporting Code.
- In line with provisions made for the reporting of industrial minerals in the Reporting Code reserve estimates have been grouped to protect their sensitive nature.
- Estimates are quoted on a contained sellable ton equivalent dry basis. Clay estimates are quoted as dry processable tons.

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.

There are no known environmental, permitting, legal, ownership, political or other relevant issues that would materially adversely affect the estimates in this report.

4.7.6. INSURANCE, RISK 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 exclusively integrated into international Group insurance programs taken out on the market with a pool of insurers with 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 ("XS").

The Master and XS 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 Workers Compensation, and in addition to the statutory 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, amounts to €100 million per claim and per year.

The current Group Civil liability Program is renewable annually on first January. Applicable excess levels, which may vary according to local 1st line policies, are mostly in the region of €15,000 per claim outside North America, where they are $250,000 in the Master and XS policies.

Given the efforts made by the divisions on risk prevention and product quality control and the fact that no claims of an exceptional nature have been made in the past two years, the rise in premiums for the renewal of the Group Civil Liability Program in 2004 was kept through a minimum. The rise is mainly due to difficult market conditions for this kind of risk, particularly with regards to employer liability, chiefly in North America and the United Kingdom.

Property damage and business interruption

This program is intended, in particular, to cover non-excluded property damage caused suddenly and directly affecting the insured property, as well as any resulting operating losses.

As of 2002, the Group is covered for property damage and business interruption under a Master policy that is issued in France and applies to most European countries (on a free-service basis) in addition to local policies.

The attacks on September 11, 2001 in the United States intensified the trend of rising premiums for industrial risk insurance, combined with more restricted coverage. The significant increase in the amount of premiums recorded by the Group in 2002 together with the rise in the excess level for applicable claims, led Imerys to transfer risks of intensity only to the insurers, while risks of frequency are now borne by the Group.

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 and per year.

The current Group Property Damage and Business Interruption Program, taken out with a pool of insurers led by FM Global, is renewable annually on first of January.

Following very substantial increases in 2002 and 2003, the enhanced risk prevention policy implemented by the Group since 2002, in parallel to the absence of any significant exceptional claims, enabled the Group in 2004 to return to more reasonable premiums that take better account of the theoretical low level of risk associated with the Group's activities and its historical average rate of claims.

By appointing a company that is renowned for its expertise in prevention engineering as its lead insurer on January 1, 2004, Imerys intends to step up its risk awareness and prevention efforts in operating units, in line with its overall Sustainable Development program *(see paragraph 4.7.4.2. of the Annual Report)*. In that framework, preventive visits are conducted on most of the Group's industrial sites, resulting in recommendations for customizing the prevention program and improving management of property damage and business interruption risks.

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.

4.7.7. INVESTMENT POLICY

Between 1991 and 2003, the Group's consolidated sales grew 10.2% per annum on average, while operating income and net current income grew 14.8% on average per annum. This growth resulted from:

- a policy of ambitious capital expenditure focusing on the modernization and rationalization of production capacities and the launch of new products. With a total of €421.3 million over the past three financial years, capital expenditure represents 95.7% of depreciation expense;
- sustained external growth in the Group's lines of business. Since the acquisition of English China Clays in May 1999, the Group has committed €629.1 million to acquisitions, of which €48.2 million in 2003. This acquisition-based development is in line with simple objectives – extending the product range, widening market outlets, opening up new geographic zones – and constant principles, i.e. gaining leadership through a durable competitive edge (through reserves, know-how, etc.), being able to draw value from front ranking products and services delivered to customers through a relevant price policy and complying with the profitability criteria set for all the Group's investments.

In 2003, the Group continued its internal growth and committed €122 million to capital expenditure, compared with €148.6 million in 2002. This reduction is mainly due to the depreciation of the US dollar and the British pound.

- In Specialty Minerals, capital expenditure mainly concerned the modernization and improvement of plants under the cost reduction action plans undertaken in late 2002. A new furnace is under construction in Thailand as part of the integration of the Thai kiln furniture activity that was acquired in 2002 and a new kaolin dryer was commissioned in Cornwall (United Kingdom);
- In Pigments for Paper, the further capacity extension (from 600 to 850 Kt/yr.) at Imerys RCC (kaolin in Brazil) was completed in May 2003. The strategy of developing in calcium carbonates continues, particularly in Asia, where the agreements signed in India – with the Indian paper group BILT – and China – with the major international paper group UPM Kymmene – will lead to the construction of two GCC production plants, scheduled to come on stream in 2004 and 2005, respectively;
- In Building Materials, the roof tile production rationalization program continued in France in 2003 with the closure of the Damiatte (Tarn) tiles line and the gradual ramp-up of the new line in Léguevin (Haute-Garonne). The tiles production line at the Pargny sur Saulx (Marne) plant is now fitted with individual kiln furniture that significantly improves product quality. A new rectified bricks production line was commissioned in the Gironde sur Dropt (Gironde) plant;
- In Refractories & Abrasives, substantial expenditure was committed for modernization and productivity improvement at the main monolithic refractories production site in Neuwied (Germany) as part of the division's restructuring. In Brazil, the integration of the Salto fused aluminum oxide and silicon carbide plant, acquired in 2002, involved capital expenditure for the modernization of crushing and particle grading facilities.

4.7.8. RISKS REGARDING PENSION COMMITMENTS

Information on the general situation of the Group's commitments with respect to the pension and retirement indemnities of its current and future employees as on December 31, 2003 is given in chapter 3 of the Annual Report *(see notes 29 – 32 of the Attachment to the Consolidated Financial Statements).*

4.7.9. RISKS RELATING TO 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 for the paper industry. The Group protects itself from any sharp rises in the cost of sea freight on the spot market – such as the ongoing increase that began in late 2003 on Asia/Pacific and Asia/North America/Europe routes[(1)] – by entering into long-term transport contracts in predefined terms and conditions.

4.7.10. RELATIONS WITH CUSTOMERS AND SUPPLIERS

Sales to Imerys' 10 largest customers represent 17% of its consolidated sales, with no customer accounting for 3% of the Group's total sales in 2003.

Purchases from Imerys' 10 largest suppliers (including transport and energy) represent 16% of the Group's purchases, with no supplier accounting for 3% of the Group's total purchases in 2003.

4.7.11. INNOVATION

4.7.11.1. Research and Technology

The Group's success is built on its in-depth understanding of the evolving needs of customers and their markets. By helping them to move beyond traditional formulations, Imerys enables them to raise product quality, add new features and reduce costs.

Every solution developed by Imerys begins with the precise definition of the properties sought by the customer. Drawing on their expertise in mineral properties and applications, the Group's research teams engineer the physical parameters and surface chemistry of the minerals selected to meet that specific need. In many cases, partnerships with customers speed up this development process.

Innovation is constantly stimulated by the new objectives set by customers with highly diversified expectations in terms of product performance, including opacity, permeability, resistance to heat and to impact, flexibility and conductivity.

Imerys adds value to a great number of industrial applications and helps improve daily life in many ways.

- The Group's clay roof tiles and bricks and its raw materials for ceramic sanitaryware or floor tiles make houses and other buildings more attractive or comfortable;
- in paint, minerals contribute whiteness, bringing out the entire range of colors, and make every kind of surface appearance possible, from mat to extra-glossy;
- in plastics, from modern kitchen worktops to children's toys, Imerys solutions provide stiffness and solidity, as well as greater longevity for minimal cost;
- in paper, the Group's minerals improve the surface finish in papers in an endless variety of print vehicles, for news and reviews, eye-catching advertising, company reports, books and magazines;
- urban pollution is controlled more effectively thanks to the minerals used to make catalytic converters.

The Group has a robust research and technology structure based on decentralization and coordination. 250 scientists and technicians work in numerous laboratories and technical centers worldwide.

- Three primary centers form the core of the Group's innovation activities: Par Moor (Cornwall, United Kingdom), Sandersville (Georgia, United States) and Bodio (Switzerland) have highly advanced analytical and processing facilities;
- approximately 20 regional laboratories are dedicated to specific markets. They implement solutions that are adapted to each particular need, enabling customers to enhance their product development and innovation potential:

[(1)] *London Maritime – October 10, 2003.*

- Pigments for Paper: in addition to the two main centers in Par Moor (United Kingdom) and Sandersville (United States), 2 regional technical centers support the Asia-Pacific zone (Wuhu, China; Fuji, Japan);
- Refractories & Abrasives: Neuwied and Laufenburg (Germany), Glomel (France), Andersonville (Georgia, United States) and Villach (Austria);
- Building Materials: Colomiers (France);
- Specialty Minerals: Willebroek (Belgium), Lamotte Beuvron, Aixe sur Vienne, Châteauroux and St Sulpice de Mareuil (France), Castellon (Spain), Modena (Italy), Bodio (Switzerland), Saraburi (Thailand), Matauri Bay (New Zealand), Furzebrook and Par Moor (United Kingdom), Selb (Germany), Sandersville and Dry Branch (United States).

These laboratories, dedicated to Imerys' different business groups and divisions, conduct specific product and process development programs for every market served. They are supported by a central Technology & Mineral Resources team that leverages innovation by fostering knowledge flow between departments via skill networks. The team also develops the geological expertise needed to assess the Group's mineral reserves[1] and helps divisions to evaluate external growth operations under consideration.

In 2003, Imerys' technical capabilities were strengthened further as a new Product Development group was set up in the Par Moor (Cornwall, United Kingdom) laboratory to look into new opportunities in Specialty Minerals.

Many examples of the innovations developed in 2003 are described in the "Innovation" sections of the Annual Report chapters describing the activities of Imerys' four business groups *(see sections 4.3 to 4.6 of the Annual Report).*

4.7.11.2. Intellectual property

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 brand names and patents.

Imerys holds over 1,200 brands and approximately 500 current or pending patents. In 2003, the Group filed 15 new patent applications, mainly for applications in paper, plastics, ceramics or building materials.

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 over 200 domain names.

An equally substantial part of Imerys' intellectual property lies in the know-how acquired by the Group's entities through long experience in their line of business and thorough knowledge of their customers' needs.

To the best of Imerys' knowledge, no patent, license or brand name has a decisive bearing on the Group's overall business or profitability.

4.7.11.3. New information technologies

Intranet

The Imerys Intranet was launched in May 2001. Its primary function is to be an authoritative source of information for the Group's employees. The first part presents recent information concerning internal announcements, share prices and career opportunities. The second part concerns basics such as key figures, organization and Group Manuals and Procedure Guides. Finally, the third part contains databases including site directories, employee directories and organizational charts.

The Group Intranet was redesigned in the last quarter of 2003 on a common information system across several sites. The new version went live in February 2004. The main improvement concerns simplified access rights for employees connecting from their workplace.

[1] *see paragraph 4.7.5. of the Annual Report.*

Imerys also has a 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 cooperation on every purchasing category.

Some divisions have also created their own Intranet to foster internal communication and sharing of experience and data.

› Sites Internet

Centered on the Group's corporate site, www.imerys.com *(see paragraph 5.7 of the Annual Report)*, divisions have developed 18 websites that present their activities and their products and service lines.

The corporate site www.imerys.com was overhauled in the summer of 2003 to include a new Sustainable Development section.

4.7.11.4. Quadrem

In October 2000, Imerys acquired a founding shareholder's stake in Quadrem, an online marketplace for the minerals and metals industry. Quadrem, of which the shareholders are the major players in the global mining industry, has set up and manages an e-procurement platform offering open, independent services. Quadrem has become a benchmark marketplace in e-procurement and has extended its activity to include new sectors such as the food industry.

_ 4.8. Recent events and communication schedule

4.8.1. RECENT EVENTS

In late February 2004, Imerys completed the acquisition of Burton-Apta – renamed Imerys Kiln Furniture Hungary Kft. - a European leader in the manufacture of refractory kiln furniture for the ceramics sector.

Located near Szeged in Southeast Hungary, Imerys Kiln Furniture Hungary Kft. achieves annual sales of approximately €20 million and will be integrated into the Kiln Furniture department of Imerys' Specialty Minerals business group.

This acquisition enhances the department's industrial and commercial organization through:

- a plant in Hungary that can produce every type of refractory kiln furniture, whether pressed, cast or silicon carbide-based. The plant benefits from highly skilled management and labor. It employs approximately 270 employees;
- positions on the German and East European markets, an ideal fit with the department's current geographic network in Western Europe.

Following the acquisition of the assets of Siam Refractories in Thailand in 2002, the acquisition of Imerys Kiln Furniture Hungary Kft. is a further stage in Imerys' growth strategy in kiln furniture for refractory ceramics.

4.8.2. COMMUNICATION SCHEDULE

The provisional schedule for Imerys' financial publications in 2004 is as follows:

- January 27: publication of 2003 sales
- March 2: publication of 2003 results
- May 3: Shareholders' General Meeting and 1st quarter 2004 results
- May 18: payment of dividend
- July 27: publication of estimated 1st half 2004 results
- September 6: publication of definitive 1st half 2004 results
- November 9: publication of 3rd quarter 2004 results

Chapter 5
_General Information

5 _ 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:

Tour Maine-Montparnasse
33, avenue du Maine - 75015 Paris - France
Telephone: +33 (0) 1 45 38 48 48
Fax: +33 (0) 1 45 38 74 78

Legal status and law of incorporation:

Imerys is a French Limited Liability Company (Société Anonyme) with a Managing Board (Directoire) and Supervisory Board (Conseil de Surveillance), which is governed by the provisions of articles L225-57 to L225-93 of the Code of Commerce, the provisions of decree 67-236 of March 23, 1967 and its by-laws. Until the Extraordinary and Ordinary Shareholders' General Meeting held on May 7, 1998, the Company's legal status was that of a Limited Liability Company with a Board of Directors. 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 established in 36 countries and 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, personnel 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. Code (main activity): 741 J
SIRET 562 008 151 00085

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 33 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 35 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 26 and 27 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 Managing Board 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 Managing Board 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 27 of the by-laws, and is intended to reward the Company's shareholders for their loyalty. The double voting right is also granted to new free shares granted to shareholders under a capital increase operation, on the basis of the old shares for which they already benefited from this right. The double voting right ceases ipso jure when a registered share is converted to a bearer share or is transferred, except in cases of collateral assignment or transfer as life interest or by inheritance or family bequest. Finally, the double voting right may be cancelled by decision of an Extraordinary Shareholders' General Meeting with prior authorization by the Special General Meeting of the holders of such right.

• Restriction of voting rights:

None.

Disclosure of exceeding of thresholds:

Imerys' by-laws do not contain any clause imposing disclosure requirements in the case of holdings that exceed certain thresholds, other than the thresholds fixed by legal provisions in force.

Any shareholder, whether acting alone or with others, who comes to hold more than one-twentieth, one-tenth, one-fifth, one-third, one-half or two-thirds of share capital and/or voting rights in the Company must comply with the provisions of articles L233-7 to L233-11 of the Code of Commerce and, more specifically, immediately inform the Company by registered mail, return receipt requested. In the event of failure to comply with this obligation, the provisions of article L233-14 of the Code of Commerce shall apply. All shareholders must also inform the Company within five days whenever their holding falls below any of the above-mentioned thresholds.

_ 5.2. Information concerning the share capital

5.2.1. NOMINAL AMOUNT OF THE SHARE CAPITAL AND NUMBER OF VOTING RIGHTS

As of January 1, 2004:

- Imerys' fully paid-up share capital was €126,965,960; it was divided into 15,870,745 shares of €8 in par value; 8,537,138 shares benefited from a double voting right pursuant to article 27 of Imerys' by-laws;
- the total number of voting rights attached to existing shares was 24,371,851.

This is the number that shareholders should use when calculating the percentage of the Company's share capital that they hold.

Share capital did not change and the number of voting rights did not change significantly between January 1, 2004 and the date of the present Reference Document. Given the 707,622 stock options granted to certain managers and employees of the Company and the absence of any other securities that grant access to share capital, Imerys' potential share capital – with all rights exercised – was 132,626,936 on December 31, 2003.

No directly registered shares have been pledged by the Company.

Furthermore, at the next Shareholders' General Meeting it will be proposed to divide the par value of the share by 4 and, consequently, set it at €2 *(see paragraphs 7.1.6 and 7.4.2 of the Annual Report)*. Subject to approval by the shareholders, the share capital of €126,965,960 would, upon completion of this operation, be divided into 63,482,980 shares of €2 in par value, which would entail the corresponding amendment of article 6 of the by-laws.

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 CHANGE IN CAPITAL*	*ISSUE PREMIUM*	*NUMBER OF SECURITIES CREATED*	*PAR VALUE OF SECURITIES*	*SUCCESSIVE AMOUNTS OF THE COMPANY'S SHARE CAPITAL*	*NUMBER OF SHARES COMPRISING SHARE CAPITAL*
1999	Capital increase resulting from the conversion of share capital into euros	6,048,179	(6,652,997)	-	€8	128,156,648	16,019,581
	Exercise of stock options	722,400	6,372,979	90,300	€8	128,879,048	16,109,881
2000	Cancellation of shares	(1,748,576)	(24,542,242)	(218,572)	€8	127,130,472	15,891,309
	Exercise of stock options	590,400	4,508,686	73,800	€8	127,720,872	15,965,109
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	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	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	15,870,745

The increase of the share capital by €950,360 and of the number of outstanding shares by 118,795 on December 31, 2003, as acknowledged by the Managing Board, results from:

- on one hand, the reduction of the share capital by a nominal amount of €1,229,112 due to the cancellation of the 153,639 shares that the Company held in itself at the end of the financial year and had acquired on the market in 2003;
- on the other hand, the increase of the share capital by a nominal amount of €2,179,472 due to the exercise in 2003 of 272,434 stock options giving the right to the same number of shares.

5.2.3. FINANCIAL AUTHORIZATIONS

Securities representing shares in capital

• Issue

A series of financial authorizations was granted to the Managing Board by the Extraordinary and Ordinary Shareholders' General Meeting held on May 6, 2002 and confirmed by the Extraordinary and Ordinary Shareholders' General Meeting held on May 5, 2003 in order to allow the Company, if necessary, to increase its permanent capital at the appropriate time through the issue of various securities granting access, immediately or in the future, to Imerys' share capital with or without preemptive subscription rights. Such issues were limited to an increase in share capital of €90 million and to a total issue of loan instruments of €2 billion. As these authorizations will expire on July 5, 2004, shareholders will be asked to adopt new authorizations on a broadly similar basis, in accordance with current legislation *(see paragraphs 7.1.7 and 7.4.2 of the Annual Report)*.

Moreover, the Extraordinary and Ordinary Shareholders' General Meeting of May 5, 2003 renewed the authorization granted to the Managing Board to carry out capital increases reserved for 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; the price of the shares to be issued may not be more than 20% less than the average quoted market price as provided for in applicable legal provisions. As this authorization will expire on July 5, 2004, the shareholders will be asked at their next General Meeting to renew it on similar terms *(see paragraph 7.1.4 of the Annual Report)*.

During financial year 2003, the Managing Board did not exercise any of these authorizations to issue securities representing shares in capital, including for the purposes of the Imerys Employee Shareholder Plan 2003, which was carried out by the sale of shares that the Company held in itself *(see paragraph 5.2.5 of the Annual Report)*. As of the date hereof, 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 Reference Document, the Managing Board does not, for the time being, intend to exercise any of the financial authorizations granted to issue securities representing shares in the Company's capital. Apart from the authorization concerning capital increases reserved for employees, 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.

• Cancellation

The Extraordinary and Ordinary Shareholders' General Meeting held on May 5, 2003 authorized the Managing Board to cancel any shares in the Company held with respect to the share buyback programs authorized by its shareholders, within the limit of 10% of the share capital per period of 24 months, and to reduce the share capital accordingly.

On December 31, 2003, the Managing Board used this authorization to cancel 153,639 shares and reduce the nominal amount of share capital by €1,229,112.

This authorization will expire on May 4, 2005. Nevertheless, its renewal for a further 24 months will be proposed at the next Shareholders' General Meeting in order to bring its duration into line with that of the share buyback program, of which the renewal will also be put to the Shareholders' General Meeting.

Stock options

The Extraordinary and Ordinary Shareholders' General Meeting held on May 5, 2003 renewed the authorization given to the Managing Board by Extraordinary and Ordinary Shareholders' General Meeting held on May 6, 2002 to grant options giving the right to subscribe for new shares or purchase existing shares to certain Group employees and executives. The total nominal amount of shares liable to be the subject of options with respect to that authorization was limited to €5.5 million, which represented the possible granting of a maximum number of

687,500 options. This amount would be increased to 2,750,000, subject to the par value of the Imerys share being divided by 4, which will be proposed at the next General Shareholders' Meeting *(see paragraphs 7.1.6. and 7.4.2. of the Annual Report)*.

Given the 376,368 stock options already allocated (of which 26,438 with respect to the Employee Shareholder Plans 2002 and 2003), the balance of the authorization given to the Managing Board was 311,132 options on December 31, 2003.

This authorization will expire on July 5, 2005.

Other securities

The Extraordinary and Ordinary Shareholders' General Meeting of May 6, 2002, fully empowered the Managing Board to, with the Supervisory Board's approval, issue ordinary bonds, in one or more installments, on the French and/or international market, up to a maximum amount of €2 billion or its equivalent value in another currency. This authorization will expire on May 5, 2007.

As on the date of the present Reference Document, the nominal amount of the bonds issued with respect to that authorization was €804 million and was made up as follows:

- a total amount, converted into euros on the date of issue, of €150 million under a private bond investment operation with qualified American investors, issued on August 7, 2003 in two tranches (first tranche of USD 140 million maturing in 2013, second tranche USD 30 million maturing in 2018);
- €654 million with respect to a loan instrument (EMTN) issue program set up by the Company in December 2001 *(see accompanying notes 19 - 22 to the consolidated accounts)*.

In accordance with the decision of the Managing Board at its meeting of December 5, 2003, this EMTN program was updated and registered with Autorité des Marchés Financiers ("AMF")[1] under number P 04-001 on January 12, 2004.

Following various call and cancellation operations carried out during 2002 on previously issued bonds, the nominal amount of outstanding securities as of December 31, 2003 was €694 million *(see accompanying notes 19-22 to the consolidated accounts)*.

All the financial authorizations granted to the Managing Board are set out in detail in the table opposite.

The table opposite summarizes the main characteristics of each type of authorized security issue, i.e.:

1. the duration of the issue authorization granted to the Managing Board;
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 basis of the minimum sum to be recovered by the Company for each of the shares issued or created, immediately or in the future;
5. the amounts already used by the Managing Board under each of the financial authorizations, and
6. the maximum nominal amount of potential dilution that may result from the use of the financial authorizations.

[1] *AMF was created by law 2003-706 on Financial Security on August 1, 2003 ("loi de sécurité financière") from the merger of the following French stock market authorities: Commission des Opérations de Bourse, Conseil des Marchés Financiers and Conseil de Discipline de la Gestion Financière.*

TABLE SUMMARIZING EXISTING FINANCIAL AUTHORIZATIONS

TYPE OF ISSUE	DATE OF AUTHORIZATION	EXPIRY OF AUTHORIZATION (DURATION)	MAXIMUM NOMINAL AMOUNT OF CAPITAL INCREASE THAT MAY RESULT, IMMEDIATELY OR IN THE FUTURE, FROM THE ISSUE (EXCLUDING ADJUSTMENTS)	MAXIMUM AMOUNT OF ISSUE OF LOAN INSTRUMENTS	MINIMUM SUM TO BE RECOVERED BY IMERYS FOR EACH SHARE ISSUED OR TO BE CREATED, IMMEDIATELY OR IN THE FUTURE	USE OF EXISTING AUTHORIZATIONS (AMOUNT)	POTENTIAL DILUTION THAT MAY RESULT FROM THE USE OF AUTHORIZATIONS (%) [2]
SECURITIES REPRESENTING SHARES IN CAPITAL							
All securities, **with preemptive subscription rights** [1]	May 6, 2002	July 5, 2004 (26 months)	€60 M	€2,000 M	determined by the Managing Board, based on the average of the opening quoted prices of Imerys shares, during the period and under the terms and conditions provided by legal provisions in force on the date in question after, as the case may be, adjustment of that average to allow for the difference in the date of record	n / a	32.26%
All securities, **without preemptive subscription rights,** the Managing Board may grant a priority period [1]	May 6, 2002	July 5, 2004 (26 months)	€60 M	€2,000 M			32.26%
Capitalization of reserves, income and issue or share premiums	May 6, 2002	July 5, 2004 (26 months)	€60 M	n / a	n / a	n / a	n/a
TOTAL LIMIT OF THE ABOVE AUTHORIZATIONS			**€90 M**	**€2,000 M**			**41.66%**
Shares reserved for Group employees, in the framework of the Group Savings Plan **without preemptive subscription rights**	May 9, 2001	May 8, 2004 (3 years)	€1.6 M	n / a	determined by the Managing Board but no more than 20% less than the average of the opening prices quoted for the Imerys share during the period, under the terms and conditions provided by legal provisions in force on the date in question	n / a	1.25%
Share subscription and/or purchase options	May 6, 2002	July 5, 2005 (38 months)	€5.5 M	n / a		€3.01 M	4.18% [3]
AUTHORIZED TOTAL			€97.1 M	€2,000 M		€3.01 M	43.52%
SECURITIES NOT REPRESENTING SHARES IN CAPITAL							
Ordinary bonds	May 6, 2002	May 5, 2007 (5 years)	n / a	€2,000 M		€694 M	

In accordance with articles 155 and 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) *The Imerys share allotment rights resulting from the issued securities may be exercised at any time or at periods set by the Managing Board, for a duration determined by the Managing Board, beginning at the earliest on the issue of the primary security and ending, in the event of redemption, conversion or exchange of a loan instrument, three months at the latest after the expiration of the loan or, in all other cases, five years at the latest after the issue of the securities; the Managing Board may provide for rights to early redemption in shares of the loan instruments, as bearers and/or Imerys choose.*

(2) *Based on the current par value of shares of €8.*

(3) *The potential dilution resulting from the stock options granted on the date of the present Annual Report represents 4.27% (see paragraph 6.4.1. of the Annual Report).*

5.2.4. SHARE BUYBACK PROGRAM

The Extraordinary and Ordinary Shareholders' General Meeting held on May 5, 2003 renewed the authorization previously granted to the Managing Board by the Extraordinary and Ordinary Shareholders' General Meeting held on May 6, 2002 to allow the Company to buy back its own shares, pursuant to the provisions of articles L225-209 et seq. of the Code of Commerce, within the limit of 10% of the total number of shares issued and outstanding on January 1, 2003, i.e. 1,575,195 shares and within the limit of a total purchase volume of €300 million. At the same Shareholders' General Meeting, the maximum purchase price was set at €180 per share and the minimum selling price at €60 per share.

The objectives of this authorization were, in descending order of priority, as follows:

- the cancellation of the acquired shares by reducing the Company's share capital, in order to offset any future increases in capital that are liable to result from the exercise of stock options already granted;
- the sale of shares to the Group's employees under shareholding plans;
- regulating share prices by trading solely against the trend;
- the purchase or sale of the Company's shares according to market situations;
- the sale, transfer or exchange of stock for the carrying-out of mergers and acquisitions;
- the implementation of stock option purchase plans granted to certain employees and executives of the Group.

Unless a specific quantified allocation is given in the prospectus filed and recorded every year with AMF *(previously Commission des Opérations de Bourse)* by Imerys with respect to its share buyback programs, repurchased shares are recorded as immobilized stock. Upon the sale of said stock, the resulting income is recorded as non-recurring income.

As this authorization expires on November 4, 2004, its renewal for a further 18 months will be proposed at the next Shareholders' General Meeting. The number of shares liable to be acquired under the new authorization may not exceed 10% of the number of shares issued and outstanding on January 1, 2004, i.e. 1,587,074. The maximum purchase price would be €300 per share and the minimum sale price €100 per share. Subject to the par value of the Imerys share being divided by 4, as proposed at the next General Shareholders' Meeting *(see paragraphs 7.1.6. and 7.4.2. of the Annual Report)*, these thresholds would be reduced to €75 and €25, respectively, and the maximum number of shares that may be issued under the authorization would be increased to 6,348,298.

In 2003, the Managing Board implemented the share buyback programs authorized by the Company's shareholders as follows:

Share buyback programs implemented in 2003

Amounts are given net of fees and commission

	TRANSACTIONS CARRIED OUT FROM JANUARY 1 TO MAY 4, 2003[1]			TRANSACTIONS CARRIED OUT ON FROM MAY 5 TO DECEMBER 31, 2003[1]		
Date of Shareholders' Meeting authorizing the program	May 6, 2002			May 5, 2003		
COB approval number	n°02-389			n°03-241		
	AGGREGATE GROSS FLOW			AGGREGATE GROSS FLOW		
	PURCHASES	SALES	TRANSFERS	PURCHASES	SALES	TRANSFERS
Number of shares	109,602	116,357	-	374,738	229,639	-
Average price of transactions (€)	109.46	111.92	-	145.86	143.58	-
Total amount of transactions (€)	11,996,672.56	13,022,841.84	-	54,658,445.61	32,971,651.25	-

[1] *Directly or via the liquidity contract entered into by the Company and Crédit Lyonnais Securities Europe.*

The transactions carried out in 2003 include the following, in particular:

- 9,356 shares were transferred off the market in blocks by the Company for the benefit of Group employees in France and abroad for the purposes of the "Imerys Employee Shareholding 2003" operation *(see paragraph 4.7.4 of the Annual Report)*;
- under the liquidity contract entered into by the Company with Crédit Lyonnais Securities Europe ("CLSE") on December 13, 2002, 298,602 Imerys shares were acquired at a weighted average price of €135.55[*] and the correlated sale of 313,897 Imerys shares was carried out at a weighted average price of €133.73.

As on December 31, 2003, after cancellation of 153,639 shares, the balance of the shares held in the Company's own portfolio was 36,032, representing 0.23% of share capital. The book value of this portfolio was €5,863,027 and the market value was €6,013,741.

Finally, it is specified that 348,397 shares were cancelled during the past 24 months.

The transactions carried out since January 1, 2004, as of end of March, are as follows:

	AGGREGATE GROSS FLOW		
	PURCHASES	SALES	TRANSFERS
Number of shares	39,324[(1)]	56,722[(2)]	-
Average price of transactions (€)	170.94	171.84	-
Total amount of transactions (€)	6,722,094.35	9,747,047.20	-

(1) *Of which 30,862 acquired by CLSE.*
(2) *Totally sold by CLSE.*

(*) *The weighted average prices given hereafter are net of fees and commission.*

As of the date of the present Reference Document, the book value of the Company's portfolio of Imerys shares was €3,217,349 and its market value was €3,470,372.

5.2.5. EMPLOYEE SHAREHOLDER PLAN

On September 19, 2003, the Managing Board decided to continue, according to the principles approved by the Supervisory Board, the employee shareholding policy that the Company had implemented for three years in the framework of the Group Savings Plan *(for the details and results of this policy, see paragraph 4.7.4 of the Annual Report)*. The "Imerys Employee Shareholding 2003" program, the characteristics of which were identical to those of the program carried out in 2002, was the subject of a prospectus ("note d'opération") registered by COB on October 15, 2003, under number 03-899.

As in 2002, the preferential conditions offered to employee beneficiaries provided for the acquisition, either directly or through a specific company mutual fund ("F.C.P.E."), of up to 15 Imerys shares. The shares were acquired on the basis of a unit reference price of €162.47 per share (the average opening price of the share over the twenty trading sessions prior to October 21, 2003). The Group personnel in question were granted a top-up or discount of 12.5% to 20% of the reference price, depending on the country and according to applicable local regulations. For each share acquired, unless they refused, participating employees were allotted an option to subscribe for one additional share, which can be exercised at the same price as the reference price of the acquired share, i.e. €162.47.

As of December 31, 2003, 0.38% of share capital and 0.28% of voting rights were held by employees in the framework of the Group Savings Plan.

_ 5.3. Distribution of share capital and voting rights

5.3.1. DISTRIBUTION OF SHARE CAPITAL

Changes in the distribution of share capital and voting rights over the past three years are as follows:

Distribution of share capital and voting rights *(last 3 financial years)*

	ON DEC. 31, 2001				ON DEC. 31, 2002				ON DEC. 31, 2003			
	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	4,384,878	27.57	8,690,007	42.63	4,371,678	27.75	8,743,356	43.47	4,304,428	27.12	8,608,856	35.32
GBL	4,186,007	26.31	4,186,007 (2)	20.53	4,186,007	26.57	4,186,007	20.81	4,186,007	26.38	8,372,014	34.35
SUB-TOTAL	8,570,885	53.88	12,876,014	63.16	8,557,685	54.33	12,929,363	64.28	8,490,435	53.50	16,980,870	69.67
Group employees (1)	35,432	0.22	35,432	0.17	53,600	0.34	53,600	0.27	61,435	0.38	68,770	0.28
Held by the Company (3)	0	-	-	-	51,327	0.33	0	0	36,032	0.23	-	0
Public	7,300,366	45.90	7,474,214	36.67	7,089,338	45.01	7,131,551	35.45	7,282,843	45.89	7,322,211	30.05
TOTAL	15,906,683	100.00	20,385,660	100.00	15,751,950	100.00	20,114,514	100.00	15,870,745	100	24,371,851	100

(1) *In accordance with the provisions of article L225-102 of the Code of Commerce, only the shares held by Group employees under the Group Savings Plan appear in this table.*

(2) *Loss of double voting rights resulting from the merger of GBL and its subsidiary Electrafina on April 26, 2001.*

(3) *Shares held by Imerys and allocated to the liquidity contract entered into with CLSE (cf. section 5.2.4. above).*

The percentage of capital held personally by the members of the Supervisory Board and by the members of the Managing Board in office on December 31, 2003, amount to 0.20%.

5.3.2. SHAREHOLDERS' AGREEMENT

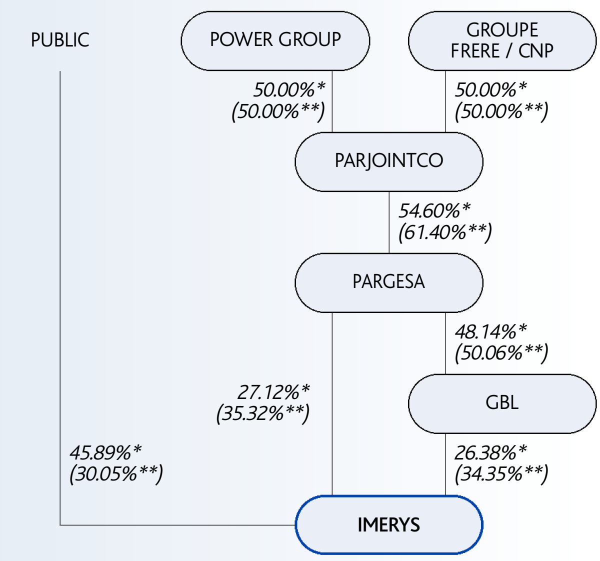
As of the date of the present Reference Document and to the best of Imerys' knowledge, no shareholder other than those mentioned above directly or indirectly held more than 5% of voting rights. Imerys has not been informed of any shareholders' agreement between the Company's shareholders.

5.3.3. IDENTIFICATION OF SHAREHOLDERS

The survey of identifiable bearer securities *("enquête des Titres au Porteurs Identifiables")*, conducted by Euroclear France at the Company's request among financial intermediaries with holding thresholds of more than 100,000 shares, identified 1,139 bearers of over 100 shares, representing 38.8% of share capital as of January 1, 2004. 95.6% of the shares identified by the survey were held by French or foreign institutional shareholders.

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, 2003 may be presented as follows:



* *Percentage of share capital.*
** *Percentage of voting rights.*

Pargesa Netherlands B.V. (Pargesa) is a company organized under the laws of the Netherlands, whose registered office is located at 3037 XB-Rotterdam, Rodenrijselaan 23B, Netherlands. Groupe Bruxelles Lambert (GBL), formerly named Electrafina, is a company organized under the laws of Belgium, whose stock is traded on the Brussels Stock Exchange and whose registered office is located at 1000-Bruxelles, 24, avenue Marnix, Belgium. The direct tie-up of Imerys to 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, whose registered office is 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, 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).

_ 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). They are part of the SBF 120 index, which is made up of the 40 shares in the CAC 40 index plus the 80 most liquid stocks on the main market. 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 in any other company in the Group are traded on any stock exchange.

5.4.1. HIGH AND LOW PRICES FROM 1999 TO 2003

(in euros) YEAR	HIGH	LOW	LAST PRICE DURING FINANCIAL YEAR
1999	161.80	85.70	148.00
2000	156.70	101.60	121.00
2001	127.00	84.05	107.80
2002	139.00	98.00	120.40
2003	171.80	93.00	166.90

(Source : Euronext).

5.4.2. TRADES SINCE JANUARY 2002

	HIGHEST PRICE (€)	LOWEST PRICE (€)	TOTAL MONTHLY TRADING VOLUME		AVERAGE DAILY TRADING		
			NUMBER OF SHARES	CAPITAL (€M)	NUMBER OF SHARES	CAPITAL (€M)	NUMBER OF TRADES
2002							
January	120.0	98.0	325,108	36.78	14,778	1.67	134
February	123.8	110.6	350,346	40.77	17,517	2.04	140
March	132.5	121,0	468,349	59.33	23,417	2.97	212
April	135.4	125.0	606,880	79.37	23,899	3.78	187
May	139.0	123.1	861,626	112.65	39,165	5.12	213
June	132.0	115.0	601,405	74.77	30,070	3.74	227
July	130.0	102.6	569,697	69.68	24,769	3.03	200
August	135.0	116.2	693,796	89.66	31,536	4.08	214
September	134.0	112.2	362,986	44.97	17,285	2.14	221
October	134.0	108.8	530,738	63.50	23,076	2.76	275
November	126.9	112.5	709,332	84.98	33,778	4.05	257
December	125.5	118.0	402,652	49.03	20,133	2.45	298
TOTAL 2002			**6,482,915**	**805.49**			
2003							
January	121.4	107.0	567,497	64.80	25,795	2.95	361
February	111.0	96.0	1,081,499	111.25	54,075	5.56	324
March	112.0	93.0	760,290	77.12	36,204	3.67	421
April	122.0	103.6	756 562	85.47	37,828	4.27	299
May	127.8	118.0	1,007,588	122.35	47,980	5.83	302
June	129.0	122.7	502,697	63.56	23,938	3.03	302
July	136.0	125.6	782,678	101.83	34,029	4.43	289
August	158.9	133.0	957,317	138.91	45,587	6.61	384
September	160.1	147.0	965,115	149.04	43,869	6.77	448
October	171.8	157.0	948,223	155.91	41,227	6.78	423
November	168.9	152.2	775,391	125.49	38,770	6.27	419
December	170.2	160.0	570,446	94.76	27,164	4.51	367
TOTAL 2003			**9,675,303**	**1,290.49**			
2004							
January	176.5	162.5	545,498	92.41	25,976	4.40	308
February	179.0	169.1	391,405	68.28	19,570	3.41	262

(Source : Euronext).

_ 5.5. Parent Company/Subsidiaries organization

In its capacity as the Group's head company, Imerys provides all its subsidiaries with general assistance and with expertise in the following areas: Human Resources, Legal, Tax, Audit, Communication, Research & Development, Regulations & Standardization (environment, health, safety and working conditions), Strategy, Purchasing, Information Technology, Treasury, Accounting, Risk Management and Insurance.

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, which 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 such subsidiary.

In financial year 2003, Imerys invoiced €20,271,075 in total with respect to services provided to its subsidiaries.

_ 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 2003 are given in paragraphs 7.1.1 and 7.4.1 of the Annual Report. The dividends distributed from financial year 1998 to 2003 were as follows:

	2002	*2001*	*2000*	*1999*	*1998*
Weighted average number of outstanding shares	15,863,276	15,892,874	16,001,269	16,040,314	15,474,788
Group share of net income from recurring operations, per share	€12.45	€10.75	€10.42	€8.91	€7.30
Net dividend per share	€4.30	€3.70	€3.60	€3.20	€2.82
Gross dividend per share	€6.45	€5.55	€5.40	€4.80	€4.23
TOTAL NET DISTRIBUTION	**€67.5 M**	**€58.9 M**	**€57.5 M**	**€51.5 M**	**€45.2 M**

A tax credit *(avoir fiscal)* equal to 50% of the amount of distributed net dividend per share is allocated, in accordance with current legislation, to the Company's shareholders who are fiscal residents or of which the registered offices are in France, unless, in the case of non-residents, such an advantage is granted to them under international tax agreements. This tax credit will be removed as from January 1, 2005, in pursuance of article 93 of the French new finance law 2004. This removal will not have any consequence for Pargesa and GBL, the Company's controlling shareholders, as their registered offices are located in the Netherlands and Belgium, respectively.

Imerys does not usually make interim distributions. Dividends are paid once a year following the Annual Shareholders' General Meeting that approves the management and financial statements for the financial year just ended.

The right to claim dividends lapses five years from the date of payment. Unpaid amounts are deposited with the French State in the first 20 days of January of the year following that lapse.

_ 5.7. Shareholder relations

Concerned with establishing a relationship of trust and openness with its shareholders, Imerys has created several communication tools for informing them about the Group's business, strategy, earnings and outlook, including:

- a 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 Annual Report of the Group;
- an Annual Report served as Document de Référence and registered with Autorité des Marchés Financiers;
- a half-yearly report on the accounts, as on June 30;
- four times a year, a Letter to Shareholders reviewing the Group's news and financial performance.

These documents, published in French and English, are sent regularly to all registered shareholders and to all owners of bearer shares who request it.

The Group's efforts to improve the quality of its financial communication were rewarded in 2003 with the Best Annual Report Prize (for SBF 120 companies not listed on the CAC 40 index) by the magazine La Vie Financière and the daily newspaper Le Figaro.

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 and when General Shareholders' 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, Germany, the Netherlands, Spain, Switzerland, the United Kingdom and the United States.

All the financial information published by the Group - Brochure, Reference Document, half-yearly Report, press releases, results presentation visuals, Letters to shareholders - is also available at any time on the Group's website (www.imerys.com). The latest changes made to the site improved its user-friendliness and ergonomics to give more direct access to financial information and foster understanding of the Group's activities by a pragmatic approach. The shareholder's notebook can be consulted on the website. This is in addition to the telephone service (tel. + 33 (0) 1 45 38 37 76) 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;
- 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 2004, Imerys will then provide a live recorded webcast, via its Internet site, of the conference calls concerning the publication of consolidated sales 2003 (January 27, 2004) and 3rd quarter 2004 results (November 9, 2004).

Financial and Corporate Communication belongs to the Group's Finance & Strategy Department.
Telephone: +33 (0) 1 45 38 37 76
Fax: +33 (0) 1 45 38 71 24

Imerys shares are serviced by the following institution:

- Crédit Agricole Investor Services Corporate Trust
  (CA-IS CT)
  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.

_Corporate Governance

chapter 6

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6 _ Corporate Governance

The Company adopted the form of a Limited Liability Company (société anonyme) with a Managing Board (Directoire) and a Supervisory Board (Conseil de Surveillance) at the Extraordinary and Ordinary Shareholders' General Meeting of May 7, 1998, as provided by Articles L225-57 to L225-93 of the Code of Commerce. The main purpose of this change was to give the Group a structure that better reflects its internal functioning and is consistent with changes in French Corporate Governance policy and practice.

_ 6.1. Managing Board

6.1.1. POWERS

Pursuant to legal and statutory provisions, the Managing Board is entrusted with the most extensive powers to act on behalf of the Company under any circumstances. It exercises its authority within the limits of the corporate purpose and subject to the powers expressly vested in the Supervisory Board or the Shareholders' General Meeting.

However, Article 16 of the by-laws provides that:

1. The following subjects and, if their amount is greater than the threshold set by the Supervisory Board, transactions, shall be submitted to the Supervisory Board for approval prior to their implementation by the Managing Board:
   - "the strategic orientations of the Company and the Group and any transactions likely to significantly affect those orientations as approved by the Supervisory Board. The same applies to any transactions likely to modify the financial structure and consolidation structure of the Company and the Group and the conclusion or carrying out of any commercial or industrial agreements that bind the future of the Company or the Group;
   - the acquisition of an interest in, takeover or disposal of (and any transaction that may be considered, from an economic point of view, as the acquisition of an interest, takeover or disposal) any fixed asset."

The threshold set by the Supervisory Board above which its prior authorization is required is currently €135 million (or the equivalent in any other currency) per transaction, provided such transactions are in compliance with the strategy of the Company or the Group as approved by the Supervisory Board prior to any such transactions.

2. The Managing Board also submits the following to the Supervisory Board's approval:
   - "the allocation of management tasks between the members of the Managing Board, and the internal organization of the Managing Board;
   - the permanent delegation of power in favor of a third party on the Managing Board with a view to carrying out one or more defined transactions;
   - the distribution of interim dividend."

3. The general approval of the Supervisory Board is also required before any proposal to the General Meeting of resolutions that:
   - "empower the Managing Board to issue equity securities, securities giving access to equity or options concerning such securities, or to grant stock options and, more generally, issue securities of any nature whatsoever that are likely to bring about a change in the share capital, as well as the use of any delegation of such kind;

- are intended to modify the by-laws or result in any modification of the by-laws;
- concern the appropriation of earnings, the distribution of the dividend or include an option for the payment of the dividend in shares."

4. Finally, the prior authorization of the Supervisory Board is required for the following transactions, in accordance with the provisions of article L225-68 of the Code of Commerce:

- "the transfer in whole or part, including by contribution or exchange, of any real estate, business or interest in another company," for an amount greater than the threshold set by the Supervisory Board, which is currently €15 million (or the equivalent in any other currency) per transaction;
- binding the Company as a guarantor or for a security or guarantee for a third party (including any company in the Group), or the granting of any security on the Company's assets."

6.1.2. COMPOSITION

At its November 4, 2002 meeting, the Supervisory Board appointed Gérard Buffière, member of the Managing Board since September 21, 1998, as the new Chief Executive Officer as of January 1, 2003, replacing Patrick Kron, called to the Chairmanship of the Alstom group.

On December 18, 2002, the Supervisory Board appointed Jérôme Pecresse, member of the Managing Board since July 25, 2002, as Executive Vice-President Finance & Strategy as of January 1, 2003, replacing Michel Chambaud, who had chosen to take on other responsibilities outside the Group.

At the same meeting, the Supervisory Board appointed Thierry Salmona as Executive Vice-President Specialty Minerals as of January 1, 2003. The Specialty Minerals business group is comprised of the activities of the former Performance Minerals division and the former Ceramics & Specialties business group.

On May 5, 2003, the Supervisory Board acknowledged Patrick Dubert's wish to end his term as a member of the Managing Board, an office he had held since January 21, 1999, and as Vice-President Human Resources after four years in the position, as of June 1, 2003. The Supervisory Board thanked him warmly for his contribution to the Group's growth and to the development of its management team.

Following these changes, the Managing Board is now made up of four members whose terms of office expire following the next General Meeting, called for May 3, 2004.

On the date of the present Annual Report, the composition of the Managing Board is as follows:

NAME	*AGE*	*DATE OF FIRST APPOINTMENT TO MANAGING BOARD*	*POSITION*	*NUMBER OF IMERYS SHARES OR UNITS IN "FCPE IMERYS ACTIONS"* (1) *OWNED*
Gérard BUFFIERE	58	09.21.1998	Chief Executive Officer	53 units in "F.C.P.E. Imerys Actions"
Friedrich NITSCHE	43	07.25.2002	Executive Vice-President Refractories & Abrasives	45 Imerys shares
Jérôme PECRESSE	37	07.25.2002	Executive Vice-President Finance & Strategy	53 units in "F.C.P.E. Imerys Actions" 170 Imerys shares
Thierry SALMONA	49	05.09.2000	Executive Vice-President Specialty Minerals	53 units in "F.C.P.E. Imerys Actions"

(1) *"F.C.P.E. Imerys Actions" is a specific company mutual fund created as part of the "Imerys Employee Shareholding" operations (see paragraphs 4.7.4.4. and 5.2.5. of the Annual Report). The fund's assets are primarily invested in Imerys shares.*

The Supervisory Board intends, as indicated in its report to the General Meeting *(see paragraph 2.2. of the Annual Report)*, to renew the terms of office of the members of the Managing Board for a further period of three years, to expire following the General Meeting convened in 2007 to rule on the financial statements for financial year 2006.

6.1.3. CAREERS

The main positions held by the members of the Managing Board prior to their joining the Group are described below.

• Gérard BUFFIÈRE

Nationality: French

Graduate of Ecole Polytechnique (France); Master of Sciences, Stanford University (United States).

Gérard Buffière began his career in the French banking group Banexi. After holding several positions in the French group Otis Elevator (production and marketing of lifts), he joined the international group Schlumberger (technological services for oil industry and industrial electronics) where he held several executive positions before becoming Vice-President Electronic Transactions. His career continued as Managing Director of the Industrial Equipment division of the French group Cegelec (electrical engineering).

Appointed Imerys Executive Vice-President Building Materials in March 1998, then Executive Vice-President Building Materials and Ceramics & Specialties in May 1999, he took charge of the Pigments & Additives business group in March 2000. Chief Executive Officer since January 1, 2003, he also managed the new Pigments for Paper business group until July 2003.

• Friedrich NITSCHE

Nationality: Austrian

Doctor of Law, Graz University (Austria); Master of Business Administration, New York University (United States).

After holding several positions in Austria, Germany and Italy for the Austrian group Wienerberger (building materials industry), Friedrich Nitsche was appointed co-Chairman of the Managing Board (Vorstand) of the Austrian group Treibacher Schleifmittel (abrasives industry).

Following Imerys' takeover of Treibacher in July 2000, he managed the Group's Abrasives division then was appointed Executive Vice-President Refractories & Abrasives as of July 25, 2002.

• Jérôme PECRESSE

Nationality: French

Graduate of Ecole Polytechnique and Ponts & Chaussées engineering school (France).

Jérôme Pecresse began his career with several positions in London and Paris for the international commercial bank Credit Suisse First Boston (a subsidiary of the Credit Suisse group) of which he managed the Mergers & Acquisitions activity for the French market.

He joined the Imerys group in September 1998 as Strategy and Development Manager. He subsequently supervised several Group functions (Purchasing, I.T., Research & Development). On January 1, 2003, he was appointed Executive Vice-President Finance & Strategy with responsibility for the Financial Department, I.T. and Strategy Development.

• Thierry SALMONA

Nationality: French

Graduate of Ecole Normale Supérieure and of Ecole des Mines engineering school (France).

Thierry Salmona began his career at the French Ministry of Industry. He became Technical Advisor to the Minister for Energy and Raw Materials in 1986. In 1988, he joined the French group Thomson (interactive media, telecommunications and information systems) where he held the positions of Vice-President Planning then Vice-President Sales for Europe and Asia. He joined the French group Sanofi (pharmaceuticals) in 1992 as Managing Director of the Gelatins & Specialties Division, which was sold to the German chemicals group SKW Trostberg in 1995.

He joined Imerys in 2000 as Executive Vice-President Building Materials and Ceramics & Specialties. As of January 1, 2003, he supervises the new Specialty Minerals business group. As of November 2003, he also supervises the Group Purchasing Department.

6.1.4. OTHER RESPONSIBILITIES HELD BY THE MEMBERS OF THE MANAGING BOARD

The other responsibilities held by the members of the Managing Board of the Company on the date of the present Annual Report are listed below:

• Gérard BUFFIÈRE

Responsibilities within the Group

- Chairman & Chief Executive Officer: Imerys USA, Inc. (United States); Mircal (France).
- Chairman of the Board of Directors: Liquid Quimica Mexicana, S.A. (Mexico).
- Member of the Supervisory Board: Treibacher Schleifmittel AG (Austria).
- Director: Imerys UK Ltd (United Kingdom).

Responsibilities outside the Group

- Chairman: Société Financière du Parc Duquesne (France).

• Friedrich NITSCHE

Responsibilities within the Group

- Chairman of the Supervisory Board: Treibacher Schleifmittel AG (Austria).
- Chairman of the Board of Directors: Plibrico International S.A. (Luxembourg).
- Member of the Managing Board: Treibacher Schleifmittel Asia (Mauritius).
- Director: CE-Minerals, Inc. and Imerys USA, Inc. (United States).

Responsibilities outside the Group

- Director: Vogel & Noot Holding AG (Austria).

• Jérôme PECRESSE

Responsibilities within the Group

- Chairman: Imerys South Africa Pty Ltd (South Africa).
- Member of the Supervisory Board: Treibacher Schleifmittel AG (Austria).
- Director: Imerys USA, Inc. (United States); Mircal and PGB S.A. (France); Imerys UK Ltd (United Kingdom).

Responsibilities outside the Group

- None.

• Thierry SALMONA

Responsibilities within the Group

- Chairman: Imerys Kiln Furniture España (Spain); Kentucky-Tennessee Clay Co. and K-T Feldspar Corporation (United States); Imerys Services, KPCL KVS SAS and Imerys Kiln Furniture France (France); K-T Clay de Mexico SA de CV (Mexico).
- Director and Chief Executive Officer: Central Land Company, Ecca Calcium Products, Inc., Georgia Marble Holdings Corporation, Georgia Marble Land Company, Gamar, Inc., Imerys Carbonates LLC, Imerys Kaolin, Inc., Imerys Marble, Inc., Imerys Pigments, Inc., Imerys USA, Inc. and Kaopolite, Inc. (United States).
- Chief Executive Officer: Imerys Equipco Llc (United States).
- Director: Imerys Minerals Ltd and Imerys UK Ltd (United Kingdom); Southeastern Land Resources Corp. (United States); Timcal SA (Switzerland).

Responsibilities outside the Group

- None.

6.1.5. FUNCTIONING

The Managing Board meets as often as the interests of the Group require. The flexibility of its convening and functioning arrangements, as provided by the by-laws, is intended to make the holding of meetings a quick and simple process.

	2003
Number of meetings	15
Average actual attendance rate of members	85%
	2004
Forecast number of meetings	12

6.1.6. OPERATING COMMITTEE

The Managing Board decided, with the support of the Supervisory Board, to set up an Operating Committee to assist it in managing the Group as of January 1, 2003.

Missions

The Operating Committee, under the control and responsibility of the Managing Board and in accordance with Group's Management Charter *(described in paragraph 6.6.1.2. of the Annual Report)* is primarily in charge of:

- implementing the Group's strategy and all the measures approved by the Managing Board;
- 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 Managing Board;
- defining lateral policies and actions that apply to the entire Group (purchasing, sustainable development, internal communications, risk management) and overseeing their rollout;
- fostering the sharing and dissemination of best practices in all areas between the four business groups.

Composition

The Operating Committee is comprised, in addition to the Chief Executive Officer, of the managers of:

- the four business groups:
  Friedrich Nitsche (Refractories & Abrasives);
  Rich Ryan (Pigments for Paper) as of July 2003,
  in succession to Gérard Buffière;
  Thierry Salmona (Specialty Minerals);
  Christian Schenck (Building Materials);
- the group's four main corporate departments:
  Richard Bown (Research & Technology);
  Catherine H. LaFiandra (Human Resources)
  as of June 2003, in succession to Patrick Dubert;
  Denis Musson (Legal);
  Jérôme Pecresse (Finance & Strategy).

Functioning

The Operating Committee meets as often as the interests of the Group require or at the request of the Chief Executive Officer (CEO).

_ 6.2. Supervisory Board

6.2.1. POWERS

Pursuant to legal and statutory provisions, the Supervisory Board:

- appoints and, as the case may be, revokes the members of the Managing Board and appoints its Chairman;
- authorizes the transactions referred to in article 16 of the by-laws as set forth above and approves the Group's strategic orientations;
- constantly controls the management of the Company by the Managing Board.

For the purposes of that control and pursuant to article 23 of the by-laws:

- the Supervisory Board 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;
- every three months, or more often if the Supervisory Board requests, the Managing Board presents a report to the Supervisory Board on the status and the running of Company affairs, which is drawn up in the conditions requested by the Supervisory Board. The report includes the presentation of the Group's quarterly and half-yearly financial statements;
- within three months of closing the financial year, the Managing Board presents the Company's annual financial statements and the Group's consolidated financial statements to the Supervisory Board for the purposes of checking and control;
- the Managing Board submits its annual operating objectives and, at least once a year, its long-term strategic projects to the Supervisory Board;
- the Supervisory Board presents its observations on the Managing Board's report and on the financial statements for the financial year to the annual Shareholders' General Meeting.

In addition, the Supervisory Board approves the distribution of management tasks between the members of the Managing Board and the internal organization of the Managing Board.

Furthermore, the Supervisory Board examines and approves the following prior to implementation by the Managing Board:

- the subjects and operations provided for in the Company's by-laws *(see paragraph 6.1.1. of the Annual Report)*;
- the granting by the Company of any personal security such as a guarantee or an endorsement, or of any security on its assets.

6.2.2. COMPOSITION

The Supervisory Board is currently composed of fourteen members, whose term of office is three years and a third of whom are renewed each year.

The composition of the Supervisory Board 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 2003

The Shareholders' General Meeting of May 5, 2003 ratified the co-opting of Robert Peugeot, in succession to David de Rothschild, who had to give up his term of office as a member of the Supervisory Board in order to comply with the rules on the restriction of the number of offices held concurrently, which were introduced by the French Law of May 15, 2001 (the "N.R.E." law). At the same Meeting, Patrick Kron, former Chief Executive Officer of the Company, was made a new member of the Supervisory Board.

• Current composition

On the date of the present Annual Report, the composition of the Supervisory Board is as follows:

NAME	AGE	NATIONALITY	POSITION	DATE OF 1ST APPOINTMENT	YEAR OF RENEWAL OF TERM OF OFFICE[1]	NUMBER OF SHARES HELD	INDEPENDENT MEMBER STATUS
Aimery LANGLOIS-MEURINNE	60	French	Chairman	09/22/1987	2005	30,000	No[3]
Paul DESMARAIS, Jr.	49	Canadian	Vice-Chairman	10/03/1991	2004	270	No[3]
Jacques DRIJARD	61	French	Member	09/25/1996	2006	20	No[2][3]
Patrick KRON	50	French	Member	05/05/2003	2006	20	No[2]
Jocelyn LEFEBVRE	46	Franco-Canadian	Member	06/16/1994	2004	225	No[3]
Pierre LELLOUCHE	53	French	Member	06/12/1996	2006	20	Yes
Eric Le MOYNE de SERIGNY	58	French	Member	06/12/1996	2004	20	Yes
Yves-René NANOT	67	French	Member	06/23/1996	2004	200	Yes
Grégoire OLIVIER	44	French	Member	05/06/2002	2005	20	Yes
Robert PEUGEOT	54	French	Member	11/04/2002	2005	20	Yes
Edouard de ROTHSCHILD	46	French	Member	06/12/1996	2004	20	Yes
Thierry de RUDDER	54	Franco-Belgian	Member	03/13/2000	2005	20	No[3]
Gilles SAMYN	54	Franco-Belgian	Member	06/17/1993	2006	20	No[3]
Michel SINDZINGRE	66	French	Member	04/15/1992	2006	120	No[2]
TOTAL						**30,995**[4]	

[1] *The exact date of the renewal will be the date of the General Meeting called to rule on the previous year's financial statements.*
[2] *Former executive of the Company.*
[3] *Member of the Supervisory Board representing a majority shareholder in the Company.*
[4] *i.e. 0.20% of share capital and 0.25% of voting rights as on January 1, 2004.*

The minimum number of shares required to be a member of the Supervisory Board is set at 20 by the by-laws. The increase of this number to 80 will be put to the Shareholders' General Meeting of May 3, 2004, given the proposed division of the Imerys share's par value by 4 *(see paragraphs 7.1.6. and 7.4.2. of the Annual Report)*. In that respect, the Company's controlling shareholder groups, which are represented on the Supervisory Board by seven members, together hold 8,490,435 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 Supervisory Board 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 65.

Furthermore, four members of the Supervisory Board are not French nationals and six are considered "independent," in accordance with the definition approved by the Supervisory Board, i.e. "lack of any relationship between a member of the Supervisory Board 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, the Supervisory Board, at its meeting of March 1, 2004, confirmed that it approved that definition and the recognition of some members as independent on the basis of the corresponding criteria(*) and the additional information given by each of the members on their personal situation.

Following its review, the Supervisory 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).

Main activity and other responsibilities of the members of the Supervisory Board

The members of the Supervisory Board of the Company currently have the following main professional activity and other corporate responsibilities in addition to their membership of the Supervisory Board (**) :

• Aimery LANGLOIS-MEURINNE

Main activities

- Chairman of the Board: Pargesa Netherlands B.V. (holding company - Netherlands).
- Director-General Manager: Pargesa Holding S.A. (holding company - Switzerland).

Other responsibilities

- Director: Groupe Bruxelles Lambert S.A. (Belgium); Corporation Financière Power (Canada); Club Français du Livre and Eiffage (France).

• Paul DESMARAIS, Jr.

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).
- Director and member of the Management Committee: Great-West Life & Annuity Insurance Company (United States); The Great-West (life insurance company), Great-West Lifeco Inc., Groupe Investors Inc., London Insurance Group Inc., London Life (life insurance company) and Power Corporation of Canada (Canada); Groupe Bruxelles Lambert S.A. (Belgium); Pargesa Holding S.A. (Switzerland).
- Director: Corporation Financière Power, Gesca Ltée, La Presse Ltée and Les Journaux Trans-Canada (1996) Inc. (Canada); Suez and Total (France).

(*) *To recognize its members' "independence," the Supervisory Board 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 shareholder (or similar);
- a significant customer, supplier or banker of Imerys or its Group;
- a close relation of a corporate officer of Imerys;
- an auditor of Imerys in the past five years;
- a director (or similar) of Imerys for over 12 years.

(**) *As provided individually to the Company by each of the Supervisory Board members in question.*

• Jacques DRIJARD

Main activity

- Deputy CEO: Pargesa Holding S.A. (holding company - Switzerland).

Other activity in the Group

- Chairman and CEO: PGB S.A. (France).

Other responsibilities

- Chairman of the Board of Directors: Société Française Percier Gestion "SFPG" (France); Orior Compagnie S.A. (Switzerland).
- Delegate Director: Orior Holding S.A. (Switzerland).
- Director: Pargesa Netherlands B.V. (Netherlands); Orior Food S.A.and Orior Finance S.A. (Switzerland).

• Patrick KRON

Main activity

- Chairman & CEO: Alstom (group specializing in energy generation & conversion and rail & sea transport – France)

Other responsibilities

- None.

• Jocelyn LEFEBVRE

Main activity

- Chairman: Sagard S.A.S. (Private Equity - France).

Other responsibilities

- Managing Director: Partjointco N.V. and Power Financial Europe B.V. (Netherlands).
- Director: Suez-Tractebel S.A. (Belgium); Sagard S.A.S. (France); RTL Group (Luxembourg); Project Sloane (United Kingdom).

• Pierre LELLOUCHE

Main activities

- University lecturer, lawyer, member of the French parliament and Paris city councilor.

Other responsibilities

- Chairman: Cercle International "Nouveaux Mondes" (France).
- Vice-Chairman: NATO parliamentary assembly, Atlantic Partnership (France).
- Secretary: "Hunting" group, French parliament.

• Eric Le MOYNE de SERIGNY

Main activity

- Chairman of the Managing Board: Alternative Leaders France S.A. (portfolio management company – France).

Other responsibilities

- Director: Richelieu Finance and Istac S.A. (France).

• Yves-René NANOT

Main activity

- Chairman and CEO: Ciments Français (cement manufacturing and marketing group - France).

Other responsibilities

- Vice-Chairman and Director: Rhodia (France).
- Director: Suez Cement Co (Egypt); Essroc (United States); Provimi (France); Zuari Cement Ltd (India); Italcementi (Italy); Cimar (Morocco); Asia Cement Public Co. Ltd (Thailand).

• Grégoire OLIVIER

Main activity

- Chairman of the Managing Board: Sagem SA (defense electronics and telecommunications group - France).

Other responsibilities

- Director: Wendel Investissement (France).
- Member of the Defense Scientific Board (France).

• Robert PEUGEOT

Main activities

- Chairman and CEO: F.F.P. (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

- Member of the Supervisory Board: Citroën Deutschland AG (Germany); Aviva France and 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 and I.F.P. (Institut Français du Pétrole) (France); Peugeot Automobiles United Kingdom Limited and Citroën UK Ltd (United Kingdom); Citroën Danemark A/S (Denmark).
- Manager: CHP Gestion and Rodom (France).

• Edouard de ROTHSCHILD

Main activities

- Chairman: France Galop (France).
- Managing Partner: Rothschild & Cie Banque, Rothschild & Cie (banking institutions - France).

Other responsibilities

- Director: Francarep and Paris-Orléans (France); Rothschild Continuation Holding AG (Switzerland).

• Thierry de RUDDER

Main activity

- Delegate Director: Groupe Bruxelles Lambert (holding company - Belgium).

Other responsibilities

- Director: Compagnie Nationale à Portefeuille S.A. and Suez-Tractebel (Belgium); Total (France).

• Gilles SAMYN

Main activity

- Vice-President and Delegate Director: Compagnie Nationale à Portefeuille S.A. (holding company - Belgium).

Other responsibilities

- Chairman: Transcor S.A. and Centre de Coordination de Charleroi S.A. (Belgium); Erbe Finance S.A. and Kermadec S.A. (Luxembourg).
- Co-Chairman: Project Sloane Ltd (Groupe Joseph) (United Kingdom).
- Deputy Chairman: ASBL Hôpitaux Saint Joseph – Sainte Thérèse and IMTR (Belgium).
- Member of the Supervisory Board: Bertelsmann AG (Germany); Groupe Entremont S.A.S. (France).
- Member of the Managing Board: Groupe Taittinger (France).
- Delegate Director: Compagnie Immobilière de Roumont S.A., Fibelpar S.A., Carpar S.A., Investor S.A., Europart S.A., SLP S.A., Erbe S.A., Frère-Bourgeois S.A., Financière de la Sambre S.A., Fingen S.A. and Société des Quatre Chemins S.A. (Belgium).
- Director: RTL Group S.A., Filux S.A., Gesecalux S.A., Swilux S.A. and Swifin S.A. (Luxembourg); Cheval des Andes S.A. (Argentina); Petrofina S.A., Acide Carbonique Pur S.A., Distripar S.A., Belgian Sky Shops S.A., Groupe Bruxelles Lambert S.A., MESA S.A., Quick S.A., GIB S.A. and Fondation FREE (Belgium); Société Civile Cheval Blanc, Finance et Management S.A. and Taittinger C.C.V.C. (France); Pargesa Holding S.A. (Switzerland).
- Commissaris: Agesca Nederland N.V., Frère-Bourgeois Holding B.V. and Parjointco N.V. (Netherlands).
- Permanent representative: Compagnie Immobilière de Roumont S.A. (Belgium).
- Chairman of the Board of Directors: Groupe Jean Dupuis S.A., Editions Dupuis S.A., Transcor Energy S.A., Société des Quatre Chemins S.A. and Finimpress S.A. (Belgium); CNP and Administration de Société du Louvre-Groupe du Louvre (France).
- Member of Advisory Comittee: Fonds Commun de Placement à Risques Viventures S.A. (venture capital mutual fund - France).

• Michel SINDZINGRE

Main activity

- Chairman: Société de l'Industrie Minérale (Minerals industry association - France).

Other responsibilities

- None.

6.2.3. FUNCTIONING [1]

The Supervisory Board meets as often as the interests of the Company require, and at least three times a year. Meetings are called by the Chairman with five days' notice, unless the members of the Board unanimously agree otherwise.

	2003
Number of meetings	5
Average actual attendance rate of members	78%
	2004
Forecast number of meetings	6

The schedule of the Supervisory Board's meetings for the next year is usually set at the last meeting of the current year. Furthermore, members are informed at the beginning of each year of the planned schedule for the meetings of specialized Committees, which enables members who are not on a Committee to ask its Chairman to attend.

The Chairman of the Supervisory Board sets the agenda for each Board meeting, organizes proceedings, leads the debates and reports thereon in accordance with the law, the Company's by-laws and the Corporate Governance principles and practices that the Supervisory Board has itself adopted, as described in the following paragraph.

The Chairman usually sets the agenda for Supervisory Board meetings after obtaining proposals from the Managing Board and the approval of the Secretary of the Supervisory Board. Notices of meeting are sent to every member of the Supervisory Board with the following: draft minutes of the previous meeting, drawn up by the Secretary and approved by the Chairman of the Supervisory 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 statement, the presentation of the various business groups' markets or any other specific items raised.

In order to allow them to carry out their responsibilities in appropriate conditions, the Chairman and, on his request, the Managing Board also send members of the Supervisory Board the following between meetings: any important information published, including critical information, concerning the Group, particularly in the form of press articles and financial analysts' reports and, if sufficiently important or urgent, any other relevant information on the Group's situation, projects and economic or market environment.

At each Supervisory 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 Supervisory Board is the Group General Counsel. His appointment and dismissal, as the case may be, are within the sole competence of the Supervisory Board. All the members of the Supervisory Board may consult the General Counsel and benefit from his services. He assists the Supervisory Board and makes any useful recommendations on the procedures and rules that apply to its functioning, and on their implementation and observance.

6.2.4. IMPLEMENTATION OF BEST CORPORATE GOVERNANCE PRACTICES

In the context of compliance with best Corporate Governance practices, in early 2002 the Supervisory Board took several measures for the improvement of its Corporate Governance policy. These included changes to the tasks of the specialized Committees and the reporting of their results to the Supervisory Board, and the approval of a new procedure designed to tighten internal measures for the prevention of disclosure or use of insider information in the Group.

(1) This section is taken from the Report of the Chairman of the Supervisory Board, drawn up pursuant to article L225-68 of the Code of Commerce, on the conditions of preparation and organization of the work of the Supervisory Board.

These measures led the Supervisory Board, at its meeting of July 25, 2002, to adopt the terms of the internal charter that defined the individual rights and duties of its members, a code of ethics, including rules for any transactions on Imerys shares by corporate officers *(see paragraph 6.5. of the Annual Report)* and the missions and working principles of the Supervisory Board and its Committees.

The internal charter of the Supervisory Board is updated as required in order to take the following into account: any legal and regulatory changes that apply to the Company and its management bodies and their organization; recommendations with respect to Corporate Governance by AMF or any of the trade associations or bodies that represent stock market-listed French companies (AFEP, MEDEF, ANSA, etc.); and, finally, any changes that the Supervisory Board decides to make to its functioning in order to comply with best practices.

In that context, the charter was amended in 2003, particularly following the meeting of January 27, 2003 of the Supervisory Board, which:

- defined the Supervisory Board members' "independence" and acknowledged the consequences for the composition of the Supervisory Board *(see paragraph 6.2.2. of the Annual Report)* and its Committees and the change in the composition of the Compensation Committee;
- decided to extend the mission of the Compensation Committee, leading to the change of its name to the "Appointments and Compensation Committee";
- decided to improve the information provided to the Supervisory Board by:
  - notifying the planned schedule for Committees meetings and the Strategic Committee's intended schedule for the current year for the examination of important strategic questions for the future of the Group,
  - circulation of the minutes of Committees meetings and a regular roundup of the most significant press articles and financial analyses published on the Group;
- gave every member of the Supervisory Board the possibility of requesting that debates on the examination of certain questions (particularly those arising from the recommendations of the Appointments and Compensation Committee) concerning the composition of the Managing Board or the assessment of its performance be take place without the presence of any Managing Board members (except, as the case may be, the Chief Executive Officer) and Group employees who may be in attendance;
- decided to carry out a regular and more formal assessment of the composition and functioning of the Supervisory Board and its Committees, in addition to the annual review of their activity with respect to the previous financial year.

Pursuant to the last decision listed above, a formal assessment procedure was initiated at the Supervisory Board meeting of March 1, 2004, when a questionnaire was presented and handed to each member of the Supervisory Board individually for him or her to give his or her personal appraisal of the current composition, organization and functioning of the Supervisory Board and its Committees in relation to the goals of transparency, security and efficiency. These questionnaires are to be returned to the Secretary of the Supervisory Board. The findings of this assessment survey are scheduled to be presented to the Chairman of the Supervisory Board at the Supervisory Board meeting of May 3 next, with a debate on any proposals to adapt or improve the Corporate Governance principles and practices in force in the Company. This will be followed by the updating and, as the case may be, amendment of the internal charter of the Supervisory Board.

Following the review of its activity with respect to financial year 2003, which took place at its meeting of March 1, 2004, and without prejudice to any different conclusions that may result from the above-mentioned survey, the Supervisory Board noted the following:

- the structure of Imerys' corporate bodies, the balance of the Supervisory Board's composition, the existence and missions of its specialized Committees and the working methods of the Committees and the Supervisory Board are in line with the distribution of its shareholders;
- substantial progress has been made in recent years on the quality and exhaustiveness of the information provided to its members prior to their meetings, particularly on the financial and cash situation and the principal commitments of the Group, as well as the frequency, form and content of its financial communication;

- the Supervisory Board functions satisfactorily, in accordance with the internal charter, the latest changes to which help to improve the performance of the Supervisory Board and its members;
- important questions are suitably prepared and debated.

In general, the Supervisory Board judges that all the measures adopted are likely, in accordance with its wishes, to enable the Company to comply with best practices for the Corporate Governance of stock market-listed companies and, more specifically, with the recommendations made by the consolidated AFEP-MEDEF report of October 2003.

The latest version of the Supervisory Board charter can be consulted on the Group's website (www.imerys.com), in the section "Discover the Group/Corporate Governance."

6.2.4.1. Specialized Committees

On May 7, 1998, the Supervisory Board formed three specialized Committees (stemming from the Committees previously set up by the Board of Directors), the powers and composition of which it assigns among the members of the Supervisory Board.

The Committees only have an advisory role and file reports on their work with the Supervisory Board for information.

The Chairman of each Committee gives the Supervisory Board a summary of the results of the Committee's work since the previous Supervisory Board meeting.

In the latest adjustments made to its functioning, the Supervisory Board stated at its January 27, 2003 meeting that members who do not belong to a Committee may nevertheless take part in its meetings without voting rights, provided that they inform the Chairman of said Committee beforehand.

6.2.4.2. Strategic Committee

(created on June 17, 1993 under the name "Standing Committee")

• Mission

The internal charter of the Supervisory Board defines the Committee's missions as follows:

"The mission of the Strategic Committee is, in particular, to:

- assist the Supervisory Board in drafting and setting orientations for the Group's industrial, commercial and financial strategy;
- ensure that the Managing Board's implementation of that strategy complies with the orientations set by the Supervisory Board.

For that purpose, it examines in depth and, as the case may be, makes recommendations to the Supervisory Board on:

- the Group budget drawn up by the Managing Board;
- 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.

Projects are considered as "major" if they require the approval of the Supervisory Board prior to their implementation by the Managing Board *(see paragraph 6.1.1. of the Annual Report)* or must, because their amount is greater than the threshold set by the Supervisory Board, which is currently €20 million (or the equivalent in any other currency), be notified to the Committee beforehand."

• Composition

The Strategic Committee is composed of the following six members, which must include the Chairman of the Supervisory Board 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
Edouard de ROTHSCHILD	March 27, 1996	Yes
Thierry de RUDDER	May 9, 2000	No

• 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 CEO.

	2003
Number of meetings	11
Average actual attendance rate of members	70%
	2004
Forecast number of meetings	10

To carry out its mission, the Committee hears the CEO, the Executive Vice-President Finance & Strategy, the Strategy & Development Manager and, on the initiative of the CEO or at the Committee's request to the CEO, the other members of the Managing Board or the relevant corporate department or line managers. The Committee may also make visits or hear any of the Group's line managers, as it judges useful for the carrying out of its mission.

The Secretary of the Committee is the Group Strategy & Development Manager, who draws up the minutes of its meetings.

• Activity in 2003

At the start of the year, the Strategic Committee first examined the final consolidated items for the 2003 budget. Then, more generally, the Strategic Committee 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, in that context, studying the evolution of Imerys' markets and its monthly and quarterly financial statements and how they reflected said actions.

Following a tour of calcium carbonate production operations on the Lixhe (Belgium) site, the managers of the Pigments for Paper business group set out their main strategic orientations, particularly in calcium carbonate, for the Strategic Committee. In later meetings, Building Materials managers also gave a general presentation of their business group and its strategy, and the managers of the Specialty Minerals business group set out their 5-year strategic plan. These presentations enabled the Committee to debate issues with the Managing Board and the principal line managers of the business groups in question and to make a fuller analysis of the main trends on the Group's markets, the business groups' strategic positioning rationale, the prospects for their activities and financial results and their development strategy.

Moreover, the Strategic Committee reviewed and approved the significant acquisitions and major investments made by the Group in 2003. It also examined other acquisition projects that were not seen through to the end. The Committee reviewed in detail an overall presentation of the Group's internal and external growth strategy, of which an overview was then given to the Supervisory Board.

6.2.4.3. 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 Supervisory Board defines the Committee's missions as follows:

"The Appointments and Compensation Committee makes recommendations to the Supervisory Board on questions concerning:

- the selection of candidates for membership of the Supervisory Board and the proposals for appointments to the Managing Board;
- the presentation of a succession plan for members of the Supervisory and Managing Boards in the event of unforeseen vacancies;
- the independent status of each of its members according to the definition of "independence" adopted by the Supervisory Board and any changes (or explanation of criteria) to be made to that definition;
- the individual compensation of the members of the Managing Board 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 Managing Board and the fixing of individual allotments for the members of the Managing Board;
- the Group's employee shareholder policy and the terms of its implementation as proposed by the Managing Board;
- the amount and allotment of single and special attendance fees for the members of the Supervisory Board."

• Composition

The Appointments and Compensation Committee is composed of the following three members, which must include the Chairman of the Supervisory Board 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
Edouard de ROTHSCHILD	March 27, 1996	Yes
Grégoire OLIVIER	January 27, 2003	Yes

As Paul Desmarais, Jr. had announced his wish to resign from his position as member of the Appointments and Compensation Committee, the Supervisory Board accepted his resignation on January 27, 2003 and appointed Grégoire Olivier to replace him. At its meeting of March 1, 2004 the Supervisory Board noted that the composition of the Committee complied with the proportion of 2/3 independent members recommended by the consolidated AFEP-MEDEF report of October 2003.

• Functioning

The Committee debates in the presence of at least two of its members and meets as often as its Chairman sees fit or on the request of the CEO.

	2003
Number of meetings	2
Average actual attendance rate of members	100%
	2004
Forecast number of meetings	2

To carry out its mission, the Committee hears the CEO and the appropriate Group Human Resources managers.

The Secretary of the Committee is the Group Human Resources Manager. He or she draws up the minutes of its meetings, which are given to the members of the Supervisory Board for information. The Chairman of the Committee reports to the Supervisory Board on the results of the Committee's work since its last meeting.

• Activity in 2003

In 2003, 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 2002 on the basis of actual performance. It then carried out a detailed review of that individual compensation in relation to the comparative study conducted in mid-2002 and developed at the end of that year to take into account the Group's new organization, which was adopted on January 1, 2003. In that framework, it reviewed the terms of Gérard Buffière's compensation in his capacity as the new CEO and the consequences of that appointment for the "long-term bonus" that applied with respect to his former responsibilities. The Committee then proposed, for 2003 (i) the adjustments to be made to the fixed part of the compensation of the other members of the Managing Board following, in particular, the changes in their respective responsibilities under the Group's new organization, and the homogenization of the percentage of the variable part of their compensation, (ii) the economic and specific objectives to be assigned to each of the members of the Managing Board as the basis of calculation for the variable part of their compensation with respect to that financial year. More generally, the Committee also examined the compensation of the Group's other senior managers (including the members of the Operating Committee).

Furthermore, the Committee reviewed the conclusions of the comparative survey of the director compensation policies of French stock market-listed companies of a comparable size to Imerys, which it had appointed a specialized outside firm to conduct. On the basis of the survey's findings and the changes made by the Supervisory Board to its own functioning in 2002, the Committee recommended an increase of the amount of attendance fees allotted to the members of the Supervisory Board and proposed a new allotment scale, which increased the variable part related to the members' actual presence at meetings of the Supervisory Board and its specialized Committees.

The Committee recommended following the general policy for Imerys stock option allocation that had previously been adopted, and examined the terms and beneficiaries of the May 2003 option plan intended for the Group's senior managers and the holders of the key positions reporting to them. It also reviewed the terms of the "Imerys Employee Shareholding Plan 2003" proposed by the CEO.

Finally, the Committee examined the terms of the notice and departure of Patrick Dubert following his resignation from the Managing Board and his position in the Group, and validated the proposed appointment of Catherine H. Lafiandra to replace him as Group Vice-President Human Resources, as well as her appointment as a member of the Operating Committee.

6.2.4.4. Audit Committee

(created on March 27, 1996)

• Mission

The internal charter of the Supervisory Board defines the Committee's missions as follows:

"The Audit Committee's mission is to examine and give the Supervisory Board its opinion and any recommendations on:

- 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, as proposed by the Managing Board 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;
- the half-yearly and annual corporate and consolidated financial statements to be drawn up by the Managing Board, together with a note from the Executive Vice-President Finance & Strategy;
- 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;
- the result 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 status of major disputes;
- any other subject likely to have significant financial and accounting impact."

• Composition

The Audit Committee is composed of the following three members, one of whom is appointed Chairman:

NAME	*DATE OF 1ST APPOINTMENT TO THE COMMITTEE*	*INDEPENDENT MEMBER STATUS*
Yves-René NANOT *Chairman*	March 26, 1998	Yes
Robert PEUGEOT	November 4, 2002	Yes
Jocelyn LEFEBVRE	March 27, 1996	No

Following the resignation on November 4, 2002 of David de Rothschild from his membership of the Supervisory Board, the Supervisory Board appointed Robert Peugeot to replace him on the Audit Committee and Yves-René Nanot to succeed him as the Committee's Chairman.

At its meeting on March 1, 2004, the Supervisory Board confirmed that the composition of the Audit Committee complied with the 2/3 proportion of independent members 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 Managing Board 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 Supervisory Board.

	2003
Number of meetings	5
Average actual attendance rate of members	94%
	2004
Forecast number of meetings	4

To carry out its mission, the Committee hears the Auditors and the Executive Vice-President Finance & Strategy and, on the initiative of the Executive Vice-President Finance & Strategy or at the Committee's request to him according to the items on the agenda for the Committee's meeting, other individuals who take part in drawing up or controlling the financial statements (Financial Department, Internal Audit Department, Legal Department).

The Committee has unrestricted access to all the available information in the Group. It may also make visits, hear any of the Group's line managers and bring in any external specialists for the purposes of carrying out its mission.

The Secretary of the Committee is the Executive Vice-President Finance & Strategy. He draws up the minutes of its meetings, which are made available to the Auditors.

• Activity in 2003

In 2003, the Company had to replace the joint Statutory Auditor Barbier, Frinault & Autres, which had joined the Ernst & Young network, and its alternate, Alain Gouverneyre. As a replacement, following the invitation to bid organized in 2002 under its control and with its active participation, in January 2003 the Audit Committee recommended the candidacy of Deloitte Touche Tohmatsu as joint Statutory Auditor. Its appointment and that of its alternate, the firm BEAS, proposed by the Managing Board and the Supervisory Board, was approved at the General Meeting of May 5, 2003. During the financial year, the Audit Committee supervised the gradual and methodical handover to Deloitte Touche Tohmatsu.

As the terms of office of the Statutory Auditors Ernst & Young and Deloitte Touche Tohmatsu end following the 2004 General Meeting, in the second half of 2003 the Audit Committee examined the question of their renewal and that of their respective alternates, Jean-Marc Montserrat and BEAS.

In that respect, the Audit Committee considered that there was no need to make a new invitation to bid like the one organized in 2002 to replace Andersen, judging that it was fundamental for an international Group such as Imerys to guarantee the continuity of its auditing by having Deloitte Touche Tohmatsu, in office since May 5, 2003, benefit from the experience acquired by Ernst & Young. Therefore, the Audit Committee recommended to the Supervisory Board that the terms of office of Ernst & Young and Deloitte Touche Tohmatsu and of their respective alternates be renewed for a further six years without implementing another cumbersome selection process, as a strict interpretation of the Corporate Governance rules might have suggested.

Furthermore, as every year, the Committee conducted an in-depth examination of the annual Company and consolidated financial statements for 2002 (reviewed and audited by Barbier, Frinault & Autres and Ernst & Young) and the definitive half-yearly consolidated financial statements as on June 30, 2003 (reviewed and audited by Deloitte Touche Tohmatsu and Ernst & Young) as drawn up by the Managing Board. It inspected 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. This enabled the Committee, after hearing the Statutory Auditors and their comments, to ensure that the accounting procedures used were relevant and consistent. This examination did not give rise to any particular observation by the Audit Committee.

The Audit Committee's examination also concerned the quality and reliability of the internal controls made in the Group for the gathering, consolidation and monitoring of the accounting, financial and management information provided to the Supervisory Board. For that purpose, it read the reports made by the internal Auditors and heard the internal audit manager, who presented a report on his activity in 2002 and the first half of 2003. The Committee was satisfied to note that the strengthening of the internal audit teams had made it possible to fulfill requests for further specific assignments in addition to their initially planned annual schedule of work.

Furthermore, the Committee validated the extent and cost of external audit assignments carried out in all the Group's subsidiaries in 2003, and the compensation terms for Deloitte Touche Tohmatsu with respect to its new term of office.

In 2003, the Committee also conducted an initial review of the main financial risk factors identified for the Group (particularly those concerning its financing, pension commitments, compliance with applicable regulations, significant lawsuits) by striving to understand their nature and any expression in the Group's accounts. As part of that review, it examined the way these risks were monitored and covered, especially with respect to the Group's major insurance programs, of which the terms and conditions were explained to the Committee. An updated presentation of these risks, together with the findings of the more general study on the Group's risk mapping and the related internal controls, undertaken for the purposes of the application of the financial security law, in particular *(see paragraph 6.6.1. of the Annual Report)*, was made for the Supervisory Board at its meeting of March 1, 2004.

Finally, the Group Financial Department kept the Committee informed of the state of progress of the Group's preparation work for its switch to the IAS/IFRS accounting standards, which will be used from 2005 onwards. The main potential variances identified with respect to the Group's current accounts, drawn up according to regulation 99-02 of the French accounting regulations board ("Comité de la Réglementation Comptable"), were explained to the Committee *(see note 1, paragraph 9 of the accompanying notes to the consolidated accounts)*.

_ 6.3. Compensation

6.3.1. SUPERVISORY BOARD

• Amount

Pursuant to the recommendations made by the Appointments and Compensation Committee as set out below, at the General Meeting of May 5, 2003, it was decided to increase the maximum annual amount of attendance fees allotted to the members of the Supervisory Board to €800,000.

- The total gross amount of attendance fees actually paid with respect to financial year 2003 was €607,000, compared with €275,200 with respect to 2002.
- The gross amount received in 2003 by the incumbent individual members of the Supervisory Board was as follows:

En euros	*2003*	*2002*
A. LANGLOIS-MEURINNE, *Chairman*	214,500	106,800
P. DESMARAIS, Jr., *Vice-Chairman*	31,500	14,000
J. DRIJARD	41,500	14,800
P. KRON[1]	11,000	-
J. LEFEBVRE	46,000	17,200
P. LELLOUCHE	23,000	10,000
E. Le MOYNE de SERIGNY	25,000	10,000
Y.R. NANOT	47,500	14,533
G. OLIVIER	25,500	5,000
R. PEUGEOT	28,000	5,800
E. de ROTHSCHILD	28,000	14,000
T. de RUDDER	36,500	14,000
G. SAMYN	24,000	10,000
M. SINDZINGRE	25,000	10,000

(1) Member of the Supervisory Board since May 5, 2003.

These amounts represent the entire compensation received by each of the members of the Supervisory Board with respect to their office.

• Allotment scale

The new allotment scale for attendance fees, as approved by the Supervisory Board at its meeting on January 27, 2003, came into force in the first half of 2003, following the approval, at the General Meeting of May 5, 2003, of the new maximum annual amount of attendance fees. The allotment scale was intended, in particular, to increase the variable part linked to the actual presence of members at the meetings of the Supervisory Board and its Committees.

The allotment scale for attendance fees, as currently in force, is as follows:

GROSS AMOUNT IN EUROS		*2003*
Supervisory Board	Chairman	150,000 fixed per year
	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, these amounts do not include any withholding taxes in France on the amounts paid to the non-French resident members of the Supervisory Board. Payments are made every six months in arrears.

6.3.2. MANAGING BOARD

• Criteria

Compensation for members of the Managing Board is set annually by the Supervisory Board, upon the Appointments and Compensation Committee's recommendations. Such recommendations are aimed at ensuring that compensation is competitive within the marketplace and are based on external evaluations and comparisons provided to the Compensation Committee by specialized consultants. The most recent survey was conducted in mid-2002, with additional work done in November of the same year for the purposes of determining the compensation of the new Chief Executive Officer.

The compensation of every member of the Managing Board includes a fixed part and a variable part, for which an upper limit is set as follows:

- the variable part of the CEO's compensation for 2003 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 recurring 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 the compensation of the other members of the Managing Board for 2003 is limited to 50% of the fixed amount of their salary.

  It is calculated as follows:

  - 70% is based on economic performance criteria, comprised of those that apply to the CEO, plus a similar formula applied to the business group of which the member of the Managing Board is in charge or to the Group if the member has corporate responsibilities;
  - 30% is based on the achievement of specific individual achievements concerning the member's individual responsibilities and related to the Group's priorities for the year in question or to preparations for its future.

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.

Therefore, the compensation of the members of the Managing Board, given the extent of its variable part and according to the results of its calculation formula, vary significantly from one year to the next.

Furthermore, the Supervisory Board may also, on an exceptional basis and on the recommendation of the Appointments and Compensation Committee, grant a specific individual bonus to a member of the Managing Board. Such a plan is based on the beneficiary's commitment to a program of medium-term actions that are priorities for the Group's future, the success and results of which cannot be assessed on one year alone.

• Amount

The total gross amount of compensation and fringe benefits paid (fixed part) or owed (variable part and long-term bonus) by the Group to the four members of the Managing Board in office on December 31, 2003 with respect to financial 2003 is €2,222,328 (compared with €3,355,000 in 2002 for the seven members of the Managing Board in office on December 31, 2002), i.e.:

- €1,255,000 for the fixed part (compared with €1,952,000 in 2002);
- €960,340 for the variable part (compared with €1,403,000 in 2002);
- €6,988 for the fringe benefits (compared with €9,005 in 2002).

The above amounts include all the compensation paid or owed by the Group to the individuals in question, including compensation allotted by certain subsidiaries for participation in their corporate bodies (particularly as attendance fees included in the variable part of that compensation), and the value of all fringe benefits received with respect to financial 2003.

Details of the individual allotment of that gross amount and its components for each of the members of the Managing Board in office on December 31, 2003 with respect to their term of office are as follows:

	2003					
	COMPENSATION					
euros	FIXED (1)	VARIABLE (2)	LONG-TERM BONUS	ATTENDANCE FEES (3)	FRINGE BENEFITS (4)	TOTAL
Gérard Buffière *Chairman*	500,000	600,000	-	-	2,652	1,102,652
Friedrich Nitsche *Executive Vice-President* *Refractories & Abrasives*	315,000	157,500	-	-	-	472,500
Thierry Salmona *Executive Vice-President* *Specialty Minerals*	260,000	112,840	-	-	1,947	374,787
Jérôme Pecresse *Executive Vice-President* Finance & Strategy	180,000	90,000	-	-	2,389	272,389

(1) *Salary paid in 2003.*

(2) *Sums owed with respect to financial 2003 but paid in early 2004.*

(3) *In addition to the amount of attendance fees allotted by Group subsidiaries and included in the variable part of the beneficiary's compensation.*

(4) *Amounts corresponding to the value of the fringe benefits in question, which consist solely of the use of a company car.*

Furthermore, the amount of the five highest compensations paid by the Company with respect to the financial year 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;
- subject to a pay-in ceiling equal to 25% of their reference salary (gross salary limited to 8 times the annual French social security ceiling) for the last 12 calendar months prior to their removal from the Group's payroll.

The three members of the Managing Board employed by French companies in the Group and one member of the Supervisory Board, in his capacity as a former senior manager of the Group, are among the beneficiaries of this plan, to the rights of which the Group contributed in 2003.

On the latest actuarial basis, calculated at the end of 2003, the current value of the estimated share of the four 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 €1,780,446.

_ 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 Supervisory Board upon the Appointments and Compensation Committee's recommendations.

The main characteristics of the policy, excluding grants made within the Group's employee shareholding operations *(see paragraphs 4.7.4.4. and 5.2.5. of the Annual Report)*, 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 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 (members of the Managing Board, the Operating Committee and the business group and operating division management committees, managers of the Group' main corporate departments) and, as of 2001, the holders of certain key positions reporting to them, as well as high-potential young executives and employees that make an outstanding contribution to the Company's performance.

• Characteristics of granted options

As of 1999, including with respect to employee shareholding operations, the option exercise price is equal to the reference price for Imerys shares on the date of allotment.

The duration of the options granted within the plans set up since May 2000 is between 9 1/2 and 10 years, compared with 8 years for previously granted options.

The options granted since 1996 are definitively vested (except in cases of dismissal for gross misconduct or of death) after the end of the third year following their allotment or, if earlier, on the date of the beneficiary's retirement. 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 death, when the period of exercise by heirs is limited) including, since 2001, in the case of the beneficiary's departure from the Group between the date of vesting (except for the minimum immobilization periods set by applicable local regulations on securities granted under employee shareholder operations) and the date of expiry of the options. The beneficiary must however 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 250 options, any whole multiple of 250 or the balance of outstanding options if less than 250).

• 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 but not in the event of the beneficiary's death or retirement, brings about in principle the cancellation of the granted options, unless the Managing Board decides otherwise in agreement with the Appointments and Compensation Committee.

Option plans adopted in 2003

• Grants

In 2003, the Managing Board, under the authorization given by the Ordinary and Extraordinary Shareholders' General Meeting on May 5, 2003 and with the approval of the Supervisory Board, granted the following:

- on May 5, 2003: 186,930 stock options (compared with 163,000 options in 2002), at an exercise price of €113.22 per share, to 201 managers and executives of the Group residing in France or other countries (compared with 181 in 2002);
- on October 21, 2003: 9,356 stock options, at an exercise price of €162.47 per share, to the 925 employees of the Group who decided to take part in the Imerys Employee Shareholder Plan 2003 *(see paragraphs 4.7.4.4. and 5.2.5. of the Annual Report)*.

36,575 options were granted at a weighted average price of €113.34 to the 14 beneficiaries who received the highest number (apart from the members of the Managing Board and taking into account the equal allotments made to several such beneficiaries).

• Variations

The total number of outstanding share stock options on December 31, 2003 is 707,622, i.e. 4.27% of Imerys' current share capital after dilution; their weighted average exercise price is €118.95.

In 2003, 37,115 stock options were cancelled; 272,434 were exercised by 119 beneficiaries at a weighted average price of €112.81.

6.4.2. OPTIONS HELD BY THE MEMBERS OF CORPORATE BODIES

Grants in 2003

The total number of stock options granted in 2003 to the members of the Managing Board (including under the Imerys Employee Shareholding Plan 2003) was 36,110, with a weighted average exercise price of €113.30.

Holding and changes

The total number of stock options held by the four members of the Managing Board in office on December 31, 2003 is 103,514 as on that date, which represents 0.62% of Imerys' share capital after dilution; their weighted average exercise price is €118.86.

Among the members of the Supervisory Board who previously held general management responsibilities in the Group, only Patrick Kron held stock options granted by the Company as on December 31, 2003. On that date, he held 53,775 options at a weighted average exercise price of €119.07, which represents 0.33% of Imerys' current share capital after dilution.

Out of the options held by all incumbent corporate officers of Imerys on January 1, 2003, 75,201 were exercised in 2003 at a weighted average price of €114.81.

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 of December 31, 2003:

PLANS IN FORCE AS OF DECEMBER 31, 2003

	Oct. 2003(1)	*May 2003*	*Oct. 2002*(1)	*May 2002*	*Oct. 2001*(1)	*May 2001*	*Nov. 2000*(1)	*May 2000*	*May 1999*	*Sept. 1998*	*March 1998*	*June 1997*	*June 1996*	*TOTAL*
INITIAL GRANT														
Authorization: date of Shareholders' Meeting	5/06/02	5/06/02	5/06/02	5/06/02	5/09/00	5/09/00	5/09/00	5/09/00	5/07/98	5/07/98	6/12/97	6/12/97	06/18/92	
Date of the Board of Directors/ Supervisory Board or Managing Board Meeting	10/21/03	5/06/03	10/21/02	5/06/02	10/19/01	5/09/01	11/06/00	5/09/00	5/06/99	09/21/98	03/26/98	6/12/97	2/12/96	
Starting date of exercise of stock options (2)	10/22/07	5/06/06	10/22/06	5/06/05	10/20/04	5/09/04 (3)	11/07/03	5/10/03	7/05/02	10/01/01 or 10/01/03	27/03/03	1/07/00	7/01/99	
Expiration date of stock options	10/21/13	5/05/13	10/21/12	5/05/12	10/19/11	5/08/11	11/06/10	12/31/09	12/31/06	09/15/06	03/25/06	12/31/04	12/31/03	
Subscription price of shares	€162.47	€113.22	€117.76	€131	€98.92	€113.97	€108.56	€128.71	€112.52	€90.71	€116.62	€114.64	€112.35	
Total number of initial beneficiaries	**925**	**201**	**1,474**	**181**	**1,416**	**169**	**1,961**	**145**	**122**	**30**	**2**	**37**	**50**	
including:														
- members of the Supervisory Board (4) in office on Dec. 31, 2003	-	-	-	1	1	1	1	1	1	-	1	-	2	
- members of the Managing Board in office on Dec. 31, 2003	4	4	4	4	4	4	3	4	2	1	1	n.a	n.a	
Total number of options granted	**9,356**	**186,930**	**17,082**	**163,000**	**18,446**	**177,810**	**18,202**	**142,630**	**151,250**	**55,000**	**75,000**	**54,000**	**112,000**	**1,180,706**
of which:														
- to members of the Supervisory Board (4) in office on Dec. 31, 2003	-	-	-	20,000	15	30,000	10	14,250	15,000	-	65,000	-	13,000	157,275
- to members of the Managing Board in office on Dec. 31, 2003	60	36,050	60	17,000	60	17,630	30	17,575	8,250	4,000	10,000	-	-	110,715
• Gérard Buffière	*15*	*20,000*	*15*	*7,500*	*15*	*8,000*	*10*	*7,125*	*5,000*	-	*10,000*	*n.a*	*n.a*	*57,680*
• Friedrich Nitsche	*15*	*5,350*	*15*	*2,250*	*15*	*2,140*	*n.a*	*1,900*	*n.a*	*n.a*	*n.a*	*n.a*	*n.a*	*11,685*
• Jérôme Pecresse	*15*	*5,350*	*15*	*2,250*	*15*	*2,140*	*10*	*1,425*	*3,250*	*4,000*	*n.a*	*n.a*	*n.a*	*18,470*
• Thierry Salmona	*15*	*5,350*	*15*	*5,000*	*15*	*5,350*	*10*	*7,125*	*n.a*	*n.a*	*n.a*	*n.a*	*n.a*	*22,880*
- to the 10 (or more) Group employees who received the highest number of stock options (5)	90	36,395	180	22,500	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	
VARIATION IN 2003														
Number of options remaining to be exercised as of Jan. 1, 2003	**n.a**	**n.a**	**17,082**	**146,000**	**18,431**	**143,545**	**18,192**	**123,135**	**107,750**	**31,500**	**75,000**	**41,000**	**104,250**	**825,885**
Number of options granted in 2003	**9,356**	**186,930**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**196,286**
Number of shares subscribed in 2003	**-**	**n.a**	**(30)**(9)	**n.a**	**(15)**(9)	**n.a**	**(253)**	**(28,535)**	**(24,250)**	**(30,500)**	**(56,301)**	**(33,300)**	**(99,250)**	**(272,434)**
of which:														
- by the members of the Supervisory Board (4) in office on Dec. 31, 2003	-	-	-	-	-	-	-	-	-	-	(55,000)	-	(13,000)	(68,000)
- by the members of the Managing Board in office in Dec.31, 2003	-	-	-	-	-	-	-	(1,900)	-	(4,000)	(1,301)	-	-	(7,201)
• Gérard Buffière								-	-	-	*(1,301)*	-	-	*(1,301)*
• Friedrich Nitsche	-	-	-	-	-	-	-	*(1,900)*	-	-	-	-	-	*(1,900)*
• Jérôme Pecresse	-	-	-	-	-	-	-	-	-	*(4,000)*	-	-	-	*(4,000)*
- by the 10 other beneficiaries who exercised the most options (6)	-	-	-	-	-	-	-	(5,230)	(8,250)	(11,750)	-	(5,000)	(4,000)	(34,230)
Number of options cancelled in 2003 (7)	-	(4,565)	n.a	(14,500)	n.a	(16,350)	n.a	(1,700)	-	-	-	-	(5,000)	(42,115)
Number of options remaining to be exercised as of Dec. 31, 2003 (8)	9,356	182,365	17,052	131,500	18,416	127,195	17,939	92,900	83,500	1,000	18,699	7,700	0	707,622

(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) Former senior managers of the Group.
(5) This number may be greater than 10 in some years because an equal number of options was granted to several beneficiaries.
(6) Some of these beneficiaries had left the Group at the time of exercising their options.
(7) Following the resignation or termination of beneficiaries, unless the Managing Board or Supervisory Board decided otherwise in agreement with the Appointments and Compensation Committee.
(8) Following cancellations and exercise of cumulated number of options from the date of approval of the plan in question.
(9) Options taken up in authorized early exercise conditions.

_ 6.5. Corporate officers' transactions on Imerys securities

When adopting its internal charter, which tightened internal measures for preventing disclosure or use of insider information in the Group, on July 25, 2002, the Supervisory Board decided to specify the rules applying to transactions by its members or the members of the Managing Board on Imerys shares or any other securities issued by the Group or any financial instruments (F.C.P.E. "Imerys Actions" specific company mutual fund, MONEP, warrants, convertible bonds, etc.) connected to Imerys shares ("Imerys securities").

These rules first state the general principle that any person who may hold insider information, before the public has knowledge of such information, must refrain from carrying out:

- whether directly or through his or her non-separated spouse, non-emancipated minor child or any other intermediary;
- on his or her own behalf or for a third party pursuant to a mandate (unless such mandate is exercised with respect to an account management service for a third party);
- any transaction, including forward transactions, on Imerys securities (with the exception however, of subscription or purchase through the exercise of stock options).

Furthermore, the rules also include the obligation for members of the Supervisory Board and the Managing Board (and the Group's main corporate or line 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) to refrain from any transaction on Imerys securities (including as hedging) during the twenty calendar days leading up to the announcement of the estimated or definitive quarterly, half-yearly or annual results and including the day of such announcement. They also absolutely prohibit such persons from making any short or carry-over transactions (except hedging).

The annual schedule of such announcements is supplied to the members of the Supervisory Board by the Managing Board at the end of the previous year; it may be consulted at any time on the Group's website, is given regularly in the CEO's quarterly newsletter and is available on request from the Group's financial communications department.

Finally, under the same rules, the members of the Supervisory Board and the Managing Board and, under their personal responsibility, their non-separated spouses and non-emancipated minor children, 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 to the Secretary of the Supervisory Board, within one month of the end of each half-year, all transactions carried out on Imerys securities during that period.

As of July 2002, total declared transactions are brought to public knowledge by Autorité des Marchés Financiers within two months of the end of each half-year.

The table below sets out the transactions made on Imerys securities in 2003 by the incumbent members of the Supervisory Board and the Managing Board as on December 31, 2003.

	GROSS FLOWS IN THE 2nd HALF OF 2003		GROSS FLOWS IN THE 1st HALF OF 2003	
	PURCHASE/ SUBSCRIPTION	SALE	PURCHASE/ SUBSCRIPTION	SALE
Number of corporate officers concerned	11	8	1	-
Number of securities				
- shares	96,166(*)	106,551	20(*)	-
- "F.C.P.E. Imerys Actions" units(**)	45	-	-	-
Weighted average price				
- shares	116.29	158.76	113.05	-
- "F.C.P.E. Imerys Actions" units(**)	129.98(***)	-	-	-

(*) *These shares were acquired directly on the market or as part of the "Imerys Employee Shareholding 2003" operation, or result from the exercise of subscription options granted by the Company or purchase options granted by shareholders in the Company.*

(**) *Units in "F.C.P.E. Imerys Actions" specific company mutual fund, of which the assets are invested in Imerys shares.*

(***) *The shares were acquired off the market via "F.C.P.E. Imerys Actions" as part of the "Imerys Employee Shareholding 2003" operation.*

_ 6.6. Internal control

6.6.1. CHAIRMAN OF THE SUPERVISORY BOARD'S REPORT

Pursuant to the French law on financial security of August 1, 2003 and in accordance with article L225-68 of the Code of Commerce, on February 27, 2004 the Chairman of the Supervisory Board drew up a report on the conditions for preparing and organizing the Supervisory Board's work and on Imerys' internal control procedures.

Detailed information on the conditions for preparing and organizing the Supervisory Board's work and, more generally, its functioning, is given in paragraphs 6.2.1. and 6.2.3. of the Annual Report and should be considered as an integral part of the Chairman of the Supervisory Board's report.

In that report, internal control procedures are considered as the procedures set up or developed in the Company both for its own workings and to provide control over its subsidiaries and interests, particularly in regard to the production and processing of consolidated accounting and financial information.

The present paragraph 6.6.1. reproduces the report of the Chairman of the Supervisory Board on Imerys' internal control procedures in its entirety.

6.6.1.1. Organization of Imerys' work on the description of its internal control

The Chairman of the Supervisory Board asked the Managing Board to gather information on the existing internal control mechanisms in the Group in order to draw up his report.

The Managing Board took the opportunity of that request to promptly launch a wider, more specific study on the main risks likely to affect the Group and on the existence and implementation in the Group of internal controls in relation to such risks.

The Managing Board appointed an internal workgroup, made up of the Group's Treasury Manager and General Counsel, to carry out that study. The workgroup assigned an independent international consulting firm that specializes in risk management and internal control organization to assist it.

It was decided to conduct the study using a gradual two-stage approach. In the first stage, the managers of the Group's main corporate departments and of its four business groups reported, in an identical predetermined form and within their respective scope of responsibility, on the following:

- the risks that they manage and that they consider significant on the scale of the Group;
- the internal control mechanisms and procedures implemented by the Group or by the managers in question to prevent or detect the occurrence of such risks.

The first stage, which followed the methodology recommended by the specialized external consulting firm, led, after validation by the CEO and the Executive Vice-President Finance & Strategy, to the mapping of the major risks for the Imerys group and the organization of the related internal control mechanisms in existence on December 31, 2003.

In line with the constant concern of the Supervisory Board and the Managing Board to improve the quality of Imerys' internal control mechanisms, the second stage led the workgroup to draft a multiyear improvement plan.

The detailed results of this survey were presented to the Managing Board and its Operating Committee, then to the Chairman of the Supervisory Board. The Supervisory Board was informed of the main findings of the survey, together with the present report, at its meeting on March 1, 2004.

6.6.1.2. Description of the internal control mechanism

> Definition of internal control

For many years, Imerys has set up various internal control procedures that are consistent with the Corporate Governance principles it applies and adapted to the Group's general organization.

Internal control, as applied in the Imerys group, may be defined as "all the policies, procedures and monitoring charts implemented on every level of the organization and intended to constantly provide reasonable assurance that the following objectives are achieved:

- compliance with the laws and regulations in force;
- reliability of financial information;
- carrying out of management operations in a secure framework."

This definition is inspired by the definition used by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Imerys' internal control system is intended to prevent and manage the risks to which the Group is exposed in connection with its activities. However, like any control mechanism and as stated in the definition, it cannot guarantee that all the given objectives will be achieved and, consequently, that all risks are eliminated.

> Nature of the various internal control mechanisms

Imerys' internal control system is structured around two complementary mechanisms:

- an "organizational" mechanism: a set of general policy rules with the setup of a hierarchical organization;
- a "prevention and detection" mechanism: a set comprised of (i) on one hand, practical arrangements and procedures designed to implement, for preventive purposes, general policy rules and ensure their application, and (ii) on the other hand, ongoing, regular or occasional measures (particularly through reporting and internal or external audit systems) intended to monitor compliance with the above-mentioned procedures and measures and detect any failures or cases of non-compliance.

> General internal control policy: organizational mechanisms

• Organization and delegations of powers between Imerys' corporate bodies

The Supervisory Board constantly controls the Group's management by the Managing Board. It has the power to appoint and revoke the members of the Managing Board, of which it appoints the Chairman. To assist it in its assignment, it decided to form three specialized Committees from among its members: Accounts, Appointments & Compensation and Strategy. The powers, composition and functioning of the Supervisory Board and of its different Committees are described in paragraph 6.2. of the Annual Report.

The Managing Board has collegiate responsibility for the administration and executive management of the Group. To assist it in its mission, it decided to form an Operating Committee. The powers, composition and functioning of the Managing Board and of its Operating Committee are described in paragraph 6.1. of the Annual Report.

The descriptions given in the Annual Report result from French law, Imerys' by-laws, the internal charter of the Supervisory Board and its appendix on the scope and extent of the powers of the Managing Board and the internal working arrangements that it defines for itself. These documents form the basis of organization of the Group's chain of command.

• Organization and delegations of the powers of the Managing Board for the administration and management of the Group

The Group is organized according to the following principles:

- four business groups - Specialty Minerals, Pigments for Paper, Building Materials, Refractories & Abrasives – each of which is centered on the Minerals Processing business, and,
- four main corporate departments: Finance & Strategy, Legal, Human Resources, Research & Technology.

The Group’s general policy in terms of missions, strategy, organization, principles and functioning rules is described in a Management Charter that was recently adopted by the Managing Board.

Each business group is structured differently and develops, through segmentation into operating divisions, the organization that is best suited to its markets by taking into account their commercial, industrial or geographic specificities. Each business group or division has internal support services, which it structures to fit with its overall organization as well as possible.

The corporate departments, under the direct responsibility of the Managing Board, have a twofold mission: organizing the Group’s operations in their respective areas of expertise and providing technical assistance to the business groups on their request. This core of support not only enables the Group to benefit from economies of scale, but also ensures that the operations in question are carried out in as secure a management and control framework as possible.

The presence and organization of these corporate departments are a significant contribution to the Group’s internal control mechanisms. Their managers also have functional authority over all managers with duties in their area of expertise in the business groups and divisions.

• Players contributing to the general internal control mechanism

- Secretary of the Supervisory Board

The role of the Secretary of the Supervisory Board is described in paragraph 6.2.3. of the Annual Report.

- Specialized Committees of the Supervisory Board

The standing Committees formed by the Supervisory Board from its members control, within the framework of the mission assigned to them in their area of specialization, the compliance of the general policies defined by the Managing Board with the orientations and strategies set by the Supervisory Board, and the implementation of those policies. To obtain any useful information on the carrying out of their assignment, they benefit from direct access to the main line and corporate department managers concerned in the Group.

Among those Committees, the Audit Committee specifically controls the reliability and security of the Group’s financial information procedures and systems, and the work schedule and results of the Internal Audit Department. More generally, it examines the subjects likely to have significant financial and accounting impact for the Group, takes part in the appointment of the Auditors and oversees the results of their work.

- Internal Audit Department

Imerys has an Internal Audit Department that performs its duties independently of operating activities and their managers. Reporting hierarchically to the Executive Vice-President Finance & Strategy, the Internal Audit Manager has direct access to the CEO and to the Audit Committee (to which he or she reports on a functional basis).

An internal audit charter has been drawn up and approved by the Managing Board. The charter determines the role of internal auditing in the Group and its position in the chain of command, asserts its independence, describes its scope of action and defines the process for reporting its findings to the Managing Board and the Audit Committee.

Imerys’ Internal Audit Department is made up of a team of five auditors, two of whom are based in Atlanta (United States) and three at the Group’s headquarters in Paris (France).

The role of internal auditing at Imerys is to:

- check the controls, systems and practices of the Company and its subsidiaries and interests, and of the business groups and their operating divisions, in the accounting and financial fields, particularly those involving treasury flows (e.g. purchasing, customer orders);
- make sure of the accuracy and completeness of the financial data reported by the entities and of the data’s suitability for and compliance with the procedures, particularly in regard to accounting, and needs of the Group and the audited entities.

The Internal Audit Department is in charge of drawing up an annual Group audit plan, which is reviewed and approved by the Managing Board and the Audit Committee; it is also called upon to carry out ad hoc additional audit assignments on request from Imerys’ general management or the managers of business groups or operating divisions.

A copy of all final audit reports is provided to the members of the Managing Board and the main corporate department and line managers concerned. A full report on the Internal Audit Department's activity is presented to the Audit Committee every half-year for debate, in the presence of the Auditors. At the same time, participants are given a copy of all the audit reports that have been drawn up.

- Auditors

Imerys' two Auditors are appointed for six years at the Shareholders' General Meeting, on the proposal of the Managing Board and the Supervisory Board after the recommendation of the Audit Committee.

Following an invitation to bid, Deloitte Touche Tohmatsu was appointed in 2003 as the second Auditor in succession to Barbier, Frinault & Autres, which had joined the network of Imerys' other Auditor, Ernst & Young *(see paragraph 6.2.4.4. of the Annual Report)*. As the terms of office of both joint statutory Auditors and their respective alternates expire in 2004, their renewal is proposed at the next Shareholders' General Meeting called for May 3, 2004 *(see paragraphs 7.1.3. and 7.4.1. of the Annual Report)*.

The Audit Committee controls the appointment procedure, work, independence and compensation of the Auditors *(see paragraph 6.2.4.4. of the Annual Report)*.

› Internal control procedures: prevention and detection mechanisms

• General principles

All the practical procedures and arrangements that make up the Group's preventive internal control mechanism reflect its organization. They include the following:

- an initial body of procedures, drawn up by corporate departments, that define specific rules and functioning and reporting principles for every area of expertise for which they are responsible and that apply to the entire Group. The procedures for each function, which must be approved by the Managing Board or the Operating Committee, are included in the *Manuals* or, if they are simply collected, in the *Group Procedures Guides*;
- a second body of procedures, drawn up by each of the business groups and operating divisions, which define their own rules and functioning and reporting principles, the terms and conditions of which, in accordance with the *Manuals and Group Procedures Guides*, are adapted to their internal method of organization, the management of their industrial and commercial activities and the related risks. These procedures, which must be approved by the general management of the business groups and divisions concerned, are generally grouped together in the *Business Group or Division Procedures Manuals*.

The monitoring of the situation and development of Imerys and its operating activities, carried out by the Managing Board and the Operating Committee, is also structured by the following: budget procedures, capital expenditure authorization and review procedures and a management reporting system, which must be applied homogenously and complied with across the Group in accordance with the *Group Finance Manual (see below)*. Furthermore, the framework for the longer-term orientations of the business groups' activity and the resulting financial forecasts is defined through the drawing-up, under the control of the Managing Board and the Supervisory Board, of a multiyear strategic plan for the Group. During its implementation, this plan is enhanced with regular individual strategic reviews of each business group.

All Group employees have access to the components of the *Manuals and Group Procedures Guides* in electronic form via the Imerys intranet. A more detailed description of this intranet and recent changes to it developments is given in paragraph 4.7.11.3. of the Annual Report.

• Internal control procedures and mechanisms in connection with the Group's main risks

The *Manuals and Group Procedures Guides* guarantee the correct working and the homogeneity of the Group's decentralized structure and are intended to determine the limits between the responsibilities assigned to Imerys' corporate departments and responsibilities in the business groups and operating divisions.

The *Manuals and Group Procedures Guides* include, in particular, the manuals and guides of Imerys' four main corporate departments:

- The *"Finance Manual"*

This manual groups together the reporting policies, procedures and systems that apply to all the Group's companies and activities in the following areas:

- Accounting, Reporting, Consolidation, Budget, multiyear Strategic Plan;
- Treasury and Finance;
- Tax;
- Internal Auditing;
- External Auditing;
- Information Systems.

The contents of the *Finance Manual* are developed below in the paragraph on internal control for the production and processing of financial and accounting information.

- The *"Legal Manual"*

The *Legal Manual* is intended to reiterate or state the following items:

- the powers of Imerys' corporate bodies (with extracts from the Supervisory Board's internal Charter and its appendices);
- the Group's policies, procedures and controls and the related reporting in various legal fields:
  . lawsuits, contracts, management of subsidiaries and interests, granting of guarantees, indemnities,
  . protection and management of intellectual property rights,
  . structure and management of insurance for the protection of persons and the assets and results of the Group's activities.

The Operating Committee is in charge of regularly reviewing the Group's main legal risks and its insurance policy. This is the subject of regular presentations to the Audit Committee and the Supervisory Board.

Furthermore, the "procedure tightening the prevention of disclosure and use of insider information within the Group," as adopted by the Supervisory Board, is included in appendix to the *Legal Manual*. This procedure also specifies the periods for refraining from any transactions on Imerys securities and the persons concerned by this restriction and by obligations to declare authorized transactions.

Additional information on this procedure is given in paragraph 6.5. of the Annual Report.

- The *"Human Resources Guide"*

The *Human Resources Guide* includes, first of all, a Collection of Principles that forms the general framework for the definition and decentralized management of human resources policy by all Imerys' business groups and operating divisions.

These principles cover the following, in particular:

- ethical values, concerning the prohibition of child labor, in particular;
- absence of discrimination in the recruitment, training or promotion of 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 of all applicable local regulations on employment, particularly as regards worker safety and thresholds for exposure to hazardous substances.

The procedures relating to the implementation of these principles, as well as components of human resources management (including the management of workplace health & safety) that are adapted specifically to local practices and to the needs of their activities, are given in *Business Group or Division Procedures Manuals*. These procedures must, nevertheless, comply with the rules provided in the *Human Resources Guide* that apply to the assessment and management of managerial personnel and the drawing-up of succession plans for senior managers.

The *Human Resources Guide* also includes a description of certain reporting systems that apply to the entire Group and are intended, in the future, to provide for the homogenous consolidation of the main indicators that are representative of the following:

- the human resources policies observed by business groups and divisions (particularly workforce size and age pyramid, seniority, training, compensation, etc.);
- the business groups and divisions' performance improvement targets in terms of worker safety.

Each business group's safety results are reviewed regularly by the Operating Committee. An overview of assessments, succession plans and career management plans for certain employees considered as high-potential is presented to the Managing Board every year.

- The *"Research & Technology Guide"*

Given the operational nature of the main subjects in its area of expertise, the Research & Technology corporate 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 division, is set by the department's own *Procedures Manual*.

Apart from its actions to disseminate best practices or its consulting services for business groups and divisions, the only areas under the responsibility of the Research & Technology corporate department that are covered by the *Group Guide* are the following:

- *Sustainable Development,* with a Charter that describes a limited number of fundamental objectives set by the Group *(see paragraph 4.7.4.1. of the Annual Report)*;
- *Environment,* with policies and procedures that are in the process of being harmonized with the Group's wider Sustainable Development policy. Their main objective will be to control the regulatory compliance of the Group's industrial facilities and set up a homogenous and reliable system for reporting environmental data that are representative of the Group's activities *(see paragraph 4.7.4.2. of the Annual Report)*;
- *Mineral Reserves,* with the Group's adoption of the rules set by the "European Code for Reporting of Mineral Exploration Results, Mineral Resources and Mineral Reserves" of October 2001 for the estimation, monitoring and implementation of homogenous reporting of the Group's mineral reserves and resources *(see paragraph 4.7.5. of the Annual Report)*.

A Steering Committee, comprised of the managers of the corporate departments concerned, is in charge of making sure of the effective implementation of the Group's Sustainable Development policy. The Operating Committee regularly examines the state of progress of this policy and the improvements achieved, particularly with respect to the protection of the environment, and annually examines an overview of the Group's estimated mineral reserves.

In addition to the minimum internal control mechanisms of which the *Group Manuals and Guides* may recommend the implementation by the business groups or operating divisions, the *Finance, Legal and Human Resources Manuals and Guides* determine, in accordance with the thresholds set by the Supervisory Board, the authorization limits for the decisions or actions that may be taken by the business groups or subsidiaries that they control for certain types of operations, for example banking transactions.

• Internal control procedures and mechanisms for producing and processing financial and accounting information

Financial and accounting information must be produced according to the procedure described in the *Finance Manual*.

This procedure covers the following stages:

- drawing up an annual budget and monthly monitoring of results;
- consolidating all the Group's accounting data, every half-year.

The above-mentioned operations are steered by the Group's Finance & Strategy Department. Its organization is made up of the following:

- an accounting and consolidation department, which is responsible for the preparation and presentation of Imerys' financial statements and the Group's consolidated financial statements;
- a financial and budget control department, in charge of preparing and compiling the data for the Group's budget and monthly management reporting;
- a treasury and financing department, which is responsible, in particular, for drawing up and consolidating data in relation to the Group's financial debt and financial income. Among its other missions, the centralized management of the Group's financial debts and resources, their interest rate risk and actions concerning the price of energy on behalf of the business groups and divisions, are described in paragraph 4.7.1. and 4.7.2. of the Annual Report;
- a tax department, which is responsible, in particular, for monitoring the fiscal consolidations made in the Group and ensuring their overall consistency.

Every month, the Financial Control Department cross-checks and reconciles information from the Group Treasury Department, on one hand, and from management reporting on the other hand.

In line with the cascade organization of responsibilities from corporate financial departments down to business group financial departments then to operating division and company financial departments, the financial controller of each business group and division has a key role. He or she is in charge, in particular, of making sure that controllers in local entities correctly apply internal control procedures on accounting and financial issues. Each controller reports to the manager of the operating entity in question, but also reports functionally to the Executive Vice-President Finance & Strategy.

Finally, the Managing Board ensures that the skills of the members of the Finance & Strategy Department and of the local financial control teams are adequately upheld, particularly through the careful choice of accounting teams, supervised by the Group accounting and consolidation department, and by the organization of training programs designed to maintain and develop internal financial and accounting skills.

- Annual budget and management reporting

Every year, Imerys implements a budget and monthly and quarterly reporting process for all the Group's entities in order to have a steering tool and reliable and homogenous management information. Concordance between reporting-derived management information and accounting data is the key control principle for ensuring the accuracy of accounting and financial information.

The procedure for drawing up Imerys' budget is based on the involvement of crossfunctional teams in each business group and division and on the control of overall consistency by the Group Financial Control Department.

Both the budget and management reporting convey financial and accounting data, but also various information concerning other fields of expertise (Human Resources, Legal, etc.).

The reporting system is used to monitor accurately monthly results (income statement and cash flow) and quarterly financial data from business groups and divisions, and to compare them with information from the previous financial year and the budget. Management items are commented by local line managers and the main variations are analyzed by the Group Financial Control Department. This procedure makes it possible, in principle, to detect any anomalies on a monthly basis and to correct them as soon as possible.

According to the same concordance principle, information on the monitoring of cash flows and financing resulting from management reporting is reconciled against accounting data.

Every month, the Managing Board and the Operating Committee examine the financial statements resulting from reporting, analyzes major variations compared with the previous year or the budget and request the implementation of corrective actions whenever it judges necessary.

- Consolidation and accounting organization

The mechanism and procedures for the internal control of accounting and financial information are uniform within the Group. This mechanism is comprised of a Group-wide accounting organization, homogenous accounting standards set down in the *Finance Manual*, a single consolidated reporting system, quality control of the financial and accounting information produced both internally and externally and Group-level management of accounting skills.

The organization defined and the general rules described in the *Finance Manual* are as follows:

- formalizing and dissemination of Group accounting principles and standards that apply to all subsidiaries, including:
  . reminder of the general accounting principles and recommendations to observe,
  . definition of the Group accounting methods that apply to the significant items in accounting information. These items are defined beforehand according to Imerys' activities and the generally accepted accounting rules for those activities;
- formalizing of internal control procedures with respect to accounting and financial operations for the main categories of account. The main accounting reconciliations required to control the information produced are also indicated and useful standard documents for carrying them out are provided;

- drafting of a schedule for the annual and interim (quarterly and half-yearly) closing of accounts;
- use of a single accounting consolidation system that processes all information from every one of the Group's subsidiaries;
- existence of specific expertise in certain areas, for example:
  . the Group Tax Department, which is in charge of monitoring Imerys' fiscal consolidation, calculating the resulting taxes and determining the taxes to be paid by Imerys in France,
  . the Treasury and Finance Department, which controls debt and debt covenants in liaison with the Legal Department;
- regular auditing of internal accounting and financial control procedures by the Group Internal Audit Department;
- preferential choice of major international audit firms: implementation of homogenous accounting audit procedures in all consolidated entities and centralizing of findings by the central auditing team and the Consolidation Department before drawing up consolidated financial statements;
- systematic detailed review of consolidated financial statements by the Managing Board, the Supervisory Board and its Audit Committee;
- close relations with regulatory or trade bodies (e.g. AMF, AFEP-MEDEF), taking their recommendations into account.

Finally, the Group's consolidated accounts are the subject of an in-depth examination by the Auditors, with a limited review for the accounts drawn up as on June 30 and a full audit for the accounts drawn up as on December 31 of each year.

Furthermore, since 2002 the Group has been working to be ready for its transition to IAS/IFRS accounting standards in 2005. Central teams dedicated to the changeover have been formed and are working closely with business group and division financial departments and with the Auditors. An in-depth study of the impacts of the new accounting standards on current accounting principles and the corresponding procedures was conducted in 2002 and 2003. Details of the main provisional findings of the study are given in paragraph 9 of accompanying note 1 to the consolidated accounts.

The Finance & Strategy Department regularly reports to the Audit Committee on the progress of the work and impact studies carried out and on the adaptation measures taken by the Group in preparation for the transition.

- Information systems

The information systems that enable financial information to be produced and consolidated, comprised of a consolidation software package and a single reporting software package and rolled out in all the Group's units, extract the necessary data from the Enterprise Resource Planning (ERP) tools of the units in question.

Imerys is organized around a small number of ERP programs, with each program usually covering a large geographic zone to make optimizations and a satisfactory degree of homogenization possible. Each ERP package was chosen for its reliability and relevance to the environment concerned. Moreover, the Group Information Systems Department strives to ensure that this general organization is consistent and achieves the highest standards of performance and safety.

The Managing Board decided to continue, within the framework of a multiyear plan, the improvement of the following: monitoring of the Group's main risks and the related internal control mechanism; observation of compliance with that mechanism by the business groups and divisions; and implementation by the business groups and divisions of relevant internal control for monitoring their own risks. To assist in implementing this plan, in 2004 the Managing Board decided to form an Internal Control Committee made up of the managers of various Group corporate departments.

6.6.2. AUDITORS' REPORT

prepared in accordance with the last paragraph of article L225-235 of the French Commercial Code on the report prepared by the Chairman of the Supervisory Board of Imerys with respect to the internal control procedures for the preparation and treatment of financial and accounting information

Fiscal year ended December 31, 2003

Ernst & Young Audit	Deloitte Touche Tohmatsu
Faubourg de l'Arche	185, avenue Charles-de-Gaulle
11, Allée de l'Arche	B.P. 136
92400 Courbevoie	92203 Neuilly-sur-Seine Cedex

Dear Shareholders,

In our capacity as Statutory Auditors of Imerys and in accordance with the last paragraph of article L225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of the Supervisory Board of your Company, in accordance with article L225-68 of the French Commercial Code for the year ended December 31, 2003.

Under the responsibility of the Supervisory Board, management is responsible for defining and implementing appropriate and effective internal control procedures. In this report, the Chairman reports on the conditions and organization of the Supervisory Board'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.

In accordance with professional standards applicable in France, we have familiarized ourselves with the internal control objectives and general organization, as well as the internal control procedures relating to the preparation and treatment of financial and accounting information, as presented in the Chairman's report.

On the basis of our procedures, we have no comment to make on the description of the Company's internal control procedures relating to the preparation and treatment of financial and accounting information, set forth in the report of the Chairman of the Supervisory Board, prepared in accordance with the last paragraph of article L225-68 of the French Commercial Code.

Courbevoie and Neuilly-sur-Seine, April 8, 2004

The Statutory Auditors

Ernst & Young Audit	Deloitte Touche Tohmatsu
François Carrega	Nicholas L.E. Rolt

_ 6.7. Regulated Agreements

Regulated agreements which are subject to the provisions of article L225-86 of the Code of Commerce and were in force during financial year 2003 are the subject of a special report by the Statutory 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 pertaining to financial year 2000, 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 with:

- 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.

With the exception of the amendment to the above-mentioned existing agreement, no other convention coming under the provisions of article L225-86 of the Code of Commerce was entered into in 2003 or has been entered into since the end of that year.

Chapter 7

_Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2004

7_Ordinary and Extraordinary Shareholders' General Meeting of May 3, 2004

_ 7.1. Presentation by the Managing Board of the resolutions

The resolutions that the Managing Board asks you to adopt fall, for resolutions 1 to 12 and 21, within the scope of the Ordinary Shareholders' General Meeting and, for resolutions 13 to 20, within the scope of the Extraordinary Shareholders' General Meeting.

As stated in its report, to which you may refer *(see paragraph 2.2. of the Annual Report)*, the Supervisory Board supports all these draft resolutions, which it therefore invites shareholders to approve.

7.1.1. FINANCIAL YEAR 2003: ANNUAL FINANCIAL STATEMENTS, REGULATED AGREEMENTS, ALLOCATION OF EARNINGS

(four resolutions falling within the scope of the Ordinary Shareholders' General Meeting)

We first submit to your approval the Company's financial statements for financial year 2003 (first resolution) and the Group's consolidated financial statements for financial year 2003 (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 L225-86 and seq. of the Code of Commerce, pertaining to limited liability companies with a Managing Board and a Supervisory Board (third resolution). When not part of current operations, they are the subject, as usual, of a statutory Auditors' special report on regulated agreements *(see paragraph 7.2. of the Annual Report)*. The statutory 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 2003 (fourth resolution).

The Company's net income for the financial year just ended is	€151,302,401.63
› plus retained earnings appearing in the balance sheet of	€165,604,400.56
for a total distributable amount of	€316,906,802.19
We propose that you allocate it as follows:	
› to the 15,870,745 shares that make up the share capital as of January 1, 2004, a net dividend of €5.00 per share, to which will be attached a €2.50 tax credit, representing total distribution of	€79,353,725.00
leaving retained earnings of	€237,553,077.19

The dividend will be paid on May 18, 2004.

With a net amount of €5.00 per share, compared with €4.30 in 2003, the proposed dividend distribution per share this year represents an increase of 16.3%.

7.1.2. SUPERVISORY BOARD – COMPOSITION

(five resolutions falling within the scope of the Ordinary Shareholders' General Meeting)

A second set of resolutions pertains to the composition of the Supervisory Board.

Information on the powers of the Supervisory Board and its specialized Committees, their current composition and the changes that occurred in 2003, their functioning and activity in 2003 and, finally, the independence, main activities and other responsibilities of their members is given in the Annual Report in chapter 6 on Corporate Governance, to which you are asked to refer.

Under the by-laws, the term of office is three years for Supervisory Board members, a third of whom are renewed each year.

As a result, the terms of office of Paul Desmarais, Jr., Jocelyn Lefebvre, Eric Le Moyne de Sérigny, Yves-René Nanot and Edouard de Rothschild expire on the date of the present Shareholders' General Meeting.

You are asked to renew these terms of office for a further three years, until the end of the Shareholders' General Meeting that will be called upon, in 2007, to approve the management and financial statements for financial year 2006 (resolutions five to nine).

According to the definition of "independence" adopted by the Supervisory Board at its meeting of January 27, 2003 and confirmed at its meeting of March 1, 2004, and its application on that date to each of the Board's members, Eric Le Moyne de Sérigny, Yves-René Nanot, and Edouard de Rothschild are considered "independent"; Paul Desmarais, Jr. and Jocelyn Lefebvre represent the Company's controlling shareholders.

Following the Shareholders' General Meeting of May 3, 2004 and subject to its approval of the proposed renewals and appointments, the Supervisory Board will be composed as follows:

Term expiring in 2005	*Term expiring in 2006*	*Term expiring in 2007*
Aimery Langlois-Meurinne	Jacques Drijard	Paul Desmarais, Jr.
Grégoire Olivier	Patrick Kron	Jocelyn Lefebvre
Robert Peugeot	Pierre Lellouche	Eric Le Moyne de Sérigny
Thierry de Rudder	Gilles Samyn	Yves-René Nanot
	Michel Sindzingre	Edouard de Rothschild

7.1.3. STATUTORY AUDITORS

(one resolution falling within the scope of the Ordinary Shareholders' General Meeting)

You are reminded that, in financial year 2002, the audit firm Barbier Frinault & Autres joined Ernst & Young network. Given the need for independence of the co-auditors of the accounts of French companies, at the Ordinary and Extraordinary Shareholders' General Meeting of May 5, 2003, cabinet Barbier Frinault & Autres and its alternate Mr. Alain Gouverneyre tendered their resignation, which was accepted. Also at that meeting, on the Supervisory Board's recommendation and on the basis of the work done by the Audit Committee, it was decided to appoint Deloitte Touche Tohmatsu as the Company's new joint statutory Auditors and BEAS as their alternate for the remaining term of office of their predecessors, that is, until the Shareholders' General Meeting called upon, in 2004, to approve the management and financial statements for 2003.

Consequently, the terms of office of the Auditors, i.e. Ernst & Young Audit and Deloitte Touche Tohmatsu as statutory Auditors and Mr. Jean-Marc Montserrat and BEAS as alternate Auditors, will therefore expire upon the present General Meeting.

At its meeting of February 25, 2004, the Audit Committee judged that it would be legitimate and careful for the Group and its shareholders to guarantee a certain historical continuity among the Company's Auditors, whereas one of the two joint statutory Auditors, together with one of the alternates, had changed in 2003 following a call for tender. The Committee also judged that a call for tender, a relatively cumbersome procedure, with the same international audit forms as bidders for the second year running, was unnecessary.

In accordance with the recommendation made by the Audit Committee, the Supervisory Board asks you to renew the terms of office of the current Statutory Auditors and those of their alternates for a further period of six years, i.e. until the Shareholders' General Meeting called upon, in 2010, to approve the management and financial statements for financial year 2009.

7.1.4. EMPLOYEE SHAREHOLDING

(two resolutions, one falling with the scope of the Ordinary Shareholders' General Meeting and the other falling within the scope of the Extraordinary Shareholders' General Meeting)

> Employee Shareholder Plan 2003 Operation in the United States

In November 2003, the Managing Board, with the approval of the Supervisory Board, carried out a new employee shareholding operation in the framework of the Group Savings Plan ("Imerys Employee Shareholder Plan 2003"). For more information on the terms, conditions and results of the Imerys Employee Shareholder Plan 2003 operation, please refer to paragraphs 4.7.4. and 5.2.5 of the Annual Report. As before, the participation of employees in the United States came under a specific framework ("Amended and Restated Employee Stock Purchase Plan") that enabled them to benefit from a more favorable tax system for holding Imerys shares. However, this benefit is only granted, according to the requirements of the United States Internal Revenue code, subject to your approval (called upon in the eleventh resolution) of the terms of the "Amended and Restated Employee Stock Purchase Plan" as amended by the Managing Board on September 19, 2003, of which you may request a copy from the Company's head office.

> Share capital increase reserved for Group employees

You are asked to renew, for a period of 3 years, the authorization previously granted to the Managing Board by the Shareholders at the Ordinary and Extraordinary General Meeting of May 5, 2003 for the purposes of carrying out, in accordance with the provisions of article L443-5 of the labor Code and articles L225-129VII and L225-138 of the Code of Commerce, increases in Imerys' share capital reserved for the employees of the French and foreign companies affiliated to the Company, in the sense of article L225-180 of the Code of Commerce, who join a Company Savings Plan (eighteenth resolution), it being specified that such authorization shall replace the previous authorization you granted, which shall be thus rendered null and void.

The other conditions of the existing authorization remain unchanged. The nominal maximum increase in share capital is limited to €1.6 million and the minimum price of the shares to be issued may not be more than 20% lower than the average stock market price for Imerys shares during the period, under the conditions provided by applicable legal provisions in force on the date of the issue decision.

7.1.5. STOCK BUYBACK PROGRAM AND POSSIBLE CANCELLATION OF REPURCHASED SHARES

(two resolutions, one falling within the scope of the Ordinary Shareholders' General Meeting and one falling within the scope of the Extraordinary Shareholders' General Meeting)

You are called upon to approve the renewal of the authorization given to the Managing Board by the Shareholders' General Meeting of May 5, 2003, to buy back the Company's shares on the market, pursuant to the provisions of article L225-209 of the Code of Commerce (twelfth resolution). As this authorization, for a duration of 18 months, expires prior to the Annual Shareholders' General Meeting in 2005, it is proposed that it be renewed now.

The prospectus that will be approved by Autorité des Marchés Financiers and published in the financial press at least 15 days prior to the Shareholders' General Meeting of May 3, 2004, will give all the necessary information on the new program. The implementation terms in 2003 for the program currently in force are described in paragraph 5.2.4. of the Annual Report.

You are reminded that this program has the following purposes, listed by order of priority:

- the reduction of the Company's share capital by the cancellation of shares repurchased on the market, in order to offset future increases in capital that are liable to result from the exercise of stock options already granted;
- the sale of shares to the Group's employees under stock purchase plans;
- regulating share prices by systematically trading against the trend;
- the purchase or sale of the Company's shares according to market situations;
- the sale, transfer or exchange of stock for the carrying-out of mergers and acquisitions;
- the implementation of stock option plans granted to certain employees and executives of the Group.

You are also asked to renew the authorization given to the Managing Board by the Shareholders' General Meeting of May 5, 2003, to cancel all or part of the shares repurchased by the Company under the above-mentioned stock buyback program and, within the limit of 10% of the share capital per 24-months period, reduce the Company's share capital accordingly (nineteenth resolution).

7.1.6. DIVISION OF THE PAR VALUE OF THE IMERYS SHARE AND CORRESPONDING MODIFICATION OF BY-LAWS

(one resolution falling within the scope of the Extraordinary Shareholders' General Meeting)

In order to increase the liquidity of the Imerys share and make it affordable for as many investors as possible, particularly individual shareholders, the Managing Board, with the approval of the Supervisory Board, asks you to divide the par value of the Imerys share by 4 (thirteenth resolution).

Subject to your approval, the division of the par value of the Imerys share will be reflected in the automatic exchange, at no cost, of 1 existing share with a current par value of €8 for 4 new shares with a par value of €2 each.

It is specified that each newly created Imerys share will have the same rights as the former shares, including double voting rights, as the case may be.

Furthermore, we suggest setting the number of shares that the members of the Supervisory Board must now hold at 80. You are reminded that the current number is 20.

Finally, you are asked to fully empower the Managing Board for the purposes of carrying out this operation and, in particular, to set its completion date, it being specified that such date must be after the payment on May 18, 2004, of the dividend with respect to 2003. If this proposal meets with your approval, we shall ask you to kindly approve the corresponding modification of articles 6 and 20 of the by-laws.

7.1.7. FINANCIAL AUTHORIZATIONS

(four resolutions falling within the scope of the Extraordinary Shareholders' General Meeting)

A set of financial authorizations was granted by the General Shareholders' Meeting in 1989, and has been regularly updated since then, in order to allow the Company, at the appropriate time, to increase its permanent share capital through the issue of various simple or compound securities of any kind whatsoever that give access, immediately or in the future, to shares in the Company. As these authorizations expire again in 2004, it is proposed that they be renewed.

The resolutions that are put to you for this purpose are similar to those adopted by the Shareholders' General Meeting of May 2002 and confirmed by the Shareholders' General Meeting of May 5, 2003. They were designed to give the Managing Board, for a further period of 26 months, the greatest leeway and flexibility, subject to any recommendations made by the Supervisory Board, in choosing the issue arrangements that are most favorable to the Company and its shareholders and the most appropriate to the financial context of the time. These issues may also, at the Managing Board's choice, be made with preemptive subscription right (fourteenth resolution), without preemptive subscription right (fifteenth resolution), or by the incorporation of premiums, reserves, income or other items (sixteenth resolution). The cancellation of the preemptive subscription right makes it possible to call upon a greater number of investors, on both the French and international markets, and makes the issue process easier, particularly because of the shorter implementation period, while the Managing Board may, whatever the case, grant shareholders subscription priority for the period and according to the mechanism that it decides.

The nominal amount of each increase in the share capital that may be carried out, whether immediately or in the future, under each authorization would be €60 million. This initial ceiling would be concurrent with a total ceiling, that it is proposed to set at €90 million, for the total nominal increase in share capital that may result from the use of all the authorizations (seventeenth resolution). The nominal amount of shares to be issued as the result of any adjustments required by law would be in addition to that limit. Given the Company's current financial structure and stock market trends, the maximum nominal amount of debt instruments liable to be issued is set, pursuant to the requested authorizations, at €2 billion.

7.1.8. HARMONIZATION OF THE COMPANY'S BY-LAWS WITH APPLICABLE NEW LEGAL PROVISIONS ("loi de sécurité financière")

(one resolution falling within the scope of the Extraordinary Shareholders' General Meeting)

You are asked to amend the Company's by-laws in order to take into account the new provisions brought about by article 123 of the Financial Security law of August 1, 2003 concerning the raising of the threshold of voting rights held that applies to the Company's obligations as regards regulated agreements (twentieth resolution).

Finally, the last (twenty-first) resolution is intended, as is usual practice, to facilitate corporate formalities with respect to the holding of the Shareholders' General Meeting.

_ 7.2. Auditors' report

Ernst & Young Audit
Faubourg de l'Arche
11, Allée de l'Arche
92400 Courbevoie

Deloitte Touche Tohmatsu
185, avenue Charles-de-Gaulle
B.P. 136
92203 Neuilly-sur-Seine Cedex

7.2.1. AUDITORS' SPECIAL REPORT ON RELATED PARTY TRANSACTIONS

Dear Shareholders,

In accordance with our appointment as statutory Auditors of your Company, we hereby report on the agreements involving related parties.

The terms of our engagement do not require us to identify such agreements, if any, but to communicate to you, based on information provided to us, 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 117 of the decree of March 23, 1967, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Agreements authorized during the year

We hereby inform you that no agreement entered into during the year to which article L225-86 of the French Commercial Code would be applicable has been brought to our attention.

Agreements approved during previous fiscal years which continued during fiscal year 2003

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 2003.

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.

On July 25, 2002, the Supervisory Board approved the amendment to this agreement, signed on November 12, 2002, the objective of which is to reliably present the new Group internal procedures on the use and communication of privileged confidential information.

We conducted our procedures in accordance with professional standards applicable in France; those standards require that we agree the information provided to us with the relevant source documents.

Courbevoie and Neuilly-sur-Seine, April 8, 2004

The Statutory Auditors

Ernst & Young Audit	Deloitte Touche Tohmatsu
François Carrega	Nicholas L.E. Rolt

7.2.2. AUDITORS' SPECIAL REPORT ON THE ISSUE OF MARKETABLE SECURITIES

Dear Shareholders,

In our capacity as statutory Auditors of Imerys and in accordance with articles L228.92 and L228.95 of the French Commercial Code, we hereby present you with our report on the proposed issues of marketable securities submitted for your approval :

- Issue of shares and marketable securities conferring immediate or future entitlement to shares in the Company with retention of preferential subscription rights (14th resolution),

- Issue of shares and marketable securities conferring immediate or future entitlement to shares in the Company with cancellation of preferential subscription rights, with the option to grant a priority deadline to shareholders (15th resolution).

The total maximum nominal amount of these issues shall be as follows :

- The total maximum nominal amount of shares that may be issued pursuant to these authorizations may not exceed EUR 2 billion or its foreign currency equivalent, either individually or globally pursuant to the 14th and 15th resolutions ;

- The maximum nominal amount of common stock increases conferring immediate or future entitlement to shares in the Company pursuant to the authorizations granted may not exceed an individual amount of EUR 60 million per transaction (pursuant to the 14th and 15th resolutions) or an overall amount of EUR 90 million (pursuant to the 14th, 15th and 16th resolutions), it being specified that an additional amount may be added to cover the par value of additional shares that may be issued to preserve the rights of holders of marketable securities conferring rights to shares in accordance with the law.

The Managing Board, based on its report, the authority to determine the terms and conditions of these transactions and cancel your preferential subscription rights pursuant to the 15th resolution.

We conducted our procedures in accordance with professional standards applicable in France. Those standards require that we plan and perform our review in order verify the terms and conditions for determining the share issue price.

Subject to our review in due course of the terms and conditions of the proposed increase in share capital, we have no comments on the procedures for determining the share issue price presented in the Managing Board's report.

As the share issue price has not yet been set, we do not express an opinion on the final terms and conditions under which the issue will be performed and, as such, on the proposed cancellation of preferential subscription rights, the logic behind which is, nonetheless, consistent with that of the transaction presented for your approval.

In accordance with article 155-2 of the Decree of March 23, 1967, we will issue a supplementary report when the issue is performed by the Managing Board.

Courbevoie and Neuilly-sur-Seine, April 8, 2004

The statutory Auditors

Ernst & Young Audit	Deloitte Touche Tohmatsu
François Carrega	Nicholas L.E. Rolt

7.2.3. AUDITORS' REPORT ON THE COMMON STOCK INCREASE WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTON RIGHTS RESERVED FOR EMPLOYEES

Dear Shareholders,

In our capacity as statutory Auditors of your Company and in accordance with articles L225-135 and L225-138 of the French Commercial Code, we hereby present you with our report on the proposal to perform a common stock increase reserved for employees up to a maximum amount of EUR 1.6 million, which is subject to your approval (18th resolution).

This common stock increase, which is subject to your approval in accordance with article L225-129 VII of the French Commercial Code, is reserved for employees of Imerys and its subsidiaries, who are members of the corporate savings plan.

Shareholders are requested to confer all necessary powers on the Managing Board, during a period of 36 months, to determine the terms and conditions of this transaction and request that you cancel your preferential subscription rights based on its report.

Pursuant to this delegation, your Managing Board requests that you set the common stock increase that may be performed up to a maximum amount of EUR 1.6 million, to which may be added the par value of shares to be issued in the future, to preserve, in accordance with the law, the preferential subscription rights of holders of securities giving the right to purchase shares.

We conducted our review in accordance with professional standards applicable in France. Those standards require that we plan and perform the review in order to verify the terms and conditions for determining the share issue price.

In accordance with article L443-5 of the French Labor Code, the issue price of these new shares will be equal to the average listed price of the shares on a French regulated market on which the shares are traded during the 20 stock market days preceding the day on which the Managing Board sets the new share subscription opening date, with a price reduction not exceeding 20%.

Subject to our review in due course of the terms and conditions of the proposed issue, we have no comments on the procedures for determining the share issue price presented in the Managing Board's report.

As the share issue price has not yet been set, we do not express an opinion on the final terms and conditions under which the issue will be performed and, as such, on the proposed cancellation of preferential subscription rights, the logic behind which is, nonetheless, consistent with that of the transactions presented for your approval.

In accordance with article 155-2 of the Decree of March 23, 1967, we will issue a supplementary report when the issue will be performed by the Managing Board.

Courbevoie and Neuilly-sur-Seine, April 8, 2004

The statutory Auditors

Ernst & Young Audit	Deloitte Touche Tohmatsu
François Carrega	Nicholas L.E. Rolt

7.2.4. AUDITORS' REPORT ON THE DECREASE IN COMMON STOCK VIA CANCELLATION OF SHARES PURCHASED BY THE COMPANY

Dear Shareholders,

In accordance with our appointment as statutory auditors of Imerys and pursuant to paragraph 4 of article L225-209 of the French Commercial Code concerning common stock decreases by canceling shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed common stock decrease pursuant to the 19th resolution.

We conducted our review in accordance with professional standards applicable in France. Those standards require that we plan and perform the review in order to examine the fairness of the reasons for and the terms and conditions of the proposed common stock decrease.

This transaction involves the purchase by the Company of its own shares, up to a maximum of 10% of the common stock, pursuant to the terms and conditions set forth in paragraph 4 of article L225-209 of the French Commercial Code. This purchase authorization to be granted for a period of 24 months is subject to approval by the shareholders.

Shareholders are requested to confer all necessary powers on the Managing Board, during a period of 2 years, to cancel the shares purchased by the Company pursuant to the share purchase authorization, up to a maximum of 10% of the common stock by 24-month period.

We have no comments on the reasons for or the terms and conditions of the proposed common stock decrease, which you are reminded may only be performed subject to the prior approval by the Extraordinary General Meeting of the purchase by the Company of its own shares.

Courbevoie and Neuilly-sur-Seine, April 8, 2004

The statutory Auditors

Ernst & Young Audit	Deloitte Touche Tohmatsu
François Carrega	Nicholas L.E. Rolt

_ 7.3. Agenda

ORDINARY PART

- Approval of the Company's management and annual financial statements and the Group's consolidated financial statements for financial year 2003;
- approval of regulated agreements;
- allocation of earnings and determining of dividend;
- renewal of terms of office on the Supervisory Board for Messrs. Paul Desmarais Jr., Jocelyn Lefebvre, Eric Le Moyne de Sérigny, Yves-René Nanot and Edouard de Rothschild;
- renewal of terms of office as statutory Auditors for Ernst & Young Audit and Deloitte Touche Tohmatsu and as alternate Auditors for Mr. Jean-Marc Montserrat and BEAS;
- approval of the Imerys Employee Shareholding Plan 2003 applicable to the United States;
- renewal of the authorization given to the Managing Board to buy back the Company's own shares.

EXTRAORDINARY PART

- Division of the par value of the Imerys share and corresponding modifications of by-laws;
- renewal of financial authorizations granted to the Managing Board to:
  - issue securities that give access, whether immediately or in the future, to shares in the Company, with preemptive subscription rights,
  - issue securities that give access, whether immediately or in the future, to shares in the Company, without preemptive subscription rights,
  - increase the share capital of the Company by the incorporation of reserves, income, merger or contribution premiums or other,

  with the overall maximum amount of these authorizations;
- renewal of the authorization granted to the Managing Board to increase the share capital by the issue of shares reserved for employees;
- renewal of the authorization granted to the Managing Board to reduce the share capital by cancellation of Imerys shares held by the Company;
- harmonization of the Company's by-laws with applicable new legal provisions ("loi de sécurité financière");
- powers.

_ 7.4. Draft resolutions

7.4.1. ORDINARY PART

First resolution

Approval of management and financial statements for financial year 2003

The Shareholders' General Meeting, after examining the Managing Board's report, the Supervisory Board's report and the Auditors' report pertaining to the Company's financial statements for the financial year ended on December 31, 2003, 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 2003

The Shareholders' General Meeting, after examining the Managing Board's report, the Supervisory Board's report and the Auditors' report pertaining to the Group's consolidated financial statements for the financial year ended on December 31, 2003 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 regulated agreements

The Shareholders' General Meeting, after examining the special report of the Auditors on the agreements provided for in articles L225-86 to L225-90 of the Code of Commerce, approves the agreements referred to therein.

Fourth resolution

Allocation of earnings and determining of dividend

The Shareholders' General Meeting, after examining the Managing Board's report and the Supervisory Board's report, approves the allocation of earnings as proposed by the Managing Board:

The Company's net income for the financial year just ended is	€151,302,401.63
› plus retained earnings appearing in the balance sheet of	€165,604,400.56
for a total distributable amount of	€316,906,802.19
We propose that you allocate it as follows:	
› to the 15,870,745 shares that make up the share capital as of January 1, 2004, a net dividend of €5.00 per share, to which will be attached a €2.50 tax credit, representing total distribution of	€79,353,725,00
leaving retained earnings of	€237,553,077,19

The dividend will be paid on May 18, 2004.

The amount of the dividend per share paid for the financial year and the three preceding financial years, and the amount of the corresponding tax credit per share, are and have been the following:

	2003	2002	2001	2000
Net dividend per share	€5.00	€4.30	€3.70	€3.60
Tax credit per share	€2.50	€2.15	€1.85	€1.80
Total payment per share	€7.50	€6.45	€5.55	€5.40
Number of shares compensated	**15,870,745**	**15,751,950**	**15,906,683**	**15,965,109**

Fifth resolution

Renewal of Mr. Paul Desmarais, Jr.'s term as a member of the Supervisory Board for a period of three years

The Shareholders' General Meeting, after examining the Managing Board's report and the Supervisory Board's report and acknowledging that Mr. Paul Desmarais, Jr.'s term as a member of the Supervisory Board expires upon this meeting, resolves that such term be renewed for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2007 to approve the financial year 2006 management and financial statements.

Sixth resolution

Renewal of Mr. Jocelyn Lefebvre's term as a member of the Supervisory Board for a period of three years

The Shareholders' General Meeting, after examining the Managing Board's report and the Supervisory Board's report and acknowledging that Mr. Jocelyn Lefebvre's term as a member of the Supervisory Board expires upon this meeting, resolves that such term be renewed for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2007 to approve the financial year 2006 management and financial statements.

Seventh resolution

Renewal of Mr. Eric Le Moyne de Sérigny's term as a member of the Supervisory Board for a period of three years

The Shareholders' General Meeting, after examining the Managing Board's report and the Supervisory Board's report and acknowledging that Mr. Eric Le Moyne de Sérigny's term as a member of the Supervisory Board expires upon this meeting, resolves that such term be renewed for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2007 to approve the financial year 2006 management and financial statements.

Eighth resolution

Renewal of Mr. Yves-René Nanot's term as a member of the Supervisory Board for a period of three years

The Shareholders' General Meeting, after examining the Managing Board's report and the Supervisory Board's report and acknowledging that Mr. Yves-René Nanot's term as a member of the Supervisory Board expires upon this meeting, resolves that such term be renewed for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2007 to approve the financial year 2006 management and financial statements.

Ninth resolution

Renewal of Mr. Edouard de Rothschild's term as a member of the Supervisory Board for a period of three years

The Shareholders' General Meeting, after examining the Managing Board's report and the Supervisory Board's report and acknowledging that Mr. Edouard de Rothschild's term as a member of the Supervisory Board expires upon this meeting, resolves that such term be renewed for a period that, pursuant to statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2007 to approve the financial year 2006 management and financial statements.

Tenth resolution

Renewal of the terms of office of the joint statutory Auditors and the joint alternate Auditors

The Shareholders' General Meeting, after examining the Managing Board's report and the Supervisory Board's report, acknowledging that the terms of office of the joint statutory Auditors Ernst & Young Audit and Deloitte Touche Tohmatsu and of the joint alternate Auditors Mr. Jean-Marc Montserrat and BEAS expire following the present Meeting, resolves to renew such terms for a period that, pursuant to legal and statutory provisions, will end at the conclusion of the Shareholders' General Meeting called upon in 2010 to approve the financial year 2009 management and financial statements.

Eleventh resolution

Approval of the Imerys Employee Shareholding Plan 2003 applicable to the United States

The Shareholders' General Meeting, after examining the Managing Board's report on the employee stock purchase operation carried out by the Company in 2003 ("Imerys Employee Shareholder Plan 2003") on the conditions of its implementation for the benefit of employees of companies in the United States which are affiliated with the Company in the sense of article L225-180 of the Code of Commerce, under the Imerys stock sale offer made according to the plan approved by the Managing Board at its meeting of September 19, 2003 ("Amended and Restated 2000 Employee Stock Purchase Plan") and which fulfils the requirements of Section 423 of the Internal Revenue Code of 1986, as amended:

- approves the terms and conditions of the "Amended and Restated 2000 Employee Stock Purchase Plan"; and
- grants the Managing Board full powers, with the possibility of delegating such powers to its Chairman, to add or make any changes to the provisions of the "Amended and Restated 2000 Employee Stock Purchase Plan" and, more generally, take any useful measures to enter into any agreements for the implementation or correct performance of the operations provided for therein.

Twelfth resolution

Authorization given to the Company to buy back its own shares

Pursuant to the provisions of article L225-209 and seq. of the Code of Commerce, the Shareholders' General Meeting, after examining the Managing Board's report and the prospectus ("note d'information") registered by Autorité des Marchés Financiers:

1) authorizes the Managing Board to trade in the Company's stock, to enable the Company, in the following order of priority, to:
   - reduce its share capital by the subsequent cancellation of the acquired shares, subject to and within the limits of the authorization given by the Shareholders' General Meeting,
   - offer the possibility of acquiring shares to the employees and executives of the Company and the companies that it controls in the sense of article L233-3 of the Code of Commerce,
   - regulate share prices by systematically trading against the trend,
   - purchase or sell the Company's shares according to market situations,
   - offer stock in exchange or payment, notably when acquiring a stake in, or control of, a company,
   - implement stock option plans granted to certain employees and executives of the Group;

2) resolves that such transactions – the purchase, sale, exchange and, more generally, the transfer of stocks – may:
   - be carried out by any means, on the stock market or over the counter, including through the use of derivative instruments, pursuant to applicable regulations and that the maximum portion of capital acquired or transferred in blocks of stocks may be equal to the total amount authorized under the program,
   - occur at any time, subject to waiver periods set forth by Regulation 98-03 of the Commission des Opérations de Bourse;

3) sets the following limits for the use of the present authorization by the Managing Board:
   - 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, 2004, that is, 1,587,074 shares,
   - the maximum purchase price of the shares may not be greater than €300,
   - the minimum sale price of the shares may not be less than €100,
   - the maximum amount that the Company is liable to use for such repurchases may not be greater than €476,2 million;

   and resolves that, in the event that the face value of the stock is modified, that the capital is increased by the incorporation of reserves and that free shares are allocated, or in the case 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.

Consequently, subject to the adoption of the thirteenth resolution below concerning the division of the par value of the share by 4, the Shareholders' General Meeting notes that the Managing Board's use of the present authorization will be limited, after the complete achievement of this operation, as follows:

- the maximum number of shares that may be acquired may not be greater than 10% of the total number of shares issued and in circulation on January 1, 2004, i.e. 6,348,298 shares,
- the maximum purchase price of the shares may not be greater than €75,
- the minimum sale price of the shares may not be less than €25;

4) sets at eighteen months from the date of this Shareholders' General Meeting the term of this authorization, which renders null and void any previous authorization granted to the Managing Board with regard to the repurchase by the Company of its shares;

5) grants the Managing Board full powers, with the authority to delegate such powers under applicable 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.

7.4.2. EXTRAORDINARY PART

Thirteenth resolution

Division of the par value of the Imerys share and corresponding modification of by-laws

The Shareholders' General Meeting, after examining the Managing Board's report and the Supervisory Board's report:

- resolves to divide the par value of the Imerys share by 4;

- sets, consequently, the new par value of each Imerys share at €2;

- resolves that the 15,870,745 shares of €8 in par value each that make up the Company's share capital as on January 1, 2004 shall be exchanged, after payment of the dividend with respect to financial year 2003, in the proportion of 4 new Imerys shares for 1 old Imerys share, increasing the number of shares that make up the share capital to 63,482,980, it being specified that each new share shall have the same rights as the old shares, including any double voting rights;

- decides that the number of shares that each member of the Supervisory Board must own during his or her term of office, currently set by article 20 of the by-laws at 20 Imerys shares with par value of €8, shall henceforth be set at 80 Imerys shares with par value of €2;

- modifies articles 6 and 20 of the by-laws as follows:

• Article 6 – Share capital

"Share capital is set at €126,965,960, divided into 63,482,980 fully paid-up shares with par value of €2 each."

• Article 20 – Shares in the Company to be held by the members of the Supervisory Board

"Each member of the Supervisory Board must own at least 80 shares in the Company for the duration of his or her term of office."

The rest of article 20 is unchanged;

- grants the Managing Board full powers, with the authority to delegate to its Chairman, to implement the present decision and, in particular, fix the date of effect and, more generally, carry out all acts, formalities and declarations needed for its execution.

Fourteenth resolution

Authorization given to the Managing Board to issue securities giving access, immediately or in the future, to shares of the Company, with a preemptive subscription right

The Shareholders' General Meeting, after examining the Managing Board's report and the Auditors' special report, and in accordance with the provisions of article L225-129-III of the Code of Commerce:

1) delegates to the Managing Board have the necessary powers to proceed, with the Supervisory Board's approval, in one or more times and at its sole discretion, in the proportions and at such time as it deems advisable, on the French market and/or the international market, in euro or any other currency, with the issue of shares of the Company as well as any securities giving access, by any means, immediately or in the future, at any time or at set dates, to the Company's shares, said shares carrying the same rights as preexisting shares, subject to their date of record;

2) resolves that subscription for the securities liable to be issued will be reserved as a priority for holders of preexisting shares who may exercise, under the terms and conditions provided by law, their preemptive subscription right in an unrestrainable manner; in addition, the Managing Board will have the option to grant shareholders the right to subscribe in a restrainable manner, in proportion to the subscription rights they have and, in any event, in the proportion they request;

3) resolves that, if unrestrainable subscriptions and, if applicable, restrainable subscriptions have not resulted in the purchase of an entire issue as defined in Paragraph 1 above, the Managing Board may, in the order it deems advisable, use any of the following options:

   - limit the issue to the amount of subscriptions, provided that such amount is equal to at least three-quarters of the planned issue,
   - freely distribute all or part of the unsubscribed securities,
   - offer all or part of the unsubscribed securities to the public;

4) resolves that the issue of subscription warrants for Company stock may, in accordance with the provisions of article L228-95 of the Code of Commerce, be carried out either by a subscription offer under the terms and conditions set forth above, or by free allocation to the holders of preexisting shares; in the case of free allocation of subscription warrants, the Managing Board will have the option to decide that odd-lot allocation rights will be non-negotiable and that the corresponding warrants will be sold, and the amounts resulting from the sale will be allotted to the holders of rights within thirty days from the date of record in their account of the total number of allotted warrants, at the latest;

5) acknowledges that, if necessary, this delegation will ipso jure entail, in favor of the holders of securities giving future access to shares of the Company, a waiver by shareholders of their preemptive subscription right to the shares to which those securities entitle them, and resolves that the preemptive subscription right of shareholders for shares issued by conversion of bonds, exercise of warrants or any right attached to such securities giving access to shares of the Company, be cancelled;

6) resolves that the nominal amount of increases in share capital liable to be carried out, immediately and/or in the future, under this delegation, may not exceed €60 million, plus the nominal amount of any additional shares to be issued in order to protect, in accordance with the law, the rights of holders of securities carrying a right to subscribe for shares;

7) further resolves that the nominal amount of debt instruments thus liable to be issued may not be greater than €2,000 million or its equivalent value in other currencies;

8) resolves that, in the event that debt instruments are issued, the Managing Board will have full powers, subject to the Supervisory Board's recommendations, with the option to subdelegate to its Chairman, to determine, in particular, whether such debt instruments will be subordinated or unsubordinated, set their interest rate, their term, the fixed or variable redemption price, with or without a premium, the redemption arrangements according to market conditions and the terms and conditions under which such securities will carry a right to the Company's shares;

9) sets at twenty-six months from the date of this Shareholders' General Meeting the term of this delegation, which renders null and void any previous delegation granted to the Managing Board pertaining to the immediate and/or future issue of the Company's shares with preemptive subscription right;

10) grants the Managing Board full powers, subject to the Supervisory Board's recommendations, with the option to subdelegate to its Chairman under the terms and conditions set by the law, to carry out this delegation and, in particular, in order to:

- determine the dates and arrangements for the issues as well as the form and features of the securities to be created,
- set the prices and terms and conditions of issues and determine, within the limits set forth in applicable law and regulations, the amount received or to be received by the Company for each of the securities issued or to be issued under this delegation,
- set the amounts of issues,
- set the date of record, even retrospectively, of the securities to be issued,
- determine the method of payment of the shares and other securities issued;

and, if necessary, in order to:

- determine the terms and conditions of their repurchase on the stock market and the possibility of suspending the exercise of share allocation rights attached to the securities to be issued, for a period that may not exceed three months,
- set the terms and conditions for protecting the rights of holders of securities giving future access to the share capital, pursuant to applicable law and regulations;

and, finally, in order to:

- if necessary, proceed, at its sole discretion and if it deems it advisable, with any allocations of the premium(s) relating to increases in capital, notably costs, fees and charges resulting from such issues, and withhold from such premiums the necessary amounts for the appropriation to the legal reserve in order to raise it to one-tenth of the new share capital following each increase in capital,
- generally make all necessary arrangements and enter into any agreements to complete the anticipated issues successfully,
- and acknowledge the increase(s) in capital resulting from any issue carried out under this delegation, modify the by-laws accordingly and carry out any acts and formalities in order to make such capital increases definitive.

Fifteenth resolution

Authorization given to the Managing Board to issue securities giving access, immediately or in the future, to shares of the Company, without a preemptive subscription right

The Shareholders' General Meeting, after examining the Managing Board's report and the Auditors' special report, and pursuant to the provisions of article L225-129-III of the Code of Commerce:

1) delegates to the Managing Board the necessary powers to, with the agreement of the Supervisory Board, proceed, through public offerings, in one or more times and at its sole discretion, in the proportions and at such time as it deems advisable, on the French and/or international market, in euro or any other currency, with the issue of shares of the Company as well as any securities giving access by any means, immediately or in the future, at any time or at set dates, to shares of the Company, said shares granting the same rights as preexisting shares, subject to their date of record;

2) resolves that the shareholders' preemptive subscription right be cancelled with regard to the securities to be issued under this delegation, it being specified that the Managing Board may grant shareholders an option to subscribe as a priority for all or part of such issues for a period and under the terms and conditions it may set forth; this subscription priority will not result in the creation of negotiable rights, but may, if the Managing Board deems it advisable, be exercised in an unrestrainable or restrainable manner;

3) resolves that, if subscriptions by shareholders and the public have not resulted in the purchase of the entire issue as defined in paragraph 1 above, the Managing Board may, in the order it deems advisable, use any of the following options:

- limit the issue to the amount of subscriptions, provided that such amount is equal to at least three-quarters of the planned issue,
- freely distribute all or part of the unsubscribed securities,
- offer all or part of the unsubscribed securities to the public;

4) acknowledges that, if necessary, this delegation will ipso jure entail, in favor of holders of securities giving future access to shares of the Company, a waiver by shareholders of their preemptive subscription right for shares to which those securities entitle them, and resolves that the preemptive subscription right of shareholders for shares issued by conversion of bonds or exercise of warrants be canceled;

5) resolves that this increase in capital may result from the exercise of an allocation right, through conversion, exchange, redemption, presentation of a warrant or in any other way, resulting from any securities issued by a company of which the Company holds, directly or indirectly, more than half the share capital, and with the agreement of the latter;

6) resolves that the nominal amount of increases in share capital liable to be carried out, immediately and/or in the future, under this delegation, may not exceed €60 million, plus the nominal amount of any additional shares to be issued in order to protect, in accordance with the law, the rights of holders of securities carrying a right to subscribe for shares;

7) further resolves that the nominal amount of debt instruments thus liable to be issued may not be greater than €2,000 million or its equivalent value in foreign currency;

8) resolves that, in the event that debt instruments are issued, the Managing Board will have full powers, with the option to subdelegate to its Chairman, to determine, in particular, whether such debt instruments will be subordinated or unsubordinated, set their interest rate, their term, the fixed or variable price, with or without a discount, the redemption arrangements according to market conditions, and the terms and conditions under which such instruments will carry a right to the Company's shares;

9) sets at twenty-six months from the date of this Shareholders' General Meeting the term of this delegation, which renders null and void any previous delegation granted to the Managing Board pertaining to the immediate and/or future issue of the Company's shares with cancellation of the preemptive subscription right and the option to grant a priority period;

10) grants the Managing Board full powers, subject to the Supervisory Board's recommendations and with the possibility of subdelegating to its Chairman under the terms and conditions provided by law, to carry out this delegation and, in particular, in order to:

- determine the dates and arrangements for the issues as well as the form and features of the securities to be created,
- set the prices and terms and conditions of issues and determine, within the limits set forth in applicable law and regulations, the amount received or to be received by the Company for each of the shares issued or to be issued under this delegation,
- set the amounts of issues,
- set the date of record, even retrospectively, of the securities to be issued,
- determine the method of payment of the shares and other securities issued;

and, if necessary, in order to:

- determine the terms and conditions of their repurchase on the stock market and the possibility of suspending the exercise of share allocation rights attached to the securities to be issued, for a period that may not exceed three months,
- set the terms and conditions for protecting the rights of holders of securities giving future access to the share capital, pursuant to applicable law and regulations;

and, finally, in order to:

- if necessary, proceed, at its sole discretion and if it deems it advisable, with any allocations of the premium(s) relating to increases in capital, in particular costs, fees and charges resulting from such issues, and withhold from such premiums the necessary amounts for the appropriation to the legal reserve in order to raise it to one-tenth of the new share capital following each increase in capital,

- generally make all necessary arrangements and enter into any agreements to complete the anticipated issues successfully,
- and acknowledge the increase(s) in capital resulting from any issue carried out under this delegation, modify the by-laws accordingly and carry out any acts and formalities in order to make such capital increases definitive.

Sixteenth resolution

Authorization given to the Managing Board to increase the share capital by incorporation of reserves, income and issue, merger or contribution premiums or other

The Shareholders' General Meeting, after examining the Managing Board's report:

1) delegates to the Managing Board the necessary powers to, with the Supervisory Board's agreement, increase, in one or more times, the share capital up to a nominal amount of €60 million, as follows:
   - by the successive or contemporaneous incorporation into the capital of all or part of reserves or income, or issue, merger or contribution premiums, or other, the capitalization of which may be accepted;
   - to be carried out through the creation and free allocation of shares or by the increase of the par value of shares, or by the joint use of such two methods;

2) resolves, in the case of allocation of free shares, that:
   - shares allocated for preexisting shares carrying a double voting right will also carry such right upon being issued;
   - odd-lot rights may, at the Managing Board's sole discretion and if it deems it advisable, be non-negotiable, in which case the corresponding shares will be sold, and the amounts resulting from the sale will be allocated to the holders of rights within thirty days from the date of record in their account of the total number of shares allocated, at the latest;

3) sets at twenty-six months the term of this delegation, which renders null and void any previous delegation granted to the Managing Board relating to the increase in share capital by incorporation of reserves or income, or issue, merger or contribution premiums, or other;

4) grants the Managing Board full powers, subject to the Supervisory Board's recommendations with the possibility of subdelegating to its Chairman under the terms and conditions provided by law, to carry out this delegation and, in particular, in order to:
   - determine the dates and arrangements for the authorized transactions,
   - set the price and terms and conditions of such transactions,
   - set the type and amounts of reserves and premiums to be incorporated,
   - set the date of record, even retrospectively, of the new shares or the date on which the increase in par value will take effect;

   and in order to:
   - if necessary, proceed, at its sole discretion and if it deems it advisable, with any allocations on the premium(s) relating to increases in capital, notably costs, fees and charges resulting from such issues, and withhold from premiums the necessary amounts for the appropriation to the legal reserve in order to raise it to one-tenth of the new share capital following each increase in capital,
   - generally make all necessary arrangements and enter into any agreements to complete the anticipated issues successfully,
   - and acknowledge the increase(s) in capital resulting from any issue under this delegation, modify the by-laws accordingly and carry out any acts and formalities in order to make such capital increases definitive.

Seventeenth resolution

Overall limitation of authorizations

The Shareholders' General Meeting, after examining the Managing Board's report and, subject to the passing of the preceding three resolutions, resolves that:

1) the maximum nominal amount of debt instruments liable to be issued under authorizations relating to the issue of securities giving immediate or future access to shares of capital be set at €2 billion or the equivalent value in the event of issue in other currency,

2) the maximum nominal amount of immediate and/or future increases in capital liable to be carried out under the authorizations granted by the preceding three resolutions be set at €90 million, it being specified that to this nominal amount will be added the nominal amount of additional shares to be issued in order to protect, in accordance with the law, the rights of holders of securities carrying a right to subscribe for shares.

Eighteenth resolution

Renewal of the authorization to increase the share capital by the issue of shares reserved for employees

The Shareholders' General Meeting, after examining the Managing Board's report and the statutory Auditors' special report pursuant to the provisions of articles L443-1 et seq. of the French Labor Code on employee shareholding and article L225-138 of the Code of Commerce, in accordance with article L225-129 VII of the Code of Commerce:

1) delegates to the Managing Board the necessary powers to, with the Supervisory Board's approval, increase the share capital, in one or more times and upon its sole deliberation, in the proportion and at the time it so decides, by the issue of new shares in the Company reserved:

   (i) for current employees of the Company or of French or foreign companies or groups that are affiliated to it in the sense of article L225-180 of the Code of Commerce;

   (ii) when such employees are members of a company savings plan and, in addition, comply with any other terms and conditions that may be set by the Managing Board;

2) resolves that the preemptive subscription right be canceled with regard to the securities to be issued for the benefit of the above-mentioned employees under this delegation;

3) resolves that the issue price of the new shares that will be set by the Managing Board may not be more than 20% below the average stock exchange price of the Company's shares during the period and under applicable law as of the relevant date, that is, currently, during the twenty trading sessions preceding the date of the Managing Board's decision setting the starting date for subscriptions;

4) resolves that the nominal amount of increases in share capital liable to be carried out immediately or in the future under this delegation may not exceed €1.6 million, plus the nominal amount of any shares to be issued in order to protect the rights of holders of securities carrying a right to subscribe for shares, in accordance with the law;

5) sets at May 3, 2007 the term of this delegation which renders null and void any previous delegation granted to the Managing Board relating to the issue of securities for the benefit of employees;

6) grants the Managing Board full powers to carry out this delegation, subject to the Supervisory Board's recommendations, and, in particular in order to:

   - determine the companies of which the employees may benefit from the offer to subscribe to the issues covered by this delegation,
   - set the conditions, notably regarding seniority, that beneficiaries of these subscription offers will have to satisfy,
   - set the dates, prices and terms and conditions of the issues,
   - set the amounts of the issues,
   - set the date of record, even retrospectively, of the securities to be issued,
   - determine the time allotted to the beneficiaries for the full payment of their subscription,
   - decide whether subscriptions may be carried out directly and/or indirectly, through mutual funds,
   - set, for the issues under this delegation, the terms and conditions of membership of company savings plans, set forth the regulations of such plans or, in the case of preexisting plans, amend their regulations;

   finally, with the option to subdelegate to its Chairman in accordance with the terms and conditions set forth in applicable law, in order to:

   - if necessary, proceed, at its sole discretion and if it deems it advisable, with any allocations on the premium(s) relating to increases in capital, notably costs, fees and charges resulting from such issues, and withhold from such premiums the necessary amounts for the appropriation to the legal reserve in order to raise it to one-tenth of the new share capital following each increase in capital;

• generally make all necessary arrangements and enter into any agreements to complete the anticipated issues successfully; and

• acknowledge the increase(s) in capital resulting from any issue carried out under this delegation, modify the by-laws accordingly and carry out any acts and formalities in order to make such capital increases definitive.

Nineteenth resolution

Authorization given to the Company to reduce its share capital by canceling repurchased shares

The Shareholders' General Meeting, after examining the Managing Board's report and the Auditors' report,

1) authorizes the Managing Board to cancel, in one or more times, all or part of the Company's shares held by it under the authorizations to buy back shares granted to the Managing Board by the Shareholders' General Meeting, within the limit of 10% of the capital per 24-months period, and to reduce the share capital accordingly;

2) sets at two years from the date of this Shareholders' General Meeting the term of this authorization, which renders null and void any previous delegation granted to the Managing Board relating to the reduction in the share capital by cancellation of Imerys shares owned by the Company;

3) grants the Managing Board full powers to set the definitive amount of the reduction in share capital within the limits set forth by applicable law and this resolution, set its terms and conditions, acknowledge its completion, apply the difference between the purchase price of such shares and their nominal value to the available premium and reserve items of its choosing, carry out any acts, formalities or declarations in order to make the reductions in capital carried out under this authorization definitive and modify the by-laws accordingly.

Twentieth resolution

Harmonization of the Company's by-laws with applicable new legal provisions ("loi de sécurité financière")

The Shareholders' General Meeting, after examining the Managing Board's report and the Supervisory Board's report, decides to bring the by-laws into compliance with the financial security law ("loi de sécurité financière") of August 1, 2003 and, consequently, approves the new wording of the first sentence of article 24 of the by-laws, as follows:

"Any agreement between the Company and a member of the Managing Board or Supervisory Board – whether directly or through an intermediary – or a shareholder that holds a greater fraction of the votes than the threshold provided by current legislation or, in the case of a shareholder company, the company controlling it in the sense of article L233-3 of the Code of Commerce, must be submitted to the prior authorization of the Supervisory Board."

The rest of article 24 of the by-laws is unchanged.

Twenty-first resolution

Powers

The Shareholders' General Meeting 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.

_List of Subsidiaries and Affiliates

Chapter 8

8 _ List of subsidiaries and affiliates

In financial 2003 and the first quarter of 2004, the external growth policy implemented by the Group led to the integration of 7 new companies and the creation of 13 new legal entities.

The Group also increased its interest to 100% in KPCL KVS (France) and, consequently, in said company's subsidiaries, Imerys Tableware Deutschland GmbH (Germany) and Imerys Tableware CR s.r.o. (Czech Republic).

In addition, the Group increased its stake in Donbasskeramika, a company operating under Ukrainian law, in which it now holds 99.98% of capital.

In parallel, under the Black Economic Empowerment policy implemented in South Africa, the Group divested 26% of the capital of Imerys South Africa (Pty) Ltd.

In France, the merger of Imerys Structure and Imerys Toiture into Imerys TC (previously called Parnasse Dix Neuf) in the first quarter of 2004 made it possible to group all the activities of the Clay Roof Tiles & Bricks France division together in a single entity.

Under the policy of rationalizing the Group's legal structures, Imerys do Brasil Mineraçao Ltda and Mircal do Brasil Ltda were also merged into Quimbarra Ltda, since renamed Imerys Comercio de Extracao de Minerios Ltda (Brazil), and CBM Distribution was merged into Larivière (France).

Finally, 10 companies that no longer pursued any business were wound up.

_8.1. Subsidiaries and Affiliates

(*) *FI: Full Integration,*
EM: Equity Method,
NC: Not-Consolidated,
P: Entered the Group after December 31, 2003.

COUNTRIES COMPANIES	BUSINESS GROUPS SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
FRANCE							
ARDOISIERES D'ANGERS 56, rue Albert Camus, BP 148 FR - 49800 Trélazé			●			FI	100
ASSURMET Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
BOITEL SA (Ets) 1, rue Raymond Poincaré FR - 59820 Gravelines			●			FI	65.72
CERADEL SOCOR 19/25, rue Frédéric Bastiat, BP 1598 FR - 87022 Limoges Cedex	●					FI	100
CERATERA SAS Z. I., Av. Pierre de Coubertin FR - 36000 Châteauroux	●					FI	100
CESAR La Terre des Landes FR - 24340 Saint-Sulpice de Mareuil	●					FI	100
CHARGES MINERALES DU PERIGORD - CMP Chemin de Halage FR - 60340 Villers sous Saint-Leu		●				FI	100
DAMREC Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15				●		FI	100
DECROIX (Ets) 42, quai Gustave Lamarle FR - 62100 Calais			●			FI	98.61
DIGEMAT SCHOLER 20, rue de l'Espérance FR - 68870 Bartenheim			●			FI	98.61
FINANCIERE D'ANGERS 56, rue Albert Camus, BP 148 FR - 49800 Trélazé					●	FI	99.92
IMERYS KILN FURNITURE FRANCE (Prev. RC2 FRANCE) Parc d'activités de Sologne FR - 41600 Lamotte Beuvron	●					FI	100
IMERYS MINERAUX FRANCE Chemin de Halage FR - 60340 Villers sous Saint-Leu	●					FI	100
IMERYS SERVICES Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	FI	100

COUNTRIES COMPANIES	Specialty Minerals	Pigments for Paper	Building Materials	Refractories & Abrasives	Parent Companies and Other	Consolidation Method (1)	% of Interests
FRANCE							
IMERYS TABLEWARE FRANCE 1, rue Jeanne d'Albret FR - 87700 Aixe sur Vienne	●					FI	100
IMERYS TC (Prev. PARNASSE DIX NEUF) Parc d'Activités de Limonest Silic 3 - 1 rue des Vergers, BP 22 FR - 69760 Limonest			●			FI	100
KPCL K.V.S. 1, rue Jeanne d'Albret FR - 87700 Aixe sur Vienne	●					FI	100
LARIVIERE 36 bis, rue Delaâge, BP 446 FR - 49004 Angers Cedex			●			FI	98.61
LE BOIS LOUIS Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
MINEMET HOLDING Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
MIRCAL Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	FI	100
MIRCAL EUROPE (Prev. PARNASSE DIX-HUIT) Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
NIZEROLLES Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
PARIMETAL Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
PARNASSE DIX-SEPT Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
PARNASSE SEIZE Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
PARNASSE VINGT Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
PARNASSE VINGT ET UN Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100

COUNTRIES COMPANIES	Specialty Minerals	Pigments for Paper	Building Materials	Refractories & Abrasives	Parent Companies and Other	Consolidation Method (1)	% of Interests
FRANCE							
PGB SA 1, Rond Point des Champs Elysées FR - 75008 Paris					●	NC	100
PLIBRICO Miniparc du Verger 1, rue de Terre Neuve Bâtiment H FR - 91940 Les Ulis				●		FI	100
SCEA STE COLOMBE ZI Beaujard FR - 77160 Poigny					●	NC	100
SEG Chaume Lauzon – Gournay FR - 36230 Neuvy Saint-Sepulchre	●					FI	51
SETAC Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15	●					FI	100
TOITURE CONSEIL Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
TREIBACHER FRANCE S.A.R.L. Parc Club du Golf Batiment 22 FR - 13856 Aix en Provence Cedex 3				●		EM	50
EUROPE							
GERMANY							
IMERYS MINERALS GmbH Prinzenallee 7 DE - 40549, Düsseldorf	●	●				FI	100
IMERYS TABLEWARE DEUTSCHLAND GmbH Ludwigsmühle Strasse 1 DE - 95100 Selb	●					FI	100
MINERALIEN SCHIFFAHRT SPEDITION UND TRANSPORT GmbH Kaolinwerk 1 DE - 92253 Schnaittenbach					●	EM	50
MIRCAL DEUTSCHLAND GmbH Willi Brückner Strasse 1, P.O. Box 2544 DE - 56564 Neuwied 1				●		FI	100
MONREFCO GmbH In der Sohl, 122 DE - 56564 Neuwied					●	FI	100
PLIBRICO GmbH In der Sohl n° 122 DE - 56564 Neuwied				●		FI	100

COUNTRIES COMPANIES	BUSINESS GROUPS: SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
GERMANY							
SURFATEC ELEKTROSCHMELZE VERWALTUNGS BETEILIGUNGEN ZSCHORNEWITZ GmbH Burgkemnitzer Strasse 17 DE - 06791 Zschornewitz				●		FI	100
TIMCAL DEUTSCHLAND GmbH Willi-Brückner-Strasse 1 DE - 56564 Neuwied	●					FI	100
TREIBACHER SCHLEIFMITTEL DEUTSCHLAND GmbH Ferroweg 1 DE - 79725 Laufenburg				●		EM	50
TREIBACHER SCHLEIFMITTEL GmbH Ferroweg 1 DE - 79725 Laufenburg				●		FI	100
TREIBACHER SCHLEIFMITTEL ZSCHORNEWITZ GmbH **(Prev. KORUND DEUTSCHLAND GmbH)** Ferroweg 1 DE - 79725 Laufenburg				●		FI	100
VESTRA PAPIER - STREICHTECHNIK GmbH Hess strasse 134 DE - 80797 München		●				NC	21.9
AUSTRIA							
PLIBRICO Ges.mbH Industriezentrum NÖ Süd Strabe 16, Objekt 69/7 - Postfach 71 AT - 2355 Wiener Neudorf				●		FI	100
TREIBACHER SCHLEIFMITTEL AG Seebach, Postfach 1 AT - 9523 Villach				●		FI	100
TREIBACHER SCHLEIFMITTEL INTERNATIONALE VERTRIEBS mbH Seebach, Postfach 1 AT - 9523 Villach				●		FI	100
BELGIUM							
IMERYS MINERAUX BELGIQUE SA Rue du Canal 2 BE - 4600 Visé, Lixhe	●	●				FI	100
IMERYS TOITURE BELGIE N.V. Toekomststraat 18 BE - 9800 Denze			●			NC	100
PLIBRICO SA Avenue Albert Einstein, 13 Ottignies BE - Louwein La Neuve, B-1348				●		FI	100
TIMCAL BELGIUM Rue du Canal 2 BE - 4600 Visé, Lixhe	●					FI	100

COUNTRIES COMPANIES	BUSINESS GROUPS: SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
SPAIN							
CALATECA SL Ctra de Castellbisbal a Terrassa Km 5,6 /Apartado 1343 Castellbisbal ES - 08755 Barcelone					●	FI	100
IMERYS ESPAÑA SA c/o Gabinete Juridico c/Capitan Haya 58 - 4° A ES - 28020 Madrid					●	FI	100
IMERYS TC ESPAÑA SA **(Prev. CERAMICA COLLADO SA)** Avenida de Madrid, 25 ES - 02640 Almansa			●			FI	100
IMERYS KILN FURNITURE ESPAÑA, SA **(Prev. RC2 ESPAÑA SA)** Apartado 18, Cachadas ES - 36780 La Guardia (Pontevedra)	●					FI	97.11
IMERYS TILES MINERALS ESPAÑA **(Prev. DAMREC ESPAÑOLA SA)** Cami Plaza de la Marquesa Castellon de la Plana ES - 12200 Onda	●					FI	100
MOLCASA (Molturaciones Castellon, SA) Cami Plaza de la Marquesa Castellon de la Plana ES - 12200 Onda	●					FI	100
PLIBRICO SA Avenida Metalugia, 7 Poligano Bankunion, 2 ES - 33211 Gijon				●		EM	49.9
TECASA (Teuleria Catalana SA) Ctra de Castellbisbal a Terrassa Km 5,6 /Apartado 1343 Castellbisbal ES - 08755 Barcelone			●			FI	100
VERMICULITA Y DERIVADOS, SL Barrio de Lloréda Tremanes ES - 33211 Gijon				●		NC	49.9
FINLAND							
IMERYS MINERALS Oy Kalevankatu 13A FI - 00100 Helsinki		●				FI	100

(*) FI: Full Integration, EM: Equity Method , NC: Not-Consolidated, P: Entered the Group after December 31,2003.

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD	% OF INTERESTS
	BUSINESS GROUPS						
GUERNSEY							
WHITEROCK INSURANCE COMPANY PCC Limited PO Box 33 Maison Trinity - Trinity Square St Peter Port GB - Guernesey GY1 4AT					●	FI	100
HUNGARY							
IMERYS KILN FURNITURE HUNGARY Kft. Erzsébeti út 7 HU - 6801 Hódmezõvásárhely	●					P	100
MIRCAL SERVICES (Hungary) Kft. Károlyi Mihály út 12 HU - 1053 Budapest	●					P	100
PLIBRICO TUZALLOANYAG Richter Janos u. 5sz HU - 9023 Györ				●		FI	100
ITALY							
4M.D.P.L. Via Bellieni 9 IT - 07047 THIESI (SS)	●					FI	32.5
EUREC Via Monte San Michele 5/A IT - 42100 Reggio Emilia	●					FI	50
EUROARGILLE Via Monte San Michele 5/A IT - 42100 Reggio Emilia	●					NC	20
IMERYS MINERALI SpA Viale G. Da Verazzano 29/b IT - 54036 Marina di Carrara (MS)		●				FI	100
INDUSTRIALMIN Loc. Serralta IT - 88050 (CZ)	●					NC	25
MIRCAL ITALIA Via L. Sani 13 S. Michele, 4 IT - 42100 Reggio Emilia	●					FI	100
PIOMBONI Via Girolamo Rossi, 6 IT - 48100 Ravenna	●					FI	50
PLIBRICO ITALIA Srl Torre World Trade Center Via de Marini, 1 -14° piano IT - Genova 16149				●		FI	100
SARDA ARGILLE Via Sanna 61 IT - 09040 Senorbi (CA)	●					FI	33.5
SPICA Via Falerina KM 2850 IT - 01033 Civita Castellana (VT)	●					FI	85.87

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD	% OF INTERESTS
	BUSINESS GROUPS						
ITALY							
TECNOLAPIDEI SRL Via Passo della Volpe 110/E Frazione Avenza IT - Carrara 54031		●				EM	50
TREIBACHER SCHLEIFMITTEL ITALIA P. MAROZZI & CO SAS Via Derna 32-24 IT - 20132 Milano				●		EM	50
TREIBACHER SCHLEIFMITTEL SpA Via Pave, 76 IT - 28845 Domodossola				●		FI	100
LUXEMBOURG							
EUROPE COMMERCE REFRACTORY 44, rue des Prés LU - 7333 Steinsel (Luxembourg)				●		NC	50
PLIBRICO INTERNATIONAL SA 5, boulevard de la Foire LU - 1528					●	FI	100
NETHERLANDS							
BV BOILER SERVICE ROTTERDAM Energieweg 25, NL - 4906 CG - Oosterhout				●		NC	100
IMERYS MINERALS NETHERLANDS B.V. (Prev. EUROCLAY Handelmaatschappij B.V.) Schiedamsedijk 2A NL - 3134 KK Vlaardigen		●				FI	100
PLIBRICO B.V. Energieweg, 25 NL - 4906 CG Oosterhout				●		FI	100
POLAND							
BLANCS MINERAUX DE POLOGNE Energieweg, 25 PL - 4906 CG Oosterhout	●					NC	99
PORTUGAL							
CAMPOS-FABRICAS CERAMICAS, SA Estrada da Tabueiro Apartado 12 Esgueira PT - 3811-901 Aveiro			●			FI	100
IMERYS MINERAIS Lda Rua Gonçalo Cristovao, 347 5° Andar - Sala 509 PT - 4000-270 Porto		●				FI	100

COUNTRIES COMPANIES	BUSINESS GROUPS SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
PORTUGAL							
IMERYS PORTUGAL SGPS, SA c/o CAMPOS Estrada da Tabueiro Apartado 12 Esgueira PT - 3811-901 Aveiro					●	FI	100
IMERYS TABLEWARE PRODUTOS CERAMICOS Lda Rua da Estrada nr. 439 Crestins - Apartado 3001 PT - 4471- 907 Moreira da Maia	●					FI	100
MICROGRITS TRADING Lda Rua Cooperativa Agricola do Funchal, Bloco B° 4D PT - 9050-017 Funchal, Madeira				●		EM	50
TREIBACHER SCHLEIFMITTEL MARKETING Lda Rua Cooperativa Agricola do Funchal, Bloco D° 1D PT - 9050-017 Funchal, Madeira				●		FI	100
CZECH REPUBLIC							
IMERYS TABLEWARE CR s.r.o. Zavodu Miru 78 CZ - 360 17 Karlovy Vary	●					FI	100
TREIBACHER SCHLEIFMITTEL s.r.o. Tovarni 1 CZ - 35680 Sokolov				●		FI	100
ROMANIA							
IMERYS TABLEWARE ROMANIA Srl 19, Stefan Cel Mare St. RO - 3350, Turda	●					NC	100
UNITED KINGDOM							
CATIONIC DEMAND CONTROL TECHNIQUE Limited Kimberley Street GB - HU13 1HH Hull		●				FI	100
ECC FINANCE Limited Par Moor Centre Par Moor Road - Par Cornwall GB - PL24 2SQ					●	FI	100
ECC HOLDINGS Limited Par Moor Centre Par Moor Road - Par Cornwall GB - PL24 2SQ					●	FI	100
ECC OVERSEAS INVESTMENTS Ltd Par Moor Centre Par Moor Road - Par Cornwall GB - PL24 2SQ					●	FI	100

COUNTRIES COMPANIES	BUSINESS GROUPS SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
UNITED KINGDOM							
EDWIN H. BRADLEY HOLDINGS Ltd Par Moor Centre Par Moor Road - Par Cornwall GB - PL24 2SQ					●	FI	100
ENGLISH CHINA CLAYS Ltd Par Moor Centre Par Moor Road - Par Cornwall GB - PL24 2SQ					●	FI	100
IMERYS MINERALS Limited Par Moor Centre Par Moor Road Par Cornwall GB - PL24 2SQ	●	●		●		FI	100
IMERYS ROOF TILES York House, Vicarage Lane GB - Bowdon, Altrincham Cheshire WA1 43E			●			NC	100
IMERYS TRUSTEES Limited Par Moor Centre Par Moor Road - Par Cornwall GB - PL24 2SQ					●	NC	100
IMERYS UK Limited Par Moor Centre Par Moor Road - Par Cornwall GB - PL24 2SQ					●	FI	100
IMERYS UK PENSION FUND TRUSTEES Ltd Par Moor Centre Par Moor Road - Par Cornwall GB - PL24 2SQ					●	NC	100
KEITH CERAMIC MATERIALS Ltd Fischers Way Belvedere GB - Kent DA17 6BN				●		FI	100
MINTRAD Claremont House 12 - 14 Claremont Road West Byfleet GB - Surrey KT14 6DY				●		FI	100
PLIBRICO Ltd Woodhouse Road, Scunthorpe GB - North Lincolnshire DN16 1BD				●		FI	100
POTTERYCRAFTS Limited Campbell Road GB - Stoke on Trent, Staffordshire ST4 4ET	●					FI	100

(*) FI: Full Integration, EM: Equity Method, NC: Not-Consolidated, P: Entered the Group after December 31,2003.

COUNTRIES COMPANIES	BUSINESS GROUPS SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (1)	% OF INTERESTS
SLOVENIA							
KORUND D.O.O. Tovarniska C. 51 SI - 2342 Ruse				●		IG	100
TREIBACHER SCHLEIFMITTEL D.O.O Tovarniska C. 51 SI - 2342 Ruse				●		IG	100
SWEDEN							
AB CDM PO Box 37, 421 21 Vastra Frolunda Reningsverkensgatan 6 SE - Göteborg	●	●				IG	100
IMERYS MINERAL AB Reningsverksgatan 6 SE - 421 47 Göteborg"		●				IG	100
PLIBRICO SCANDINAVIA AB Karrlyckegatan 7 SE - 41878 Göteborg"				●		IG	100
SWITZERLAND							
TIMCAL SA Officine del Gottardo CH - 6743 Bodio	●					IG	100
UNITED STATES							
AMERICAN MINERALS, Inc 901 East Eight Avenue US - King of Prussia, PA 19406				●		IG	100
AMERICAN MINERALS TECHNOLOGIES, Inc. 301 Pigeon Point Road City of Wilmington US - County of New Castle, Delaware 19720				●		IG	100
AMERICARB, Inc. 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076		●				IG	100
C-E MINERALS, Inc. 901 East Eight Avenue US - King of Prussia, PA 19406				●		IG	100
C-E NEWELL, Inc. Route 2 US - 26050 Newell - West Virginia				●		IG	100
CENTRAL LAND COMPANY 105 South Cannon Avenue US - Sylacauga, AL 35150	●					IG	100
ECC AMERICA HOLDINGS, Inc. Delaware Trust Capital Management 900 Market Street, Suite 200 US - Wilmington, Delaware 19801					●	IG	100

COUNTRIES COMPANIES	BUSINESS GROUPS SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (1)	% OF INTERESTS
UNITED STATES							
ECC / FAXE LlC 3901 Governor's Lakes, Suite 400 US - Norcross, Georgia 30071		●				NC	100
ECCA CALCIUM PRODUCTS Inc. 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076	●	●				FI	100
ENGLISH CHINA CLAYS DELAWARE, Inc Delaware Trust Capital Management 900 Market Street, Suite 200 US - Wilmington, Delaware 19801					●	FI	100
G.A.M.A.R., Inc. 1105 North Market Street Suite 1300, Wilmington US - Delaware 19899	●					FI	100
GEORGIA MARBLE HOLD. Corp. 1105 North Market St. Suite 1300 US - Wilmington, DE 19899					●	FI	100
GEORGIA MARBLE LAND Co 1201 Roberts Boulevard, Building 100 US - Kennesaw, GA 30144-3619	●					FI	100
GRAYSTAR Llc 9 Simmonsville Road P.O. Box 1670 US - Bluffton, South Carolina 29910				●		NC	50
IMERYS CARBONATES Llc 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076	●	●				FI	100
IMERYS CLAYS, Inc. 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076	●	●				FI	100
IMERYS EQUIPCO, Llc 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076	●					p	100
IMERYS KAOLIN, Inc 774 Georgia Kaolin Road US - Dry Branch, GA 31020	●	●				FI	100
IMERYS MARBLE Inc. 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076	●					FI	100
IMERYS P&A HOLDINGS LlC 1209 Orange Street City of Wilmington US - County of New Castle					●	FI	100
IMERYS PAPER CARBONATES LlC 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076		●				FI	100
IMERYS PIGMENTS, Inc. 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076					●	FI	100
IMERYS USA, Inc. 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076					●	FI	100

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
UNITED STATES							
KAOPOLITE, Inc. Rt. 1 – Box 468D US - Dry Branch, GA 31020		●				FI	100
KENTUCKY-TENNESSEE CLAY Company Resource Center 1441 Donelson Pike US - Nashville, Tennessee 37217	●					FI	100
K-T FELDSPAR CORPORATION Highway 226 North P.o. Box 309 US - Spruce Pine, NC 28777	●					FI	100
MINERALS HOLDINGS, Inc. 901 East Eight Avenue US - King of Prussia, PA 19406					●	FI	100
MINERALS TRADING, Inc. 501 Silverside Road, Suite 10 US - Wilmington, DE					●	FI	100
MULLITE COMPANY OF AMERICA- MULCOA PO Box 37 US - GA 31711 - Andersonville				●		FI	100
REFRACTORY MATERIALS INTERNATIONAL Inc. 267 West Valley Avenue Suite 222 US - Birmingham, Alabama 35209				●		FI	100
SOUTHEASTERN LAND RESOURCES Corp. 1441 Donelson Pike US - Nashville, Tennessee 37217	●					NC	100
TENNESSEE ELECTRO MINERALS Inc. - TECO 1540 Snapp Ferry Road US - TN 37744 - Greeneville				●		FI	100
TIMCAL AMERICA, Inc. 29299 Clemens Road 1-L US - Westlake, OH 44145	●					FI	100
TREIBACHER SCHLEIFMITTEL NORTH AMERICA, Inc. 200 College Avenue - MPO Box 1438 US - Niagara Falls - NY 14302				●		FI	100
REST OF THE WORLD							
REPUBLIC OF SOUTH AFRICA							
ECCA HOLDINGS Pty Ltd Wanderers Office Park 52 Corlett Drive Illovo 2196 Po Box 8118 ZA - 0046 Centurion				●		FI	74
GILLIAN BICKELL POTTERIES Wanderers Office Park 52 Corlett Drive Illovo 2196 Po Box 8118 ZA - 0046 Centurion				●		NC	44.4

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
REPUBLIC OF SOUTH AFRICA							
IMERYS SOUTH AFRICA (Pty) Ltd (Prev. MIRCAL SOUTH AFRICA) Wanderers Office Park 52 Corlett Drive Illovo 2196 Po Box 8118 ZA - 0046 Centurion					●	FI	74
PLIBRICO SOUTH AFRICA (Pty) Ltd 6 Kariba Street - Powerville Po Box 2422 ZA - Vereeniging 1930				●		FI	74
RHINO MINERALS (Pty) Limited Wanderers Office Park 52 Corlett Drive Illovo 2196 Po Box 8118 ZA - 0046 Centurion				●		FI	74
SAMREC (Pty) Ltd Wanderers Office Park 52 Corlett Drive Illovo 2196 Po Box 8118 ZA - 0046 Centurion				●		FI	74
TYGERKLOOF MINING (Pty) Ltd Wanderers Office Park 52 Corlett Drive Illovo 2196 Po Box 8118 ZA - 0046 Centurion				●		NC	37
ARGENTINA							
IMERYS ARGENTINA SRL California 2082, piso 3 Oficina 307 B AR - Ciudad de Buenos Aires	●					FI	100
IMERYS CARBONATOS ANDINOS SA Av. Libertador San Martin 645 Este, Depto. 2 AR - J5400AQG Ciudad de San Juan, San Juan	●					FI	80.5
MIRCAL ARGENTINA SRL California 2082, piso 3 Oficina 307 B AR - Ciudad de Buenos Aires					●	FI	100
AUSTRALIA							
AUSTRALIAN VERMICULITE INDUSTRIES Pty Ltd Level 3, 18 Richardson Street AV - West Perth WA 6005	●					FI	100

(*) FI: Full Integration, EM: Equity Method, NC: Not-Consolidated, P: Entered the Group after December 31, 2003.

COUNTRIES COMPANIES	BUSINESS GROUPS SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD	% OF INTERESTS
AUSTRALIA							
ECC PACIFIC (AUSTRALIA) Pty Ltd Glenelg Highway Pittong, Nr. Linton AU - 3360 Victoria		●				FI	100
ECCI SUPERANNUATION Pty Ltd Glenelg Highway Pittong, Nr. Linton AU - 3360 Victoria		●				NC	NS
IMERYS MINERALS AUSTRALIA Pty Ltd Glenelg Highway Pittong, Nr. Linton AU - 3360 Victoria		●				FI	100
KAOLIN AUSTRALIA Pty Ltd Glenelg Highway Pittong, Nr. Linton AU - 3360 Victoria		●				FI	100
MIRCAL AUSTRALIA Pty Ltd Glenelg Highway Pittong, Nr. Linton AU - 3360 Victoria					●	FI	100
BRAZIL							
EDK MINERAÇÃO Ltda R. Caravelas 545 BR - 08735-270 Mogi das Cruzes	●					FI	50
IMERYS COMERCIO DE EXTRACAO DE MINERIOS LTDA (Prev. QUIMICA INDUSTRIAL BARRA DO PIRAI - QUIMBARRA Ltda) Rua Bernardino de Campos, 98 14° Floor - Paraiso BR - São Paulo - SP 04004-040	●					FI	100
IMERYS RIO CAPIM CAULIM SA. Rodovia PA - 483 Barcarena BR - Para		●				FI	100
MIRCAL DO BRASIL Ltda Avenida Presidente Wilson, 231, 2301 (parte) BR - Rio de Janeiro, RJ, 20030-021					●	FI	100
TREIBACHER SCHLEIFMITTEL AMERICA LATINA Rua Marques de Sabara 242/11 BR - Cep 05684-020 São Paolo				●		FI	98
TREIBACHER SCHLEIFMITTEL BRASIL LTDA R. Marechal Rondon, 107 BR - CEP 13323-100 Salto SP				●		FI	100
WHITE CLAYTECH MINERAÇÃO Ltda Estrada de Santa Rita, km 61 BR - Embu Guaçu, Estado de São Paulo	●					FI	60

COUNTRIES COMPANIES	BUSINESS GROUPS SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD	% OF INTERESTS
CANADA							
ECC INTERNAT. (NOVA SCOTIA) Ltd c/o Cox Downie, 1100 Purdy's Wharf Tower 1 1957 Upper Water Street PO Box CA - Halifax, Nova Scotia B3J 3EH		●				FI	100
IMERYS CANADA, Inc. Suite 3900, 1155 Rene Levesque Blvd West CA - Montreal		●				FI	100
TIMCAL CANADA, Inc. 2500 Daniel-Johnson Suite 906 CA - Laval (Québec) H7T2P6	●					FI	100
PEOPLE'S REPUBLIC OF CHINA							
DALIAN JINSHENG FINE CHEMICAL Co, Ltd Beile Country Jinzhou District CN - Dalian, China 116103	●					NC	50
GHANGZHOU TIMCAL COMPANY Ltd 188 # Taischan Road Hi tech Zone CN - Ghangzou 213022	●					FI	100
GUIZHOU STAR MINERALS Co., Ltd. Chengguan San Jiao Shan, CN - Xiuven, Guizhou PRC				●		NC	85
IMERYS FINE CHEMICAL (Changshu) Co Ltd Changshu Economic Development Zone CN - Jiangsu Province		●				P	100
IMERYS PIGMENTS (Qingyang) COMPANY Ltd Room 11310 (N° 1 Building) Donghu Hotel - N° 70 Donghu Road CN - Shanghai 200031		●				FI	80
IMERYS PIGMENTS TRADING (Shanghai) Co., Ltd Room 11310 (N° 1 Building) Donghu Hotel - N° 70 Donghu Road CN - Shanghai 200031		●				FI	100
IMERYS PIGMENTS (Wuhu) Co. Limited Nanxiang Road Nanling Country - Anhui Province CN - Post Code 242400		●				FI	100
IMERYS (QINGYANG) MINING Co Nanyang Village CN - Qingyang Country - Anhui Province		●				NC	80
IMERYS TABLEWARE GUANGZHOU Co. Ltd Win's Industrial Area Jiu Li Bu CN - Conghua City Guangdong Province	●					FI	100
TREIBACHER SCHLEIFMITTEL GUIZHOU Co. Ltd 5 F, 37 Shanxi Road CN - Guiyang 550001 Guizhou Province				●		FI	88.21

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
			BUSINESS GROUPS				
CHINA							
ZHANJIANG YASHEYA REFRACTORIES Co.Ltd N°4, Zone Zhanjiang Port CN - Guangdong				●		NC	50
MAURITIUS ISLAND							
IMERYS PACIFIC Ltd 10 Frère Félix de Valois Street MU - Port Louis (Maurice)					●	FI	100
TREIBACHER SCHLEIFMITTEL ASIA Limited Louis Lecont Street MU - Curepipe				●		FI	60
INDIA							
IMERYS NEWQUEST (INDIA) PRIVATE Limited B - 16 Shangrilla Garden Bund Garden Road, Pune 411001 IN - Maharashtra		●				P	74
INDONESIA							
PT. ESENSINDO CIPTA CEMERLANG JL. Teluk Betung n° 31 ID - Jakarta Pusat.		●				EM	49
JAPAN							
DAMREC JAPAN KK SBS Hills II #41, 4-10-3 Yoga, Setagaku-ku, Tokyo 158-0097, Japan. JP - Tokyo 158-00197				●		NC	99.5
IMERYS MINERALS JAPAN KK 7 F Sagamiya Building 6 Ichibancho chiyoda-ku JP - 102-0082 Tokyo		●				FI	100
TIMCAL JAPAN 7 F Sagamiya Building 6 Ichibancho chiyoda-ku JP - 102-0082 Tokyo	●					FI	100
TREIBACHER SCHLEIFMITTEL JAPAN K.K. SBS Hills II Room 41, 4-10-3 Yoga Setayaga-ku JP - Tokyo 158				●		EM	50
MALAYSIA							
IMERYS HONAIK SDN BHD Lot 14, Jalan 1/137C, Bedford Business Park, Batu 5 Off Jalan Klang Lama, MY - 58000 Kuala Lumpur		●				FI	100

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
			BUSINESS GROUPS				
MEXICO							
IMERYS DE MEXICO SA de CV 51 Poniente No. 505-207 Colonia Residencial MX - Puebla 72440		●				FI	100
IMERYS SERVICIOS SA de CV 51 Poniente No. 505-207 Colonia Residencial MX - Puebla 72440					●	FI	100
K-T CLAY DE MEXICO, SA de CV Autopisto Monterrey Cadereyta KM20 Ciudad Benito Juarez, N.L. MX - CP 67250	●					FI	100
LIQUID QUIMICA MEXICANA, SA de CV Km 31.5 Carretera Tlalnepantla Cuautitlan Colonia Loma Bonita MX - 54800 Cuautitlan, Edo. de Mexico	●					FI	100
MIRCAL DE MEXICO SA de CV Montes Urales No. 470 - 1 MX - Lomas de Chapultepec, C.P. 11000 D.F.					●	FI	100
PLIBRICO REFRACTARIOS MEXICANOS S.A.de CV Saturnino Herran 7 MX - San José Insurgentes 03900, D.F.				●		NC	100
RECURSOS MINERALES DEL NORTE, SA de CV Autopisto Monterrey Cadereyta KM20 MX - Ciudad Benito Juarez, N.L. CP 67250				●		FI	100
NEW ZEALAND							
IMERYS TABLEWARE ASIA LTD 14 Bentinck Street New Lynn NZ - Auckland	●					FI	100
IMERYS TABLEWARE NEW ZEALAND LTD 14 Bentinck Street New Lynn NZ - Auckland	●					FI	100

(*) FI: Full Integration, EM: Equity Method, NC: Not-Consolidated, P: Entered the Group after December 31, 2003.

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD	% OF INTERESTS
PERU							
MINERA MONTPARNAS SA Miguel Dasso 180 - of 207 PE - San Isidoro, Lima 27				●		NC	100
SINGAPORE							
IMERYS PIGMENTS Pte Ltd One Pickering Street #07-03 Great Eastern Center SG - Singapore 048659		●			●	FI	100
TAÏWAN							
IMERYS MINERALS (Taïwan) Ltd No. 41-1 Hsing Yeh Road Ta Fa Industrial Park -Ta Liao TW - Kaohsiung		●				FI	100
THAILAND							
IMERYS CARBONATES (Thaïland) Co., Ltd **(Prev. IMERYS HONAIK (Thaïland) Co., Ltd)** 202 Le Concorde Office Tower 21st Floor, Ratchadapisek Road, Kwaeng Huaykwang, Khet Huaykwang TH - 10320 Bangkok		●				FI	100
IMERYS CERAMICS (Thaïland) Ltd 202 Le Concorde Office Tower 21st Floor, Ratchadapisek Road, Kwaeng Huaykwang, Khet Huaykwang TH - 10320 Bangkok	●					FI	39
IMERYS KILN FURNITURE (Thaïland) Co., Ltd 202 Le Concorde Office Tower 21st Floor, Ratchadapisek Road, Kwaeng Huaykwang, Khet Huaykwang TH - 10320 Bangkok	●					FI	100
IMERYS MINERALS Co., Ltd No. 15 Moo 4, Nogbua Subdistrict, Patananikom District TH - Lopburi Province		●				EM	80
MINERAL RESOURCES DEVELOPMENT (M.R.D.) Co., Ltd 202 Le Concorde Office Tower 21st Floor, Ratchadapisek Road, Kwaeng Huaykwang, Khet Huaykwang TH - 10320 Bangkok	●					FI	57.19
MRD-ECC Co, Ltd 202 Le Concorde Office Tower 21st Floor, Ratchadapisek Road, Kwaeng Huaykwang, Khet Huaykwang TH - 10320 Bangkok	●					FI	57.19

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD	% OF INTERESTS
TUNISIA							
BLANCS MINERAUX DE TUNISIE SA 47 avenue Farhat Hached TN - 1001 Tunis	●					NC	25
TURKEY							
ASSOS MERMER Izmir Yolu 4.km TR - Ezine /Canakkale		●				NC	50
IMERYS BEYAZ MADENLER Kore Sehitleri Caddesi N° 30/11 Zincirlikuyu 80300 TR - Istanbul		●				EM	100
IMERYS MADEN Kore Sehitleri Caddesi N° 30/11 Zincirlikuyu 80300 TR - Istanbul		●				EM	99.8
UKRAINE							
DONBASSKERAMIKA City of Volnovakha 21, rue Gagarina UA - 85700 Ukraine, Donetsk Region	●					FI	99.98
DONKAOLIN 1, Zavodska vul., Volodymy Rivka Volnovakha district UA - 85721 Dinetsk Oblast	●					NC	99.98
POPASNIANSKA CLAY 20a, rue Bakhmutskogo Pervomaisk UA - 93200 Lugansk Region	●					FI	50
VENEZUELA							
MINVEN C-E Minerales de Venezuela Via Los Caribes, Z. I. Matanzas VE - Puerto Ordaz, Estado Bolivar				●		FI	100
PLIBRICO INSTALLACIONES REFRACTARIAS Av. Fuerzas Armadas, ZI Matanzas Ap Post 223 VE - Puerto Ordaz, Estado Bolivar				●		FI	100
PLIBRICO REFRACTORIES VENEZUELA - REVESA Av. Fuerzas Armadas, ZI Matanzas Ap Post 223 VE - Puerto Ordaz, Estado Bolivar				●		FI	100
ZIMBABWE							
SAMREC VERMICULITE Ltd Po Box 83 ZW - Dorowa	●					FI	100

_8.2. Companies exluded from the Group in 2003 and during the 1st quarter of 2004 because of merger, transfer or liquidation

(*) FI: Full Integration, EM: Equity Method, NC: Not-Consolidated, P: Entered the Group after December 31, 2003.

COUNTRIES / COMPANIES	BUSINESS GROUPS: SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
FRANCE							
CBM DISTRIBUTION 8-10, rue Auber FR - 92120 Montrouge			●			FI	98.61
MINCERAL GIE Avenue du President Kennedy Zone Industrielle Magré, BP 806 FR - 87015 Limoges Cedex	●					NC	100
IMERYS STRUCTURE 82, Route d'Auch, BP 313 FR - 31773 Colomiers Cedex			●			FI	100
IMERYS TOITURE Parc d'Activités de Limonest Silic 3 - 1 rue des Vergers, BP 22 FR - 69760 Limonest			●			FI	100
EUROPE							
GERMANY							
HUGUENOT-FENAL GmbH St Johanner Str. 41-43 DE - 66111 Saarbrücken			●			NC	100
NETHERLANDS							
MINERAL SHIPPING HOLDINGS B.V. 82-88 Grindweg NL - 3055 VD - Rotterdam					●	EM	50
SPAIN							
MINEMET S.L. c/o J.C. Barrios, Calle Capitan Haya 58, 4° A° ES - 28020 Madrid					●	NC	100
MOLTUMI (Molturacion de Minerales, SA) c/o J.C. Barrios, Calle Capitan Haya 58, 4°A° ES - 28020 Madrid	●					NC	100

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD	% OF INTERESTS
	BUSINESS GROUPS						
UNITED KINGDOM							
ENGLISH CHINA CLAYS EXECUTIVE PENSION FUND TRUSTEES Ltd Par Moor Centre Par Moor Road - Par Cornwall GB - PL24 2SQ					●	NC	100
ECC EMPLOYEE TRUST Limited Par Moor Centre Par Moor Road - Par Cornwall GB - PL24 2SQ					●	NC	100
INDUSTRIAL METALLURGICAL SERVICES, Inc. - IMSI Akara Bldg, 24 De Castro Street Wickhams Cay 1, Road Town, Tortola GB - British Vergin Island				●		FI	100
REST OF THE WORLD							
REPUBLIC OF SOUTH AFRICA							
BRONX MINING & INVEST. Pty Ltd Wanderers Office Park 52 Corlett Drive Illovo 2196 Po Box 8118 ZA - 0046 Centurion	●					FI	100
UNITED STATES							
CLAY PRODUCTS, Inc. Highway 49 US - Andersonville, GA 31711				●		FI	100
MINERALS INVESTMENTS, Inc. 901 East Eight Avenue US - King of Prussia, PA 19406				●		FI	100
BRAZIL							
IMERYS DO BRASIL MINERAÇÃO. Ltda Estrada das Varinhas, km 55, Jundiapaba BR - Mogi das Cruzes, São Paulo, C.P. 2052	●					FI	100
MIRCAL DO BRASIL Ltda Avenida Presidente Wilson, 231, 2301 (parte) BR - Rio de Janeiro, RJ, Brazil 20030-021					●	FI	100

_8.3. Companies entered into the Group in 2003 and during the 1er quarter of 2004

(*) FI: Full Integration,
EM: Equity Method,
NC: Not-Consolidated,
P: Entered the Group after December 31, 2003.

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
FRANCE							
PARNASSE DIX-NEUF Parc d'Activités de Limonest Silic 3 - 1 rue des Vergers, BP 22 FR - 69760 Limonest					●	FI	100
DIGEMAT SCHOLER 20, rue de l'Espérance FR - 68870 Bartenheim			●			FI	98.61
PARNASSE VINGT Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
PARNASSE VINGT ET UN Tour Maine-Montparnasse 33, avenue du Maine FR - 75755 Paris Cedex 15					●	NC	100
EUROPE							
ITALY							
4M.D.P.L. Via Bellieni 9 IT - 07047 Thiesi (SS)	●					FI	32.5
INDUSTRIALMIN Loc. Serralta IT - 88050 (CZ)	●					NC	25
SARDA ARGILLE Via Sanna 61 IT - 09040 Senorbi (CA)	●					FI	33.5
HUNGARY							
IMERYS KILN FURNITURE Hungary Kft Erzsébeti üt 7 HU - 6801 Hodmezovarhely	●					P	100
MIRCAL SERVICE (Hungary) Kft Karolyi Mihaly üt 12 HU - 1053 Buddapest	●					P	100
PORTUGAL							
IMERYS PORTUGAL SGPS, SA c/o CAMPOS Estrada da Tabueiro Apartado 12 Esgueira PT - 3811-901 Aveiro					●	FI	100

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
	BUSINESS GROUPS						
ROMANIA							
IMERYS TABLEWARE ROMANIA Srl 19, Stefan Cel Mare St. RO - 3350, Turda	●					NC	100
UKRAINE							
POPASNIANSKA CLAY 20a, rue Bakhmutskogo Pervomaisk UA - 93200 Lugansk Region	●					FI	50
DONKAOLIN 1, Zavodska vul., Volodymy Rivka Volnovakha district UA - 85721 Dinetsk Oblast	●					NC	99.98
LUXEMBOURG							
EUROPE COMMERCE REFRACTORY 44, rue des Prés LU - 7333 Steinsel				●		P	50

REST OF THE WORLD

COUNTRIES COMPANIES	SPECIALITY MINERALS	PIGMENTS FOR PAPER	BUILDING MATERIALS	REFRACTORIES & ABRASIVES	PARENT COMPANIES AND OTHER	CONSOLIDATION METHOD (*)	% OF INTERESTS
	BUSINESS GROUPS						
CHINA							
IMERYS FINE CHEMICAL (Changshu) Co Ltd Changshu Economic Development Zone CN - Jiangsu Province		●				P	100
IMERYS (QINGYANG) MINING Co Nanyang Village CN - Qingyang Country - Anhui Province		●				NC	80
IMERYS TABLEWARE GUANGZHOU CY Win's Industrial Area - Jiu Li Bu Conghua City CN - Guangdong Province People's Republic of China	●					FI	100
INDIA							
IMERYS NEWQUEST (INDIA) PRIVATE LTD B - 16 Shangrilla Garden Bund Garden Road, Pune 411001 IN - Maharashtra						P	74
UNITED STATES							
IMERYS PAPER CARBONATES LLC 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076		●				FI	100
IMERYS EQUIPCO LLC 100 Mansell Court, East Suite 300 US - Roswell, Georgia 30076	●					P	100

9_Table of Concordance

In order to facilitate the reading of this Annual Report registered with Autorité des Marchés Financiers as a "Document de Référence," 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.