

July 26, 2007

## STRONG FIRST-HALF 2007 GROWTH

- ▶ **SALES:** **up 6.0% to €21,779 million**  
*up 6.9% like-for-like\**
  
- ▶ **OPERATING INCOME:** **up 15.3% to €2,093 million**  
*up 16.6% like-for-like\**
  
- ▶ **RECURRING NET INCOME\*\*:** **up 31.2% to €1,067 million**

Net income amounts to €465 million, taking into account the €650 million provision for the Flat Glass fines (European Commission).

\* based on average exchange rates for first-half 2006

\*\* excluding capital gains, asset write-downs and the €650 million provision for the Flat Glass fines (European Commission)

## 2007 TARGETS RAISED

- ▶ **DOUBLE-DIGIT GROWTH IN OPERATING INCOME**  
*(at constant exchange rates\*\*\*)*
  
- ▶ **GROWTH IN RECURRING NET INCOME\*\* OF AT LEAST +20%**

\*\* excluding capital gains, asset write-downs and the Flat Glass fines (European Commission)

\*\*\* based on average exchange rates for 2006

## Performance of Group sectors

**All of the Group's business sectors saw a rise in like-for-like sales (constant Group structure and exchange rates)** in the six months to June 30, 2007 (see Appendix 1). **Organic growth for the Group came in at +6.9%** (including a +3.7% price impact and a +3.2% volume effect). Business trends observed in the first quarter – which had been boosted by particularly favorable weather conditions – generally held firm over the three months to June 30, 2007.

Vigorous construction markets in Europe, bolstered by the impact of regulations promoting energy efficiency in the building industry, more than offset the significant downturn in the US housing market. Trading momentum remained very strong in Asia and emerging countries (organic growth of 19%), where the swift expansion of the Group continues apace. Demand related to capital spending and industrial output also remained largely robust.

**The Flat Glass sector delivered the Group's strongest growth in like-for-like sales, which surged +12.9%**. Construction in Europe is on an upward trend, with a high capacity utilization rate, a very favorable pricing environment and vigorous growth in coated glass for thermal insulation. Sales of automotive glass performed well over the first half of the year. The **operating margin for the sector jumped to 13.1%**, versus 9.1% in the same year-ago period.

**High-Performance Materials** reported +2.4% like-for-like sales growth, with a **+5.1% advance in the Ceramics & Plastics and Abrasives businesses** on the back of robust industrial capital spending. The operating margin for these businesses continued to advance, coming in at 14.0% for first-half 2007 compared to 13.8% for the same year-ago period, while the Reinforcements business delivered an improved 6.7% operating margin versus 3.2% for first-half 2006 despite a dip in sales (down -4.5% on a like-for-like basis). Overall, the **sector's operating margin represented 12.1%** of sales versus 10.8% of sales over the six months to June 30, 2006.

**Construction Products (CP) posted +4.1% like-for-like growth** (+3.4% on a reported basis) and its **operating margin** held up well, **edging up to 13.1%** (versus 12.9% in first-half 2006). Buoyant demand in construction markets across Europe and in emerging countries (76% of sales) more than offset the significant slowdown in US construction (24% of sales):

- **Interior solutions** businesses (insulation and gypsum) reported **solid organic growth of +6.6%**. The upbeat trading environment in Europe, which was further boosted by energy-efficiency measures in the building industry, offset the fall in volumes and prices in the US. The **operating margin for these businesses advanced to 15.9%** (versus 15.8% in the year-earlier period).
- **Exterior solutions** businesses (exterior fittings, mortars and pipe) posted **very modest +0.8% growth**. US activities (siding and roofing products in particular) reported a sharp downturn, while sales of mortars and pipe in Europe and emerging countries performed well. The **operating margin** for exterior solutions businesses remained **virtually unchanged year-on-year, at 8.7%**.

**The Building Distribution sector posted a strong +13.3% rise in sales on a reported basis**, buoyed by acquisitions made in 2006 and **solid organic growth of +8.7%**. Building on favorable first-quarter trading conditions, the business delivered robust sales in France, Scandinavia, and southern and central Europe, and improved its performance in the UK. The sector delivered a **further increase in its operating margin, which came in at 5.2%** compared to 5.0% in first-half 2006 and 4.9% in the first six months of 2005.

**Like-for-like sales for the Packaging sector climbed +6.5%**, thanks to the sales price increases implemented over the last few months and robust volumes in Europe, which resulted in maximum utilization of existing production capacity. Excluding Calmar and Desjonquères, which were sold on July 1, 2006 and March 31, 2007, respectively, **operating income for the sector surged by almost +25%**, with the **operating margin advancing nearly two percentage points** from 9.2% in the first six months of 2006 to 11% in first-half 2007.

## Analysis of the interim consolidated financial statements for first-half 2007

The interim consolidated financial statements set out below were authorized for issue by the Board of Directors on July 26, 2007:

	H1 2006 In € millions	H1 2007 In € millions	% change
	(1)	(2)	(2)/(1)
<b>Sales*</b>	<b>20,551*</b>	<b>21,779*</b>	<b>+6.0%</b>
<b>Operating income</b>	<b>1,815</b>	<b>2,093</b>	<b>+15.3%</b>
Non-operating costs**	(157)	(776)**	n.m.
Capital gains and losses and exceptional asset write-downs	13	3	n.m.
Dividends received		1	n.m.
Business income	1,671	1,321	-20.9%
Net financial expense	(374)	(351)	+6.1%
Income taxes	(479)	(491)	+2.5%
Share in net income/(loss) of associates	(2)	8	n.m.
Income before minority interests	816	487	-40.3%
Minority interests	(19)	(22)	+15.8%
<b>Recurring net income ***</b>	<b>813</b>	<b>1,067</b>	<b>+31.2%</b>
<b>Recurring earnings per share ***</b>	<b>2.40</b>	<b>2.93</b>	<b>+22.1%</b>
Net income	797	465	-41.7%
Earnings per share (in €)	2.35	1.28	-45.5%
Cash flow from operations	1,643	1,932	+17.6%
<b>Cash flow from operations excluding capital gains tax</b>	<b>1,672</b>	<b>1,883</b>	<b>+12.6%</b>
Depreciation and amortization	887	1,005	+13.3%
Capital expenditure	811	822	+1.4%
Investments in securities	346	432	+24.9%
<b>Net debt</b>	<b>13,738</b>	<b>12,007</b>	<b>-12.6%</b>

\* including ancillary revenue of €145 million in first-half 2007, versus €134 million in first-half 2006

\*\* including a €650 million provision for the Flat Glass fines (European Commission)

\*\*\* excluding capital gains, asset write-downs and the provision for the Flat Glass fines (European Commission)

**Group sales** advanced +6.0% on an actual structure basis. **Like-for-like\***, **Group sales moved up €1,395 million, or 6.9%**, including a 3.7% price effect and a 3.2% volume impact. Changes in the scope of consolidation had a small 0.5% positive impact, while the impact of currency fluctuations was a negative 1.4%, reflecting mainly changes in the value of the US dollar.

**The breakdown of like-for-like sales by geographic area** reveals vigorous trading in France (up +6.5%) and **other western European countries (up +9.2%)**. The downturn witnessed in the US (-7.2%), due to a correction of the housing market, is largely in line with the trend observed in the second half of 2006 and first quarter of 2007. The emerging countries and Asia region delivered the Group's strongest organic growth, at +19%.

By geographic area, France accounted for 29% of first-half sales, with other western European countries contributing 44%, North America 13%, and the emerging countries and Asia 14%.

\* Based on average exchange rates for first-half 2006

**Operating income** jumped +15.3% or +**16.6% at constant exchange rates\***. The Group's operating margin leapt to **9.6%** of sales (**12.6%** excluding Building Distribution), **versus 8.8% of sales in the six months to June 30, 2006** (11.1% excluding Building Distribution). With the exception of North America, all geographic areas reported profitability gains.

**Non-operating costs** came in at €776 million in first-half 2007 (versus €157 million in first-half 2006) and include a €78.5 million charge for restructuring costs, a €47.5 million charge for asbestos-related litigation involving CertainTeed in the US (versus €50 million in first-half 2006) and lastly, a **€650 million charge to the provision set aside in respect of the two proceedings conducted by the European Commission into the Flat Glass sector.**

Further to its investigations in February and March 2005, the European Commission sent Statements of Objections to Saint Gobain Glass France (glass for the construction industry) on March 12, 2007, and to Saint-Gobain Glass France, Saint-Gobain Sekurit Deutschland and Saint-Gobain Sekurit France (automotive glass) on April 19, 2007. The two Statements of Objections, which were also sent to Compagnie de Saint-Gobain in its capacity as parent company of these entities, concerned an alleged breach of Article 81 of the Treaty of Rome.

The Statements of Objections claim that the above-mentioned glass subsidiaries contacted or met with one or more competitors to discuss pricing strategies or market share stabilization, or to exchange illicit information.

Following a review of the case and the objections, Saint-Gobain Glass France is not challenging the allegations made in respect of its construction glass activity, while Saint-Gobain Glass France, Saint-Gobain Sekurit Deutschland and Saint-Gobain Sekurit France have acknowledged the claims against their automotive glass businesses but are challenging the scope given to certain such claims by the Commission.

In their responses to the Commission, the companies concerned nevertheless set forth a series of arguments based on the seriousness and duration of the alleged infringements, the amount of sales generated by the activities to be taken into account in the claim, and the impact of the repeat offence. Compagnie de Saint-Gobain has formally denied any liability whatsoever for the allegations made in the two cases. Based on the arguments set forth, the Group decided to set aside a total provision of €650 million in its accounts at June 30, 2007.

**Capital gains and losses and exceptional asset write-downs** came in at €3 million, compared with €13 million in the same year-ago period. Capital gains of €252 million arising mainly on the sale of Desjonquères, were almost fully offset by exceptional asset write-downs (€249 million, including around €190 million relating to the planned sale of the Reinforcements and Composites business).

**Business income** fell back -20.9%, after taking into account the above-mentioned factors (non-operating costs, capital gains and losses and exceptional asset write-downs).

**Net financial expense** improved +6.1% to €351 million compared with €374 million in the first six months of 2006, reflecting mainly the reduction in net debt.

**Recurring net income** (excluding capital gains and losses, exceptional asset write-downs and the provision for the Flat Glass fines) **advanced +31.2% to €1,067 million** compared with €813 million in the year-earlier period. Based on the average number of shares outstanding at June 30, 2007 (364,639,299 shares), **recurring earnings per share amounts to €2.93, up +22.1%** on June 30, 2006 (€2.40).

Net income came in at €465 million, down -41.7% on the year-earlier period due to the provision for the Flat Glass fines indicated above. Based on the average number of shares outstanding at June 30, 2007, (364,639,299 shares), earnings per share amounts to €1.28, a fall of -45.5% on June 30, 2006 (€2.35).

\* Based on average exchange rates for first-half 2006

**Cash flow from operations** stands at €1,932 million, up +17.6% on first-half 2006. Excluding the tax impact of capital gains and losses and asset write-downs, cash flow from operations advanced 12.6% to €1,883 million, versus €1,672 million for first-half 2006.

**Capital expenditure** edged up +1.4% to €822 million, as against €811 million in the six months to June 30, 2006, representing 3.8% of first-half 2007 sales versus 3.9% of sales for first-half 2006. Strong growth-driven capital spending in Construction Products and Flat Glass businesses continued apace, accounting for just over 50% of total capital expenditure. By geographic area, emerging countries and Asia continue to account for a significant part of growth initiatives and represent around 30% of total Group capital spending, double the contribution of these businesses to sales.

**Investments in securities** totaled €432 million in first-half 2007, including €285 million relating to the Building Distribution sector, where 34 acquisitions brought in €560 million in full-year sales, and €72 million relating to the Construction Products sector.

**Net debt** stands at €12,007 million at June 30, 2007, an increase of 3.5% on end-2006 (€11,599 million) and a fall of 12.6% compared with the same year-ago period. Net debt represents 80% of consolidated shareholders' equity, compared with 107% at end-June 2006.

\* \* \*

### Update on asbestos claims in the United States

Some 4,000 claims were filed against CertainTeed in the first six months of 2007 (around 7,000 claims over the last 12 months), broadly in line with the number of new claims recorded in 2006. Around 5,000 claims were settled over the period, bringing the number of outstanding claims at June 30, 2007 to 75,000, versus 76,000 at December 31, 2006. Total damages paid over the last 12 months totaled USD 78 million at end-June 2007, compared to USD 83 million at December 31, 2006.

\* \* \*

### 2007 outlook and targets

The Group expects its markets in Europe, Asia and emerging countries to remain robust in the second half of the year. Despite the fact that no swift turnaround seems likely in the US construction market, the global trading environment should remain largely favorable. Accordingly, the Group is **raising its targets for 2007:**

- Double-digit growth in **operating income** at constant exchange rates (*average exchange rates for 2006*)
- **Growth in recurring net income of at least +20%** - *excluding capital gains and losses and the Flat Glass fines (European Commission).*

These objectives take into account the sale of Desjonquères at March 31, 2007 and of the Reinforcements and Composites business in second-half 2007.

\* \* \*

## Strategy

Following the sale of its plastics packaging business (Calmar) in 2006 and its glass flasks business (Desjonquères) in the first six months of 2007, the Group has recently announced its intention to sell its Reinforcements and Composites business before the end of the year (2006 sales of €715 million, representing around 60% of total sales for the Reinforcements business) to Owens Corning. The Wichita Falls plant, which delivered sales of around €180 million for the Reinforcements and Composites business in 2006) will be the subject of a separate sale agreement.

The Group intends to press ahead with its strategy by carrying out acquisitions in the construction, energy and environment markets, by pursuing its R&D and innovation initiatives, and stepping up its geographic expansion efforts in emerging countries.

The Group believes it is ideally placed to meet its ambition of worldwide leadership in the construction markets, offering innovative solutions that address the fundamental global concerns of growth, energy and the environment.

This clear market strategy will also allow Saint-Gobain to leverage growth synergies in a more integrated Group and unlock significant cost savings of **around €300 million in 2010**.

By 2010, the Group expects its growth and profitability momentum to gather pace, with **5% annual growth in sales (excluding acquisitions and currency impacts) and double-digit annual growth in earnings per share**. The Group has lifted its targets as from 2010 and is tabling ROI of between 22%-25% (versus 20% previously) and ROCE of between 13%-14% (versus 12% previously).

\* \* \*

## Forthcoming results announcements

Sales for the first nine months of 2007: October 23, 2007, after close of trading on the Paris Bourse.

\* \* \*

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## Appendix 1 : Results by Business Sector and geographic area

<b>I. SALES</b>	<b>H1 2006 (in EUR m)</b>	<b>H1 2007 (in EUR m)</b>	<b>Change on an actual structure basis</b>	<b>Change on a comparable structure basis</b>	<b>Change on a comparable structure and currency basis</b>
<b><u>By sector and division:</u></b>					
<b>Flat Glass</b>	<b>2,498</b>	<b>2,797</b>	<b>+12.0%</b>	<b>+12.0%</b>	<b>+12.9%</b>
<b>High Performance Materials (1)</b>	<b>2,544</b>	<b>2,486</b>	<b>-2.3%</b>	<b>-1.5%</b>	<b>+2.4%</b>
Ceramics & Plastics and Abrasives	1,833	1,825	-0.4%	+0.8%	+5.1%
Reinforcements	718	667	-7.1%	-7.6%	-4.5%
<b>Construction Products (1)</b>	<b>5,460</b>	<b>5,644</b>	<b>+3.4%</b>	<b>+1.9%</b>	<b>+4.1%</b>
Interior Solutions (2)	3,183	3,393	+6.6%	+4.8%	+6.6%
Exterior Solutions (2)	2,288	2,267	-0.9%	-2.0%	+0.8%
<b>Building Distribution</b>	<b>8,401</b>	<b>9,522</b>	<b>+13.3%</b>	<b>+8.8%</b>	<b>+8.7%</b>
<b>Packaging</b>	<b>2,129</b>	<b>1,871</b>	<b>-12.1%</b>	<b>+3.6%</b>	<b>+6.5%</b>
<i>Internal sales and misc.</i>	<i>(481)</i>	<i>(541)</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>GROUP TOTAL</b>	<b>20,551</b>	<b>21,779</b>	<b>+6.0%</b>	<b>+5.5%</b>	<b>+6.9%</b>

<b><u>By geographic area :</u></b>					
France	6,357	6,706	+5.5%	+6.5%	+6.5%
Other Western European countries	8,887	9,920	+11.6%	+9.5%	+9.2%
North America	3,634	2,981	-18.0%	-14.2%	-7.2%
Emerging countries and Asia	2,762	3,289	+19.1%	+16.5%	+19.0%
<i>Internal sales</i>	<i>(1,089)</i>	<i>(1117)</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>GROUP TOTAL</b>	<b>20,551</b>	<b>21,779</b>	<b>+6.0%</b>	<b>+5.5%</b>	<b>+6.9%</b>

(1) including intra-sector eliminations

(2) See Appendix 3 for details

<b>II. OPERATING INCOME</b>	<b>H1 2006 (in EUR m)</b>	<b>H1 2007 (in EUR m)</b>	<b>Change on an actual structure basis</b>	<b>H1 2006 (in % of sales)</b>	<b>H1 2007 (in % of sales)</b>
<b><u>By sector and division:</u></b>					
<b>Flat Glass</b>	<b>228</b>	<b>366</b>	<b>+60.5%</b>	<b>9.1%</b>	<b>13.1%</b>
<b>High Performance Materials</b>	<b>276</b>	<b>300</b>	<b>+8.7%</b>	<b>10.8%</b>	<b>12.1%</b>
Ceramics & Plastics and Abrasives	253	255	+0.8%	13.8%	14.0%
Reinforcements	23	45	n.m.	3.2%	6.7%
<b>Construction Products</b>	<b>704</b>	<b>739</b>	<b>+5.0%</b>	<b>12.9%</b>	<b>13.1%</b>
Interior Solutions (*)	503	541	+7.6%	15.8%	15.9%

Exterior Solutions (*)	201	198	-1.5%	8.8%	8.7%
<b>Building Distribution</b>	<b>418</b>	<b>494</b>	<b>+18.2%</b>	<b>5.0%</b>	<b>5.2%</b>
<b>Packaging</b>	<b>205</b>	<b>212</b>	<b>+3.4%</b>	<b>9.6%</b>	<b>11.3%</b>
Miscellaneous	(16)	(18)	n.m.	n.m.	n.m.
<b>GROUP TOTAL</b>	<b>1,815</b>	<b>2,093</b>	<b>+15.3%</b>	<b>8.8%</b>	<b>9.6%</b>

<b><u>By geographic area :</u></b>					
France	491	565	+15.1%	+7.7%	+8.4%
Other Western European countries	695	926	+33.2%	+7.8%	+9.3%
North America	407	234	-42.5%	+11.2%	+7.8%
Emerging countries and Asia	222	368	+65.8%	+8.0%	+11.2%
<b>GROUP TOTAL</b>	<b>1,815</b>	<b>2,093</b>	<b>+15.3%</b>	<b>+8.8%</b>	<b>+9.6%</b>

(\*) See Appendix 3 for details

<b>III. BUSINESS INCOME</b>	<b>H1 2006 (in EUR m)</b>	<b>H1 2007 (in EUR m)</b>	<b>Change on an actual structure basis</b>	<b>H1 2006 (in % of sales)</b>	<b>H1 2007 (in % of sales)</b>
<b><u>By sector and division:</u></b>					
<b>Flat Glass</b>	<b>216</b>	<b>(328) (a)</b>	<b>n.m.</b>	<b>8.6%</b>	<b>-11.7%</b>
<b>High Performance Materials</b>	<b>232</b>	<b>43</b>	<b>-81.5%</b>	<b>9.1%</b>	<b>1.7%</b>
Ceramics & Plastics and Abrasives	220	233	+5.9%	12.0%	12.8%
Reinforcements	12	(190) (b)	n.m.	1.7%	n.m.
<b>Construction Products</b>	<b>664</b>	<b>727</b>	<b>+9.5%</b>	<b>12.2%</b>	<b>12.9%</b>
Interior Solutions (*)	498	540	+8.4%	15.6%	15.9%
Exterior Solutions (*)	166	187	+12.7%	7.3%	8.2%
<b>Building Distribution</b>	<b>411</b>	<b>494</b>	<b>+20.2%</b>	<b>4.9%</b>	<b>5.2%</b>
<b>Packaging</b>	<b>229</b>	<b>462 (c)</b>	<b>n.m.</b>	<b>10.8%</b>	<b>n.m.</b>
Miscellaneous	(81) (d)	(77) (d)	n.m.	n.m.	n.m.
<b>GROUP TOTAL</b>	<b>1,671</b>	<b>1,321</b>	<b>-20.9%</b>	<b>8.1%</b>	<b>6.1%</b>

(a) after a provision of €650m for the flat glass fines (European Commission)

(b) after €190 m of asset write-downs related to the disposal of the Reinforcements & Composites businesses

(c) after €253m of capital gains following the disposal of Desjonquères

(d) after asbestos-related charge (before tax) of € 47.5m in H1 2007 versus €50m in H1 2006

(\*) See Appendix 3 for details

<b><u>By geographic area :</u></b>					
France	442	(36) (a)	-108.1%	7.0%	-0.5%
Other Western European countries	737	928	+25.9%	8.3%	9.4%
North America	277	160 (b)	-42.2%	7.6%	5.4%
Emerging countries and Asia	215	269	+25.1%	7.8%	8.2%
<b>GROUP TOTAL</b>	<b>1,671</b>	<b>1,321</b>	<b>-20.9%</b>	<b>8.1%</b>	<b>6.1%</b>

(a) after a provision of €650m for the flat glass fines (European Commission)

(b) after asbestos-related charge (before tax) of € 47.5m in H1 2007 versus €50m in H1 2006

<b>IV. CASH FLOW</b>	<b>H1 2006 (in EUR m)</b>	<b>H1 2007 (in EUR m)</b>	<b>Change on an actual structure basis</b>	<b>H1 2006 (in % of sales)</b>	<b>H1 2007 (in % of sales)</b>
<b><u>By sector and division:</u></b>					
-					

<b>Flat Glass</b>	<b>261</b>	<b>347</b>	<b>+33.0%</b>	<b>10.4%</b>	<b>12.4%</b>
<b>High Performance Materials</b>	<b>211</b>	<b>304</b>	<b>+44.1%</b>	<b>8.3%</b>	<b>12.2%</b>
Ceramics & Plastics and Abrasives	167	207	+24.0%	9.1%	11.3%
Reinforcements	44	97	+120.5%	6.1%	14.5%
<b>Construction Products</b>	<b>552</b>	<b>577</b>	<b>+4.5%</b>	<b>10.1%</b>	<b>10.2%</b>
Interior Solutions (*)	369	392	+6.2%	11.6%	11.6%
Exterior Solutions (*)	183	185	+1.1%	8.0%	8.2%
<b>Building Distribution</b>	<b>310</b>	<b>380</b>	<b>+22.6%</b>	<b>3.7%</b>	<b>4.0%</b>
<b>Packaging</b>	<b>225</b>	<b>211</b>	<b>-6.2%</b>	<b>10.6%</b>	<b>11.3%</b>
Miscellaneous	84(a)	113	n.m.	n.m.	n.m.
<b>GROUP TOTAL</b>	<b>1,643</b>	<b>1,932</b>	<b>+17.6%</b>	<b>8.0%</b>	<b>8.9%</b>

<b><u>By geographic area :</u></b>					
France	414	494	+19.3%	6.5%	7.4%
Other Western European countries	658	852	+29.5%	7.4%	8.6%
North America	304	224 (a)	-26.3%	8.4%	7.5%
Emerging countries and Asia	267	362	+35.6%	9.7%	11.0%
<b>GROUP TOTAL</b>	<b>1,643</b>	<b>1,932</b>	<b>+17.6%</b>	<b>8.0%</b>	<b>8.9%</b>

(a) after asbestos-related charge (after tax) of € 29m in H1 2007 versus € 33m in H1 2006

(\*) See Appendix 3 for details

<b>V. CAPITAL EXPENDITURE</b>	<b>H1 2006 (in EUR m)</b>	<b>H1 2007 (in EUR m)</b>	<b>Change on an actual structure basis</b>	<b>H1 2006 (in % of sales)</b>	<b>H1 2007 (in % of sales)</b>
<b><u>By sector and division:</u></b>					
- <b>Flat Glass</b>	<b>166</b>	<b>166</b>	<b>+0.0%</b>	<b>6.6%</b>	<b>5.9%</b>
<b>High Performance Materials</b>	<b>76</b>	<b>73</b>	<b>-3.9%</b>	<b>3.0%</b>	<b>2.9%</b>
Ceramics & Plastics and Abrasives	61	57	-6.6%	3.3%	3.1%
Reinforcements	15	16	+6.7%	2.1%	2.4%
<b>Construction Products</b>	<b>306</b>	<b>301</b>	<b>-1.6%</b>	<b>5.6%</b>	<b>5.3%</b>
Interior Solutions (*)	250	230	-8.0%	7.9%	6.8%
Exterior Solutions (*)	56	71	+26.8%	2.4%	3.1%
<b>Building Distribution</b>	<b>134</b>	<b>147</b>	<b>+9.7%</b>	<b>1.6%</b>	<b>1.5%</b>
<b>Packaging</b>	<b>119</b>	<b>125</b>	<b>+5.0%</b>	<b>5.6%</b>	<b>6.7%</b>
Miscellaneous	10	10	n.m.	n.m.	n.m.
<b>GROUP TOTAL</b>	<b>811</b>	<b>822</b>	<b>+1.4%</b>	<b>3.9%</b>	<b>3.8%</b>

<b><u>By geographic area :</u></b>					
France	147	167	+13.6%	2.3%	2.5%
Other Western European countries	310	259	-16.5%	3.5%	2.6%
North America	113	161	+42.5%	3.1%	5.4%
Emerging countries and Asia	241	235	-2.5%	8.7%	7.1%
<b>GROUP TOTAL</b>	<b>811</b>	<b>822</b>	<b>+1.4%</b>	<b>3.9%</b>	<b>3.8%</b>

(\*) See Appendix 3 for details

**Appendix 2: Consolidated Balance Sheet**

<i>in EUR millions</i>	<b>June 30, 2007</b>	<b>Dec 31, 2006</b>
<b>Assets</b>		
Goodwill	9,402	9,327
Other intangible assets	3,180	3,202
Property, plant and equipment	12,436	12,769
Investments in associates	114	238
Deferred tax assets	405	348
Other non-current assets	577	390
<b>Non-current assets</b>	<b>26,114</b>	<b>26,274</b>
Inventories	6,079	5,629
Trade accounts receivable	7,381	6,301
Current tax receivable	73	66
Other accounts receivable	1,363	1,390
Assets held for sale	789	548
Cash and cash equivalents	1,203	1,468
<b>Current assets</b>	<b>16,888</b>	<b>15,402</b>
<b>Total assets</b>	<b>43,002</b>	<b>41,676</b>
<b>Liabilities and Shareholders' equity</b>		
Capital stock	1,495	1,474
Additional paid-in capital and legal reserve	3,604	3,315
Retained earnings and net income for the year	9,738	9,562
Cumulative translation adjustments	137	140
Fair value reserves	(7)	(20)
Treasury stock	(215)	(306)
<b>Shareholders' equity</b>	<b>14,752</b>	<b>14,165</b>
Minority interests	290	322
<b>Total equity</b>	<b>15,042</b>	<b>14,487</b>
Long-term debt	9,795	9,877
Provisions for pensions and other employee benefits	1,803	2,203
Deferred tax liabilities	1,401	1,222
Provisions for other liabilities and charges	1,496	936
<b>Non-current liabilities</b>	<b>14,495</b>	<b>14,238</b>
Current portion of long-term debt	637	993
Current portion of provisions for other liabilities and charges	473	467
Trade accounts payable	5,824	5,519
Current tax liabilities	275	190
Other accounts payable	3,200	3,336
Liabilities held for sale (*)	278	249
Short-term debt and bank overdrafts	2,778	2,197
<b>Current liabilities</b>	<b>13,465</b>	<b>12,951</b>

<b>Total equity and liabilities</b>	<b>43,002</b>	<b>41,676</b>
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*(\*) Reinforcement and Composites and Flasks Businesses*

### Appendix 3 : Construction Products sector - details

The activities of the Construction Products sector are henceforth presented in two sub-groups: Interior Solutions, (Insulation and Gypsum), and Exterior Solutions, (Building Materials and Pipe).

<b>I. SALES</b>	<b>H1 2006 (in EURm)</b>	<b>H1 2007 (in EURm)</b>	<b>Change on an actual structure basis</b>	<b>Change on a comparable structure basis</b>	<b>Change on a comparables structure and currency basis</b>
<b>Interior Solutions</b>	<b>3,183</b>	<b>3,393</b>	<b>6.6%</b>	<b>4.9%</b>	<b>6.6%</b>
Insulation	1,224	1,399	14.3%	6.1%	7.8%
Gypsum	1,964	2,004	2.1%	4.4%	6.1%
<i>internal sales</i>	-5	-10	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>Exterior Solutions</b>	<b>2,288</b>	<b>2,267</b>	<b>-0.9%</b>	<b>-2.0%</b>	<b>0.8%</b>
Building Materials	1,383	1,313	-5.1%	-5.6%	-1.4%
Pipe	905	954	5.4%	3.5%	4.0%
<i>internal sales</i>	-	-	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Eliminations	(11)	(16)	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>Construction Products sector</b>	<b>5,460</b>	<b>5,644</b>	<b>3.4%</b>	<b>2.0%</b>	<b>4.1%</b>

<b>II. OPERATING INCOME</b>	<b>H1 2006 (in EURm)</b>	<b>H1 2007 (in EURm)</b>	<b>Change on an actual structure basis</b>	<b>H1 2006 (as % of sales)</b>	<b>H1 2007 (as % of sales)</b>
<b>Interior Solutions</b>	<b>503</b>	<b>541</b>	<b>7.6%</b>	<b>15.8%</b>	<b>15.9%</b>
Insulation	169	228	34.9%	13.8%	16.3%
Gypsum	334	313	-6.3%	17.0%	15.6%
<b>Exterior Solutions</b>	<b>201</b>	<b>198</b>	<b>-1.5%</b>	<b>8.8%</b>	<b>8.7%</b>
Building Materials	120	99	-17.5%	8.7%	7.5%
Pipe	81	99	21.6%	9.0%	10.4%
<b>Construction Products sector</b>	<b>704</b>	<b>739</b>	<b>5.0%</b>	<b>12.9%</b>	<b>13.1%</b>

<b>III. BUSINESS INCOME</b>	<b>H1 2006 (in EURm)</b>	<b>H1 2007 (in EURm)</b>	<b>Change on an actual structure basis</b>	<b>H1 2006 (as % of sales)</b>	<b>H1 2007 (as % of sales)</b>
<b>Interior Solutions</b>	<b>498</b>	<b>540</b>	<b>8.4%</b>	<b>15.6%</b>	<b>15.9%</b>
Insulation	165	226	37.0%	13.5%	16.2%
Gypsum	333	314	-5.7%	17.0%	15.7%
<b>Exterior Solutions</b>	<b>166</b>	<b>187</b>	<b>12.7%</b>	<b>7.3%</b>	<b>8.2%</b>
Building Materials	106	95	-10.4%	7.7%	7.2%
Pipe	60	92	53.3%	6.6%	9.6%
<b>Construction Products sector</b>	<b>664</b>	<b>727</b>	<b>9.5%</b>	<b>12.2%</b>	<b>12.9%</b>

<b>IV. CASH FLOW</b>	<b>H1 2006 (in EURm)</b>	<b>H1 2007 (in EURm)</b>	<b>Change on an actual structure basis</b>	<b>H1 2006 (as % of sales)</b>	<b>H1 2007 (as % of sales)</b>
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<b>Interior Solutions</b>	<b>369</b>	<b>392</b>	<b>6.2%</b>	<b>11.6%</b>	<b>11.6%</b>
Insulation	168	231	37.5%	13.7%	16.5%
Gypsum	201	161	-19.9%	10.2%	8.0%
<b>Exterior Solutions</b>	<b>183</b>	<b>185</b>	<b>1.1%</b>	<b>8.0%</b>	<b>8.2%</b>
Building Materials	111	100	-9.9%	8.0%	7.6%
Pipe	72	85	18.1%	8.0%	8.9%
<b>Construction Products sector</b>	<b>552</b>	<b>577</b>	<b>4.5%</b>	<b>10.1%</b>	<b>10.2%</b>

<b>V. CAPITAL EXPENDITURE</b>	<b>H1 2006 (in EURm)</b>	<b>H1 2007 (in EURm)</b>	<b>Change on an actual structure basis</b>	<b>H1 2006 (as % of sales)</b>	<b>H1 2007 (as % of sales)</b>
<b>Interior Solutions</b>	<b>250</b>	<b>230</b>	<b>-8.0%</b>	<b>7.9%</b>	<b>6.8%</b>
Insulation	43	65	51.2%	3.5%	4.6%
Gypsum	207	165	-20.3%	10.5%	8.2%
<b>Exterior Solutions</b>	<b>56</b>	<b>71</b>	<b>26.8%</b>	<b>2.4%</b>	<b>3.1%</b>
Building Materials	39	52	33.3%	2.8%	4.0%
Pipe	17	19	11.8%	1.9%	2.0%
<b>Construction Products sector</b>	<b>306</b>	<b>301</b>	<b>-1.6%</b>	<b>5.6%</b>	<b>5.3%</b>

## Appendix 4 : Interior Solutions and Exterior Solutions

The activities of the Construction Products sector are henceforth presented in two sub-groups: Interior Solutions, (Insulation and Gypsum), and Exterior Solutions, (Building Materials and Pipe).

<b><u>I. SALES</u></b> <b>(in EUR m)</b>	<b>First nine months of 2006</b>	<b>Full-Year 2006</b>	<b>Q1 2007</b>	<b>H1 2007</b>
Interior Solutions	4,795	6,424	1,680	3,393
Exterior Solutions	3,420	4,476	1,047	2,267
<i>Internal sales</i>	<i>(17)</i>	<i>(24)</i>	<i>(7)</i>	<i>(16)</i>
<b>Construction Products sector</b>	<b>8,198</b>	<b>10,876</b>	<b>2,720</b>	<b>5,644</b>

<b><u>II. OPERATING INCOME</u></b> <b>(in EUR m)</b>	<b>First nine months of 2006</b>	<b>Full-Year 2006</b>	<b>Q1 2007</b>	<b>H1 2007</b>
Interior Solutions		1,028		541
Exterior Solutions		348		198
<b>Construction Products sector</b>		<b>1,376</b>		<b>739</b>

<b><u>III. BUSINESS INCOME</u></b> <b>(in EUR m)</b>	<b>First nine months of 2006</b>	<b>Full-Year 2006</b>	<b>Q1 2007</b>	<b>H1 2007</b>
Interior Solutions		989		540
Exterior Solutions		240		187
<b>Construction Products sector</b>		<b>1,229</b>		<b>727</b>

<b><u>IV. CASH FLOW</u></b> <b>(in EUR m)</b>	<b>First nine months of 2006</b>	<b>Full-Year 2006</b>	<b>Q1 2007</b>	<b>H1 2007</b>
Interior Solutions		726		392
Exterior Solutions		322		185
<b>Construction Products sector</b>		<b>1,048</b>		<b>577</b>

<b><u>V. CAPITAL EXPENDITURE</u></b> <b>(in EUR m)</b>	<b>First nine months of 2006</b>	<b>Full-Year 2006</b>	<b>Q1 2007</b>	<b>H1 2007</b>
Interior Solutions		632		230
Exterior Solutions		212		71
<b>Construction Products sector</b>		<b>844</b>		<b>301</b>