



HALF-YEAR REPORT 2009



ERAMET

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**I- DECLARATION BY THE PERSONS RESPONSIBLE FOR
THE ERAMET INTERIM FINANCIAL REPORT AS OF
JUNE 30, 2009**

We declare that, to the best of our knowledge, the condensed interim consolidated financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all the companies within the scope of consolidation and that the accompanying interim business report presents a true and fair view of the highlights of the first six months of the year and their impact on the condensed interim consolidated financial statements, the main related party transactions and a description of the main risks and uncertainties for the remaining six months of the year.

Paris, July 29, 2009

Chairman and Chief Executive Officer

Chief Financial Officer

Patrick Buffet

Jean-Didier Dujardin

II- 2009 INTERIM BUSINESS REPORT

1 FOREWORD

Readers are invited to read this report on the Company's financial position and operational performance together with the Company's consolidated financial statements, the notes to the condensed interim consolidated financial statements for the period ended June 30, 2009 and the other financial information in the 2008 Reference Document filed with the AMF on April 10, 2009. The Company's interim financial statements were prepared in line with IAS 34 (Interim Financial Reporting). The information in this report also contains forward-looking statements based on estimates regarding the Company's future business activities and may differ materially from actual results.

2 GENERAL PRESENTATION

Eramet is a mining and metallurgical Group that bases its operations and business development on a sustainable, profitable and balanced growth strategy.

Eramet has been expanding for some 15 years, multiplying in size and establishing a foothold on five continents so as to better serve its markets. Having developed singular expertise in geology, metallurgy, hydrometallurgy, pyrometallurgy and in the design of high-performance steel grades, Eramet is now a global leader in non-ferrous metal and alloy production and conversion. In 2008, the Group's three divisions – Eramet Nickel, Eramet Manganese and Eramet Alloys – generated sales of €4,346 million, over 80% of which came from outside France, and posted a current operating profit of €1,321 million. As of June 30, 2009, the Group's sales amounted to €1,292 million and its current operating loss was €223 million.

3 HIGHLIGHTS

➤ **New Caledonia: Partnership with Southern Province to develop Prony and Creek Pernod nickel deposits**

January 20th, 2009. Société Le Nickel (SLN), a 56%-held subsidiary of the ERAMET Group, and the Southern Province of New Caledonia signed an exploration agreement with a view to the long-term development of the Prony and Creek Pernod deposits located in the south of New Caledonia, which form one of the world's largest nickel oxide resources. The prior exploration phase on the two deposits should take place over a maximum of nine years. It should be noted that the Vale Inco Group has filed proceedings with Nouméa administrative court against this decision by the Southern Province of New Caledonia.

➤ **Weda Bay Project: Partnership with Mitsubishi Corporation**

February 19th, 2009. ERAMET announced an agreement for the transfer to Mitsubishi Corporation of 33.4% of Strand Minerals (Indonesia) Pte Ltd., which holds 90% of PT Weda Bay Nickel, with the remaining 10% held by the Indonesian partner Antam. PT Weda Bay Nickel is the project and exploration company created to develop the nickel and cobalt project at Weda Bay on Halmahera Island, Indonesia.

Mitsubishi Corporation paid ERAMET US\$ 145 million with respect to this transaction.

ERAMET and Mitsubishi Corporation, which have a closely matching skill set, have joined forces to complete the studies needed to make the final decision on project development at a later stage.

➤ **Lithium: Partnership with the Bolloré group**

February 19th, 2009. As part of its development on markets for new, high-potential metals, ERAMET announced that it had entered into a partnership with the Bolloré group. The agreement covers the mining and conversion of lithium for the production of rechargeable electric batteries for motor vehicles.

➤ **Tinfos: ERAMET raises its stake in ERALLOYS to 100%**

March 12th, 2009. ERAMET announced a new agreement enabling it to increase its interest in ERALLOYS (which groups together the activities of the former company Tinfos, except for the Notodden electricity plant) from 56 to 94.3% while reducing its stake in Notodden from 56 to 34%. This transaction was completed on May 14th, 2009 through a share swap.

June 2nd, 2009. Launch of a procedure to buy out the remaining minority interests, making ERALLOYS a wholly-owned subsidiary of ERAMET.

The implementation of synergies, particularly in manganese alloys, continues satisfactorily.

➤ **COMILOG: First stone laid for Moanda Metallurgical Complex**

April 7th, 2009. The first stone of the future Metallurgical Complex for COMILOG, a 67% ERAMET subsidiary located in Moanda (Gabon), was laid. The project consists of a silico-manganese plant with 65,000 tons annual capacity and a 20,000-ton per year manganese metal facility. It will benefit from the Gabonese government's development of a new hydroelectric power station as part of the development of the national electricity grid. Capital expenditure for Moanda Metallurgical Complex will total €200 million and be spread over the 2009–2013 period, if the conditions required to carry out this major project are met beforehand.

➤ **UKAD: Integrated titanium source created**

April 10th, 2009. ERAMET Alloys announced the choice of the Saint-Georges de Mons site in Auvergne, France for its future titanium ingot conversion activity. This will be created with its partner, the Kazakh company UKTMP, one of the world's largest producers of titanium sponge. 50% of the approximately 50 M€ capital expenditure will be committed by ERAMET Alloys from 2009 to 2011. The project will enable the partners to strengthen their role as a strategic supplier of titanium to the aerospace industry. Requirements for the main capital items have been finalised, with orders to be placed by the end of 2009 for industrial commissioning at the end of 2011.

4 2009 INTERIM RESULTS

4.1 Income statement

(millions of euros)	06/30/2009	06/30/2008	12/31/2008
Sales	1,292	2,321	4,346
Current operating profit	(223)	769	1,321
Profit for period attributable to equity holders of the parent	(213)	421	694
Basic earnings per share	(€8.23)	€16.44	€27.03

4.1.1 Turnover

The economic crisis affected our three divisions severely in the 1st half of 2009. Nickel and manganese prices, in particular, decreased sharply while volumes fell because of lower demand and inventory reduction, compared with the 1st half of 2008, an historically high period for our main markets.

ERAMET's turnover for the 1st half of 2009, at 1292 M€, was down 44% from the same period in 2008 and down 36% from the 2nd half of 2008.

- **Eramet Nickel**

ERAMET Nickel's turnover fell 44% in the 1st half of 2009 compared with the 1st half of 2008 to 310 M€. In the 1st half of 2009, the nickel prices on the LME averaged 5.31 USD/lb. compared with 12.39 USD/lb. on average for the 1st half of 2008.

Moreover, during the first half of 2009, Eramet exercised 2,200 tons of tunnel put options on nickel at 22,900 USD/ton (10.4 USD/lb.), net of premiums.

Despite an improvement compared with the 4th quarter of 2008, particularly in China and some neighbouring countries, global output of stainless steel decreased by approximately 30% in the 1st half of 2009 compared with the same period in 2008. Despite the major restrictions implemented by nickel producers, including the closure of some sites, the global market remained in surplus for the 1st half of 2009. LME nickel inventory remained very high (approx. 110,000 tons as at the end of 1st half 2009).

The Doniambo (New Caledonia) plant's metallurgical output was deliberately limited to around 50,000 tons on an annual basis in the 1st half of 2009, i.e. approximately 80% of production capacity (a comparable rate to the industry average). Surplus inventory at Doniambo was reduced by the end of the period.

- **Eramet Manganese**

ERAMET Manganese's turnover, at 565 M€, was down 52% from both the 1st half of 2008 and the 2nd half of 2008.

Manganese demand was heavily impacted in the 1st half of 2009. The effect of the 22% decrease in world steel production in the 1st half of 2009 compared with the same period in 2008 was amplified by reductions in manganese ore and alloys inventory. However, a partial improvement in demand was observed at the end of the period, mainly in China, which could be explained by movements affecting inventory.

Manganese alloy shipments by ERAMET Manganese decreased 17% in the 1st half of 2009 compared with the same period in 2008, totalling 304,000 tons despite the contribution of Tinfos. Manganese alloy production was reduced to 243,000 tons in the 1st half of 2009, i.e. approximately 50% of capacity, in order to help reduce the inventory built up in the 2nd half of 2008. This includes a slight increase in the 2nd quarter to 135,000 tons in response to improved demand. Manganese alloys prices fell during the 1st half by over 40% on average from the 1st half of 2008, causing margins to shrink significantly.

Manganese ore and sinter production at Comilog (Gabon) was 62% down in the 1st half of 2009 compared with the same period in 2008, totalling 653,000 tons because of weak demand and the need to reduce inventory. External shipments of manganese ore and sinter decreased 46% in the 1st half of 2009 compared with the 1st half of 2008, despite an improvement in volumes in the 2nd quarter. Chinese imports of manganese ore increased substantially during the quarter, returning to 1st half 2008 levels. However, manganese ore prices decreased by

60% on average during the 1st half of 2009 compared with the 1st half of 2008, ending the period at around 3.5 USD/dmtu CIF on the Chinese market.

The turnover and profitability of the catalyst recycling activity were affected by a drop in molybdenum and vanadium prices, while manganese chemistry held out better, particularly electrolytic manganese dioxide for alkaline batteries in the United States. The chemicals/recycling business unit posted slightly positive income.

- **Eramet Alloys**

ERAMET Alloy's turnover fell 29% to 420 M€ in the 1st half of 2009 compared with the same period in 2008 and 18% compared with the 2nd half of 2008. Except for the energy sector, which remained stable, all business sectors slumped, particularly aerospace (-25%) and tooling (-57%). New orders fell sharply in the 1st half. The aerospace activity was affected by the slowdown in aircraft production (A320 and A380) and the postponement of some programmes (A400M, B787, etc.).

In response to lower demand, production stoppages were carried out. The especially sharp fall in high speed steels and the revised, more negative outlook for the activity led the Group to write down 48 M€ in asset depreciation.

4.1.2 Current operating profit

The Eramet Group's current operating loss was €223 million in the first half of 2009, €992 million down on the €769 million current operating profit in the first half of 2008.

Eramet Nickel: Eramet Nickel posted a current operating loss of €89 million in the first half of 2009, primarily due to the sharp fall in demand and in nickel prices.

Eramet Manganese: Against a background of very depressed manganese prices and sales volumes, the current operating loss at Eramet Manganese was €94 million in the first half of 2009.

Eramet Alloys: The current operating loss at Eramet Alloys was €26 million in the first half of 2009, due to the fall-off in the high-speed steel and tooling businesses.

4.1.3 Profit (loss) for period attributable to equity holders of the parent

The loss for the period attributable to equity holders of the parent was €213 million in the first half of 2009 compared to a profit of €421 million in the first half of 2008. It included the following items:

- ✓ A **net borrowing cost** of €11 million in the first half of 2009 compared to €14 million in the first half of 2008.
- ✓ **Other finance income and expenses:** (€6) million compared to €7 million in the first half of 2008 primarily due to the impact of the ineligibility of currency hedges, which resulted in a €9 million expense being recognised.

- ✓ **Income tax** resulting in a tax credit of €46 million compared to (€245) million in the first half of 2008. The sharp decline was primarily due to the substantial fall in earnings. The effective tax rate fell to -16% compared to 31% in the first half of 2008, mainly on the back of tax losses and unrecognised timing differences.
- ✓ **Non-controlling interests** fell sharply in the first half of 2009 [(€18) million compared to €124 million in the first half of 2008], reflecting the sharp decline in profit across all businesses.

4.1.4 Basic earnings per share

Earnings per share fell 150% to (€8.23) compared to €16.44 in the first half of 2008. The average number of shares outstanding in the first half of 2008 was 25,896,046 versus 25,574,577 in the first half of 2008. The notable increase in the average number of shares was primarily due to the impact of 387,488 shares issued in May 2009 as part of the second step of the acquisition of the Norwegian company Eralloys Holding A/S.

4.2 Statement of net cash flows or (net debt)

The following table summarises the statement of net cash flows or (net debt) for the periods ended June 30, 2009 and June 30, 2008.

(millions of euros)	<i>Period ended June 30</i>	
	<i>2009</i>	<i>2008</i>
Net cash generated by operating activities	(41)	535
Capital expenditure	(141)	(183)
Payments for financial investments	12	-
Dividends	(156)	(205)
Other	119	4
Decrease (increase) in cash position	(207)	151
Opening cash position	1,133	954
Closing cash position	926	1,105

The net cash position fell to €926 million as of the end of June 2009 compared to €1,133 million as of December 31, 2008.

Net cash generated by operating activities: was down sharply, by €576 million [(€41) million compared to €535 million], with the €799 million fall in cash generated from operations partly offset by a working capital requirement of €223 million.

Capital expenditure: capital expenditure amounted to €141 million, 36% of which at Eramet Nickel, 40% at Eramet Manganese and 23% at Eramet Alloys.

Dividends: dividends paid totalled €156 million, with €136 million going to Eramet shareholders and €20 million to non-controlling interests in consolidated subsidiaries.

4.3 Consolidated balance sheet

The company had consolidated assets of €5,259 million as of June 30, 2009 compared to €5,969 million as of December 31, 2008.

Non-current assets amounted to €2,519 million compared to €2,546 million.

The simplified working capital requirement (inventory plus trade receivables less trade payables) was €1,011 million as of June 30, 2009 compared to €1,216 million as of December 31, 2008.

Consolidated shareholders' equity was down: €3,475 million as of June 30, 2009 compared to €3,732 million as of end 2008. This change was primarily due to profit for period, the positive impact of financial instruments recognised directly in shareholders' equity (€79 million), the capital increase carried out as part of the acquisition of a further interest in Eralloys Holding A/S (€72 million) and the dividends paid out in the first half of 2009 for fiscal year 2008.

5 RISK MANAGEMENT

The Group uses derivatives to control its risk exposure. Responsibility for the management of the main risks was delegated by the Executive Committee to Eramet's Finance Department, which manages them centrally. This management is done directly by Eramet or via ad hoc entities such as Metal Currencies specifically created to manage the Group's exchange risks. The presentation of these risks and their assessment by the Group is set out in the 2008 Reference Document in Note 21 "Risk management and derivatives" to the consolidated financial statements and in Chapter 4 – Risk factors.

The Group's treasury is managed by a wholly owned subsidiary: Metal Securities. As in previous years, cash reserves were very prudently managed in 2009 (61% in monetary UCITS, and 38% in bonds); this enabled Eramet to generate a return of 2.31% in the first half of 2009, namely Eonia/Fed Funds + 1.27%.

The Group did not identify other risk factors during the first half of 2009 or in respect of the upcoming second half.

6 RELATED PARTIES

The main related-party transactions are set out in Note 8 to the condensed interim consolidated financial statements.

7 EVENTS AFTER THE BALANCE SHEET DATE

There are no events to report after the balance sheet date.

8 FINANCIAL STATEMENTS OF ERAMET SA

(millions of euros)	06/30/2009	06/30/2008	12/31/2008
Sales	346	641	1,033
Operating profit (loss)	(18)	17	16
Net finance income	133	193	132
Profit for period	113	206	148

Sales were down 46% due to the sharp fall in nickel prices (LME at \$5.31/lb compared to \$12.39/lb in the first half of 2008).

The operating loss for the period was €18 million compared to a profit of €17 million as of June 30, 2008.

Net finance income was €133 million compared to €19 million, explained by the dividends received from Eramet Manganese (€114.15 million), SMA [Eramet Alloys (€3.2 million)] and interest income on loans to Group subsidiaries.

The profit for period was €113 million compared to €206 million as of June 30, 2008.

9 OUTLOOK FOR THE SECOND HALF OF 2009

The improvement recently observed on some markets, particularly nickel and manganese, seems mainly driven by China and by the combined effects of stimulus plans and inventory movements. Prospects for an upturn in activity outside China are highly uncertain, beyond the two positive but temporary effects mentioned above.

- **ERAMET Nickel**

LME nickel prices continued to rise in July 2009 to more than 7 USD/lb. However, nickel inventory grew substantially in China, while the recent price increases seem to have encouraged production to resume, particularly for nickel pig iron in China.

ERAMET Nickel's production of nickel should stay at the low level of the 2nd quarter of 2009 during the 3rd quarter. As on June 30th, 2009, 8,500 tons of nickel are covered at a minimum price of 14,800 USD/ton (6.71 USD/lb.), net of premiums. Moreover, our coverage and hedging leave us exposed to market prices for 85% of planned billings. For the remaining 15%, call options may be exercised at an average of 16,800 USD/ton (7.62 USD/lb.), net of premiums.

- **ERAMET Manganese**

Since the beginning of the 2nd half, ERAMET Manganese has benefited from a partial improvement in sales volumes and from the stabilising of prices at low levels. Global steel production seems to be gradually improving. In June 2009, it rose 7% from May 2009 but was still 16% down on June 2008. ERAMET Manganese's ore and alloy output will be gradually adjusted to demand while keeping inventories down. In the 3rd quarter of 2009, alloys production will be increased to approximately 65% of capacity, and ore and sinter production to 55% of capacity.

- **ERAMET Alloys:**

Given the trends in orders taken in the 1st half of 2009, activity is likely to be slacker for the 2nd half of 2009 than in the 1st half. Implementation of the ongoing production cost-cutting measures will be continued.

- **ERAMET Group**

Given this outlook, the Group is likely to post a current operating loss for the 2nd half of 2009.

**III- CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AS OF JUNE 30, 2009**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF
JUNE 30, 2009**

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ERAMET

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income

(millions of euros)	Notes	H1 2009	H1 2008	FY 2008
Sales	-	1 292	2 321	4 346
Other income	-	(35)	55	126
Cost of sales	-	(1 274)	(1 422)	(2 768)
Administrative and selling expenses	-	(73)	(61)	(141)
Research and development expenditure	-	(21)	(25)	(58)
EBITDA	-	(111)	868	1 505
Depreciation, amortisation & impairment of non-current assets	-	(103)	(86)	(186)
Impairment charges and provisions	-	(9)	(13)	2
Current operating profit	-	(223)	769	1 321
Other operating income and expenses	5.1	(59)	-	(78)
Operating profit	-	(282)	769	1 243
Net borrowing cost	5.2.1	11	14	34
Other finance income and expenses	5.2.2	(6)	7	(75)
Share of profit of associates	-	-	-	-
Income tax	5.3	46	(245)	(347)
Profit (loss) for period	-	(231)	545	855
- Attributable to non-controlling interests	-	(18)	124	161
- Attributable to equity holders of the parent	-	(213)	421	694
Basic earnings per share (EUR)	5.4	(8,23)	16,44	27,03
Diluted earnings per share (EUR)	5.4	(8,23)	16,38	26,96
Profit (loss) for period	-	(231)	545	855
Translation adjustments for foreign-currency denominated financial statements of subsidiaries	-	65	(25)	(123)
Change in financial instrument revaluation reserve	-	118	105	(109)
Change in fair value of held-for-sale financial assets	-	6	-	(13)
Income tax	5.3	(43)	(36)	46
Other components of comprehensive income	-	146	44	(199)
Total comprehensive income	-	(85)	589	656
- Attributable to non-controlling interests	-	-	141	144
- Attributable to equity holders of the parent	-	(85)	448	512

Statement of financial position

Assets				
(millions of euros)	Notes	06/30/2009	06/30/2008	12/31/2008
Goodwill	-	219	33	263
Intangible assets	6.1	359	307	345
Property, plant and equipment	6.1	1 747	1 575	1 763
Investments in associates	-	7	1	-
Other financial assets	-	127	66	137
Deferred tax	6.6	54	22	32
Other non-current assets	-	6	6	6
Non-current assets	-	2 519	2 010	2 546
Inventories	-	967	997	1 242
Trade receivables and other current assets	-	472	735	597
Current tax receivables	-	18	105	141
Derivatives	6.8	136	162	111
Other current financial assets	6.7	388	374	388
Cash and cash equivalents	6.7	759	904	944
Current assets	-	2 740	3 277	3 423
Total assets	-	5 259	5 287	5 969
Shareholders' equity & liabilities				
(millions of euros)	Notes	06/30/2009	06/30/2008	12/31/2008
Share capital		81	79	80
Share premiums		392	225	345
Revaluation reserve for held-for sale assets		(6)	-	(8)
Hedging instrument revaluation reserve		15	66	(54)
Translation adjustments		(75)	(51)	(132)
Other reserves		2 112	2 174	2 430
Attributable to equity holders of the parent	6.3	2 519	2 493	2 661
Attributable to non-controlling interests	-	956	931	1 071
Shareholders' equity	-	3 475	3 424	3 732
Employee liabilities	6.4	122	112	121
Provisions	6.5	315	252	271
Deferred tax	6.6	242	313	240
Borrowings - long-term portion	6.7	175	65	92
Other non-current liabilities	-	37	25	22
Non-current liabilities		891	767	746
Provisions - short-term portion	6.5	32	30	32
Borrowings - short-term portion	6.7	46	108	107
Trade payables and other current liabilities	-	667	765	907
Current tax liabilities	-	98	183	287
Derivatives	6.8	50	10	158
Current liabilities	-	893	1 096	1 491
Total shareholders' equity and liabilities	-	5 259	5 287	5 969

The Statement of financial position as of June 30, 2008 has been restated to reflect the effects of the changes in presentation described in Note 3.

Statement of cash flows

(millions of euros)	H1 2009	H1 2008	FY 2008
Operating activities			
Profit (loss) for period	(231)	545	855
Elimination of non-cash and non-operating income and expenses:			
- Depreciation, amortisation and provisions	207	89	205
- Financial instruments	(7)	(11)	26
- Deferred tax	(65)	32	15
- Proceeds from asset disposals	(48)	-	9
- Share of profit of associates	-	-	-
Cash generated from operations	(144)	655	1 110
(Increase) / decrease in inventories	303	(96)	(273)
(Increase) / decrease in trade receivables	114	(32)	181
Increase / (decrease) in trade payables	(191)	123	93
Change in other assets and liabilities	(37)	154	321
Interest income	15	21	47
Interest paid	(7)	(5)	(11)
Tax paid	(94)	(285)	(328)
Net change in current operating assets and liabilities	103	(120)	30
Net cash generated by operating activities	(41)	535	1 140
Investing activities			
Payments for non-current assets	(149)	(424)	(678)
Proceeds from non-current asset disposals	1	4	6
Capital grants received	-	-	-
(Proceeds from) / repayment of borrowings	(3)	(6)	(24)
Dividends received from associates	-	1	1
Impact of additions to scope	(1)	(17)	(165)
Impact of removals from scope	(2)	93	-
Net cash used in investing activities	(75)	(425)	(860)
Financing activities			
Dividends paid to Eramet SA shareholders	(136)	(154)	(154)
Dividends paid to non-controlling interests in consolidated companies	(20)	(51)	(51)
Proceeds from share capital increases	1	2	5
Proceeds from and payment for treasury stock	(3)	2	(10)
Proceeds from borrowings	129	56	57
Repayment of borrowings	(93)	(31)	(122)
Net change in current financial assets and liabilities	20	-	-
Net cash used in financing activities	(98)	(176)	(275)
Exchange rate impact	29	8	(23)
Increase (decrease) in cash and cash equivalents	(185)	(58)	(18)
Opening cash and cash equivalents	944	962	962
Closing cash and cash equivalents	759	904	944

The Statement of cash flows as of June 30, 2008 has been restated to reflect the effects of the changes in presentation described in Note 3.

The Eramet Group uses the net cash / debt position concept, presented in Note 6.7, as an internal management and performance indicator:

Net cash (or net debt) position	926	1 105	1 133
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(1) The impact of additions to scope relates to:

(millions of euros)	H1 2009	H1 2008	FY 2008
Consolidation of Eralloys Holding A/S & Tinfos A/S	(21)	-	(155)
- Acquisition cost	(86)	-	(400)
- Cash acquired	(11)	-	131
- Issue of Eramet shares	71	-	114
- Allocation of Eramet shares	5	-	-
- Debt on non-current assets	-	-	-
Consolidation of UKAD	4	-	-
- Acquisition cost	-	-	-
- Cash acquired	4	-	-
Consolidation of Port Minéralier d'Owendo SA	-	-	(10)
- Acquisition cost	-	-	(12)
- Cash acquired	-	-	2
Total	(17)	-	(165)

(2) The impact of removals from scope relates to:

(millions of euros)	H1 2009	H1 2008	FY 2008
Strand Minerals Pte Ltd	93	-	-
Subsidiaries deconsolidated - cash transferred	-	-	-
Total	93	-	-

(3) Changes in treasury stock include:

(millions of euros)	H1 2009	H1 2008	FY 2008
Purchase and sales - liquidity contract	1	2	(10)
Purchase option exercises by employees	-	-	-
Total	1	2	(10)

Statement of changes in equity

(millions of euros)	Number of shares	Share capital	Share premiums	Reserves / held-for-sale assets	Reserves / hedging instruments	Translation adjustments	Other reserves	Attributable to equity holders of the parent	Attributable to non-controlling interests	Total
Shareholders' equity as of January 1, 2008	25 905 621	79	223	-	18	(30)	1 904	2 194	841	3 035
Profit (loss) for period	-	-	-	-	-	-	421	421	124	545
Translation adjustments for foreign-currency denominated financial statements of subsidiaries	-	-	-	-	-	(21)	-	(21)	(4)	(25)
Change in financial instrument revaluation reserve - IAS 39 and IFRS 7	-	-	-	-	48	-	-	48	21	69
Change in fair value of held-for-sale financial assets	-	-	-	-	-	-	-	-	-	-
Other components of comprehensive income	-	-	-	-	48	(21)	-	27	17	44
Total comprehensive income	-	-	-	-	48	(21)	421	448	141	589
Dividends paid - €6.00 share	-	-	-	-	-	-	(154)	(154)	(51)	(205)
Proceeds from share capital increases	46 900	-	2	-	-	-	-	2	-	2
Treasury stock	-	-	-	-	-	-	2	2	-	2
Share-based payment	-	-	-	-	-	-	1	1	-	1
Changes in percentage interests in subsidiaries	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders	-	-	2	-	-	-	(151)	(149)	(51)	(200)
Shareholders' equity as of June 30, 2008	25 952 521	79	225	-	66	(51)	2 174	2 493	931	3 424
Profit (loss) for period	-	-	-	-	-	-	694	694	161	855
Translation adjustments of foreign-currency denominated financial statements of subsidiaries	-	-	-	-	-	(102)	-	(102)	(21)	(123)
Change in financial instrument revaluation reserve - IAS 39 and IFRS 7	-	-	-	-	(72)	-	-	(72)	4	(68)
Change in fair value of held-for-sale financial assets	-	-	-	(8)	-	-	-	(8)	-	(8)
Other components of comprehensive income	-	-	-	(8)	(72)	(102)	-	(182)	(17)	(199)
Total comprehensive income	-	-	-	(8)	(72)	(102)	694	512	144	656
Dividends paid - €6.00 share	-	-	-	-	-	-	(154)	(154)	(51)	(205)
Proceeds from share capital increases	309 610	1	122	-	-	-	(5)	118	1	119
Treasury stock	-	-	-	-	-	-	(10)	(10)	-	(10)
Share-based payment	-	-	-	-	-	-	2	2	-	2
Changes in percentage interests in subsidiaries	-	-	-	-	-	-	-	-	136	136
Other movements	-	-	-	-	-	-	(1)	(1)	-	(1)
Total transactions with shareholders	-	1	122	-	-	-	(168)	(45)	86	41
Shareholders' equity as of December 31, 2008	26 215 231	80	345	(8)	(54)	(132)	2 430	2 661	1 071	3 732
Profit (loss) for period	-	-	-	-	-	-	(213)	(213)	(18)	(231)
Translation adjustments of foreign-currency denominated financial statements of subsidiaries	-	-	-	-	-	57	-	57	8	65
Change in financial instrument revaluation reserve - IAS 39 and IFRS 7	-	-	-	-	69	-	-	69	10	79
Change in fair value of held-for-sale financial assets	-	-	-	2	-	-	-	2	-	2
Other components of comprehensive income	-	-	-	2	69	57	-	128	18	146
Total comprehensive income	-	-	-	2	69	57	(213)	(85)	-	(85)
Dividends paid - €5.25 share	-	-	-	-	-	-	(136)	(136)	(20)	(156)
Proceeds from share capital increases	402 387	1	47	-	-	-	24	72	-	72
Treasury stock	-	-	-	-	-	-	5	5	-	5
Share-based payment	-	-	-	-	-	-	1	1	-	1
Changes in percentage interests in subsidiaries	-	-	-	-	-	-	-	-	(95)	(95)
Other movements	-	-	-	-	-	-	1	1	-	1
Total transactions with shareholders	-	1	47	-	-	-	(105)	(57)	(115)	(172)
Shareholders' equity as of June 30, 2009	26 617 618	81	392	(6)	15	(75)	2 112	2 519	956	3 475

Notes to the financial statements

Eramet is a French public limited company, with a Board of Directors, governed by the provisions of Articles L 225-17 and R.225-1 et seq. of the French Commercial Code and by the provisions of its Articles of Association. As required by law, the Company is audited by two statutory auditors and two alternate auditors.

Via its subsidiaries and investments, the Eramet Group operates in the nickel and manganese mining and production sectors, as well as in the alloys production sector, in which it is amongst the market leaders. A description of the activities of the Eramet Group can be found in Note 3 on segment reporting.

The Eramet Group's condensed interim consolidated financial statements for the first half of 2009 were reviewed by the Audit Committee on July 28, 2009 and approved for publication by the Board of Directors on July 29, 2009.

1 Accounting principles and methods

1.1 General principles and declaration of compliance

Pursuant to European Regulation 1606/2002 of July 19, 2002, the condensed interim consolidated financial statements for the first half of 2009 are presented in millions of euros in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. Since they are condensed financial statements, the condensed interim consolidated financial statements do not contain all of the information and notes required for annual financial statements and in this regard should be read in conjunction with the Eramet Group's annual consolidated financial statements for the year ended December 31, 2008.

The accounting policies used to prepare the condensed interim consolidated financial statements comply with IFRS standards and interpretations as adopted by the European Union as of June 30, 2009.

1.2 IFRS accounting basis applied

The condensed interim consolidated financial statements have been prepared in accordance with the accounting principles and policies applied by the Group in the financial statements for FY 2008, except for:

- employee benefits and income tax, which are subject to special measurement methods; and
- amendments to standards and interpretations taking effect on January 1, 2009.

The application of revised IAS 1 "Presentation of Financial Statements" affects the presentation of the financial statements for all periods presented. The changes involve the following changes in terminology and presentation:

- The balance sheet becomes the "Statement of financial position";
- The income statement has been replaced by the "Statement of comprehensive income", combining profit for the period and other income and expenses recorded directly in shareholders' equity.

IFRS 8 "Operating Segments", which is mandatory for periods beginning on or after January 1, 2009 has no material impact on the consolidated financial statements (see Note 4 – Operating Segments).

The other amendments to standards and interpretations taking effect on January 1, 2009 do not apply to the Group or do not have a material impact on the Group's consolidated financial statements. These are:

- IAS 23 "Borrowing Costs", amended, which requires borrowing costs to be included in the cost price of qualifying assets;
- the amendment to IAS 1 / IAS 32 "Financial Instruments Puttable at Fair Value and Obligations arising on Liquidation";
- IFRS 2 "Share-based payment", amended, relating to vesting conditions and cancellations;
- Amendment to IFRS 7 - Improving Disclosures about Financial Instruments (not yet adopted by the European Union);
- May 2008 IFRS improvements, except for the two amendments to IFRS 5;

- IFRIC 11 / IFRS 2 "Group and Treasury Share Transactions";
- IFRIC 13 "Customer Loyalty Programmes";
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 15 "Agreements for the Construction of Real Estate" (not yet adopted by the European Union);
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation".

The Eramet Group did not opt to apply early the standards and interpretations that were not mandatory as of January 1, 2009, namely:

- IFRS 3 "Business combinations", revised, applicable for periods beginning on or after July 1, 2009;
- IAS 27 "Consolidated and Separate Financial Statements", amended, applicable for periods beginning on or after July 1, 2009;
- IAS 39 "Financial instruments – Eligible Hedged Items", amended, applicable on or after July 1, 2009;
- IFRS 7 "Improving Disclosures about Financial Instruments", amended, applicable on or after January 1, 2009;
- IFRIC 12 "Service Concession Arrangements" applicable for periods beginning on or after March 29, 2009.

The Eramet Group is in the process of evaluating the potential impact on the consolidated financial statements.

The Group's various activities are not subject to significant seasonal fluctuations.

1.3 Use of estimates and judgements

The measurement and assessment of certain assets and liabilities call for the use of judgements and estimates when preparing the consolidated financial statements. The judgements and estimates that are likely to result in a material change in the carrying amount of these assets and liabilities are unchanged from the previous year (2008 Reference Document – Note 1.1.1. Estimates).

The first half of 2009, like FY 2008, was marked by an economic and financial crisis, the length and future impact of which cannot be accurately assessed. This background was factored in when preparing the consolidated financial statements as of June 30, 2009, particularly with regard to the valuation of investments, deposits and financial instruments. On the other hand, where the valuations of asset and liability items are based on a long-term view, such as asset impairment, provisions for site restoration and employee-related liabilities, the assumptions factor in this crisis with a limited duration.

1.4 Specific aspects regarding the preparation of interim financial statements

Employee benefits

Except where there is a specific event during the period, no actuarial valuation is carried out for the purposes of preparing interim financial statements. The post-employment benefit expense for the half-year is half the net expense calculated for FY 2009, based on actuarial assumptions and data used as of December 31, 2008.

Income tax

The current and deferred income tax expense for the period is calculated using the effective tax rate estimated for the current year for each entity and tax sub-group. It is adjusted for transactions specific to the first half.

2 Scope of consolidation

The scope of consolidation in the first half of 2009 changed as follows compared to December 31, 2008:

Disposal of 33.4% of Strand Minerals Pte Ltd

On February 19, 2009, Eramet disposed of a 33.4% interest in Singapore-based Strand Minerals Pte Ltd, which owns 90% of the Indonesian company Pt Weda Bay Nickel, to Mitsubishi Corporation. Strand Minerals Pte Ltd has been fully consolidated in respect of 66.6% since the disposal (Note 7.2.3 – Disposal of 33.4% of Strand Minerals Pte Ltd – Weda Bay project).

Acquisition of remaining interests in Eralloys Holding Company A/S

On May 14, 2009, Eramet announced the completion of the second step of the acquisition of the Norwegian company Eralloys Holding Company A/S, taking its interest to 94.3%. This acquisition was financed through the issue of 387,488 Eramet shares.

On June 2, 2009 and in accordance with Norwegian legislation, Eramet carried out a squeeze-out in respect of the remaining 5.7% in exchange for 24,965 Eramet treasury shares and a cash sum of €10 million.

The provisional goodwill following the completion of this two-step acquisition amounted to €193 million and Eramet's interests in Eralloys Holding Company A/S and TINFOS A/S now respectively stand at 100% and 33.35%.

The accounting treatment for this business combination, determined provisionally in the consolidated financial statements as of December 31, 2008, was changed as of June 30, 2009 and may change again as of December 31, 2009.

The details of this acquisition are presented below:

(millions of euros)	Reminder step one	Step two
Acquisition price (consolidated amount)	400	86
Percentage acquired (% interest)	55.78%	44.22%
Acquisition date	July 30, 2008	May 14, 2009
Nature of consideration		
- in cash	286	10
- issue of Eramet shares (separate financial statements) (*)	119	48
- allocation of Eramet shares (separate financial statements) (*)	-	1
Number of Eramet shares issued	241 491	387 488
Number of Eramet shares allocated	-	24 965
Voting rights granted on issue	0.55%	0.88%
Voting rights granted on allocation	-	0.06%
Fair value of securities issued (consolidated financial statements) (*)	114	71
Fair value of securities allocated (consolidated financial statements) (*)	-	5
Unallocated residual goodwill and (badwill)	229	(36)

(*) The difference in valuation between Eramet's separate and consolidated financial statements stems from the use of different market prices (separate financial statements: based on the price used in the contribution agreement; consolidated financial statements: based on the market price on the date of the transaction).

3 Presentation of the financial position

The bonds previously recognised under "Cash and cash equivalents" were reclassified under "Other current financial assets" for €374 million as of June 30, 2008. The Statement of financial position and Statement of cash flows were restated to factor in these changes.

The net cash position as defined by the Group is unchanged.

4 Operating segments

In accordance with IFRS 8 "Operating Segments", the segment reporting presented is prepared on the basis of the internal management data used by the Executive Committee, the Group's main operational decision-making body, to analyse business performance and allocate resources.

An operating segment is a separate component of the Group that engages in the provision of distinct products and services and is exposed to risks and profitability that differ from the risks and profitability of other operating segments.

Each operating segment is monitored individually for internal reporting purposes based on performance indicators that are common to all segments. The management data used to assess a segment's performance are prepared in accordance with the IFRS principles applied by the Group for its consolidated financial statements.

The segments presented for the purposes of segment reporting are either operating segments or combinations of similar operating segments. These are the Nickel, Manganese and Alloys Divisions:

- The Nickel Division, including mining, production and sales subsidiaries focused on nickel and its derivative applications (ferronickel, high purity nickel, cobalt and nickel salts and cobalt and tungsten powders).
- The Manganese Division, including mining, production and sales subsidiaries focused on manganese alloys (ferromanganese, silicomanganese and refined alloys) and manganese chemical derivatives (oxides, sulphate, chloride). The Manganese Division also includes subsidiaries that provide services to industry for the recovery and recycling of metals contained in oil catalysts, electric batteries and acid solutions from the electronics industry.
- The Alloys Division, including subsidiaries that produce and market special high-performance steels, superalloys and pre-machined parts based on these materials or aluminium and titanium.

The column headed "Holding company and eliminations" comprises the Group's corporate departments as well as the financial entities Metal Securities (treasury management) and Metal Currencies (exchange rate risk management) and Eras SA, the captive reinsurance company. Commercial relationships between the Divisions are not material. The main relationships primarily relate to the billing of management fees and financial transactions.

Reporting by business segment

(millions of euros)	Nickel	Manganese	Alloys	olding company & eliminations	Total
H1 2009					
External sales	308	564	420	-	1 292
Inter-segment sales	2	1	-	(3)	-
Sales	310	565	420	(3)	1 292
Cash generated from operations	(46)	(74)	(13)	(11)	(144)
EBITDA	(52)	(48)	(1)	(10)	(111)
Current operating profit	(89)	(94)	(26)	(14)	(223)
Other operating income and expenses	-	-	-	-	(59)
Operating profit	-	-	-	-	(282)
Net borrowing cost	-	-	-	-	11
Other finance income and expenses	-	-	-	-	(6)
Share of profit of associates	-	-	-	-	-
Income tax	-	-	-	-	46
Attributable to non-controlling interests	-	-	-	-	18
Profit (loss) for period, attributable to Group	-	-	-	-	(213)
Non-cash expenses	(5)	(15)	(77)	10	(87)
- Depreciation & amortisation	(39)	(43)	(22)	-	(104)
- Provisions	(53)	3	(3)	-	(53)
- Impairment losses	-	(2)	(48)	-	(50)
Industrial capital expenditure (intangible assets and property, plant, and eq	50	57	33	1	141
Total balance sheet assets (current & non-current)	2 329	2 740	930	(740)	5 259
Total balance sheet liabilities (current & non-current, ex shareholders' equit	636	1 029	551	(432)	1 784
H1 2008					
External sales	555	1 173	592	1	2 321
Inter-segment sales	-	-	-	-	-
Sales	555	1 173	592	1	2 321
Cash generated from operations	203	411	45	(4)	655
EBITDA	240	566	69	(7)	868
Current operating profit	208	527	48	(14)	769
Other operating income and expenses	-	-	-	-	-
Operating profit	-	-	-	-	769
Net borrowing cost	-	-	-	-	14
Other finance income and expenses	-	-	-	-	7
Share of profit of associates	-	-	-	-	-
Income tax	-	-	-	-	(245)
Attributable to non-controlling interests	-	-	-	-	(124)
Profit (loss) for period, attributable to Group	-	-	-	-	421
Non-cash expenses	(53)	(36)	(17)	(4)	(110)
- Depreciation & amortisation	(33)	(32)	(20)	(2)	(87)
- Provisions	(3)	9	(1)	(5)	-
- Impairment losses	-	(2)	-	-	(2)
Industrial capital expenditure (intangible assets and property, plant, and eq	93	62	27	1	183
Total balance sheet assets (current & non-current)	2 489	1 844	1 107	(153)	5 287
Total balance sheet liabilities (current & non-current, ex shareholders' equit	783	696	640	(256)	1 863

FY 2008					
External sales	896	2 347	1 102	1	4 346
Inter-segment sales	1	1	-	(2)	-
Sales	897	2 348	1 102	(1)	4 346
Cash generated from operations	249	814	74	(27)	1 110
EBITDA	239	1 163	122	(19)	1 505
Current operating profit	169	1 088	86	(22)	1 321
Other operating income and expenses	-	-	-	-	(78)
Operating profit	-	-	-	-	1 243
Net borrowing cost	-	-	-	-	34
Other finance income and expenses	-	-	-	-	(75)
Share of profit of associates	-	-	-	-	-
Income tax	-	-	-	-	(347)
Attributable to non-controlling interests	-	-	-	-	(161)
Profit (loss) for period, attributable to Group	-	-	-	-	694
Non-cash expenses	(117)	(84)	(38)	(16)	(255)
- Depreciation & amortisation	(72)	(62)	(41)	(2)	(177)
- Provisions	(9)	21	2	6	20
- Impairment losses	(7)	(41)	-	-	(48)
Industrial capital expenditure (intangible assets and property, plant, and eqt)	189	145	83	2	419
Total balance sheet assets (current & non-current)	2 465	2 998	1 109	(603)	5 969
Total balance sheet liabilities (current & non-current, ex shareholders' equity)	765	1 058	638	(225)	2 236

Reporting by geographic area

(millions of euros)	Europe	North America	Asia	Oceania	Africa	South America	Total
Sales (location of sales)							
H1 2009	643	208	401	2	31	7	1 292
H1 2008	1 171	430	640	23	50	7	2 321
FY 2008	2 224	812	1 156	44	91	19	4 346
Industrial capital expenditure (intangible assets and property, plant, and equipment)							
H1 2009	39	6	26	35	35	-	141
H1 2008	39	26	16	77	25	-	183
FY 2008	122	47	34	156	60	-	419
Total balance sheet assets (current and non-current)							
H1 2009	3 210	367	514	887	281	-	5 259
H1 2008	3 152	385	504	937	309	-	5 287
FY 2008	3 725	430	587	1 017	210	-	5 969

5 Notes to the statement of comprehensive income

5.1 Other operating income and expenses

(millions of euros)	H1 2009	H1 2008	FY 2008
Gains on asset disposals	-	(2)	1
Restructuring and redundancy plans	(2)	-	(1)
Losses on impairment tests	(50)	(2)	(48)
Site restoration	-	4	(3)
Other items - income	-	3	15
Other items - expenses	(7)	(3)	(42)
Total	(59)	-	(78)

The other operating income and expenses for the first half of 2009 mainly included the findings of impairment tests carried out on the high-speed steel business in the Alloys Division, namely €48 million (Note 6.2 – Asset Impairment), whereas in the first half of 2008 they mainly related to the scrapping of a furnace, the reversal of a site restoration provision and a fair value loss in the Manganese Division in the US.

As of December 31, 2008, the breakdown of other operating income and expenses is presented in Note 24 – Other operating income and expenses, in the 2008 Reference Document.

5.2 Net borrowing cost and other financial items

5.2.1 Net borrowing cost

(millions of euros)	H1 2009	H1 2008	FY 2008
Interest income	15	20	47
Interest expense	(7)	(5)	(11)
Net income on marketable securities	1	3	6
Changes in fair value of marketable securities	3	-	(6)
Net translation adjustments	(1)	(4)	(2)
Other	-	-	-
Total	11	14	34

The slight deterioration in the net borrowing cost was basically due to the reduction in the Group's net cash position (Note 6.7.2).

5.2.2 Other finance income and expenses

(millions of euros)	H1 2009	H1 2008	FY 2008
Investment and dividend income	1	3	5
Gains (losses) on the disposal of investments in associates	1	-	-
Net allowances to / reversals of financial provisions	(1)	-	(1)
Net translation adjustments	-	-	-
Accretion expense	(5)	(4)	(10)
Financial instruments ineligible as hedges	7	11	(26)
Securitisation financial expense	(1)	(3)	(6)
Other	(8)	-	(37)
Total	(6)	7	(75)

The accretion expense related to provisions for site restoration. Financial instruments ineligible as hedges relate to the portion of hedging instruments (currencies / commodities / interest rates) recognised in income pursuant to IAS 39. The other items for the first half of 2009 included the impact of the ineligibility of currency hedges, which led to the recognition of a €9 million expense.

As of December 31, 2008, the breakdown of other finance income and expenses was presented in Note 25.2 – Other finance income and expenses, in the 2008 Reference Document.

5.3 Income tax

Income tax is calculated on the basis of the earnings of each tax entity by applying the estimated tax rates for the full financial year, with the tax impact of specific transactions being recognised in the period in which these transactions are carried out.

(millions of euros)	H1 2009	H1 2008	FY 2008
Current tax	65	(214)	(332)
Deferred tax	(19)	(31)	(15)
Total	46	(245)	(347)

The Group's effective tax rate was -16% in the first half of 2009 compared to 31% for the first half of 2008 and 29% as of December 31, 2008.

The reconciliation between the theoretical tax calculated at the official tax rate in France and the actual tax in the income statement breaks down as follows:

(millions of euros)	H1 2009	H1 2008	FY 2008
Operating profit (loss)	(292)	769	1 243
Net borrowing cost and other finance income and expenses	5	21	(41)
Profit (loss) for period before tax of consolidated companies	(287)	790	1 202
Standard tax rate in France (%)	33.33%	33.33%	33.33%
Theoretical tax expense:	96	(263)	(401)
Impact on theoretical tax:			
- Of permanent differences between accounting and taxable profits	(4)	11	21
- Of additional contributions in France	-	(1)	(1)
- Of standard tax rate differences in foreign countries	(9)	1	7
- Of reduced tax rates	2	6	6
- Of tax credits	1	1	3
- Of withholding tax on dividends	(7)	(7)	(7)
- Of unrecognised or limited deferred tax assets	(31)	8	16
- Of miscellaneous items	(2)	(1)	9
Actual tax charge	46	(245)	(347)
Effective tax rate	-16%	31%	29%

The permanent differences mainly comprised the untaxed earnings in China and the vested portion of the provisions for the reconstitution of mining reserves in New Caledonia.

The tax loss carryforwards and temporary differences not recognised in the first half of 2009 amounted to €31 million and mostly related to Setrag SA and GCMC Canada (Manganese Division) and the high-speed steels business in the Alloys Division.

The income tax on the other components of comprehensive income broke down as follows:

(millions of euros)	H1 2009	H1 2008	FY 2008
Translation adjustments for foreign-currency denominated financial statements of subs	-	-	-
Change in financial instrument revaluation reserve	(39)	(36)	42
Change in fair value of held-for-sale financial assets	(4)	-	4
Total	(43)	(36)	46

5.4 Earnings per share

	H1 2009			H1 2008			FY 2008		
	Profit (loss) for period	Number of shares	Earnings per share	Profit (loss) for period	Number of shares	Earnings per share	Profit (loss) for period	Number of shares	Earnings per share
Basic earnings per share	(213)	25 896 046	(8,23)	421	25 574 577	16,44	694	25 687 311	27,03
Dilutive instruments:									
Subscription options	-	52 520	-	-	92 338	-	-	67 419	-
Purchase options	-	-	-	-	-	-	-	-	-
Instruments deemed anti-dilutive (*)	-	(52 520)	-	-	-	-	-	-	-
Diluted earnings per share	(213)	25 896 046	(8,23)	421	25 666 915	16,38	694	25 754 730	26,96
Average number of shares outstanding		26 285 780			25 914 042			26 038 352	
Average number of treasury shares		389 734			339 465			351 041	
Average number of shares		25 896 046			25 574 577			25 687 311	

The basic number of shares represents the weighted average number of shares over the period, less the weighted number of treasury shares.

Unexercised share subscription and purchase options numbered 68,350 and zero respectively as of June 30, 2009 (93,249 and zero as of December 31, 2008). Only 52,520 potential shares on subscription (67,419 as of December 31, 2008) were included in the diluted net earnings per share, taking account of the 15,830 bonus share subscription options not exercisable at end-June 2009 (25,830 as of December 31, 2008).

(*) Where basic earnings per share are negative, the diluted earnings per share are deemed equal to the latter, the instruments thus being considered anti-dilutive.

6 Notes to the statement of financial position

6.1 Intangible assets and property, plant and equipment

Non-current operating assets include intangible assets and property, plant, and equipment.

(millions of euros)	Carrying amounts	Depreciation & amortisation	Impairment losses	Carrying amounts 06/30/2009	Carrying amounts 06/30/2008	Carrying amounts 12/31/2008
Intangible assets						
- Mining reserves	398	(62)	-	336	286	329
- Software	46	(41)	-	5	5	6
- Other intangible assets	31	(17)	-	14	14	5
- Work-in-progress, down-payments	4	-	-	4	2	5
	479	(120)	-	359	307	345
- Capital expenditure over the period				17	18	32
Property, plant and equipment						
- Land and buildings	767	(411)	(9)	347	259	292
- Industrial and mining facilities	2 381	(1 363)	(117)	901	797	968
- Other property, plant, and equipment	480	(296)	(1)	183	162	190
- Work-in-progress, down-payments	317	(1)	-	316	357	313
	3 945	(2 071)	(127)	1 747	1 575	1 763
- Capital expenditure over the period				124	165	387
Total	4 424	(2 191)	(127)	2 106	1 882	2 108
- Capital expenditure over the period				141	183	419

Capital expenditure is primarily funded from cash and borrowings (in particular finance leases).

6.2 Asset impairment

Impairment in the Alloys Division mainly related to the high-speed steel business, in respect of which a €48 million impairment loss was recorded in the first half of 2009 (Note 5.1 - Other operating income and expenses) following the appearance of a series of impairment losses, in particular regarding volumes and prices that raised doubts as to the medium-term outlook. A 50 basis point change in the discount rate would respectively increase / decrease the results of the impairment test by €6 million.

The assumptions used to carry out the impairment tests are the same as those described in the 2008 Reference Document in Notes 1.10 and 7 – Asset Impairment to the consolidated financial statements. They did not result in the medium-term outlook for other assets being reviewed.

6.3 Shareholders' equity

6.3.1 Share capital

The share capital consists of 26,617,618 ordinary shares (26,215,231 ordinary shares as of December 31, 2008) fully paid up and with a par value of €305.

As of June 30, 2009, Eramet held 351,894 treasury shares (389,475 shares as of December 31, 2008); of these 51,073 were bearer shares (53,689 shares as of December 31, 2008) representing shares purchased under the liquidity agreement signed with Exane BNP Paribas. These transactions were fully allocated to shareholders' equity. The lower number of treasury shares resulted from the swapping of 24,965 Eramet shares as part of the acquisition of the remaining 5.7% of Eralloys Holding Company A/S (Note 2 – Scope of consolidation) and dealings involving 2,616 shares done under the liquidity agreement in the first half of 2009. The exercise of 14,899 subscription options during the first half of 2009 at an average price of €60.33 contributed to the increase in shareholders' equity in consideration for cash through the creation of that number of shares. The vesting of 10,000 bonus shares over the period gave rise to the disposal of treasury shares in consideration for cash, the gains (losses) on which were allocated to shareholders' equity.

6.3.2 Stock subscription and purchase options and bonus shares

Subscription options

	Meeting date	Board Meeting date	Subscription price	Number of beneficiaries at 01.01.2009		Granted at outset	Exercised or lapsed prior to 01.01.2009	Exercised in 2009	Lapsed in 2009	Still to be exercised as from 01.07.2009	Number of beneficiaries at 01.07.2009	Expiry of plans
1	27.05.1998	12.12.2001	32,60 EUR	61	5	153 000	(145 250)	(2 000)	-	5 750	4	11.12.2009 (1)
2	23.05.2002	15.12.2004	64,63 EUR	81	41	130 000	(70 331)	(12 899)	-	46 770	35	15.12.2012 (2)
Total						283 000	(215 581)	(14 899)	-	52 520		

(1) Only exercisable as from 12.12.2003. The shares could not be sold prior to 14.12.2005.

(2) Only exercisable as from 12.12.2006. The shares could not be sold prior to 14.12.2008.

Bonus shares

(1)	Meeting date	Board Meeting date	Subscription price	Number of beneficiaries at 01.01.2009		Granted at outset	Exercised or lapsed prior to 01.01.2009	Definitively granted in 2009	Lapsed in 2009	Still to be granted as from 01.07.2009	Number of beneficiaries at 01.07.2009	Expiry of plans
1	11.05.2005	25.04.2007	Bonus	1	1	10 000	-	(10 000)	-	-	-	-
2	11.05.2005	23.07.2007	Bonus	61	59	16 000	(170)	-	-	15 830	59	23.07.2009
Total						26 000	(170)	(10 000)	-	15 830		

(1) Definitive grant date: 1 = 25.04.2009 and 2 = 23.07.2009. The shares cannot be sold prior to: 1 = 25.04.2011 and 2 = 23.07.2011.

There were no remaining stock purchase option plans in force as of June 30, 2009.

6.3.3 Share-based payment

Share-based payment only relates to stock option and bonus share plans granted to employees and settled in the form of shares. These represented a €1 million expense as of June 30, 2009 (the same as of June 30, 2008 and €2 million as of December 31, 2008).

6.3.4 Dividends paid

The dividends paid during the first half of 2009 in respect of the 2008 financial year amounted to €136 million. This represented a net dividend per share of €5.25 (dividends paid in 2008 in respect of the 2007 financial year amounted to €154 million, namely €6 per share).

The dividends paid to minority shareholders amounted to €20 million and involved Comilog SA (Manganese Division).

6.4 Employee liabilities

The employee benefits expense in the first half of 2008 amounted to €8 million (€6 million in the first half of 2008). It is calculated on the basis of assumptions made at the end of the 2008 financial year and adjusted primarily for contributions and benefits paid to third parties.

6.5 Provisions

Provisions include the following:

(millions of euros)	06/30/2009	06/30/2008	12/31/2008
Employees	17	15	20
- Restructuring and redundancy plans	11	6	13
- Other payroll contingencies and losses	6	9	7
Major lawsuits	-	-	-
Environmental contingencies and site restoration	259	224	258
- Environmental contingencies	38	28	38
- Site restoration	221	196	220
Other contingencies and losses	71	43	25
Total	347	282	303
- Long-term portion	315	252	271
- Short-term portion	32	30	32

The provisions for restructuring and redundancy plans amounted to €11 million as of June 30, 2009 compared to €13 million as of December 31, 2008 and are mainly comprised of redundancy plans implemented in France, Belgium and Norway in the Manganese and Alloys Divisions.

The provisions for environmental contingencies mainly related to the Manganese (€19 million, unchanged on December 31, 2008) and Alloys (€11 million, unchanged on December 31, 2008) Divisions. The site restoration provisions mainly related to mining sites currently being worked in New Caledonia (Nickel Division) and Gabon (Manganese Division) for €165 million (€161 million as of December 31, 2008) and €6 million (unchanged on December 31, 2008) respectively. They are

supplemented by decontamination provisions for the setting tanks at the Marietta industrial site (Manganese Division) in the US for €23 million (€24million as of December 31, 2008) and the provisions funded in 2003 to cover regulatory and constructive obligations to demolish and restore the Boulogne-sur-Mer industrial site following the decision to close the plant.

The other provisions for contingencies and losses include €42 million (US\$60 million) for the financial risks arising on the put option granted by Eramet to Mitsubishi Corporation as part of the disposal of the 33.4% interest in Strand Minerals Pte Ltd (Note 2 – Scope of consolidation and Note 7.2.3 – Disposal of Strand Minerals Pte Ltd – Weda Bay project).

6.6 Deferred tax

The significant reduction in net deferred tax liabilities (€242 million in liabilities and €54 million in assets, namely €188 million, compared to €240 million in liabilities and €32 million in assets, or €208 million as of December 31, 2008) mainly stemmed from hedging instruments (Note 6.8 – Derivatives) and tax loss carryforwards from the first half of 2009, partly recognised (Note 5.3 – Income tax).

6.7 Net cash (or net debt) position

6.7.1 By category

(millions of euros)	06/30/2009	06/30/2008	12/31/2008
Borrowings	221	173	199
- Bank loans	13	5	55
- Bank overdrafts and creditor banks	18	78	46
- Finance leases	49	54	51
- Other borrowings	141	36	47
Other current financial assets	388	374	388
- Bonds	388	374	388
Cash and cash equivalents	759	904	944
- Cash equivalents	687	824	869
- Cash	72	80	75
Total	926	1 105	1 133
> 1 year	(175)	(65)	(90)
- Borrowings	175	65	90
- Other current financial assets	-	-	-
- Cash and cash equivalents	-	-	-
< 1 year	1 101	1 170	1 223
- Borrowings	46	108	109
- Other current financial assets	388	374	388
- Cash and cash equivalents	759	904	944

Eramet has confirmed medium and long-term credit facilities. The unused facilities as of the balance sheet date should allow the Group to refinance its short-term debts on a longer-term basis. Since 2005, Eramet has had a commercial paper programme in place, although it is not currently being used.

(millions of euros)	06/30/2009	06/30/2008	12/31/2008
Unused credit facilities	600	600	600
Unissued commercial paper	400	400	400

The bank covenants relating to these credit facilities are wholly satisfied. The covenants relate to the ratio of the Group's net debt to shareholders' equity.

6.7.2 Statement of net cash flows or (net debt)

(millions of euros)	H1 2009	H1 2008	FY 2008
Operating activities			
EBITDA	(111)	868	1 505
Elimination of non-cash and non-operating income and expenses:	(33)	(213)	(395)
Cash generated from operations	(144)	655	1 110
Net change in current operating assets and liabilities	103	(120)	30
Net cash generated by operating activities	(41)	535	1 140
Investing activities			
Industrial capital expenditure	(141)	(183)	(419)
Net financial investments	12	1	(425)
Proceeds from non-current asset disposals	-	1	11
Capital grants received	-	-	-
Changes in debt and receivables on non-current assets	(7)	(9)	(4)
Changes in scope and loans	(10)	(5)	27
Dividends received from associates	-	1	1
Net cash used in investing activities	(146)	(194)	(809)
Financing activities			
Dividends paid	(156)	(205)	(205)
Proceeds from share capital increases (*)	72	2	119
Change in working capital requirement stemming from financing activities	20	-	-
Net cash used in financing activities	(64)	(203)	(86)
Exchange-rate impact	44	13	(66)
Increase (decrease) in net cash or debt position	(207)	151	179
Opening net cash (debt) position	1 133	954	954
Closing net cash (debt) position	926	1 105	1 133

(*) Including the €73 million capital increase, adjusted for 2008 dividends, connected with the second step of the acquisition of Eralloys Holding A/S (Note 2 – Scope of consolidation).

6.8 Derivatives

Breakdown of financial instruments recognised as assets:

(millions of euros)	06/30/2009	06/30/2008	12/31/2008
Financial instrument assets (*)	71	21	60
Financial instruments - currency hedges	35	107	19
Financial instruments - interest-rate hedges	-	-	-
Financial instruments - commodity hedges	20	34	32
Total	126	162	111

Breakdown of financial instruments recognised as liabilities:

(millions of euros)	06/30/2009	06/30/2008	12/31/2008
Financial instrument liabilities (*)	15	7	6
Financial instruments - currency hedges	4	2	83
Financial instruments - interest-rate hedges	12	-	9
Financial instruments - commodity hedges	19	1	60
Total	50	10	158

(*) Foreign currency receivables and debts are translated at the hedging rate and the difference between the closing rate and this hedging rate is recognised under "Financial instrument assets and liabilities".

The hedging instrument is measured and accounted for at fair value. The change in this fair value, covering the assets and liabilities, is detailed under "Financial instruments – hedges" on the asset or liability side.

6.9 Risk management

The presentation of risks and their assessment by the Group is set out in the 2008 Reference Document in Note 21.3 to the consolidated financial statements, "Risk management".

7 Off-balance sheet commitments

7.1 Ordinary transactions

(millions of euros)	06/30/2009	06/30/2008	12/31/2008
Commitments given			
Endorsements, pledges and guarantees	56	54	64
Collateral security:	102	2	197
- Property, plant and equipment	38	2	76
- Non-current financial assets	-	-	-
- Inventories	49	-	76
- Receivables and other assets	15	-	45
Finance lease commitments	54	61	57
Non-current asset orders	-	5	-
Commitments received			
Endorsements, pledges and guarantees	12	19	11
Collateral security	None	None	None
Credit facilities	600	600	600

Commitments on non-current asset orders only relate to strategic capital expenditure projects. The above table does not include orders stemming from the ordinary course of business (orders received from clients or placed with suppliers).

7.2 Other transactions

7.2.1 "Transgabonais" railway concession - Setrag SA

Under the terms of the November 2005 agreement, signed for an initial period of 30 years, Setrag SA, the concession holder, is required to meet operating capacity targets (volume of goods and number of passengers). The concession holder is free to set prices. Comilog SA, its main shareholder, is committed to ensuring that the necessary funding is put in place for the capital expenditure required to achieve the operating capacity targets.

7.2.2 Indonesian mining project - Weda Bay

The Indonesian company Pt Antam, which owns 10% of Pt Weda Bay Nickel, has an option to buy shares within 30 days of the completion of a feasibility study carried out by an independent banking institution. This option, which relates to 15% of Pt Weda Bay Nickel's share capital, will be priced at 150% of the expenses incurred at the time of the decision to begin construction. Pt Antam also has an additional stock option exercisable during the first 60 days of the 14th year of production on an interest of between at least an additional 5% and the percentage required to hold a maximum interest of 40%. If Pt Weda Bay Nickel is listed, the price of the shareholding will be calculated from the average market price over the 60 days preceding and the 60 days following the option exercise. If Pt Weda Bay Nickel is not listed, the shareholding shall be valued by independent experts.

7.2.3 Disposal of 33.4% of Strand Minerals Pte Ltd – Weda Bay project

As indicated in Note 2 – Scope of consolidation, on February 19, 2009 Eramet disposed of a 33.4% interest in Strand Minerals Pte Ltd to the Mitsubishi Corporation for US\$118 million (€93 million) and also received US\$27 million (€20 million) in respect of its share of the geological expenses of the Indonesian mining project initially financed by Eramet.

In parallel with the sale agreements, ERAMET granted Mitsubishi Corporation put options in respect of the shares acquired. These options may be exercised under certain conditions, which are mainly linked to the success of the mining project. These options may be exercised during specific windows, in particular up to the date of the definitive project investment decision, which was scheduled for 2012, unless the parties agree otherwise. The exercise price of these puts is an agreed price that varies in line with the circumstances provided for in the contracts (between US\$58 and US\$118 million) plus the resale of the receivable held vis-à-vis Strand Minerals Pte Ltd. In addition, Mitsubishi Corporation has an open-ended option to sell its interest to Eramet at fair value in the event of a change in control at Eramet. In return, Eramet has an open-ended option to buy Mitsubishi Corporation's interest in Strand Minerals Pte Ltd at fair value in the event of a change in control at Mitsubishi Corporation.

A gain on disposal of €0.8 million was recognised in income (Note 5.2.2 – Other finance income and expenses) and the non-controlling interests were recognised at €45 million (US\$57 million). Deferred income of €47 million (US\$60 million) was recognised under non-current liabilities in respect of the options connected with the success of the mining project. This income will be recognised when the definitive investment decision regarding the project is taken. The total liability vis-à-vis Mitsubishi Corporation thus amounted to €62 million (US\$87 million) as of June 30, 2009.

8 Related-party transactions

The related-party transactions during the first half of 2009 are detailed below:

(millions of euros)	H1 2009	H1 2008	FY 2008
Sales			
- Non-consolidated controlled subsidiaries	37	36	159
- Associates	-	-	-
Cost of sales and administrative and selling expenses			
- Non-consolidated controlled subsidiaries	(6)	(5)	(7)
- Associates	-	(2)	(3)
Net borrowing cost			
- Non-consolidated controlled subsidiaries	-	-	-
- Associates	-	-	-

The balance sheet assets and liabilities resulting from related-party transactions during the first half of 2009 break down as follows:

(millions of euros)	H1 2009	H1 2008	FY 2008
Trade and other receivables			
- Non-consolidated controlled subsidiaries	18	17	51
- Associates	-	-	-
Trade and other payables			
- Non-consolidated controlled subsidiaries	3	2	4
- Associates	-	-	-
Net financial assets (liabilities)			
- Non-consolidated controlled subsidiaries	3	2	3
- Associates	-	-	-

Eramet does not in any way guarantee related-party debts.

9 Events after the balance sheet date

To the best of the Company's knowledge, there are no events to report after the balance sheet date.

IV- STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEAR FINANCIAL INFORMATION

For the period from January 1, 2009 to June 30, 2009

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

To the Shareholders,

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

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

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. They were prepared in a context of economical and financial crisis characterised by an uncertain outlook regarding the future, as described in Note 1.3 – Use of estimates and judgments, a situation which already prevailed at the December 31, 2008 year-end.

Our role is to express a conclusion of these financial statements based on our review.

1. Conclusion on the financial statements

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

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

Without calling the above conclusion into question, we hereby draw your attention to Note 1 – Accounting policies and methods and Note 4 – Operating segments, which set out the change in accounting method resulting from the retrospective application of IFRS 8 – Operating segments, for the periods presented in the Notes to the consolidated financial statements.

We hereby also draw your attention to Note 3 – Balance sheet presentation, which sets out the reclassification of private corporate bonds in the Other current financial assets, with respect to the financial information reported for the half year ended June 30, 2009.

2. Specific verification

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

Paris-La Défense and Neuilly-sur-Seine, July 30, 2009

The Statutory Auditors

ERNST & YOUNG Audit

Deloitte & Associés

Aymeric de la Morandière

Alain Penanguer