

Income Statement

Consolidated balance sheet (in millions of euros)

Assets	Notes	At December 31		
		2002	2001	2000
Goodwill	5	51	57	53
Intangible assets		87	69	72
Tangible assets		977	1,014	971
Financial investments		47	54	117
Equity accounted affiliates	6	19	12	14
Total fixed assets	3.4	1,181	1,206	1,227
Inventories	7	672	797	725
Trade accounts receivable	8	354	413	462
Other receivables	9	131	147	108
Cash	10	364	435	481
Total current assets		1,521	1,792	1,776
Total assets		2,702	2,998	3,003

Shareholder's equity and liabilities	Notes	At December 31		
		2002	2001	2000
Share capital		76	75	75
Share premium		204	195	194
Reserves		647	661	594
Currency translation adjustment		10	17	11
Net (loss) income		6	(3)	107
Group shareholders' equity		943	945	981
Minority interests	11	372	392	373
Total consolidated net equity		1,315	1,337	1,354
Provisions for contingencies and expenses	12	324	315	323
Borrowings	13	435	689	621
Trade accounts payable		209	271	278
Other payables	14	419	386	427
Total liabilities		1,063	1,346	1,326
Total shareholders' equity and liabilities		2,702	2,998	3,003

Consolidated income statement (in millions of euros)

At December 31				
	Notes	2002	2001	2000
Turnover	3	2,096	2,228	2,287
Other operating income		34	33	33
External purchases and charges		(858)	(837)	(752)
Personnel costs		(496)	(508)	(508)
Other operating costs		(539)	(609)	(564)
Miscellaneous taxes and levies		(52)	(56)	(54)
Depreciation of fixed assets		(151)	(145)	(134)
Provisions (net)		15	(10)	(7)
Operating income	3	49	96	301
Financial income (costs) (net)	19	14	(18)	(28)
Income before exceptional items		63	78	273
Exceptional items	20	(16)	(67)	(3)
Income tax	21	(22)	(10)	(83)
Net income of consolidated entities		25	1	187
Share in net income of equity accounted affiliates	6	2	2	(24)
Amortisation of goodwill		(15)	(1)	(1)
Total consolidated net income		12	2	162
Minority interests	11	(6)	(5)	(55)
Group net (loss) income		6	(3)	107
Net (loss) income per share (€)		0.23	(0.13)	4.42
Net (loss) income per share fully diluted (€)		0.23	(0.13)	4.40

Changes in finished goods inventories in 2001 and 2000 amounting to € 67 million and € 47 million respectively have been reclassified and included in External purchases and charges.

Income Statement

Consolidated cash flow statement (in millions of euros)

	Notes	At December 31		
		2002	2001	2000
Operating activities				
Net income of consolidated entities		25	1	187
Elimination of non-cash items				
– Amortisation, depreciation and provisions		144	215	143
– Change in deferred taxation		14	(5)	40
– Losses (gains) on disposal of fixed assets		4		
Operating cash flow before changes in working capital	3	187	211	370
Dividends from equity accounted companies		1	2	2
Changes in operating working capital	15	152	(62)	(46)
Net cash flow from operating activities		340	151	326
Investing activities				
Purchases of fixed assets		(148)	(201)	(299)
Disposals of fixed assets		17	16	9
Net change in deferred charges and accounts payable for fixed assets		4	(23)	16
Changes in Group composition		(8)	(2)	(10)
		(135)	(210)	(284)
Financing activities				
to Group shareholders		(28)	(31)	(28)
to minority shareholders		(8)	(14)	(10)
Increases in share capital		10	1	16
Net cash used in financing activities		(26)	(44)	(22)
Currency translation adjustments		10	(6)	(9)
(Decrease) increase in net cash position	16	183	(114)	6
Opening net borrowing position	16	(254)	(140)	(146)
Closing net borrowing position	16	(71)	(254)	(140)

Changes in group shareholders' equity

(in millions of euros)	Weighted average no of shares	Number of shares	Share capital	Share premium	Consolidated reserves	Currency translation adjustments	Net income for the year	Total shareholders' equity
Shareholders' equity as at December 31, 1999		24,431,596	75	183	619	7	27	911
Dividends paid					(1)		(27)	(28)
Appropriations to retained earnings and reserves								
Capital increase in cash		267,764		11				11
Capital increase in kind								
Effect of adoption of French accounting standard 99/02								
Purchase of own shares					(18)			(18)
Other changes in consolidated reserves					(6)			(6)
Currency translation adjustments						4		4
Net income for 2000	24,208,492						107	107
Shareholders' equity as at December 31, 2000		24,699,360	75	194	594	11	107	981
Dividends paid							(31)	(31)
Appropriations to retained earnings and reserves					76		(76)	
Capital increase in cash		24,000		1				1
Capital increase in kind								
Purchase of own shares					(7)			(7)
Other changes in consolidated reserves					(2)			(2)
Currency translation adjustments						6		6
Net income for 2001	24,172,050						(3)	(3)
Shareholders' equity as at December 31, 2001		24,723,360	75	195	661	17	(3)	945
Dividends paid					(28)			(28)
Appropriations to retained earnings and reserves					(3)		3	
Capital increase in cash		324,683	1	9				10
Capital increase in kind								
Effect of adoption of French accounting standard 00/06					20			20
Purchase of own shares								
Other changes in consolidated reserves					(3)			(3)
Currency translation adjustments						(7)		(7)
Net income for 2002	24,275,188						6	6
Shareholders' equity as at December 31, 2002		25,048,043	76	204	647	10	6	943

As at December 31, 2002, Eramet SA held 549,933 of its own shares. These had been purchased essentially in 2000 and 2001 in the context of a share buy-back programme which had been officially announced on July 2, 1999 and approved by the Meeting of Shareholders on July 21, 1999. In accordance with terms of the official public announcement, the total amount invested in the share buy-back programme has been deducted from shareholders' equity. In 2002, dividends of € 28 million were paid out for 2001 including € 10 million in shares, resulting in the issue of 324,333 shares and a corresponding increase in share capital.

The exercise of subscription options during the year in respect of 350 shares also accounted for an increase in shareholders' equity. In prior years, stock options were allotted to the Group's employees and managerial staff in accordance with resolutions passed by:

- the Ordinary General Meeting of Shareholders on June 15, 1994 for a maximum of 771,657 shares prior to September 30, 1994;
- the Extraordinary General Meeting of Shareholders on June 8, 1995 for a maximum of 350,000 shares prior to June 8, 2000 (shares for which options had not been exercised were cancelled by the Extraordinary General Meeting of Shareholders on May 27, 1998);
- the Extraordinary General Meeting of Shareholders on May 27, 1998 for a maximum of 350,000 shares prior to May 27, 2003;
- the Ordinary/Extraordinary General Meeting of Shareholders on July 21, 1999 for a maximum of 500,000 shares prior to July 21, 2004.

Income Statement

Changes in group shareholders' equity

Share options

Date of shareholders' meeting	Date of Board meeting	Option price	Original number of beneficiaries	Number of beneficiaries Jan. 1, 2002	Type ⁽¹⁾	Options					Expiry date of schemes	
						Allocated	Exercised or expired prior to Jan. 1, 2002	Exercised in 2002	Expired in 2002	Exercisable as from Jan. 1, 2003		Number of beneficiaries Jan. 1, 2003
06.15.1994	09.15.1994	€ 35.83	3,791		S	770,253	(770,253)					09.14.2001
06.08.1995	06.08.1995	€ 45.73	31	25	S	70,000	(11,600)			58,400	25	06.07.2003
06.08.1995	12.17.1996	€ 37.50	38	31	S	114,400	(22,680)	(350)		91,370	31	12.16.2004
06.08.1995	12.16.1997	€ 33.08	39	36	S	104,500	(7,800)			96,700	36	12.15.2005
07.21.1999	09.15.1999	€ 47.14	5,646	5,259	A	423,450	(29,025)			394,425	5,259	09.14.2007
05.27.1998	12.14.1999	€ 54.00	80	76	A	166,500	(5,500)			161,000	76	12.13.2007 ⁽²⁾
05.27.1998	12.12.2001	€ 32.60	61	61	S	153,000				153,000	61	12.11.2009 ⁽³⁾
Total						1,802,103	(846,858)	(350)		954,895		

(1) S = subscription option.

A = purchase option.

(2) The shares may not be sold before December 14, 2004.

(3) May be exercised only as from December 12, 2003. The shares may not be sold before December 14, 2005.