

BALANCE SHEET

(millions of euros)

FINANCIAL STATEMENTS

ERAMET
ANNUAL REPORT
2005

ASSETS	As on December 31st	2005	2004
Goodwill		35	35
Intangible assets		72	67
Property, plant and equipment		1,193	1,055
Investments in associates		11	16
Other financial assets		62	50
Deferred taxes assets		127	127
Non-current assets		1,500	1,350
Inventories		760	601
Trade accounts receivable		523	472
Tax receivables		85	73
Derivatives financial instruments		25	15
Cash and cash equivalent		523	437
Current assets		1,916	1,598
Total assets		3,416	2,948

SHAREHOLDERS' EQUITY AND LIABILITIES	2005	2004
Share capital	79	79
Share premiums	219	218
Reserves	793	490
Currency translation adjustments	18	(6)
Net (loss) income	377	346
	1,486	1,127
Minority interests	499	375
Equity	1,985	1,502
Provisions	352	344
Deferred taxes liabilities	234	233
Long-term borrowings	49	60
Other liabilities	11	-
Non-current liabilities	646	637
Borrowings – short-term part	110	89
Trade accounts payable	552	594
Tax payables	80	124
Derivatives financial instruments	43	2
Current liabilities	785	809
Total liabilities	3,416	2,948

INCOME STATEMENT

(millions of euros)

	2005	2004
Turnover	2,712	2,521
Other income	36	93
Cost of sales	(2,068)	(1,834)
Administrative and sales expenses	(106)	(104)
Research and development expenses	(32)	(33)
Current operating income	542	643
Other operating income and charges	112	(27)
Operating income	654	616
Financial (costs) income (net)	(3)	(8)
Other financial income and expenses	(9)	(2)
Share in the income (loss) of associates	2	1
Income taxes	(126)	(129)
Income (loss) before minority interests	518	478
Minority interests	(141)	(132)
Net income	377	346
Basic earnings per share (EUR)	14.76	13.75
Diluted earnings par share (EUR)	14.62	13.50

2004 reprocessed to IFRS standards.

DEBT FLOW STATEMENT

(millions of euros)

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	2005	2004
Operating activities		
EBITDA	694	778
Elimination of non-cash or non-business items	(63)	(195)
Operating cash flow before charges in capital	631	583
Changes in operating working capital	(153)	(65)
Net cash flow from operating activities	478	518
Investing activities		
Capital expenditure	(231)	(240)
Investments	(32)	(75)
Disposals of fixed assets	19	15
Investment subsidies received	-	21
Net change in deferred charges and accounts payable for fixed assets	(113)	(6)
Consolidation adjustments and net change in borrowings	21	-
Dividends from equity accounted companies	2	4
Net cash flow from investing activities	(334)	(281)
Financing activities		
Dividends paid	(73)	(35)
Increases in share capital	1	6
Changes in financial working capital	1	-
Net cash used in financing activities	(71)	(29)
Currency translation adjustments	3	2
Change in net borrowing position	76	210
Opening net borrowing position	288	78
Closing net borrowing position	364	288

2004 data reprocessed to IFRS standards.

CHANGES IN SHAREHOLDERS' EQUITY

(millions of euros)

	Number of shares	Capital	Premiums	Reserves	Conversion	Net income	Total Group share	Minority interests	Total
Share capital as on Dec. 31st, 2003	25,577,574	78	212	505			795	320	1,115
Dividends paid				(25)			(25)	(10)	(35)
Capital increase	167,370	1	6				7		7
Currency translation adjustments					(6)		(6)	(3)	(9)
Treasury stock				11			11		11
Other adjustments				(1)			(1)	(64)	(65)
Net (loss) income						346	346	132	478
Shareholders' equity as on Dec. 31st, 2004	25,744,944	79	218	490	(6)	346	1,127	375	1,502
Appropriations to reserves				346		(346)			
Dividends paid				(51)			(51)	(22)	(73)
Capital increase	44,930		1				1		1
Currency translation adjustments				(1)	24		23	6	29
Treasury stock				8			8		8
First time application IAS 32 & 39				37			37	16	53
Changes in revaluation reserve of financial instruments IAS 32 & 39				(38)			(38)	(19)	(57)
Changes in net income charged to shareholders' equity - IFRS 2				2		(2)			
Other adjustments								2	2
Net income						379	379	141	520
Shareholders' equity as on Dec. 31st, 2005	25,789,874	79	219	793	18	377	1,486	499	1,985

2004 data reprocessed to IFRS standards.