

Paris, September 13th, 2006

ARKEMA : 2ND QUARTER 2006 RESULTS
***INCREASE OF SECOND QUARTER OPERATING PROFIT
SUPPORTED BY PRODUCTIVITY IMPROVEMENTS***

- Sales increase 3% to €1,531 million
- Recurring operating income of €76 million up 9%
- Positive net income of €28 million
- Further improvement of the Performance Products segment results with a recurring EBITDA margin of 10% in the second quarter

(In millions of euros)

	<u>2nd quarter 2005¹</u>	<u>2nd quarter 2006</u>	<u>Variation</u>
Sales	1,486	1,531	+3.0%
Recurring EBITDA	126	131	+4.0%
Recurring EBITDA margin	8.5%	8.6%	-
Recurring operating income	70	76	+8.6%
Operating income	53	58	+9.4%
Net income – Group share	33	28	-15.2%
Capital expenditures	61	79	-

¹ Pro forma accounts (see disclaimer)

2nd quarter 2006 performance

Sales rose to **€1,531 million** in 2nd quarter 2006, up 3% compared to 2nd quarter 2005.

This increase resulted from price increases in all three segments (+3.9%) which offset the volume decrease especially in the Vinyl Products segment (-1%). The changes in scope of business (-0.1%) and the conversion effect (0.2%) had very limited impact on sales.

During the quarter, sales by segment remained unchanged compared to 2nd quarter 2005 with Vinyl Products representing 23% of sales, Industrial Chemicals 43%, and Performance Products 34%.

Recurring EBITDA was up 4% to **€131 million** compared to €126 million for the same period in 2005.

Recurring EBITDA margin remained at **8.6%** for the 2nd quarter compared to 8.5% for the 2nd quarter 2005 which benefited from a highly favorable environment in acrylics. It largely exceeded the 6.2% average margin of 2005.

Recurring operating income is up **8.6%** to €76 million compared to €70 million.

This improvement was supported by a significant decrease in fixed costs resulting from both the six major restructuring plans launched before the spin off and other additional productivity initiatives. Fixed cost savings totalled €30 million over the quarter and more than offset inflation (€12 million) and loss in volumes resulting from unit shutdowns related to the six major restructuring plans (€8 million).

Moreover, volume increase in the Performance Products segment, good resistance of margin in Chlorochemicals and price increases focus on all our businesses partially offset higher raw material and energy costs as well as the acrylics unit margins decrease which were at exceptionally high levels in the 2nd quarter 2005.

Operating income is up **9.4%** to €58 million compared to €53 million. Other income and expenses remained at the same level compared to 2nd quarter 2005. They include additional expenses of €5 million related to the Chlorochemicals consolidation plan and €10 million of expenses related to Arkema's spin off. These two items were taken into account when defining the financial debt at the time of the spin off.

Net result was positive at €28 million for the second consecutive quarter. Decrease in net result is related to higher income taxes in the 2nd quarter 2006 compared to the same period in 2005, which results notably from the specific tax situation of Arkema in France and Acrylics' results in Carling in 2005.

Segment performance
VINYL PRODUCTS

<i>(In millions of euros)</i>	<u>2nd quarter 2005</u>	<u>2nd quarter 2006</u>	<u>Variation</u>
Sales	345	349	+1.2%
Recurring EBITDA	2	14	n.m.
Recurring EBITDA margin	0.6%	4.0%	-
Recurring operating income	(2)	10	n.m.
Operating income	(12)	5	n.m.

Vinyl Products segment sales increased by 1.2%. The steadiness of the two downstream activities (Vinyl Compounds, Pipes and Profiles) and price increases offset the impact of the planned maintenance turnarounds of the Lavera and Balan sites and the decrease of productions of the Saint-Auban plant related to the Chlorochemicals restructuring plan.

EBITDA rose to €14 million compared to €2 million in the second quarter 2005. This improvement results mainly from PVC price increase which offset the higher energy and ethylene costs. Gains resulting from the Chlorochemicals restructuring plan are still limited as fixed costs reduction is yet comparable to the loss in volumes of closed product lines.

VINYL PRODUCTS HIGHLIGHTS

French chlorochemicals restructuring plan implementation is on schedule:

- VCM production capacities were debottlenecked in Lavera during the maintenance turnaround of April;
- VCM production capacities will be increased in Fos during the 3rd quarter 2007;
- In Balan, one PVC production unit was shutdown and two others were debottlenecked during the planned maintenance turnaround;
- End of March 2006, the chlorine, VCM and chlorine derivatives production units concerned by the restructuring plan in Saint-Auban were definitely closed and the Specialty PVC unit was expanded.

INDUSTRIAL CHEMICALS

<i>(In millions of euros)</i>	<u>2nd quarter 2005</u>	<u>2nd quarter 2006</u>	<u>Variation</u>
Sales	639	657	+2.8%
Recurring EBITDA	105	81	-22.9%
Recurring EBITDA margin	16.4%	12.3%	-
Recurring operating income	78	53	-32.1%
Operating income	78	53	-32.1%

Industrial Chemicals segment sales increased by 2.8%. Impact of price increases in Thiochemicals, Fluorochemicals and Hydrogen Peroxide was higher than price decrease effect in Acrylics.

Recurring EBITDA margin remained at good level at 12.3% despite an EBITDA decrease from €105 million (2nd quarter 2005) to €81 million (2nd quarter 2006). This decrease resulted mainly from declining acrylics unit margins compared to a very high 2005 level which was partially offset by progress in other product lines. This progress was supported by favorable unit margins, strong volume in Asia and productivity gains.

In PMMA, strong Asian demand offset the weak demand for sheet in Europe and North America.

In Thiochemicals, good demand in the USA and margin increase offset the impact of the annual turnaround of the Beaumont unit in April.

Fluorochemicals prices continue to increase in 2nd quarter whereas volumes remained slightly lower.

For Hydrogen Peroxide, demand was strong in Asia while activity improves in North America and Europe.

INDUSTRIAL CHEMICALS HIGHLIGHTS

Pursuant to the restructuring plan of the Thiochemicals activity in the US announced end 2005, the production capacities of sulfonyls and alkylamines in Riverview were definitively shutdown end of June.

PERFORMANCE PRODUCTS

<i>(In millions of euros)</i>	<u>2nd quarter 2005</u>	<u>2nd quarter 2006</u>	<u>Variation</u>
Sales	496	524	+5.6%
Recurring EBITDA	36	52	+44.4%
Recurring EBITDA margin	7.3%	9.9%	-
Recurring operating income	14	29	+107.1%
Operating income	11	29	n.m.

Performance Products segment sales rose 5.6% driven by good market conditions, ongoing price increases and new developments in both Technical Polymers and Specialty Chemicals.

EBITDA increased to €52 million from €36 million in the second quarter 2005. This improvement results from higher volumes in Technical Polymers and Specialty Chemicals and margin recovery initiatives notably in Technical Polymers and Additives.

Recurring EBITDA margin was close to 10% in 2nd quarter far above the 2nd quarter 2005 margin (7.3%) and the 2005 average margin (5.7%).

Technical Polymers further benefited from price increases, good demand on all product lines and positive impact from unit start-ups such as the EVA unit in Balan, France, and the unit in Mont, France producing Orevac[®], high value-added products for packaging.

The improved performance in Specialty Chemicals (CECA) observed since end 2005 was confirmed in most product lines and especially for molecular sieves and additives for the oil industry.

In Additives, the ongoing price increases policy affected volumes which decreased slightly.

PERFORMANCE PRODUCTS HIGHLIGHTS

Pursuant to the restructuring plan announced in the 1st quarter, the Urea Formaldehyde Resins production site in Villers-Saint-Paul, France was definitely shutdown end of June.

1ST HALF 2006 RESULTS
POSITIVE NET INCOME AT €37MILLION

<u>1Q'05</u>	<u>2Q'05</u>	<u>1H'05¹</u>	<i>(In millions of euros)</i>	<u>1Q'06</u>	<u>2Q'06</u>	<u>1H'06</u>
1,421	1,486	2,907	Sales	1,545	1,531	3,076
134	126	260	Recurring EBITDA	117	131	248
9.4%	8.5%	8.9%	Recurring EBITDA margin	7.6%	8.6%	8.1%
80	70	150	Recurring operating income	61	76	137
(45)	53	8	Operating income	39	58	97
(69)	33	(36)	Net result - Group share	9	28	37
56	61	117	Capital expenditures	55	79	134

Sales increased by 5.8% to €3,076 million in first half 2006 from €2,907 million in first half 2005.

This increase resulted mainly from price increases in all three segments (+2.3%), higher volumes (+2.1%) and a positive foreign currency effect (+1.6%) related mainly to the appreciation of the dollar against the euro. The changes in the scope of business had very limited impact on sales (-0.2%).

Recurring EBITDA totalled €248 million compared to €260 million for the same period in 2005 which was characterized by a strong environment in Chlorochemicals in the 1st quarter 2005 and exceptional market conditions in the acrylics in the 1st half 2005. Productivity initiatives, price increases policy as well as volume growth in the Performance Products segment offset partially these effects despite further increases in raw material and energy costs.

Net result is positive at €37 million compared to a net loss of €(36) million in the 1st half 2005.

Capital expenditures amounted to €134 million including €13 million related to the Chlorochemicals restructuring plan.

Working capital amounted to €1,402 million end of June 2006. The working capital on sales ratio remained stable at 23%².

Net debt totalled €195 million at the end of June 2006 compared to €567 million end 2005. It takes into account a share capital increase of €532 million subscribed by Total in the 1st half (€259 million in 1st quarter 2006 and €273 million in 2nd quarter 2006), a working capital increase (+€128 million) and cash expenses related to non-recurring pre-spin off items³ (€72 million).

² This ratio is calculated as the working capital end of period divided by the last quarterly sales figure multiplied by 4.

³ Non-recurring pre-spin off items correspond to items taken into account for the computation of the theoretical financial debt at the time of the spin off.

EVENTS AFTER THE BALANCE SHEET DATE

Beginning of July, Arkema announced three projects to reinforce the competitiveness of the Performance Products segment which will result in the reduction of 91 positions⁴. These projects concern the Technical Polymers business unit and its site in Serquigny, France, the Additives business unit and its sites in Mobile and Carrollton, USA and the Specialty Chemicals and its site in Pierrefitte-Nestalas, France.

Concerning the European proceedings on past antitrust practices, Arkema was imposed in May a fine of €79 million related to the Hydrogen Peroxide and a fine of €219 million related to the methacrylate market. Arkema filed an appeal at the European Court of First Instance in Luxembourg and paid in the 3rd quarter its share of €195 million. These amounts were provided for and taken into account when defining financial debt at the time of the spin off and have therefore no impact on Arkema's results.

Finally, in the context of its cost control policy, the Arkema has just announced several changes to its current American pension plans.

2006 OUTLOOK

For 2006, Arkema expects a positive net result and a recurring EBITDA in the higher range of its 10 to 15% EBITDA growth target compared to 2005⁵.

These forecasts take into account the usual seasonality effect on its sales between the first and second half of the year, the high level of raw material and energy costs (or even further rises for some of them), an acrylics environment less favourable than in 2005 and a good global demand despite an expected slowdown in the US.

In this environment, Arkema will continue to increase focus on sale prices and benefit from productivity initiatives and new developments especially in its Performance Products segment.

Capital expenditures should amount in 2006 at approximately €350 million including investments related to the Chlorochemicals consolidation plan.

2006 FINANCIAL CALENDAR

November 15, 2006 3rd quarter 2006 results

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⁴ In France, the implementation of these projects is subject to the legal information and consultation procedure of the work council.

⁵ Recurring EBITDA growth target compared with the 2005 level of 10 to 15% per year on average over the next three years.

Disclaimer

The information disclosed in this press release may contain forward-looking statements with respect to the financial condition, results of operations, business and strategy of ARKEMA. Such statements are based on management's current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as, among others, changes in raw materials prices, currency fluctuations, implementation pace of cost-reduction projects and changes in general economic and business conditions. ARKEMA does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise. Further information on factors which could affect ARKEMA's financial results is provided in the documents filed with the French Autorité des Marchés Financiers

The interim half yearly accounts disclosed in the present press release have been subject to a limited review by ARKEMA's statutory auditors. Financial information related to 2005 are extracted from pro forma financial statements prepared for the purpose of the listing of ARKEMA SA. Financial information for 2006 are extracted from the consolidated financial statements of ARKEMA. The business segment information is presented in accordance with ARKEMA's internal reporting system used by the management.

The main performance indicators used are as follows:

• **Operating income:** this includes all income and expenses other than the cost of debt, equity in income of affiliates and income taxes.

• **Other income and expenses:** these correspond to a limited number of well-identified non-recurring items of income and expense of a particularly material nature that the Group presents separately in its income statement in order to facilitate understanding of its recurring operational performance.

These items of income and expense are:

- Impairment losses in respect of non-current assets,
- Gains or losses on sale of assets,
- Certain large restructuring and environmental expenses which would hamper the interpretation of recurring operating income,
- Certain expenses related to litigation and claims whose nature is not directly related to ordinary operations,
- Costs related to the Spin-Off of ARKEMA's Businesses.

• **Recurring operating income:** this is calculated as the difference between operating income and other income and expenses as previously defined.

• **Recurring EBITDA:** this corresponds to recurring operating income increased by depreciation and amortization.

• **Working capital:** this corresponds to the difference between inventories, accounts receivable, prepaid expenses and other current assets and tax receivables on the one hand and accounts payable, other creditors and accrued liabilities and income tax liabilities on the other hand.

• **Capital employed:** this is calculated by aggregating the net carrying amounts of intangible assets, property, plant and equipment, equity affiliate investments, other investments, other non-current assets (excluding deferred tax assets) and working capital.

• **Net debt:** this is the difference between current and non-current debt and cash and cash equivalents.

A global chemical player, ARKEMA consists of 3 coherent and related business segments: Vinyl Products, Industrial Chemicals, and Performance Products. Present in over 40 countries with 18,400 employees, ARKEMA achieves sales of 5.7 billion euros. With its 6 research centers in France, the United States and Japan, and internationally recognized brands, ARKEMA holds leadership positions in its principal markets.



ARKEMA Financial Statements

Consolidated financial statements - June 2006

INCOME STATEMENT

	<u>2nd Quarter 2005</u>	<u>1st Semester 2005</u>	<u>2nd Quarter 2006</u>	<u>1st Semester 2006</u>
<i>(In millions of euros)</i>	Pro forma <i>(non-audited)</i>	Pro forma <i>(non-audited)</i>	Consolidated	Consolidated
Sales	1 486	2 907	1 531	3 076
Operating expenses	(1 249)	(2 435)	(1 289)	(2 620)
Research and development expenses	(45)	(90)	(44)	(88)
Selling and administrative expenses	(122)	(233)	(122)	(231)
Recurring operating income	70	150	76	137
Other income and expenses	(17)	(142)	(18)	(40)
Operating income	53	8	58	97
Equity in income of affiliates	2	4	0	(0)
Cost of debt	(3)	(5)	(1)	(5)
Income taxes	(18)	(42)	(28)	(54)
Net income	34	(35)	29	38
Of which minority interests	1	1	1	1
Net income - Group share	33	(36)	28	37
<i>Earnings per share (amount in euros)</i>	<i>0,55</i>	<i>-0,60</i>	<i>0,47</i>	<i>0,61</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>0,55</i>	<i>-0,60</i>	<i>0,47</i>	<i>0,61</i>
Depreciation and amortization	(56)	(110)	(55)	(111)
Recurring EBITDA	126	260	131	248

BALANCE SHEET

31.12.2005 **30.06.2006**
Pro forma Consolidated

(In millions of euros)

ASSETS

Intangible assets, net	149	141
Property, plant and equipment, net	1 322	1 310
Equity affiliates: investments and loans	112	104
Other investments	22	20
Deferred income tax assets	108	94
Other non-current assets	209	211
TOTAL NON-CURRENT ASSETS	1 922	1 880
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Inventories	1 124	1 093
Accounts receivable	1 199	1 277
Prepaid expenses and other current assets	370	304
Income taxes recoverable	31	21
Cash and cash equivalents	67	66
TOTAL CURRENT ASSETS	2 792	2 761
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TOTAL ASSETS	4 714	4 641

LIABILITIES AND SHAREHOLDERS' EQUITY

Share capital	-	605
Paid-in surplus and retained earnings	1 366	1 331
Cumulative translation adjustment	83	10
Treasury shares	-	-
SHAREHOLDERS' EQUITY - GROUP SHARE	1 449	1 946
Minority interests	14	14
TOTAL SHAREHOLDERS' EQUITY	1 463	1 960
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Deferred income tax liabilities	58	53
Provisions	1 126	1 074
Non-current debt	59	57
TOTAL NON-CURRENT LIABILITIES	1 243	1 184
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Accounts payable	861	803
Other creditors and accrued liabilities	544	468
Income taxes payable	28	22
Current debt	575	204
TOTAL CURRENT LIABILITIES	2 008	1 497
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4 714	4 641

CASH FLOW STATEMENT

<i>(In millions of euros)</i>	<u>1st Semester 2005</u> Pro forma	<u>1st Semester 2006</u> Consolidated
Cash flow - operating activities		
Net income	(35)	38
Depreciation, amortization and impairment of assets	111	111
Provisions, valuation allowances and deferred taxes	74	(33)
(Gains)/losses on sales of assets	(1)	(3)
Undistributed affiliate equity earnings	(1)	-
Change in working capital	(258)	(128)
Cash flow from operating activities	(110)	(15)
Cash flow - investing activities		
Intangible assets and property, plant, and equipment, additions	(117)	(134)
Acquisitions of subsidiaries, net of cash acquired	(2)	-
Increase in long-term loans	(9)	(30)
Total expenditures	(128)	(164)
Proceeds from sale of intangible assets and property, plant and equipment	2	1
Proceeds from sale of subsidiaries, net of cash sold	-	-
Proceeds from sale of other investments	1	9
Repayment of long-term loans	14	20
Total divestitures	17	30
Cash flow from investing activities	(111)	(134)
Cash flow - financing activities		
Parent company shareholders	-	-
Issuance (repayment) of shares	-	532
Dividends paid to Parent company shareholders	-	-
Dividends paid to Minority shareholders	(1)	(1)
Issuance of long-term debt	-	-
Repayment of long-term debt	(2)	(2)
Increase in short-term borrowings and bank overdrafts	224	-
Decrease in short-term borrowings and bank overdrafts	-	(371)
Cash flow from financing activities	221	158
Net increase/(decrease) in cash and cash equivalents	-	9
Effect of exchange rates and changes in scope	10	(10)
Cash and cash equivalents at beginning of period	77	67
Cash and cash equivalents at end of period	87	66

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(In millions of euros)</i>	Shares issued				Treasury shares						
	Number	Amount	Paid-in surplus	Retained earnings	Cumulative translation adjustment	Number	Amount	Recognized directly through equity	Shareholders' equity - Group share	Minority interests	Total shareholders' equity
As of January 1, 2006	4 000			1 366	83				1 449	14	1 463
Cash dividend									-	(1)	(1)
Net income				37					37	1	38
Issuance of share capital	60 449 823	605	1 006	(1 078)					532		532
Purchase of treasury shares									-		-
Cancellation of treasury shares									-		-
Sale of treasury shares									-		-
Other									-		-
<i>Transactions with shareholders</i>	<i>60 449 823</i>	<i>605</i>	<i>1 006</i>	<i>(1 041)</i>	-	-	-	-	569	-	569
Changes in items recognized directly through equity											
Change in translation adjustments					(73)				(73)		(73)
<i>Items other than transactions with shareholders</i>					(73)				(73)		(73)
As of June 30, 2006	60 453 823	605	1 006	325	10				1 946	14	1 960

INFORMATION BY BUSINESS SEGMENT

(Non-audited)

2nd Quarter 2005

<i>(In millions of euros)</i>	Vinyl Products	Industrial Chemicals	Performance Products	Corporate	Group total
Non-Group sales	345	639	496	6	1 486
Inter-segment sales	22	44	4	-	0
Total sales	367	683	500	6	1 486
Recurring operating income	(2)	78	14	(20)	70
Other income and expenses	(10)	-	(3)	(4)	(17)
Operating income	(12)	78	11	(24)	53
Equity in income of affiliates	2	-	-	-	2
Depreciation and amortization	(4)	(27)	(22)	(3)	(56)
Asset impairment	-	-	-	-	-
Changes in non-current provisions recognized through income	(10)	10	(8)	17	9
Recurring EBITDA	2	105	36	(17)	126
Intangible assets and property, plant and equipment, additions	9	25	25	2	61

2nd Quarter 2006

<i>(In millions of euros)</i>	Vinyl Products	Industrial Chemicals	Performance Products	Corporate	Group total
Non-Group sales	349	657	524	1	1 531
Inter-segment sales	19	45	4	-	0
Total sales	368	702	528	1	1 531
Recurring operating income	10	53	29	(16)	76
Other income and expenses	(5)	-	-	(13)	(18)
Operating income	5	53	29	(29)	58
Equity in income of affiliates	(0)	-	-	-	(0)
Depreciation and amortization	(4)	(28)	(23)	-	(55)
Asset impairment	-	-	-	-	-
Changes in non-current provisions recognized through income	14	1	(2)	6	19
Recurring EBITDA	14	81	52	(16)	131
Intangible assets and property, plant and equipment, additions	26	33	19	1	79

INFORMATION BY BUSINESS SEGMENT

(Non-audited)

1st Semester 2005

<i>(In millions of euros)</i>	Vinyl Products	Industrial Chemicals	Performance Products	Corporate	Group total
Non-Group sales	705	1 229	970	3	2 907
Inter-segment sales	42	88	9	-	0
Total sales	747	1 317	979	3	2 907
Recurring operating income	23	141	24	(38)	150
Other income and expenses	(128)	-	(9)	(5)	(142)
Operating income	(105)	141	15	(43)	8
Equity in income of affiliates	4	-	0	-	4
Depreciation and amortization	(7)	(54)	(45)	(4)	(110)
Asset impairment	-	-	-	-	-
Changes in non-current provisions recognized through income	(132)	7	(19)	46	(98)
Recurring EBITDA	30	195	69	(34)	260
Intangible assets and property, plant and equipment, additions	17	47	50	3	117

1st Semester 2006

<i>(In millions of euros)</i>	Vinyl Products	Industrial Chemicals	Performance Products	Corporate	Group total
Non-Group sales	710	1 318	1 045	3	3 076
Inter-segment sales	40	92	8	1	-
Total sales	750	1 410	1 053	4	3 076
Recurring operating income	17	104	51	(35)	137
Other income and expenses	(5)	-	(23)	(12)	(40)
Operating income	12	104	28	(47)	97
Equity in income of affiliates	(0)	0	-	-	(0)
Depreciation and amortization	(8)	(57)	(46)	-	(111)
Asset impairment	-	-	-	-	-
Changes in non-current provisions recognized through income	14	(3)	(29)	32	14
Recurring EBITDA	25	161	97	(35)	248
Intangible assets and property, plant and equipment, additions	37	57	38	2	134