Press release

Communiqué de presse

Paris, March 5th, 2008

ARKEMA: 2007 FULL YEAR RESULTS

RECURRING OPERATING INCOME UP 47%

2008 AND 2010 TARGETS CONFIRMED

PROPOSED DIVIDEND FOR THE FIRST TIME OF 0.75 EURO PER SHARE

- **EBITDA at €518 million, above stated targets (+26 % compared to 2006)**
- **Major contribution of internal progress in productivity and growth**
- **Net income multiplied by 2.7 at €122 million**
- **€128 million cash flow[1]**

(In millions of euros)	**2006**	**2007**	**Variation**
Sales	**5,664**	**5,675**	**+0.2%**
EBITDA	**411**	**518**	**+26.0%**
EBITDA margin	***7.3%***	***9.1%***	**-**
Vinyl Products	*2.8%*	*6.3%*	
Industrial Chemicals	*10.7%*	*11.4%*	
Performance Products	*8.7%*	*10.7%*	
Recurring operating income	**200**	**293**	**+46.5%**
Non-recurring items	(92)	(72)	n.m.
Adjusted net income	**115**	**186**	**+61.7%**
Net income – Group share	**45**	**122**	**x2.7**

[1] Cash flow excludes non-recurring pre-spin off items and the impact of portfolio management. Non-recurring pre-spin off items correspond to items taken into account for the computation of the theoretical financial net debt at the time of the spin off.

The Board of Directors of Arkema met on March 4th 2008 to close Arkema's 2007 consolidated accounts and the parent company accounts.

After this meeting, Thierry Le Hénaff, Chairman and CEO of Arkema stated:

« In 2007 Arkema posted results well above its objectives, showing a major improvement compared to 2006. EBITDA is up 26% at €518 million, and the net income has virtually tripled. These excellent results were achieved in a rather mixed economic environment, in particular with a weak US dollar relative to the euro. They are the fruit of many internal growth and productivity initiatives that we have been implementing over the last few years. 2007 saw many new projects, in particular with the acquisition of Coatex, a partnership with Daikin for new generation fluorinated gases in Asia, the launch of the restructuring of our fluorochemical activities in Europe, and the relocation of our headquarters to Colombes.
Arkema is committed to continuing this transformation process. We confirm our 2008 target of achieving an EBITDA margin of 10%, and thereafter increasing this EBITDA margin to 12% in 2010.
The Board of Directors has decided to propose to the Annual Shareholders Meeting on May 20th to distribute, for the first time, a dividend of €0.75 per share for 2007. This decision reflects Arkema's confidence in its ability to create value over the long term and to continue improving its results. In the future the intention is to maintain the payment of a dividend the amount of which will be determined on the basis of the progress of the group's results. »

2007 ACTIVITY

In 2007, **sales** rose slightly to **€5,675 million** against €5,664 **million** in 2006. This increase is the result of sound organic growth in volumes (+2.3%) and of an ongoing selective policy, across the group's three business segments, to increase sales prices (+1.7%) in order to offset the impact of rising raw material and energy costs. Changes to the scope of business resulting in particular from portfolio management have reduced sales by 1.2%. The conversion effect, related to the persistent weakness of the US dollar vs the euro, amounted to –2.6%. Accordingly, given constant exchange rate and scope of business, Arkema's sales rose by 4%.

EBITDA rose by 26% to **€518 million**, above the stated objectives. This major increase reflects the many internal initiatives undertaken throughout the company's activities. Arkema indeed launched new high added value product lines with targeted debottleneckings in Europe and North America and new production capacities in Asia. These growth projects yielded a €26 million improvement in EBITDA. Arkema also continued to reduce its fixed costs through restructuring plans and a strict control of expenditure. These targeted internal actions designed to improve Arkema's competitiveness yielded an EBITDA gain of €57 million.
Moreover, price increases offset the rise in raw material and energy costs. A weak US dollar vs euro, the decrease of acrylic margins, and a drop in HFC-134a prices were more than compensated by the favorable economic environment in some product lines, in particular PVC in Europe and MMA. Overall the economic environment had a slightly positive impact estimated at €17 million.

EBITDA margin increased to **9.1%** from 7.3% in 2006 and 6.2% in 2005.

Finally, **recurring operating income** rose to **€293 million**, up by almost 47%. It includes €225 million depreciation, up €14 million.

Non-recurring items stood at -€72 million in 2007 against €-92 million in 2006. This amount mostly includes €94 million expenses related to the restructuring plans announced during the year, the financial impact (-€23 million) of the incident that struck the VCM production plant in Lavéra (France) in May 2007, which was partly offset by the €16 million capital gain on the sale of the Tacoma land (United States), and the €31 million capital gain before tax from the divestment of the urea formaldehyde resins business in Leuna (Germany) and amines business in Riverview (United States).

Net income (group share) virtually tripled to **€122 million** against €45 million in 2006. It includes, in 2007, a tax charge of €104 million. If we exclude from this charge, the exceptional items relating in particular to the taxation of the capital gain on divestments in 2007, the tax rate compared to the recurring operating income stands at 29.3%, in line with the group's forecasts. Excluding the impact, after tax, of non-recurring items, the adjusted net income stands at €186 million, i.e. some 62% up compared to 2006.

During the year, Arkema reported a **net cash flow** from operations and investments of –€94 million. This cash flow includes a net amount of –€135 million from portfolio management and non-recurring pre-spin off[2] items amounting to –€87 million. After adjustment for both these items, **cash flow** was positive and stood at **€128 million** against €79 million in 2006. The amount of non-recurring pre-spin off items to be cashed-out totalled €122 million at the end of 2007.

Capital expenditure for the year stood at **€325 million** including €44 million relating to the chlorochemicals consolidation plan.

Working capital amounted to **€1,112 million** at the end of December 2007, €54 million down on 2006. At the end of December 2007, the working capital on sales ratio for the year stood at 19.6% (against 20.6% at December 31st 2006 and 23.6% in 2005), in line with the group's stated objective to cut this ratio down to 18% by the end of 2010.

Consolidated **net debt** totalled **€459 million** at the end of December 2007. This includes in particular the impact of portfolio management operations (acquisition of Coatex, and divestment of Cerexagri as well as Leuna urea formaldehyde resins and Riverview specialty amines activities). Taking into account the remaining non-recurring pre-spin-off items at the end of 2007 (€122 million), the net debt to equity ratio stands at 30% (against 28% at the end of 2006), in line with Arkema's objective to maintain this ratio below 40%.

BUSINESS SEGMENT ACTIVITIES IN 2007

Vinyl Products sales rose by 2.8% to €1,418 million. This rise was due to a sustained demand for PVC in Europe throughout the year, which helped in particular implement major price increases. EBITDA improved significantly, to €90 million (against €38 million in 2006). The rise in PVC sales prices offset to a very large extent the increase in the cost of raw materials and energy, while the ongoing implementation of the chlorochemicals consolidation plan and the restructurings launched in downstream Vinyl Products helped reduce fixed costs significantly across the segment. The contribution of restructurings accounted for 40% of the segment's EBITDA improvement, the buoyant environment which benefited this activity in 2007 representing 60% of the improvement. EBITDA margin was significantly up, from 2.8 % in 2006 to 6.3% in 2007.

[2] 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.

Industrial Chemicals sales rose by 1.4% to €2,529 million. Given a constant exchange rate, the segment's sales increased by 5% primarily thanks to higher volumes in all business units sustained by the growing momentum of industrial projects in Hydrogen Peroxide, Thiochemicals, and PMMA. EBITDA stood at €289 million, 8% up over 2006 as a result of lower fixed costs following the restructurings launched in Fluorochemicals in Pierre-Bénite, in cast sheet in Europe, and in Thiochemicals, as well as commercial developments in higher added value products in particular in PMMA and Thiochemicals. These actions offset the drop in margins recorded in acrylics and tougher market conditions in Fluorochemicals for HFC-134a. EBITDA margin stood at 11.4% against 10.7% in 2006, confirming the good resilience of this segment in its changing markets and the internal progress achieved in Thiochemicals and PMMA in particular.

Performance Products sales amounted to €1,723 million compared to €1,784 million in 2006. This drop is due primarily to the conversion effect related to the weak US dollar vs the euro and to a change in the scope of business with the divestment of the Urea Formaldehyde Resins activity on the Leuna site (Germany) on November 1st 2007. Given constant exchange rate and scope of business, sales for the segment improved by 2.7% thanks to new products from Specialty Chemicals and an increase in sales prices in Functional Additives to offset the rising cost of raw materials such as tin.
The efforts undertaken within the segment since 2006 to develop new products, start up industrial projects, and reduce fixed costs are clearly reflected in the improvement in EBITDA, 18% up to €184 million. They more than offset a negative exchange rate impact, the consequences of the slowdown in the US construction market for Functional Additives, and the rise in the cost of raw materials. EBITDA margin exceeded 10%, at 10.7% against 8.7% in 2006.

EVENTS SINCE THE BALANCE SHEET DATE

In January 2008 Arkema concluded the sale of buildings in the Paris region, which will yield capital gains in the order of €10 million.

The Board of Directors has also decided to proceed with a share capital increase program reserved for employees. The subscription price has been fixed at €30.42. This operation illustrates Arkema's commitment to giving its employees the opportunity to be part of the group's activity and development.

OUTLOOK

In 2008, Arkema intends to pursue very actively its transformation around its three core strategic axes, i.e. selective growth, improving its competitiveness, and strengthening its portfolio. On the strength of its achievements so far and the anticipated effects of the initiatives launched in 2006 and 2007, Arkema confirms its 2008 objective to reach a 10% EBITDA margin, fully in line with its objective of a 12% EBITDA margin by 2010.

Finally, the level of capital expenditure should amount to around €340 million in 2008, including the last of the capital expenditure related to the chlorochemicals consolidation plan amounting to €25 million.

The 2007 results will be set out in detail in the « 2007 Results » presentation available on the website: www.finance.arkema.com.

FINANCIAL CALENDAR

May 14th 2008	Publication of 1st quarter 2008 results
May 20th 2008	Annual shareholders' meeting

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 15,200 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.

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Disclaimer

The information disclosed in this press release may contain forward-looking statements with respect to the financial conditions, 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.

Balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity and information by business segment included in this press release are extracted from the consolidated financial statements at December 31, 2007 closed by the Board of Directors of Arkema on March 4th 2008. The consolidated financial statements at December 31, 2007 were prepared in accordance with international accounting standards as published by IASB (International Accounting Standards Board) at December 31, 2007 and also as endorsed by the European Union at December 31, 2007.

Financial information related to 2006 and 2007 is extracted from the consolidated financial statements of ARKEMA reprocessed, when needed, to include the impacts of discontinued activities. Quarterly financial information is not audited.

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 property, plant and equipment and intangible 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 or major damages, 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.*

***Adjusted net income**: this corresponds to the net income Group share adjusted with:*

- *Other income and expenses, after taking account of the tax impact of these items,*
- *Income and expenses from taxation of an exceptional nature, the amount of which is deemed significant,*
- *The net income from discontinued activities.*

***EBITDA**: this corresponds to recurring operating income increased by depreciation and amortization, accounted for in the recurring operating income (previously referred to as recurring EBITDA).*

***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 and loans, 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.*

INVESTOR AND ANALYST FACTSHEET

	4Q'06 in €M	4Q'07 in €M	*4Q'07/ 4Q'06*	2006 in €M	2007 in €M	*2007/ 2006*
Sales	**1,323**	**1,318**	***(0.4)%***	**5,664**	**5,675**	***+0.2%***
Vinyl Products	335	333	*(0.6)%*	1,379	1,418	*2.8%*
Industrial Chemicals	568	618	*8.8%*	2,494	2,529	*1.4%*
Performance Products	418	366	*(12.4)%*	1,784	1,723	*(3.4)%*
Corporate	2	1		7	5	
EBITDA	**76**	**107**	***+40.8%***	**411**	**518**	***+26%***
Vinyl Products	4	11	*x 2.8*	38	90	*x 2.4*
Industrial Chemicals	44	67	*+52.3%*	267	289	*+8.2%*
Performance Products	31	36	*+16.1%*	156	184	*+17.9%*
Corporate	(3)	(7)		(50)	(45)	
EBITDA margin	**5.7%**	**8.1%**		**7.3%**	**9.1%**	
Vinyl Products	1.2%	3.3%		2.8%	6.3%	
Industrial Chemicals	7.7%	10.8%		10.7%	11.4%	
Performance Products	7.4%	9.8%		8.7%	10.7%	
Depreciation and amortization	(50)	(66)	*+32%*	(211)	(225)	*+7%*
Recurring EBIT	**26**	**41**	***+57.7%***	**200**	**293**	***+46.5%***
Vinyl Products	(1)	4	*n.a.*	21	65	*x 3.1*
Industrial Chemicals	18	31	*+72%*	160	178	*+11.3%*
Performance Products	13	13	-	71	97	*+36.6%*
Corporate	(4)	(7)		(52)	(47)	
NR items	**(38)**	**16**		**(92)**	**(72)**	
Equity in income of affiliates	1	2		1	5	
Financial results	(3)	(3)		(10)	(15)	
Income taxes	1	(38)		(59)	(104)	
Net income of continuing operations	(13)	18	*n.a.*	40	107	*x 2.7*
Net income of discontinued operations	0	0		7	17	
Net income – Group share	**(14)**	**18**	***n.a.***	**45**	**122**	**x 2.7**
EPS (diluted)	**(0.23)**	**0.30**		**0.75**	**2.01**	
Adjusted net income	14	20	*+43%.*	115	186	*+61.7%*
Adjusted EPS	**0.23**	**0.33**		**1.9**	**3.1**	
DPS				**0**	**0.75**	
Capital expenditures	**124**	**143**	***+15%***	**336**	**325**	***(3)%***
Vinyl Products	23	49		76	111	
Industrial Chemicals	70	64		172	124	
Performance Products	31	26		87	83	
Cash flow[3]				**79**	**128**	***+62%***
Net cash flow[4]				**(280)**	**(94)**	***n.a.***
Working capital (12/31)				1,166	1,112	
WC as % of sales[5]				**20.6%**	**19.6%**	
Net debt (12/31)				**324**	**459**	
NR pre-spin off items				212	122	
Gearing[6]				**28%**	**30%**	

[3] Calculated as net cash flow before NR pre-spin off items and portfolio management
[4] Calculated as cash flow from operating activities plus cash flow from investing activities
[5] Calculated as working capital end of period divided by sales figure
[6] Calculated as Net financial debt + NR pre-spin off items divided by shareholders' equity

2007 FULL YEAR PERFORMANCE

Sales Bridge
Price effect: + 1.7%
Organic volume growth: +2.8%
Volume loss (restructuring): (0.5)%
Conversion effect: (2.6)%
Change of scope: (1.2)%
(including €29m related to a change in the sales consolidation method)

EBITDA Bridge
Internal projects: +€83m
Fixed cost reductions: +€110m
Volume loss (restructuring): €(11)m
Inflation on fixed costs: €(42)m
New businesses: + €26m
Environment: +€17m
Others: +€7m

Non recurring items:

- Non recurring items includes €94m of restructuring charges: €(10)m for Vinyl Products, €(46)m for Industrial Chemicals and €(38)m for Performance Products
- +€31m of capital gains on the divestments of urea-formadehyde resins and specialty amines
- Impact of the incident at Lavera of €(23)m compensated by the sale of Tacoma land (+€16m).

Income taxes and deferred taxes:

- Income taxes excluding non-recurring items (capital gains on divestments and withholding taxes on dividend) amounted to 29.3% of recurring operating income.
- End of 2007, non recognized deferred tax assets and tax losses amounted to €356m

Cash flows, net debt, provisions and non-recurring pre–spin off items

- Recurring CAPEX: €(281)m
- Variation in working capital: +€47m

Recurring cash flow: +€201m

- NR items: €(73)m

Cash flow: +€128m

- NR pre-spin off items: €(87)m
- Impact from M&A: €(135)m

Net cash flow: €(94)m

Net debt, provisions and non-recurring pre–spin off items

Net debt *(in €m)*

Net debt	459
Remaining pre-spin off NR items	122
Equivalent net debt *(31/12/07)*	**581**
Gearing	*30%*

Remaining pre-spin off NR items as of end of the year *(in €m)*	**2006**	**2007**
Provisions booked end 2005	156	115
Cash deposit (European antitrust litigations)	(18)	(18)
Vinyl restructuring plan capex	69	25
2006 items	5	0
Non-recurring pre-spin off items	**212**	**122**

Provisions analysis *(in €m)*	***Current provisions***		*Covered by warranties*		*Included in pre-spin off NR items*		*Total Provisions*	
	2006	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**
Pensions	272	246	-		*24*	*15*	*296*	*261*
Environment	121	125	*69*	*63*	*23*	*19*	*213*	*207*
Restructuring	48	64	-		*79*	*50*	*127*	*113*
Others *(incl. litigations)*	182	188	*8*	*4*	*31*	*31*	*221*	*223*
Total	***623***	***623***	***77***	***67***	***156***	***115***	***857***	***804***

VINYL PRODUCTS PERFORMANCE

- Sales evolution: Prices: ++, Volumes: =, Conversion and Scope: =
- Organic growth: +2.9%
- Good demand for PVC in Europe: price increases compensated for higher energy and raw material costs
- Benefits from restructuring initiatives (+€30m cumulative EBITDA impact from chlorochemical consolidation plan)
- Large maintenance turnaround in Fos (France)
- EBITDA growth: 40% internal projects, 60% external factors
- 3 new restructuring plans in downstream: (104) positions and full impact in 2009

INDUSTRIAL CHEMICALS PERFORMANCE

- Sales evolution: Prices: +, Volumes: ++, Conversion: --, and Scope: -
- Organic growth: +5.7%
- Contrasted environment with good demand in MMA and Hydrogen Peroxyde but low acrylic margins and price pressure on HFC-134a
- Negative impact of US dollar exchange rate
- Savings from European restructuring plans (PMMA, Thiochemicals, Fluorochemicals): (302) positions
- Benefits from growth projects (Calvert-city, Carling, Becancour…)
- Key partnerships in Asia settled
- First downstream acquisitions (Coatex, PMMA from Repsol)

PERFORMANCE PRODUCTS PERFORMANCE

- Sales evolution: Prices: ++, Volumes: =, Conversion: --, and Scope: --
- Organic growth: +4.2%, excluding negative impact on volumes from the closure of Villers-Saint Paul site (France)
- Significant contribution from restructuring in Functional Additives and Technical Polymers: (263) positions
- 19% of sales from products of less than 5 years
- Price increase in Additives to offset increase in price of tin
- Negative impact of US dollar exchange rate
- €300m of revenue sold

4TH QUARTER 2007 PERFORMANCE

Sales bridge (0.4)%	Volume growth: +4.5%	Conversion effect: (3.4)%
	Price & product mix: 1.6%	Change of scope: (3.1)%

Changes in the scope of business of Performance Products include €29m related to a change in the sales consolidation method for some subsidiaries.

- EBITDA up 41% at €107 million
  Positive effects:
  - Strong reduction of fixed costs resulting from restructuring initiatives (Chlorochemicals, Fluorochemicals, Functionnal Additives)
  - Volume increase especially in PMMA, Thiochemicals and Specialty Chemicals fuelled by new products
  - Good demand in caustic soda

  Negative effects:
  - Unfavorable euro/US dollar exchange rate
  - High raw material and energy costs
  - Low acrylic unit margins
  - Usual seasonality of results
- Other income and expenses of €16 million mainly correspond to restructuring charges for plans in Marseille, Crosby and Serquigny (announced beginning of 2008) compensated by the capital gain on the sale of urea-formaldehyde resins in Leuna.
- €143 million capex out of which €22 million relate to the Chlorochemicals consolidation plan.

MAJOR PROJECTS SINCE OCTOBER 1ST:

- Acquisition of Coatex, finalized on October 1st, 2007. Impact on fourth quarter results limited (valuation of inventories at market prices in accordance with IFRS)
- Finalization of the divestiture of urea formaldehyde resins in Leuna (Germany) on November, 1st .
- Launch of a restructuring plan in Technical Polymers in Marseille (France) in October 2007:
  - Loss of 48.5 positions
  - Reliability and yields improvement
  - 10% production capacity increase (PA 11 monomer)
- Launch of a restructuring plan in Functionnal Additives in Crosby (US) in December 2007:
  - Loss of 26 positions
  - Reorganization of production capacities of organic peroxides in North America.
- Launch of a restructuring plan in Technical Polymers in Serquigny (France):
  - Loss of 49 positions
  - Capex of €13m mainly for new products development
- Acquisition on February 29th, of the PMMA sheet and block production activity from the Repsol YPF group. This new activity with sales around €30m will consolidate the European PMMA business.
- Announcement of the reorganization of several support functions with the creation of two Shared Services Centers. This reorganization will lead to a reduction of 30 positions and improve processes.

ARKEMA Financial Statements

Consolidated financial statements - At the end of December 2007

INCOME STATEMENT

(In millions of euros)	4th Quarter 2006	End of December 2006 (audited)	4th Quarter 2007	End of December 2007 (audited)
Sales	1 323	5 664	1 318	5 675
Operating expenses	(1 157)	(4 879)	(1 139)	(4 827)
Research and development expenses	(44)	(168)	(44)	(158)
Selling and administrative expenses	(96)	(417)	(94)	(397)
Recurring operating income	**26**	**200**	**41**	**293**
Other income and expenses	(38)	(92)	16	(72)
Operating income	**(12)**	**108**	**57**	**221**
Equity in income of affiliates	1	1	2	5
Financial result	(3)	(10)	(3)	(15)
Income taxes	1	(59)	(38)	(104)
Net income of continuing operations	**(13)**	**40**	**18**	**107**
Net income of discontinued operations	**0**	**7**	**-**	**17**
Net income	**(13)**	**47**	**18**	**124**
Of which minority interests	1	2	-	2
Net income - Group share	**(14)**	**45**	**18**	**122**
Earnings per share (amount in euros)	*-0,23*	*0,75*	*0,30*	*2,02*
Diluted earnings per share (amount in euros)	*-0,23*	*0,75*	*0,30*	*2,01*
Depreciation and amortization	(50)	(211)	(66)	(225)
EBITDA	76	411	107	518
Adjusted net income	14	115	20	186

The consolidated accounts at December 31, 2006 have been restated for the disposal of the Cerexagri business in application of IFRS5.

BALANCE SHEET

(In millions of euros)	31.12.2006 (audited)	31.12.2007 (audited)
ASSETS		
Intangible assets, net	236	460
Property, plant and equipment, net	1 376	1 525
Equity affiliates: investments and loans	104	42
Other investments	21	24
Deferred income tax assets	36	18
Other non-current assets	121	100
TOTAL NON-CURRENT ASSETS	**1 894**	**2 169**
Inventories	1 036	1 017
Accounts receivable	1 011	1 000
Prepaid expenses and other current assets	202	160
Income taxes recoverable	36	31
Other current assets	-	1
Cash and cash equivalents	171	58
Total assets of discontinued operations	144	-
TOTAL CURRENT ASSETS	**2 600**	**2 267**
TOTAL ASSETS	**4 494**	**4 436**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	605	605
Paid-in surplus and retained earnings	1 313	1 449
Cumulative translation adjustment	(27)	(140)
Treasury shares	-	-
SHAREHOLDERS' EQUITY - GROUP SHARE	**1 891**	**1 914**
Minority interests	**15**	**21**
TOTAL SHAREHOLDERS' EQUITY	**1 906**	**1 935**
Deferred income tax liabilities	14	54
Provisions	891	833
Non-current debt	52	61
TOTAL NON-CURRENT LIABILITIES	**957**	**948**
Accounts payable	791	786
Other creditors and accrued liabilities	314	290
Income taxes payable	14	15
Other current liabilities	-	6
Current debt	443	456
Total liabilities of discountinued operations	69	-
TOTAL CURRENT LIABILITIES	**1 631**	**1 553**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4 494**	**4 436**

CASH FLOW STATEMENT

(In millions of euros)	End of December 2006	End of December 2007
	(audited)	*(audited)*
	Including Cerexagri	
Cash flow - operating activities		
Net income	47	124
Depreciation, amortization and impairment of assets	218	246
Provisions, valuation allowances and deferred taxes	(210)	(2)
(Gains)/losses on sales of assets	(5)	(96)
Undistributed affiliate equity earnings	(1)	(5)
Change in working capital	16	47
Other changes	3	5
Cash flow from operating activities	**68**	**319**
Cash flow - investing activities		
Intangible assets and property, plant, and equipment, additions	(336)	(325)
Acquisitions of subsidiaries, net of cash acquired	(7)	(294)
Increase in long-term loans	(59)	(15)
Total expenditures	**(402)**	**(634)**
Proceeds from sale of intangible assets and property, plant and equipment	6	88
Proceeds from sale of subsidiaries, net of cash sold	-	105
Proceeds from sale of other investments	10	1
Repayment of long-term loans	38	27
Total divestitures	**54**	**221**
Cash flow from investing activities	**(348)**	**(413)**
Cash flow - financing activities		
Issuance (repayment) of shares	532	5
Dividends paid to Parent company shareholders	-	-
Dividends paid to Minority shareholders	(1)	-
Increase/ Decrease in long-term debt	(6)	9
Increase/ Decrease in short-term borrowings and bank overdrafts	(130)	(4)
Cash flow from financing activities	**395**	**10**
Net increase/(decrease) in cash and cash equivalents	115	(84)
Effect of exchange rates and changes in scope	(18)	(29)
Cash and cash equivalents at beginning of period	67	171
Cash and cash equivalents of discontinued operations at end of period	(14)	-
Short-term loan to discontinued operations	20	-
Cash and cash equivalents at end of period	**171**	**58**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(audited)

(In millions of euros)	Shares issued: Number	Shares issued: Amount	Paid-in surplus	Retained earnings	Cumulative translation adjustment	Treasury shares: Number	Treasury shares: Amount	Shareholders' equity - Group share	Minority interests	Total shareholders' equity
As of January 1, 2007	**60 453 823**	**605**	**1 006**	**307**	**(27)**			**1 891**	**15**	**1 906**
Cash dividend										
Issuance of share capital									5	5
Purchase of treasury shares										
Cancellation of purchased treasury shares										
Sale of treasury shares										
Other										
Transactions with shareholders									**5**	**5**
Net income				122				122	2	124
Changes in items recognized directly through equity				7				7		7
Actuarial gains or losses				9				9		9
Change in translation adjustments					(113)			(113)	(1)	(114)
Other				(2)				(2)		(2)
Total of recognized income and expenses				**136**	**(113)**			**23**	**1**	**24**
As of December 31, 2007	**60 453 823**	**605**	**1 006**	**443**	**(140)**			**1 914**	**21**	**1 935**

INFORMATION BY BUSINESS SEGMENT

(In millions of euros)	4th Quarter 2006				
	Vinyl Products	**Industrial Chemicals**	**Performance Products**	**Corporate**	**Group total**
Non-Group sales	335	568	418	2	1 323
Inter-segment sales	16	40	5	(1)	-
Total sales	**351**	**608**	**423**	**1**	**-**
Recurring operating income	**(1)**	**18**	**13**	**(4)**	**26**
Other income and expenses	**(1)**	**2**	**(8)**	**(31)**	**(38)**
Operating income	**(2)**	**20**	**5**	**(35)**	**(12)**
Equity in income of affiliates	1	(1)	1	-	1
Depreciation and amortization	(5)	(26)	(18)	(1)	(50)
Asset impairment	-	-	-	-	-
Changes in non-current provisions recognized through income	14	7	6	(3)	24
EBITDA	**4**	**44**	**31**	**(3)**	**76**
Intangible assets and property, plant and equipment, additions	**23**	**70**	**31**	**-**	**124**

(In millions of euros)	4th Quarter 2007				
	Vinyl Products	**Industrial Chemicals**	**Performance Products**	**Corporate**	**Group total**
Non-Group sales	333	618	366	1	1 318
Inter-segment sales	13	38	5	-	
Total sales	**346**	**656**	**371**	**1**	
Recurring operating income	**4**	**31**	**13**	**(7)**	**41**
Other income and expenses	**(6)**	**8**	**15**	**(1)**	**16**
Operating income	**(2)**	**39**	**28**	**(8)**	**57**
Equity in income of affiliates	1	-	1	-	2
Depreciation and amortization	(8)	(36)	(22)	(0)	(66)
Asset impairment	-	(2)	-	-	(2)
Changes in non-current provisions recognized through income	3	17	(5)	4	19
EBITDA	**11**	**67**	**36**	**(7)**	**107**
Intangible assets and property, plant and equipment, additions	**49**	**64**	**26**	**4**	**143**

INFORMATION BY BUSINESS SEGMENT

(In millions of euros)	End of December 2006				
	Vinyl Products	**Industrial Chemicals**	**Performance Products**	**Corporate**	**Group total**
Non-Group sales	1 379	2 494	1 784	7	5 664
Inter-segment sales	74	179	17	-	-
Total sales	**1 453**	**2 673**	**1 801**	**7**	-
Recurring operating income	**21**	**160**	**71**	**(52)**	**200**
Other income and expenses	**(8)**	**2**	**(41)**	**(45)**	**(92)**
Operating income	**13**	**162**	**30**	**(97)**	**108**
Equity in income of affiliates	1	(1)	1	-	1
Depreciation and amortization	(17)	(107)	(85)	(2)	(211)
Asset impairment	-	-	-	-	-
Changes in non-current provisions recognized through income	41	18	(21)	208	246
EBITDA	**38**	**267**	**156**	**(50)**	**411**
Intangible assets and property, plant and equipment, additions	**76**	**172**	**87**	**1**	**336**

(In millions of euros)	End of December 2007				
	Vinyl Products	**Industrial Chemicals**	**Performance Products**	**Corporate**	**Group total**
Non-Group sales	1 418	2 529	1 723	5	5 675
Inter-segment sales	63	158	18	-	
Total sales	**1 481**	**2 687**	**1 741**	**5**	
Recurring operating income	**65**	**178**	**97**	**(47)**	**293**
Other income and expenses	**(12)**	**(43)**	**(8)**	**(9)**	**(72)**
Operating income	**53**	**135**	**89**	**(56)**	**221**
Equity in income of affiliates	4	-	1	-	5
Depreciation and amortization	(26)	(111)	(86)	(2)	(225)
Asset impairment	-	(2)	-	-	(2)
Changes in non-current provisions recognized through income	10	(16)	(8)	41	27
EBITDA	**90**	**289**	**184**	**(45)**	**518**
Intangible assets and property, plant and equipment, additions	**111**	**124**	**83**	**7**	**325**