MESSAGE FROM THIERRY LE HÉNAFF

Chairman and Chief Executive Officer

Dear Shareholders,

5 years after Arkema’s spin-off, I am particularly happy to share with you the real success of our Group. Our teams can be proud of what they have achieved to transform our Company in depth and turn our Group into a global chemical major whose profitability compares favorably to the sector’s main players.

Our Annual General Meeting on May 24th was an opportunity to review these first five years of the Group’s life, and to examine the objectives set in 2005, which have not just been achieved but well exceeded. An opportunity for genuine exchanges, this AGM highlighted the close link we have with all our shareholders, and enabled us to discuss together the future of the Group as well as our ambition for sustained growth over the next five years. Accordingly, two exciting new projects have been announced since the beginning of the year: the construction of a global Thiocarbonates platform in Asia, and the acquisition of Total’s specialty resins on July 1st.

The very significant improvement in the results in 1st half of 2011, with sales up by 20%, also reflects the acceleration in the Group’s growth. These results represent Arkema’s best performance over a semester, and confirm its excellent achievements. The success of our R&D, in particular in sustainable development solutions, our growing presence in Asia, and our targeted acquisitions are the main drivers of this remarkable transformation.

In a financial environment that has seen more volatility since the middle of the year, the Arkema share has been penalized like many others. However, it remains one of the shares that have held up the best since the beginning of the year, reflecting the quality of the Company’s repositioning and its prospects.

On the strength of the progress made since our spin-off and the many projects underway within the Company, I have every confidence in our ability to continue our transformation.

Once again, thank you for your continued confidence in our Group.

THIERRY LE HÉNAFF
Chairman and Chief Executive Officer
Highlights 1st half 2011:
- March 2011: Startup of Kynam® polymers production unit on Changshu site in China
- April 2011: Divestment of pipes business in France
- April 2011: Announcement of a project for the construction of a Thiochemicals platform in Asia, in partnership with Korean group ChellJedang
- June 2011: Agreement with Canada Fluorospar for the joint development of a fluorospar mine (raw material for refrigerant gases) in Canada
- July 2011: acquisition of Total’s specialty resins (some 1,750 people, €750 M sales)

Sales stood at €3,506 million in 1st half 2011, 20% up on 1st half 2010, sustained by a strong price effect translating the Group’s ability to pass on raw material cost increases to its sales prices, and by an increase in volumes mainly in our industrial Chemicals and Performance Products segments.

EBITDA reached €607 million, 61% up on 1st half 2010, the Group’s highest historical level over a six-month period. This excellent performance is the result of many progress initiatives underway across the Group’s businesses, reflecting above all:
- the excellent repositioning of the various business lines in fast growing markets (photovoltaic, animal nutrition, water treatment, electronics, etc.),
- our growing positions in Asia, in particular with new production units in China in the fluorochemicals sector,
- the increasing contribution of innovations in sustainable development solutions,
-Arkema’s ability to pass on raw material cost rises to its sales prices.

EBITDA margin reached a new record at 17.3% of sales against 13.0% in 1st half 2010.

Net income Group share was multiplied by 2.1, standing at €335 million, i.e. 10% of the Group’s sales.

Net debt stood at €265 million (€94 million at December 31st 2010), i.e. a 10.7% gearing ratio. It includes the payment of a €1.0 dividend per share.

Outlook: Following on from the outstanding performance in 1st half 2011, and taking into account the traditional seasonality effect for Arkema in 2nd half of the year, Arkema reaffirms its strong confidence for 2011. The Group aims to exceed for the first time in its history the symbolic €1 billion EBITDA threshold, i.e. an annual EBITDA increase of around 30%. 
FAST GROWTH in Asia

The Asian economies are enjoying sustained growth, and it is therefore no coincidence that Arkema has already laid solid foundations on this continent. «Thus far we have given priority to China», explains Marc Schullier, Executive Vice President, Industrial Chemicals. «But our strategy is not focused solely on Middle Kingdom. Our ultimate goal is to have a global foothold in three areas: China, South-East Asia and India.»

FOCUS ON TWO MAJOR DEVELOPMENT PROJECTS IN ASIA

A fluorocarbons activity in full expansion
In May 2010, Arkema brought successfully on steam an HFC fluorogas world-scale production unit for new-generation gases used for air-conditioning on the Changshu site, in partnership with the Japanese company Daikin. This site helps meet growing demand in China and South-East Asia, and ensures supply to all of the Group’s customers of this area. The plant is currently running at full capacity, making a significant contribution to the Group’s results.

In March 2011, Arkema started up successfully its new Kynar® fluorinated polymer production unit on the same site. This production unit helps customers develop in Asia, as well as meet global demand more effectively for this high-end plastic used in the industrial coatings market and in emerging applications such as lithium-ion batteries and photovoltaic panels. Arkema is currently the only producer in Asia of this fluorinated polymer. Arkema has decided to speed up the extension of this new unit by announcing in January this year an additional 50% capacity, to be effective by mid-2012.

A global Thiochemicals platform in Malaysia
In partnership with the Korean company Cheil Jedang, Arkema has announced a project for the construction in Malaysia of a Thiochemicals (sulfur derivatives) platform as well as a world-scale plant to produce bio-methionine, a sulfur amino acid widely used in animal nutrition. This project aptly illustrates Arkema’s growth strategy, building on:
• the Group’s expanding positions in Asia, with the construction of the first Thiochemicals platform on the Asian continent,
• innovation related to sustainable development, by implementing an innovative and highly competitive bio-fermentation industrial process to produce L-methionine from plant raw materials.

Thanks to the achieved plant startups, the share of Asia in Arkema’s sales is steadily rising. In 2010, Asia accounted for more than 18% of all invoiced sales. In early 2011, the figure was to 20%, and is expected to climb to nearly 25% by 2015. 50% of the Group’s development investments are dedicated to Asia. Arkema has a bright future in Asia.
Arkema joins CAC Next 20 index

5 years after its spin-off, Arkema joined the CAC Next 20 stock market index which gathers the 20 most representative securities (in terms of free float capitalization and liquidity) after the 40 securities in the CAC 40 index. CAC Next 20 index securities are therefore possible candidates to join the CAC 40 index.

The Arkema share was also admitted to the MSCI stock market index, one of the most used benchmark index in the world.

SHARE PERFORMANCE since spin-off

Share price as at August 31st 2011

PERFORMANCE SINCE DECEMBER 31st 2010

- High:
- €78.0
- Low:
- €49.0
- Variation:
- Arkema: 0.3%
- SBF 120: -15%
-

- Spin-off: 18 mai 2006
- Market capitalization: €3.3 bn
- ISIN: FR0010313833
- Number of shares: 61,857,527
- Indices:
  - SBF 120
  - CAC Next 20
  - DJ Stoxx Chemicals
  - MSCI

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The Arkema Shareholders’ Club invites its members to a number of events enabling them to find out about the Group and the world of Chemistry:
- On October 6th, training in the ins and out of the stock market.
- On October 24th, visit to Manufacture des Gobelins and a tour of the Gobelins district.
- On November 29th, visit to Palais de la découverte, where animated exhibits have been set up in partnership with Arkema to mark the International Year of Chemistry.

FINANCIAL calendar

- September 27th 2011
  Meeting with Individual Shareholders in Annecy
- September 29th 2011
  Meeting with Individual Shareholders in Strasbourg
- October 11th 2011
  Meeting with Individual Shareholders in Lille
- October 17th 2011
  Meeting with Individual Shareholders in Lyon
- November 9th 2011
  3rd quarter 2011 results
- November 18th and 19th 2011
  Actionaria Show