HALF-YEAR FINANCIAL REPORT

First half ended June 30th 2013

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Société anonyme au capital de 628 772 150 euros – 445 074 685 RCS

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HALF-YEAR ACTIVITY REPORT

I. FIRST HALF 2013 HIGHLIGHTS

1. Organic growth projects

• On June 5th 2013, ARKEMA announced the startup of the acrylic acid capacity extension at its Clear Lake site in Texas. This project, which raises the site's capacity to some 270KT per year, represents the main part of the US$110 million investment plan announced in November 2010. The other two parts of this investment plan entail (i) the startup in 2nd half 2012, on the Bayport site in Texas, of a 2-ethyl hexyl acrylate (2EHA) production plant for the pressure-sensitive adhesives market, and (ii) the addition of a methyl acrylate plant, used in the water treatment and specialty polymers markets, due to come on stream by end of 2013.

• On June 18th 2013, ARKEMA announced a 15% increase in its bis-peroxide global capacities at both its Spinetta (Italy) and Franklin (Virginia, United States) sites. These new capacities, already operational, represent the first stage of a multi-phase program aiming at increasing bis-peroxide global capacity by 30% by end of 2014 in the Organic Peroxide business unit of the High Performance Materials segment. These will help meet strong demand in the synthetic rubber industry for crosslinking agents, in particular in Asia, while also supporting recent developments.

2. Acquisitions

In first half 2013, ARKEMA announced two acquisition projects in line with its strategy in High Performance Materials:

- **Securing access to its strategic raw materials:**

On April 11th 2013, ARKEMA signed an agreement with Indian company Jayant Agro, one of the world leading producers of castor oil and derivatives, with a view to acquiring a stake of around 25% in Ihsedu Agrochem, one of its subsidiaries specializing in castor oil production. This joint venture aims to develop castor oil production, and will provide ARKEMA with competitive and secured long-term access to this strategic raw material for the manufacture of its biosourced polyamides (PA 10 and PA 11). This project should be finalized in 3rd quarter 2013 ;

- **Speeding up development through innovation:**

On April 3rd 2013, ARKEMA announced its acquisition of a majority stake in AEC Polymers, which produces in particular structural adhesives from methacrylates developed by an ARKEMA technology.

3. Update on the consequences for ARKEMA of Kem One situation

On March 27th 2013, ARKEMA was informed of the opening by the Lyon commercial court of insolvency proceedings with continuation of business for a six-month observation period concerning the company Kem One SAS, corresponding to the upstream part (chlorine / caustic soda electrolysis and PVC production) of the businesses sold by ARKEMA to the Klesch group in July 2012. Accordingly, ARKEMA booked a €125 million non-recurring charge in its 1st quarter 2013 accounts corresponding to the Group's exposure to Kem One SAS (receivables on Kem One and warranties granted to third parties).

In a writ received on March 12th 2013, the Klesch group initiated arbitration proceedings against ARKEMA as part of the divestment of its vinyl activities, which have now become Kem One, with a view to seeking damages amounting to €310 million. ARKEMA, which vigorously rejects these unfounded claims, has launched all necessary initiatives to defend its rights and prove its good faith before the relevant authorities, and is fully confident in its ability to demonstrate this.

II. ANALYSIS OF FINANCIAL RESULTS FOR FIRST HALF 2013

Following the divestment of its vinyl activities in early July 2012, ARKEMA announced a change in its organization and reporting structure with three new business segments: High Performance Materials, Industrial Specialties, and Coating Solutions. The data herein reflects this new organization, as presented in September 2012 at an Investor Day and described in greater detail in chapter 1 of the 2012 Reference Document.

In accordance with IFRS 5 standard, income statement items for the vinyl activities have been accounted for in the Group's consolidated income statement as « discontinued operations » for 2012. Cash flows for 1st half 2012 included flows relating to these activities which are presented as cash flows of discontinued operations.

(In millions of euros)	1st half 2013	1st half 2012	Variation in %
Sales	**3,192**	**3,342**	**-4%**
EBITDA	**507**	**559**	**-9%**
EBITDA margin (%)	**15.9%**	**16.7%**	
Recurring operating income	**353**	**409**	**-14%**
Other income and expenses	**(140)**	**(25)**	
Operating income	**213**	**384**	**-45%**
Net income – Group share of continuing operations	82	252	-67%
Net income – Group share of discontinued operations	-	(164)	
Net income – Group share	**82**	**88**	**-7%**
Adjusted net income[1]	**221**	**274**	**-19%**
Capex	**174**	**180**	**-3%**
Net debt	**1,150** *(06/30/13)*	**900** *(12/31/12)*	**+28%**

Sales

In first half 2013, sales reached €3,192 million, 4.5% down on 1st half 2012 and 1.3% down at constant exchange rate and scope of business. The -2.2% scope of business effect mostly reflected the impact of the divestment of the tin stabilizer business finalized on October 1st 2012. Volumes increased slightly (+1.2%). Strong growth in volumes for the Coating Solutions segment, which benefited in particular from an increased presence in North America where the housing market has been gradually improving, and the favorable momentum in Thiochemicals offset the impact of the slow start of the High Performance Materials segment at the beginning of 2013; as expected, this segment was affected by weak demand in some end-markets, particularly for fluoropolymers. The -2.4% price / product mix effect reflected in particular the decrease in certain raw material costs and the different product mix than in 2012 in High Performance Materials. The -1% translation effect mostly corresponded to the slight strengthening of the euro versus the US dollar.

EBITDA

In an economic environment that was less favorable than last year, EBITDA stood at €507 million against €559 million in 1st half 2012, thereby confirming the strength of the portfolio of the Group's specialty activities and its balanced geographic presence. The performance of High Performance Materials declined compared to 1st half 2012 due to weaker demand than last year in the photovoltaic market and to delays in certain oil and gas projects. Industrial Specialties delivered a very high performance, at the same level than last year, and Coating Solutions improved over 1st half 2012, supported by strong positions developed in North America in both these segments.

EBITDA margin maintained a very good level at 15.9% of sales, and stood among the highest in the industry, reflecting the strong positions developed by ARKEMA in specialty chemicals.

[1] For 1st half 2012, adjusted net income of continuing operations (excluding impact of vinyl activities sold beginning of July 2012).

Operating income

Operating income stood at €213 million against €384 million in 1st half 2012. It included €154 million depreciation and amortization, close to 1st half 2012 levels (€150 million). The operating income also included other income and expenses totalling -€140 million, corresponding mainly to a €125 million non-recurring charge recognized in the accounts following the insolvency proceeding concerning Kem One SAS, the company that comprises the upstream part (chlorine / caustic soda electrolysis and PVC) of the vinyl activities sold by ARKEMA to the Klesch group. The amount that has been provisioned corresponds to the Group's estimated exposure to Kem One SAS. In 1st half 2012, other income and expenses amounted to -€25 million which mostly included the impact of the shortage in the supply of CDT (raw material of polyamide 12) totalling -€16 million, and to various charges related to divestment and acquisition operations.

Income taxes

Income taxes in 1st half 2013 amounted to €106 million (€112 million in 1st half 2012), representing 30% of recurring operating income. This tax rate reflects the geographic spread of the results with a significant part of the Group's results achieved in North America and a smaller part in Europe.

Net income, Group share, of discontinued operations

As part of its refocus on its specialty chemical businesses, ARKEMA divested its vinyl activities in early July 2012. The net result of these activities in 1st half 2012 stood at -€164 million. It included (i) the -€70 million net result from operations of this activity, which reflected the sluggish demand in European construction, and the complexity of simultaneously conducting a major divestment process and the day-to-day operational management of the activity, and (ii) other income and expenses totalling -€94 million. These expenses included the impact of the implementation of warranties negotiated during the workers council's information/consultation process, the cost of establishing the business into a stand-alone structure (information systems, legal and accounting costs related to transfer of activities, etc.), and post-closing adjustments.

Net income, Group share, and adjusted net income

Net income, Group share stood at €82 million against €88 million in 1st half 2012.

Excluding the impact, after tax, of non-recurring items, adjusted net income reached €221 million against €274 million (adjusted net income of continuing operations) in 1st half 2012.

Segment performance

High Performance Materials

(In millions of euros)	1st half 2013	1st half 2012	Variation in %
Sales	**925**	**1,106**	**-16%**
EBITDA	**163**	**211**	**-23%**
EBITDA margin (%)	**17.6%**	**19.1%**	
Recurring operating income	**112**	**158**	**-29%**

Sales in **High Performance Materials** stood at €925 million against €1,106 million in 1st half 2012. They included a -7% scope of business effect essentially corresponding to the impact of the divestment of the tin stabilizer business, a negative price effect which mostly reflected a different product mix than in 2012 and the decrease of certain raw material costs as well as lower volumes in fluoropolymers compared to the high comparison base of the 1st half 2012. Finally, the slight strengthening of the euro versus the US dollar had a negative impact.

EBITDA stood at €163 million against €211 million in 1st half 2012. Within Technical Polymers, specialty polyamides achieved a very good performance which reflects the innovation momentum in the field of lightweight materials and a stronger than expected seasonality in the 2nd quarter, while a weaker demand in photovoltaics and delays in certain projects in the oil and gas sector affected fluoropolymers. Organic Peroxides EBITDA margin benefited from its reshaped portfolio of business following the divestment of the tin stabilizer business closed on October 1st, 2012.

EBITDA margin maintained a solid level at 17.6% against 19.1% in 1st half 2012.

Industrial Specialties

(In millions of euros)	1st half 2013	1st half 2012	Variation in %
Sales	**1,079**	**1,098**	**-2%**
EBITDA	**218**	**222**	**-2%**
EBITDA margin (%)	**20.2%**	**20.2%**	
Recurring operating income	**161**	**166**	**-3%**

Industrial Specialties maintained excellent results, close to those in 1st half 2012. Sales reached €1,079 million, slightly down on 1st half 2012. EBITDA stood at €218 million, and EBITDA margin was stable at 20.2%.

All of the segment’s activities continued to benefit from an ongoing favorable environment in the United States where the Group has developed a strong industrial presence over the years.

The performance of Thiochemicals remained well oriented, supported by animal feed as well as petrochemicals and refining markets in the US. The performance of refrigerant fluorogas business remained strong despite competitive pressure in Europe and China on the unit margins of certain fluorogases as well as poor weather conditions in 2nd quarter. In PMMA, market conditions were mixed, reflecting different momentum in the automotive and construction markets by region. Finally, Hydrogen Peroxide performance remained stable overall.

Coating Solutions

(In millions of euros)	1st half 2013	1st half 2012	Variation in %
Sales	**1,164**	**1,126**	**+3%**
EBITDA	**161**	**156**	**+3%**
EBITDA margin (%)	**13.8%**	**13.9%**	
Recurring operating income	**116**	**116**	**-**

Coating Solutions sales reached €1,164 million, 3% up on 1st half 2012. This increase reflected mostly higher volumes in North America, supported by a gradual improvement in demand in the decorative paint market and the startup in the 2nd quarter of the acrylic acid production capacity extension in Clear Lake (Texas).

EBITDA stood at €161 million and EBITDA margin at 13.8%. Acrylics benefited from higher volumes. Their unit margins in 2nd quarter were down versus their high level of 2nd quarter 2012, which benefited at that time from the drop of propylene price. Market conditions in Coating Resins remained mixed. Demand for decorative paints grew in North America, but remained lackluster in Europe where weather conditions were adverse in the 2nd quarter. Finally, the performance of Sartomer and Coatex remained resilient sustained by new product development.

Cash flow

Free cash flow[2] stood at -€16 million against -€23 million in 1st half 2012. This flow included a -€156 million variation in working capital related to the traditional increase in sales in 1st half of the year. The working capital to sales ratio, however, remained well under control at 17.3%, at the same level as at June 30th 2012. Capex reached €174 million and should accelerate in the 2nd half of the year, as it is the case each year, to reach €500 million for the full year 2013.

The Group also paid on 11th June a €1.80 dividend per share, totaling €113 million. Moreover, as part of its commitments previously made regarding Kem One, Arkema cashed out an amount of €75 million in the 2nd quarter. This amount was already fully booked in the accounts at the end of the 1st quarter.

Net debt

Net debt stood at €1,150 million at 30th June 2013 (€900 million at 31st December 2012), i.e. 49.6% gearing, close to last year's level (48.7% at 30th June 2012). However, the Group confirmed its objective to reduce its gearing to around 40% by the end of the year.

[2] Cash flow from operations and investments, excluding impact of portfolio management and before the impact of cash-outs related to Kem One situation.

III. TRANSACTIONS WITH RELATED PARTIES

Transactions between consolidated companies have been eliminated in the consolidation process. In addition, in the normal course of business, the Group has business relationships with certain non-consolidated companies or companies which are accounted for under the equity method with non-significant values.

IV. HIGHLIGHTS SINCE JUNE 30TH 2013

On July 3rd 2013, the *Fonds Stratégique de Participation* (FSP), a mutual fund set up by four major insurance companies in France – BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances through its subsidiary Predica, and Sogécap (Société Générale Group) – in order to promote long-term investment in listed companies, announced that it now owns 6% of Arkema’s share capital.

ARKEMA considers this acquisition of a stake in its share capital as a positive sign showing the confidence of the FSP in the long-term strategy implemented by the Group and in its management.

With a prospect of maintaining a long-term investment of at least 6% of Arkema's share capital, the FSP has shared with the Board of Directors its intent to seek the appointment of a representative on the Board of Directors. The Board of Directors will consider favorably this request for the appointment of an independent representative made by the FSP. Upon approval of the proposed representative, the Board of Directors should submit the proposed resolution to Arkema’s next annual general meeting on May 15th 2014.

V. 2013 OUTLOOK

Market conditions in the second half of the year should be in the continuity of the first half of the year with a marked contrast by regions and a limited visibility. They should continue to be solid in North America, and challenging but stable in Europe. In Asia, China in particular, growth should remain slower than expected. High Performance Materials should continue to be impacted in the 3rd quarter by the weakness in photovoltaic market and delays in some oil and gas projects. However, those markets should as expected improve by year end.

In this environment, Arkema should achieve in the second half of the year an EBITDA similar to the record level of the 2nd half of 2012. Compared to 2012, the 3rd quarter EBITDA should be lower than the high reference of last year and the 4th quarter stronger. The Group thereby confirms its ability to achieve a strong annual performance in a macro-economic environment that is less favorable than in 2012. The Group, however, will continue to carefully monitor the macro-economic environment developments and will implement the necessary adjustment initiatives if it was to be necessary.

The Group continues to implement its focused growth strategy with several progresses and confirms its ambition for 2016 to achieve €8 billion sales and 16% EBITDA margin while maintaining gearing below 40%.

VI. MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties which the Group could face over the next six months are those described in the 2012 Reference Document filed with the *Autorité des marchés financiers* (« AMF ») on March 27th 2013 under number D.13-0229. This document is available on ARKEMA’s website under the heading « Investor Relations » (www.finance.arkema.com) and on the AMF website (www.amf-france.org). Additionally, an update of contingent liabilities is given in the notes to the half-year consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2013

CONSOLIDATED INCOME STATEMENT

(In millions of euros)	Notes	**1st half 2013**	**1st half 2012**
Sales	(C1&C2)	**3,192**	**3,342**
Operating expenses		(2,549)	(2,645)
Research and development expenses		(76)	(74)
Selling and administrative expenses		(214)	(214)
Recurring operating income	(C1)	**353**	**409**
Other income and expenses	(C3)	(140)	(25)
Operating income	(C1)	**213**	**384**
Equity in income of affiliates		3	6
Financial result		(27)	(25)
Income taxes	(C5)	(106)	(112)
Net income of continuing operations		**83**	**253**
Net income of discontinued operations		**-**	**(164)**
Net income		**83**	**89**
Of which: non-controlling interests		1	1
Net income - Group share	(C4)	**82**	**88**
Of which: continuing operations		**82**	**252**
Of which: discontinued operations		**-**	**(164)**
Earnings per share (amount in euros)	(C6)	*1.31*	*1.42*
Earnings per share of continuing operations (amount in euros)	(C6)	*1.31*	*4.07*
Diluted earnings per share (amount in euros)	(C6)	*1.29*	*1.40*
Diluted earnings per share of continuing operations (amount in euros)	(C6)	*1.29*	*4.02*
Depreciation and amortization	(C1)	(154)	(150)
EBITDA *	(C1)	507	559
Adjusted net income of continuing operations *	(C4)	221	274
Adjusted earnings per share of continuing operations (amount in euros)	(C6)	*3.53*	*4.42*
Diluted adjusted earnings per share of continuing operations (amount in euros)	(C6)	*3.49*	*4.37*

* see note B19 to the consolidated financial statements at 31 December 2012 – Accounting policies / Main accounting and financial indicators

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	1st half 2013	1st half 2012
Net income	**83**	**89**
Hedging adjustments	(2)	(6)
Other items	-	-
Deferred taxes on hedging adjustments and other items	-	-
Change in translation adjustments	1	40
Other recyclable comprehensive income of continuing operations	**(1)**	**34**
Actuarial gains and losses	41	(44)
Deferred taxes on actuarial gains and losses	(16)	9
Other non-recyclable comprehensive income of continuing operations	**25**	**(35)**
Other comprehensive income of continuing operations	**24**	**(1)**
Other comprehensive income of discontinued operations	-	(5)
Total income and expenses recognized directly in equity	**24**	**(6)**
Comprehensive income	**107**	**83**
Of which: non-controlling interests	1	1
Comprehensive income – Group share	**106**	**82**

CONSOLIDATED BALANCE SHEET

(In millions of euros)	Notes	**30 June 2013**	**31 December 2012**
ASSETS			
Intangible assets, net	(C7)	969	962
Property, plant and equipment, net	(C8)	1,876	1,852
Equity affiliates: investments and loans		67	71
Other investments		58	36
Deferred tax assets		67	83
Other non-current assets		151	147
TOTAL NON-CURRENT ASSETS		**3,188**	**3,151**
Inventories		954	920
Accounts receivable		1,024	920
Other receivables and prepaid expenses		172	147
Income taxes recoverable		27	35
Other current financial assets		3	8
Cash and cash equivalents		299	360
TOTAL CURRENT ASSETS		**2,479**	**2,390**
Assets held for sale		-	-
TOTAL ASSETS		**5,667**	**5,541**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		629	629
Paid-in surplus and retained earnings		1,581	1,587
Treasury shares		(12)	(16)
Translation adjustments		83	82
SHAREHOLDERS' EQUITY - GROUP SHARE	(C9)	**2,281**	**2,282**
Non-controlling interests		36	29
TOTAL SHAREHOLDERS' EQUITY		**2,317**	**2,311**
Deferred tax liabilities		43	33
Provisions for pensions and other employee benefits	(C10)	392	432
Other provisions and non-current liabilities	(C11)	413	446
Non-current debt	(C13)	1,068	1,071
TOTAL NON-CURRENT LIABILITIES		**1,916**	**1,982**
Accounts payable		739	683
Other creditors and accrued liabilities		272	318
Income taxes payable		40	56
Other current financial liabilities		2	2
Current debt	(C13)	381	189
TOTAL CURRENT LIABILITIES		**1,434**	**1,248**
Liabilities associated with assets held for sale		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,667**	**5,541**

CONSOLIDATED CASH FLOW STATEMENT

(In millions of euros)	**1st half 2013**	**1st half 2012**
Net income	83	89
Depreciation, amortization and impairment of assets	155	188
Provisions, valuation allowances and deferred taxes	(24)	14
(Gains)/losses on sales of assets	(4)	(10)
Undistributed affiliate equity earnings	6	3
Change in working capital	(156)	(209)
Other changes	4	3
Cash flow from operating activities	**64**	**78**
Of which: Cash flow from operating activities of discontinued operations	**-**	**(123)**
Intangible assets and property, plant, and equipment additions	(174)	(217)
Change in fixed asset payables	(25)	(32)
Acquisitions of operations, net of cash acquired	(10)	(243)
Increase in long-term loans	(16)	(25)
Total expenditures	(225)	(517)
Proceeds from sale of intangible assets and property, plant, and equipment	5	13
Change in fixed asset receivables	-	-
Proceeds from sale of operations, net of cash sold	-	-
Proceeds from sale of unconsolidated investments	-	-
Repayment of long-term loans	14	8
Total divestitures	19	21
Cash flow from investing activities	**(206)**	**(496)**
Of which: Cash flow from investing activities of discontinued operations	**-**	**(48)**
Issuance (repayment) of shares and other equity	8	33
Purchase of treasury shares	-	(13)
Dividends paid to parent company shareholders	(113)	(81)
Dividends paid to minority shareholders	-	(1)
Increase / decrease in long-term debt	(5)	226
Increase / decrease in short-term borrowings and bank overdrafts	191	106
Cash flow from financing activities	**81**	**270**
Net increase/(decrease) in cash and cash equivalents	(62)	(148)
Effect of exchange rates and changes in scope	1	1
Cash and cash equivalents at beginning of period	360	254
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**299**	**107**
Of which: Cash and cash equivalents of discontinued operations	**-**	**-**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In millions of euros)	Shares issued – Number	Shares issued – Amount	Paid-in surplus	Retained earnings	Translation adjustments	Treasury shares – Number	Treasury shares – Amount	Shareholders' equity – Group share	Non-controlling interests	Share-holders' equity
At 1 January 2013	**62,877,215**	**629**	**977**	**610**	**82**	**(314,034)**	**(16)**	**2,282**	**29**	**2,311**
Cash dividend	-	-	(113)	-	-	-	-	(113)	-	(113)
Issuance of share capital	70,958	-	2	-	-	-	-	2	-	2
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Cancellation of purchased treasury shares	-	-	-	-	-	-	-	-	-	-
Grants of treasury shares to employees	-	-	-	(4)	-	87,060	4	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	4	-	-	-	4	-	4
Other	-	-	-	-	-	-	-	-	6	6
Transactions with shareholders	**70,958**	**-**	**(111)**	**-**	**-**	**87,060**	**4**	**(107)**	**6**	**(101)**
Net income	-	-	-	82	-	-	-	82	1	83
Total income and expenses recognized directly through equity	-	-	-	23	1	-	-	24	-	24
Comprehensive income	**-**	-	-	**105**	1	**-**	-	**106**	**1**	**107**
At 30 June 2013	**62,948,173**	**629**	**866**	**715**	**83**	**(226,974)**	**(12)**	**2,281**	**36**	**2,317**

(In millions of euros)	Shares issued – Number	Shares issued – Amount	Paid-in surplus	Retained earnings	Translation adjustments	Treasury shares – Number	Treasury shares – Amount	Shareholders' equity – Group share	Non-controlling interests	Share-holders' equity
At 1 January 2012	**61,864,577**	**619**	**1,021**	**463**	**97**	**(214,080)**	**(10)**	**2,190**	**27**	**2,217**
Cash dividend	-	-	(81)	-	-	-	-	(81)	(1)	(82)
Issuance of share capital	674,241	6	28	-	-	-	-	34	-	34
Purchase of treasury shares	-	-	-	-	-	(250,000)	(13)	(13)	-	(13)
Cancellation of purchased treasury shares	-	-	-	-	-	-	-	-	-	-
Grants of treasury shares to employees	-	-	-	(7)	-	150,035	7	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	5	-	-	-	5	-	5
Other	-	-	-	(2)	-	-	-	(2)	1	(1)
Transactions with shareholders	**674,241**	**6**	**(53)**	**(4)**	**-**	**(99,965)**	**(6)**	**(57)**	**-**	**(57)**
Net income	-	-	-	88	-	-	-	88	1	89
Total income and expenses recognized directly through equity	-	-	-	(46)	40	-	-	(6)	-	(6)
Comprehensive income	**-**	-	-	42	40	**-**	-	**82**	**1**	**83**
At 30 June 2012	**62,538,818**	**625**	**968**	**501**	**137**	**(314,045)**	**(16)**	**2,215**	**28**	**2,243**

A. HIGHLIGHTS

On 27 March 2013, ARKEMA was informed of the opening by the Lyon commercial court of insolvency proceedings with continuation of business for a six-month observation period concerning the company Kem One SAS, which corresponds to the upstream part (chlorine / caustic soda electrolysis and PVC production) of the businesses sold by ARKEMA to the Klesch group in July 2012. In the first quarter of 2013 ARKEMA booked a €125 million exceptional expense corresponding to the Group's exposure in relation to Kem One SAS (receivables on Kem One and warranties granted to third parties).

In a writ received on 12 March 2013, the Klesch group initiated arbitration proceedings against ARKEMA regarding the sale of its vinyls activities, which have now become Kem One, seeking damages amounting to €310 million. ARKEMA, which vigorously refutes these unfounded claims, has launched all necessary initiatives to defend its rights and prove its good faith before the relevant authorities, and has full confidence in its ability to demonstrate this.

B. ACCOUNTING POLICIES

Arkema S.A. is a French limited liability company (*société anonyme*) with a Board of Directors, subject to the provisions of book II of the French Commercial Code and all other legal provisions applicable to French commercial companies.
The company’s head office is at 420 rue d’Estienne d’Orves, 92700 Colombes (France). It was incorporated on 31 January 2003 and the shares of Arkema S.A. have been listed on the Paris stock exchange (Euronext) since 18 May 2006.

Basis for preparation

ARKEMA’s condensed consolidated interim financial statements at 30 June 2013 were prepared under the responsibility of the Chairman and CEO of Arkema S.A. and were approved by the Board of Directors of Arkema S.A. on 31 July 2013.

The condensed consolidated interim financial statements at 30 June 2013 were prepared in compliance with IAS 34 “Interim financial reporting” and established in accordance with the IFRSs (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and the IFRSs adopted by the European Union at 30 June 2013. As condensed interim financial statements, they do not incorporate all of the disclosures required in full financial statements and must thus be read in conjunction with the consolidated financial statements for the year ended 31 December 2012.
The accounting framework and standards adopted by the European Union can be consulted on the following website: *http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.*

Changes in IFRSs and interpretations

The accounting policies applied in preparing the consolidated financial statements at 30 June 2013 are identical to those used in the consolidated financial statements at 31 December 2012, except for IFRS standards, amendments and interpretations, as adopted by the European Union and the IASB, that are obligatorily applicable for accounting periods commencing on or after 1 January 2013 (and which had not been applied early by the Group), namely:

Amendments to IFRS 1	First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 1	Government loans
Amendments to IFRS 7	Disclosures – Offsetting financial assets and financial liabilities
IFRS 13	Fair value measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income (OCI)
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets
IAS 19 (Revised)	Employee benefits
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
	Annual improvements to IFRS (published in May 2012)

The application of these standards, amendments and interpretations does not have any significant impact on the Group's consolidated financial statements.

The following standards, amendments and interpretations published by the IASB and the IFRS IC (IFRS Interpretations Committee) were not yet in force at 1 January 2013 and have not been applied early by the Group:

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	Adopted by the European Union on 28 December 2012
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets	Not adopted by the European Union at 30 June 2013
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	Not adopted by the European Union at 30 June 2013
Amendments to IFRS 9 and IFRS 7	Mandatory effective date and transition disclosures	Not adopted by the European Union at 30 June 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition guidance for IFRS 10, IFRS 11 and IFRS 12	Adopted by the European Union on 5 April 2013
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities	Not adopted by the European Union at 30 June 2013
IFRS 10	Consolidated financial statements	Adopted by the European Union on 28 December 2012
IFRS 11	Joint arrangements	Adopted by the European Union on 28 December 2012
IFRS 12	Disclosure of interests in other entities	Adopted by the European Union on 28 December 2012
IFRIC 21	Levies	Not adopted by the European Union at 30 June 2013
IAS 27 (Revised)	Separate financial statements	Adopted by the European Union on 28 December 2012
IAS 28 (Revised)	Investments in associates and joint ventures	Adopted by the European Union on 28 December 2012

The Group does not expect any significant impact to result from application of IFRS 10, 11, 12, IAS 27 (revised) or IAS 28 (revised), applicable from 1 January 2014. The impact of the other standards, amendments and interpretations are currently being analyzed.

Use of assumptions

Preparation of the interim consolidated financial statements in accordance with IFRS requires Group management to make estimates and determine assumptions that can have an impact on the amounts recognized in assets and liabilities at the balance sheet date, and have a corresponding impact on the income statement. Management made its estimates and determined its assumptions on the basis of past experience and taking into account different factors considered to be reasonable for the valuation of assets and liabilities. Use of different assumptions could have a material effect on these valuations. The main assumptions made by management in preparing the financial statements are those used for measuring the recoverable value of property, plant and equipment and intangible assets, pension benefit obligations, deferred taxes and provisions. The disclosures provided concerning contingent assets and liabilities at the date of preparation of the consolidated financial statements also involve the use of estimates.

Impact of seasonality

ARKEMA’s standard pattern of business exposes the Group to seasonality effects. Various characteristics contribute to these effects:

- demand for products manufactured by ARKEMA is generally weaker in the summer months (July-August) and in December, notably as a result of the slowdown in industrial activity observed primarily in France and the rest of Europe;
- in some of ARKEMA’s businesses, particularly those serving the paints, coatings and refrigeration markets, the level of sales is generally higher in the first half of the year than in the second half;
- major maintenance turnarounds at ARKEMA’s production plants have an influence on seasonality.

Seasonality effects observed in the past are not necessarily representative of future trends, but they could have a material influence on the changes in results and working capital between the different quarters of the financial year.

C. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Information by business segment

As required by IFRS 8, “Operating Segments”, segment information for the Group is presented in accordance with the business segments identified in the internal reports that are regularly reviewed by general management in order to allocate resources and assess financial performance.

ARKEMA has three business segments: High Performance Materials, Industrial Specialties and Coating Solutions. Two members of the Executive Committee supervise these segments; they report directly to the Chairman and CEO, the Group’s chief operating decision-maker as defined by IFRS 8, and are in regular contact with him for the purpose of discussing their sector’s operating activity, financial results, forecasts and plans.

- High Performance Materials includes the following business units: Technical Polymers, Filtration and Adsorption (Ceca) and Organic Peroxides. High Performance Materials provide innovative solutions with high value added, used in varied sectors such as transportation, oil extraction, renewable energies (photovoltaics, lithium-ion batteries), consumer goods (beauty products, sports equipment, packaging, etc), electronics, construction, coatings and water treatment.
- Industrial Specialties groups the following business units: Thiochemicals, Fluorochemicals, PMMA and Hydrogen Peroxide. These integrated industrial niche markets on which ARKEMA is among the world leaders concern products used in several industrial sectors such as production of cold (refrigeration and air conditioning), oil and gas, paper pulp, animal nutrition, electronics and the automotive industry.
- Coating Solutions comprises the following business units: Acrylics, Coatings Resins, Rheology Additives (Coatex) and UV-curing resins (Sartomer). This segment proposes solutions for decorative paints, industrial coatings, adhesives and high-growth acrylic applications (superabsorbers for disposable nappies, water treatment, oil and gas extraction).

Functional and financial activities which cannot be directly allocated to operational activities (notably certain research costs and central costs) are brought together in a Corporate segment.

Operating income and assets of continuing operations are allocated between business segments prior to inter-segment adjustments. Sales prices between segments approximate market prices.

1st half 2013 *(In millions of euros)*	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	**Total**
Non-Group sales	925	1,079	1,164	24	**3,192**
Inter segment sales	6	52	42	-	
Total sales	**931**	**1,131**	**1,206**	**24**	
EBITDA	**163**	**218**	**161**	**(35)**	**507**
Depreciation and amortization	(51)	(57)	(45)	(1)	**(154)**
Recurring operating income	**112**	**161**	**116**	**(36)**	**353**
Other income and expenses	(7)	-	(5)	(128)	**(140)**
Operating income	**105**	**161**	**111**	**(164)**	**213**
Equity in income of affiliates	-	-	-	3	3
Intangible assets and property, plant, and equipment additions	**31**	**85**	**45**	**13**	**174**
- including: Recurring capital expenditure	27	35	44	13	119

The table below excludes discontinued activities.

1st half 2012 *(In millions of euros)*	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	**Total**
Non-Group sales	1,106	1,098	1,126	12	**3,342**
Inter segment sales	12	66	48	-	
Total sales	**1,118**	**1,164**	**1,174**	**12**	
EBITDA	**211**	**222**	**156**	**(30)**	**559**
Depreciation and amortization	(53)	(56)	(40)	(1)	**(150)**
Recurring operating income	**158**	**166**	**116**	**(31)**	**409**
Other income and expenses	(25)	4	(3)	(1)	**(25)**
Operating income	**133**	**170**	**113**	**(32)**	**384**
Equity in income of affiliates	-	-	-	6	6
Intangible assets and property, plant, and equipment additions	**49**	**63**	**60**	**8**	**180**
- including: Recurring capital expenditure	49	41	51	7	148

2 Information by geographical area

Non-Group sales are presented on the basis of the geographical location of customers.

1st half 2013 *(In millions of euros)*	**France**	**Rest of Europe**	**NAFTA** [(1)]	**Asia**	**Rest of the world**	**Total**
Non-Group sales	340	981	1,117	611	143	**3,192**

1st half 2012 *(In millions of euros)*	**France**	**Rest of Europe**	**NAFTA (1)**	**Asia**	**Rest of the world**	**Total**
Non-Group sales	328	1,018	1,160	674	162	**3,342**

(1) NAFTA: United States, Canada, Mexico

3 Other income and expenses

(In millions of euros)	**1st half 2013** Expenses	Income	Net	**1st half 2012** Expenses	Income	Net
Restructuring and environmental items	(6)	-	(6)	(3)	1	(2)
Goodwill impairment	-	-	-	-	-	-
Asset impairment (other than goodwill)	-	-	-	-	-	-
Litigation and claims	(8)	-	(8)	(16)	2	(14)
Gains (losses) on sales and purchases of assets	(128)	2	(126)	(11)	2	(9)
Other	-	-	-	-	-	-
Total other income and expenses	**(142)**	**2**	**(140)**	**(30)**	**5**	**(25)**

In the first half of 2013, gains and losses on sales and purchases of assets include €125 million corresponding to the provision established after insolvency proceedings began for Kem One SAS.

In the first half of 2012, litigation and claims mainly concern the insurance deductible associated with the incident that occurred at one of the Evonik sites. Gains and losses on sales and purchases of assets include acquisition and selling costs, gains on sales and the difference between the fair value of inventories at acquisition date and their production cost.

4 Adjusted net income

Net income - Group share may be reconciled to adjusted net income as follows:

(In millions of euros)	Notes	**1st half 2013**	**1st half 2012**
Net income - Group share		**82**	**88**
Other income and expenses	(C3)	140	25
Taxes on other income and expenses		(1)	(3)
Non-current taxation		-	-
Net income of discontinued operations		-	164
Adjusted net income of continuing operations		**221**	**274**

5 Income taxes

The income tax expense is broken down as follows:

(In millions of euros)	**1st half 2013**	**1st half 2012**
Current income taxes	(96)	(107)
Deferred income taxes	(10)	(5)
Total income taxes	**(106)**	**(112)**

The income tax expense amounts to €106 million at 30 June 2013, including €6 million for the CVAE and €3 million relating to the additional income tax contribution due on distributed income (compared with €112 million at 30 June 2012, including €6 million for the CVAE).

6 Earnings per share

	1st half 2013	**1st half 2012**
Weighted average number of ordinary shares	62,630,259	61,954,600
Dilutive effect of stock options	485,152	544,703
Dilutive effect of free share grants	286,949	164,534
Weighted average number of potential ordinary shares	63,402,359	62,663,837

Earnings per share is determined below:

	1st half 2013	**1st half 2012**
Earnings per share (€)	1.31	1.42
Diluted earnings per share (€)	1.29	1.40
Earnings per share of continuing operations (€)	1.31	4.07
Diluted earnings per share of continuing operations (€)	1.29	4.02
Earnings per share of discontinued operations (€)	-	(2.65)
Diluted earnings per share of discontinued operations (€)	-	(2.62)

Adjusted earnings per share is determined below:

	1st half 2013	**1st half 2012**
Adjusted earnings per share (€)	3.53	3.36
Diluted adjusted earnings per share (€)	3.49	3.32
Adjusted earnings per share of continuing operations (€)	3.53	4.42
Diluted adjusted earnings per share of continuing operations (€)	3.49	4.37

7 Intangible assets

7.1 Goodwill

(In millions of euros)	**30 June 2013** Gross book value	Accumulated amortization and impairment	Net book value	**31 December 2012** Net book value
Goodwill	**1,099**	**(427)**	**672**	**670**

7.2 Other intangible assets

(In millions of euros)	**30 June 2013** Gross book value	Accumulated amortization and impairment	Net book value	**31 December 2012** Net book value
Patents	144	(117)	27	33
Trademarks	27	(3)	25	26
Software and licences	156	(108)	48	45
Other intangible assets	359	(161)	197	188
Total	**686**	**(389)**	**297**	**292**

8 Property, plant & equipment

(In millions of euros)	**30 June 2013** Gross book value	Accumulated depreciation and impairment	Net book value	**31 December 2012** Net book value
Land and buildings	1,339	(880)	459	463
Complex industrial facilities	2,992	(2,334)	658	616
Other property, plant and equipment	1,800	(1,372)	428	443
Construction in progress	332	(1)	331	330
Total	**6,463**	**(4,587)**	**1,876**	**1,852**

9 Shareholders' equity

At 30 June 2013, after the capital increase due to 70,958 options being exercised, Arkema's share capital amounts to €629 million, divided into 62,948,173 shares with a nominal value of 10 euros.

- Treasury shares

The Company did not buy back any treasury shares during the first half of 2013.
On 5 May 2013, ARKEMA permanently allocated 87,060 free shares to employees in application of plan 2011-01.

- Dividends

The shareholders' general meeting of 4 June 2013 adopted a resolution proposing to distribute a dividend of €1.80 per share in respect of the 2012 financial year, or a total amount of €113 million. This dividend was paid on 11 June 2013.

10 Provisions for pensions and other employee benefits

Since the Group had already opted to include actuarial gains and losses in shareholders' equity, the impact of the revision of IAS 19 is negligible.

(In millions of euros)	**30 June 2013**	**31 December 2012**
Pension obligations	294	332*
Healthcare plans	50	52*
Post-employment benefits	**344**	**384**
Long service awards	42	42
Other long-term benefits	6	6
Other long-term benefits	**48**	**48**
Provisions for pensions and other employee benefits	**392**	**432**

*These figures have been restated for the unamortized past service cost as a result of application of IAS 19 (revised). This restatement has no impact on the total provision, as the effects concerning pension obligations and healthcare costs offset each other.

The discount rates used by ARKEMA are as follows:

Pension obligations and healthcare plans	**Europe (excl. UK)**	**UK**	**USA**
At 30 June 2013	3.00%	4.40%	4.85%
At 31 December 2012	3.00%	4.00%	3.75%

The present value of defined benefit obligations at the end of 2012 has been adjusted at 30 June 2013 on the basis of sensitivity analysis tables prepared by the Group's external actuaries in the context of the full year 2012 closing, to take account of the change in interest rates over the half-year. The fair value of plan assets was also reassessed on the basis of new valuations at 30 June 2013. The change in discount rates and the revaluation of assets are included in actuarial gains and losses for the period.

The change in net provisions for post-employment benefits in the first half-year is as follows:

(In millions of euros)	Pension obligations	Healthcare costs	**Total post-employment benefits**
Net (asset) liability at 1 January 2013*	**331**	**52**	**383**
Amount of provision recognized in liabilities	332	52	384
Amount recognized in assets	(1)	-	(1)
Operating expense for the period	8	0	8
Net interest expense	5	1	6
Net contributions and benefits paid by the employer	(12)	(2)	(14)
Other	-	-	0
Actuarial gains and losses recognized in shareholders' equity	(40)	(1)	(41)
Net (asset) liability at 30 June 2013	**292**	**50**	**342**
Amount of provision recognized in liabilities	294	50	344
Amount recognized in assets	(2)	-	(2)

*Opening figures have been restated for the unamortized past service cost as a result of application of IAS 19 (revised). This restatement has no impact on the total provision, as the effects concerning pension obligations and healthcare costs offset each other.

11 Other provisions and other non-current liabilities

11.1 Other non-current liabilities

Other non-current liabilities amount to €45 million at 30 June 2013 as against €46 million at 31 December 2012.

11.2 Other provisions

(In millions of euros)	**Environmental contingencies**	**Restructuring**	**Other**	**Total**
At 1 January 2013	**179**	**50**	**171**	**400**
Increases in provisions	1	3	70	74
Reversals from provisions on use	(12)	(11)	(79)	(102)
Reversals of unused provisions	-	-	(5)	(5)
Changes in scope	-	-	-	-
Translation adjustments	1	-	-	1
Liabilities associated with assets held for sale	-	-	-	-
At 30 June 2013	**169**	**42**	**157**	**368**

In addition, certain provisions are covered by non-current assets (receivables, deposits or pension assets):

(In millions of euros)	**Environmental contingencies**	**Restructuring**	**Other**	**Total**
Total provisions at 30 June 2013	**169**	**42**	**157**	**368**
Portion of provisions covered by receivables or deposits	**31**	**-**	**1**	**32**
Deferred tax asset related to amounts covered by the Total indemnity	19	-	-	19
Provisions at 30 June 2013 net of non-current assets	**119**	**42**	**156**	**317**
For information: **Provisions at 1 January 2013 net of non-current assets**	**123**	**50**	**170**	**343**

11.2.1Provisions for environmental contingencies

Provisions for environmental contingencies are recognized to cover expenses related to soil and water table clean-up, mainly:

- in France for €81 million (€83 million at 31 December 2012),
- in the United States for €68 million (€76 million at 31 December 2012), of which €49 million in respect of former industrial sites covered 100% by the Total Group indemnity (receivable recognized in “other non-current assets” for an amount of €31 million and €19 million of deferred taxes) (see note C15.2 Off-balance sheet commitments / Commitments received).

11.2.2 Restructuring provisions

Restructuring provisions are mainly in respect of restructuring measures in France for €38 million (€43 million at 31 December 2012).

11.2.3 Other provisions

Other provisions amount to €157 million and mainly comprise:

- provisions for labour litigation for €38 million (€39 million at 31 December 2012),
- provisions for commercial litigation and warranties for €51 million (€56 million at 31 December 2012),
- provisions for tax litigation for €26 million (€30 million at 31 December 2012),
- provisions for other risks for €42 million (€46 million at 31 December 2012).

12 Liabilities and contingent liabilities

Liabilities and contingent liabilities are described in note C21 of the consolidated financial statements at 31 December 2012. This note describes the liabilities and contingent liabilities with an actual or potential significant effect on the Group's consolidated financial statements.

- Kem One

ARKEMA sold its vinyls activities, grouped into the Kem One Group, to the Klesch Group which specializes in development of industrial commodity businesses, with effect from 1 July 2012.

On 27 March 2013, the Lyon commercial court began insolvency proceedings concerning Kem One, with continuation of its business for a six-month observation period. ARKEMA's contribution to finances for the observation period amounts to €68.7 million. Part of this amount corresponds to the payment of contractual sale price adjustments for which provisions were booked in the financial statements at 31 December 2012. The rest corresponds to the provision by ARKEMA to Kem One of certain warranties for third parties throughout the observation period. ARKEMA's exposure in relation to Kem One is estimated at a total €125 million, and ARKEMA has booked an exceptional expense of an equivalent amount in its financial statements.

Klesch has initiated arbitration proceedings against ARKEMA. The Company does not consider it necessary to establish a provision.

13 Debt

13.1 Analysis of net debt by category

Group net debt amounts to €1,150 million at 30 June 2013, taking account of cash and cash equivalents of €299 million. It is mainly denominated in euros.

(In millions of euros)	**30 June 2013**	**31 December 2012**
Bonds	988	989

Finance lease obligations	2	3
Bank loans	62	59
Other non-current debt	16	20
Non-current debt	**1,068**	**1,071**
Finance lease obligations	-	-
Syndicated credit facility	-	-
Commercial paper	160	-
Other bank loans	192	160
Other current debt	29	29
Current debt	**381**	**189**
Debt	**1,449**	**1,260**
Cash and cash equivalents	299	360
Net debt	**1,150**	**900**

- Bonds

At 30 June 2013, the fair values of the €500 million and €480 million bonds are €543 million and €516 million respectively.

- Commercial paper

In April 2013 the Group introduced a French Commercial paper (*billet de trésorerie*) programme with a ceiling of €1 billion.

Issues as part of this programme amount to €160 million at 30 June 2013.

- Securitization of sales receivables

The securitization programme is in use for an amount of €120 million at 30 June 2013.

13.2 Analysis of debt by currency

ARKEMA's debt is mainly denominated in euros.

(In millions of euros)	**30 June 2013**	**31 December 2012**
Euros	1,330	1,137
US Dollars	9	11
Chinese Yuan	98	98
Other	12	14
Total	**1,449**	**1,260**

13.3 Analysis of debt by maturity

The breakdown of debt, including interest costs, by maturity is as follows:

(In millions of euros)	**30 June 2013**	**31 December 2012**
Less than 1 year	405	211
Between 1 and 2 years	52	49
Between 2 and 3 years	52	52
Between 3 and 4 years	57	53
Between 4 and 5 years	566	560
More than 5 years	530	575
Total	**1,662**	**1,500**

14 Share-based payments

14.1 Stock options

The Board of Directors has decided not to introduce any further stock option plans.

Movements in the stock option plans granted in previous years and still outstanding at 30 June 2013 are as follows:

	Plan 2006	Plan 2007	Plan 2008	Plan 2010-1	Plan 2010-2	Plan 2011-1	Plan 2011-2	Total
Number of options granted	**540,000**	**600,000**	**460,000**	**225,000**	**225,000**	**105,000**	**105,000**	**2,260,000**
- to corporate officers: Thierry Le Hénaff	55,000	70,000	52,500	35,000	35,000	29,250	29,250	306,000
- to the 10 largest beneficiaries*	181,000	217,000	169,350	104,000	104,000	75,750	75,750	926,850
Total number of options exercised	**490,492**	**398,152**	**215,954**	**30,315**	**-**	**-**	**-**	**1,134,913**
- by corporate officers	50,530	24,000	24,000	-	-	-	-	98,530
- by the 10 largest beneficiaries*	178,362	158,550	40,350	26,915	-	-	-	404,177
Total number of options cancelled	15,900	22,800	18,877	5,000	5,000	-	-	67,577
Number of options								
In circulation at 1 January 2013	43,858	201,298	261,827	191,485	220,000	105,000	105,000	1,128,468
Granted	-	-	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-	-	-
Exercised	10,250	22,250	36,658	1,800	-	-	-	70,958
In circulation at 30 June 2013	**33,608**	**179,048**	**225,169**	**189,685**	**220,000**	**105,000**	**105,000**	**1,057,510**

* Employees who are not corporate officers of Arkema SA or any other Group company

The amount of the IFRS2 expense recognized in respect of stock options at 30 June 2013 is €0.2 million (€1 million at 30 June 2012).

14.2 Free share grants

No new free share plan was adopted by the Board of Directors during the first half of 2013.

Movements in the free share grant plans awarded in previous years and still in force at 30 June 2013 are as follows:

	Plan 2010-2	Plan 2011-1	Plan 2011-2	Plan 2011-3	Plan 2012-1	Plan 2012-2	Plan 2012-3	Total
Number of free shares granted	**50,795**	**88,305**	**59,380**	**52,315**	**101,860**	**74,805**	**65,335**	
- to corporate officers: Thierry Le Hénaff	-	8,200	8,200	-	13,000	13,000	-	
- to the 10 largest beneficiaries*	8,100	24,450	24,450	14,850	36,100	36,100	16,400	
Number of free shares								
In circulation at 1 January 2013	47,723	87,160	58,825	50,995	101,735	74,805	64,745	485,988
Granted	-	-	-	-	-	-	-	-
Cancelled	4	100	100	-	230	230	-	664
Definitively granted	-	87,060	-	-	-	-	-	87,060
In circulation at 30 June 2013	**47,719**	**0**	**58,725**	**50,995**	**101,505**	**74,575**	**64,745**	**398,264**

* Employees who are not corporate officers of Arkema SA or any other Group company

The amount of the IFRS 2 expense recognized in respect of free shares at 30 June 2013 is €4 million (€4 million at 30 June 2012).

15 Off-balance sheet commitments

15.1 Commitments given

15.1.1 Off-balance sheet commitments given in the Group's operating activities

The main commitments given are summarized in the table below:

(In millions of euros)	**30 June 2013**	**31 December 2012**
Guarantees granted	78	67
Comfort letters	-	-
Contractual guarantees	14	20
Customs and excise guarantees	12	12
Total	**104**	**99**

Guarantees granted are mainly bank guarantees in favour of local authorities and public bodies (state agencies, environmental agencies) in respect of environmental obligations or concerning classified sites.

15.1.2 Contractual commitments related to the Group's operating activities

- Irrevocable purchase commitments

In the normal course of business, ARKEMA signs multi-year purchase agreements for raw materials and energy for the operational requirements of its factories, in order to guarantee the security and continuity of supply. Signature of such contracts over periods initially of 1 to 20 years is a normal practice for companies in ARKEMA's business sector in order to cover their needs.

These purchase commitments are valued taking into account, on a case-by-case basis, ARKEMA's financial commitment to its suppliers, as certain of these contracts include clauses which oblige ARKEMA to take delivery of the minimum volumes as set out in the contract or, otherwise, to pay financial compensation to the supplier. Depending on the case, these commitments are reflected in the purchase agreements in the form of notice periods, indemnification to be paid to the supplier in case of early termination of the contract or "take or pay" type clauses.

The total amount of the Group's financial commitments amounts to €476 million at 30 June 2013 (see maturity schedule below).

(In millions of euros)	**30 June 2013**	**31 December 2012**
2013	73	119
2014	87	82
2015	74	71
2016	65	66
2017 until expiry of the contracts	177	182
Total	**476**	**520**

- Lease commitments

In the context of its business, ARKEMA has signed lease contracts, of which the majority are operating lease agreements. Lease agreements signed by ARKEMA are mainly in respect of property rental (head offices, land) and transportation equipment (rail cars, containers).

The amounts presented in the table below correspond to the future minimum payments that will need to be made in accordance with these contracts (only the irrevocable portion of future lease payments has been valued).

	30 June 2013		**31 December 2012**	
(In millions of euros)	Capitalized leases	Non-capitalized leases	Capitalized leases	Non-capitalized leases
2013	0	11	0	22
2014	0	22	0	20
2015	0	19	0	19
2016	0	16	0	16
2017 and beyond	2	20	2	19
Nominal value of future lease payments	**3**	**88**	**3**	**96**
Finance cost	0	NA	1	NA
Present value	**3**	**NA**	**2**	**NA**

NA: not applicable

15.1.3 Off balance sheet commitments related to changes in the scope of consolidation

Warranties related to sales of businesses

Sales of businesses sometimes involve the provision of warranties in respect of unrecorded liabilities to the purchaser. ARKEMA sometimes grants such warranties on the sale of businesses. In most cases these warranties are capped and granted for a limited period of time. They are also limited in terms of their coverage to certain types of litigation and claims. In the majority of cases, they cover risks of occurrence of environmentally related claims.

The cumulative residual amount of capped warranties in respect of unrecorded liabilities granted in the past by ARKEMA is €108 million at 30 June 2013 (€108 million at 31 December 2012). This amount is stated net of provisions recognized in the balance sheet in respect of such warranties.

15.1.4 Off-balance sheet commitments related to Group financing

These commitments are described in note C22 to the consolidated financial statements at 31 December 2012 - Debt.

15.2 Commitments received

Commitments received from TOTAL in 2006

In connection with the Spin-Off of Arkema's Businesses, Total S.A. and certain Total companies have extended certain indemnities, or have assumed certain obligations, for the benefit of ARKEMA, relating to (i) certain antitrust litigation, (ii) certain actual or potential environmental liabilities of the Group arising from certain sites in France, Belgium and the United States, the operations on which in the majority of cases have ceased, (iii) certain tax matters, and (iv) the Spin-Off of Arkema's Businesses. These indemnities and obligations are described in the notes to the consolidated financial statements for the year ended 31 December 2012 (note C29.2 Commitments received).

16 Subsequent events

On 9 July 2013 the works council of Kem One's Fos-sur-Mer site brought an action before the district court of Lyon against Arkema, certain Kem One entities and the Klesch group for alleged fraudulent action between Arkema and Klesch Chemicals. Arkema vigorously contests these allegations, and will defend its interests.

D. SCOPE OF CONSOLIDATION AT 30 JUNE 2013

No change in scope significantly affecting the consolidated financial statements took place during the first half of 2013.

DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I certify that, to the best of my knowledge, the condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards, and give a fair view of the assets, liabilities, financial position and profit or loss of the Company and all its consolidated companies, and that the half-year activity report includes a fair review of the main events of the first six months of the year, their impact on the condensed consolidated financial statements, the major transactions between related parties, and a description of the main risks and uncertainties for the remaining six months of the financial year.

Colombes, August 1st 2013.

Thierry Le Hénaff
Chairman and CEO

KPMG Audit	ERNST & YOUNG Audit
Département de KPMG S.A.	
Commissaire aux Comptes	Commissaire aux Comptes
Membre de la Compagnie régionale de Versailles	Membre de la Compagnie régionale de Versailles
1, cours Valmy	1 /2 Place des Saisons
92923 Paris La Défense Cedex	92400 Courbevoie La Défense Cedex

Arkema

Statutory Auditors' Review Report On the first half-year Financial information for 2013

(free translation of the French original)

January 1st to June 30th 2013
Arkema
420, rue d'Estienne d'Orves - 92700 Colombes

This is a free translation into English of the statutory auditors' review report on the half-year consolidated financial statements issued in the French language and is provided solely for the convenience of English-speaking readers. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

Arkema

Registered office: 420, rue d'Estienne d'Orves - 92700 Colombes
Share capital: €.629,481,730

Statutory Auditor's Review Report on the first half-year financial information for 2013 (free translation of the French original)

January 1st to June 30th 2013

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, and in accordance with requirements of article L.451-1-2 III of the French Monetary and Financial code (Code Monétaire et Financier), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Arkema for the period January 1st to June 30th 2013,and
- the verification of information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared in all material respects- in accordance with IAS 34 - standard of the IFRS as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-year management report in respect of the condensed half-year consolidated financial statements subject of our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Paris La Défense, July 31 2013

The Statutory Auditors

French original signed by

KPMG Audit *Département de KPMG S.A.*	ERNST & YOUNG Audit
Jacques-François Lethu François Quédiniac	Valérie Quint
Partners	Partner