ARKEMA
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Press release

Communiqué de presse

Paris, August 3rd 2009

ARKEMA: 2ND QUARTER 2009 RESULTS

STEADY IMPROVEMENT IN VOLUMES AND STRONG CASH GENERATION

- **EBITDA up 23% in 2nd quarter 2009 compared to previous quarter**
- **Net debt down to €420 million at end June 2009**
- **+ €135 million free cash flow[1] at end June 2009**
- **Payment in June of €0.60 dividend per share, representing €36 million**
- **€86 million fixed cost reduction over 1st half 2009; target increased to €600 million cumulated savings between 2006 and 2010**
- **Decline in volumes smaller than in 1st quarter: -18% against –27% in 1st quarter 2009**
- **Good resilience of Industrial Chemicals results.**

(In millions of euros)	2nd Quarter 2009	2nd Quarter 2008	Variation
Sales	**1,167**	**1,509**	**(23)%**
EBITDA	**70**	**158**	**(56)%**
EBITDA margin	***6.0%***	***10.5%***	
Vinyl Products	*(2.6)%*	*3.5%*	
Industrial Chemicals	*13.8%*	*14.1%*	
Performance Products	*6.5%*	*14.2%*	
Recurring operating income	**2**	**97**	**(98)%**
Non-recurring items	(94)	(15)	n/a
Adjusted net income	(25)	73	n/a
Net income – Group share	**(114)**	**60**	**n/a**
Net debt	**420** *(06/30/09)*	**495** *(12/31/08)*	**(15)%**

[1] Cash flow from operating and investment activities excluding M&A.

At the close of the Board of Directors meeting which reviewed Arkema's condensed consolidated accounts for the first six months of 2009, Thierry Le Hénaff, Chairman and CEO of Arkema, stated:

« Arkema's teams were very quick to gauge the scale of the current crisis, and, since the end of last year, have been deploying quickly and successfully the necessary efforts to adapt to the situation by giving priority to generating cash and reducing fixed costs. Three figures in particular reflect the work achieved in the first six months of 2009: €135 million free cash flow despite a 23% drop in volumes, net debt representing 23% of shareholders' equity, and a reduction of around 10% in fixed costs. We are very pleased with what we have achieved, as this is helping Arkema face the crisis with confidence. »

2ND QUARTER 2009 ACTIVITY

Sales stood at €**1,167** million against €1,509 million in the 2nd quarter 2008. This 22.7% decline was due primarily to a drop in volumes (-18.2%), as demand remained weak in many market segments, and to further de-stocking at customers . The price effect (–6.5% on average) observed primarily in PVC and Acrylics reflects the very sharp drop in the cost of ethylene and propylene in the 2nd quarter 2009 compared to the 2nd quarter 2008. The translation effect was positive (+2.8%) as a result of the dollar's strengthening vs the euro, and the effect of variations to the scope of business remained limited (-0.7%).

The decline in volumes in the 2nd quarter 2009, lower than in the 1st quarter, reflected a recovery in the activity in China and a progressive reduction in de-stocking.

EBITDA stood at €**70** million against €158 million in the 2nd quarter 2008. The impact of the sharp drop in volumes was partly offset by the ongoing implementation of productivity measures and a reduction in overhead costs which account for a €86 million improvement over the 1st six months of 2009.

Recurring operating income stood at €2 million, and included depreciation of €68 million, €7 million up over the 2nd quarter 2008.

Non-recurring items accounted for –€94 million, and primarily included costs related to the restructuring plans announced in the 2nd quarter 2009 in North America and in the methacrylates activity in Europe[2].

Net income (Group share) therefore stood at –€114 million against +€60 million in the 2nd quarter 2008.

SEGMENT PERFORMANCE

Vinyl Products sales stood at €266 million euros, 33% down on the 2nd quarter 2008. EBITDA stood at –€7 million against €14 million in the 2nd quarter 2008. This quarter was marked by a sharp decrease in caustic soda prices, the impact of which was eased by a significant improvement in PVC prices and volumes compared to the 1st quarter 2009 and by the productivity measures undertaken in downstream activities.

Industrial Chemicals sales stood at €543 million against €682 million in the 2nd quarter 2008, reflecting weak demand. EBITDA for the segment remained sound at €75 million against €96 million in the 2nd quarter 2008 thanks to a resilient performance in Fluorochemicals, Thiochemicals and Specialty Acrylic Polymers, with unit margins for Acrylics and PMMA remaining under pressure. The many productivity measures undertaken in particular in PMMA, Acrylics and Thiochemicals continued to sustain the segment's performance.

Performance Products sales stood at €355 million in the 2nd quarter 2009, 17% down on the 2nd quarter 2008 (€430 million). Weak demand in the automotive and construction sectors continued to affect strongly sales volumes in Technical Polymers. EBITDA stood at €23 million against €61 million in the 2nd quarter 2008, with major fixed costs savings in the segment's 3 activities helping mitigate the impact of lower demand.

[2] The implementation of the project is subject to the legal information and consultation process involving the trade unions.

The **Corporate** segment reported EBITDA of –€21 million in the 2nd quarter 2009, and included an impact of –€15 million related to measures taken to optimize inventory levels.

MAIN RESULTS FOR 1ST HALF 2009

(In millions of euros)	1st half 2009	1st half 2008	Variation
Sales	**2,259**	**3,001**	**(25)%**
EBITDA	**127**	**317**	**(60)%**
EBITDA margin	***5.6%***	***10.6%***	
Vinyl Products	*(1.0) %*	*4.0%*	
Industrial Chemicals	*14.1%*	*14.0%*	
Performance Products	*5.9%*	*13.9%*	
Recurring operating income	**(10)**	**197**	**n/a**
Non-recurring items	(98)	(10)	n/a
Adjusted net income	(55)	140	n/a
Net income – Group share	**(149)**	**132**	**n/a**
Net debt	**420** *(06/30/09)*	**495** *(12/31/08)*	**(15)%**

CASH FLOW AND NET DEBT AT JUNE 30TH 2009

In the 1st half 2009, **free cash flow** stood at €135 million against –€33 million at end of 1st half 2008. Arkema therefore confirms its ability to generate cash, which is its priority for 2009.

This cash flow included €125 million recurring capital expenditures, €41 million expenses related to restructuring , and a +€220 million variation in working capital. This sharp reduction of working capital is the result of lower raw material costs and volumes, a significant effort to optimize inventory levels, and very tight credit control.

After taking account of the impact of portfolio management operations (-€28 million) and the payment of a €0.60 euro dividend per share (-€36 million), the Group's **net debt** at end June 2009 stood at €420 million against €435 million at March 31st 2009 and €495 million at December 31st 2008. This amount represents less than 1.5 times the EBITDA for the last 12 months, and illustrates Arkema's initiatives to maintain the quality and strength of its balance sheet.

2ND QUARTER 2009 HIGHLIGHTS

In the 2nd quarter 2009, Arkema announced two new major projects to help improve structurally its productivity:

In May 2009, Arkema announced the restructuring of its activities in North America in order to adapt to the current economic situation and boost its long-term competitiveness. The loss of positions, a significant reduction in overhead costs, and the optimization of the organization will result in savings of US$40 million (€30 million) from 2010, to reach US$50 million (€37 million) in 2012.

In June 2009, Arkema presented a restructuring project[3] aimed at consolidating its MMA/PMMA sector in Europe, which should entail the shutdown of MMA (methyl methacrylate) production at the Carling site (France) and the refocusing of PMMA sheet production at the Bernouville site (France) on higher added value products. These various restructuring operations should result in the loss of 239 positions.

Meanwhile, Arkema announced two divestment operations designed to recenter its activity portfolio concerning:

- the aluminum chloride activity (European goodwill and the Indian subsidiary ARCIL) accounting for total annual sales of the order of €24 million;
- non-strategic activities (ceramic opacifiers and catalysts for polyester resins) within its Functional Additives BU, based at the Guangzhou site, China, and accounting for annual sales of the order of €13 million.

POST BALANCE SHEET EVENTS

In order to sustain the growth of the specialty acrylic polymer market in Asia, Arkema has announced the construction of an industrial plant on its Changshu site (China) from mid-2011, for a total investment of approximately €15 million. This project represents a further step in Arkema's transformation and development drive, in particular in Asia. The project is fully in line with the Group's strategy to consolidate its acrylics activities.

2009 OUTLOOK

Thierry Le Hénaff, Chairman and CEO of Arkema, commenting on the outlook at the close of the Board of Directors meeting, stated:

"The global economic environment half-way through the year remains highly challenging overall despite a few more positive signs, including an improvement in volumes in China and a gradual reduction in de-stocking at our customers. Against this background, we remain very cautious in our economic environment assumptions for the 2nd half of the year, and will continue to implement our progress actions with the same determination".

Accordingly, Arkema will continue to adapt its organization and will pursue its efforts to reduce fixed costs which should amount to €170 million in 2009, in line with a new target of €600 million cumulated fixed costs over the 2006 - 2010 period.

Meanwhile, for Arkema the priority remains managing cash flow rigorously and maintaining the Group's financial strength. The Group's target for 2009 has been revised upward and is to generate free cash flow of the order of €80 million. In this regard, Arkema will continue to improve its working capital and will limit its investments to €260 million in 2009.

"Over and above these efforts to adapt to the crisis, we are continuing the in-depth transformation of the company, launched at the time of the spin off in 2006. We are convinced that all our efforts during the crisis together with the quality of the projects we have announced will enable us to emerge from the crisis stronger in terms of competitiveness, innovation, presence in Asia, and quality of our activities portfolio" concluded Thierry Le Hénaff.

[3] The implementation of the project is subject to the legal information and consultation process involving the trade unions.

A presentation of the results is available in the Investor Relations section of the Company's website (www.finance.arkema.com).

The half-year financial report will be available from August 6th on the company's website (www.finance.arkema.com)

FINANCIAL CALENDAR

November 10th 2009	3rd quarter 2009 results

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A global chemical company, Arkema consists of three businesses: Vinyl Products, Industrial Chemicals, and Performance Products. Arkema reports sales of 5.6 billion euros. Arkema has 15,000 employees in over 40 countries and six research centers located in France, the United States and Japan. With internationally recognized brands, Arkema holds leadership positions in its principal markets.

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, statement of changes in shareholders' equity and information by business segment included in this press release are extracted from the consolidated financial statements at June 30th 2009 closed by the Board of Directors of Arkema S.A. on July 31st 2009.
Quarterly financial information is not audited.
The business segment information is presented in accordance with Arkema's internal reporting system used by the management.

INVESTOR AND ANALYST FACTSHEET

	2Q'09 in €m	2Q'08 in €m	2Q'09/ 2Q'08	1H'09 in €m	1H'08 in €m	1H'09/ 1H'08
Sales	***1,167***	***1,509***	**(22.7)%**	***2,259***	***3,001***	**(24.7)%**
Vinyl Products	*266*	*395*	(32,7)%	*523*	*784*	(33,3)%
Industrial Chemicals	*543*	*682*	(20,4)%	*1,052*	*1,357*	(22,5)%
Performance Products	*355*	*430*	(17,4)%	*678*	*857*	(20,9)%
Corporate	*3*	*2*		*6*	*3*	
EBITDA	***70***	***158***	**(55,7)%**	***127***	***317***	(59,9)%
Vinyl Products	*(7)*	*14*	n.a	*(5)*	*31*	n.a
Industrial Chemicals	*75*	*96*	(21,9)%	*148*	*190*	(22,1)%
Performance Products	*23*	*61*	(62,3)%	*40*	*119*	(66,4)%
Corporate	*(21)*	*(13)*		*(56)*	*(23)*	
EBITDA margin	***6.0%***	***10.5%***		***5.6%***	***10.6%***	
Vinyl Products	*-2,6%*	*3.5%*		*-1,0%*	*4.0%*	
Industrial Chemicals	*13,8%*	*14.1%*		*14,1%*	*14.0%*	
Performance Products	*6,5%*	*14.2%*		*5,9%*	*13.9%*	
Depreciation and amortization	*(68)*	*(61)*	11,5%	*(137)*	*(120)*	14.2%
Recurring EBIT	***2***	***97***	**(97,9)%**	***(10)***	***197***	n.a
Vinyl Products	*(19)*	*4*	n.a	*(29)*	*12*	n.a
Industrial Chemicals	*43*	*66*	(34,8)%	*83*	*131*	(36,6)%
Performance Products	*0*	*40*	n.a	*(7)*	*77*	n.a
Corporate	*(22)*	*(13)*		*(57)*	*(23)*	
NR items	***(94)***	***(15)***		***(98)***	***(10)***	
Equity in income of affiliates	*3*	*1*		*5*	*3*	
Financial results	*(7)*	*(7)*		*(15)*	*(14)*	
Income taxes	*(17)*	*(15)*		*(30)*	*(43)*	
Net income of continuing operations	*(113)*	*61*		*(148)*	*133*	
Net income of discontinued operations	*-*	*-*		*-*	*-*	
Net income – Group share	***(114)***	***60***		***(149)***	***132***	
EPS (diluted)	***(1.88)***	***0.98***		***(2.46)***	***2.17***	
Adjusted EPS (diluted)	*(0.41)*	*1.20*	n.a	*(0.91)*	*2.31*	n.a
Adjusted net income	*(25)*	*73*	n.a	*(55)*	*140*	n.a
Capital expenditures (recurring)	***73***	***56***	**30.3%**	***125***	***92***	**35.9%**
Vinyl Products	*9*	*13*		*21*	*20*	
Industrial Chemicals	*30*	*27*		*52*	*44*	
Performance Products	*34*	*15*		*51*	*27*	
Net cash flow[4]				***107***	***(70)***	**n.a.**
Free cash flow[5]				***135***	***(33)***	**n.a.**
Working capital (vs. 12/31/08)				*885*	*1,055*	(16.1)%
WC as % of sales[6] *(vs. 12/31/08)*				***19%***	***19%***	
Net debt *(12/31/08)*				***420***	***495***	(15.1)%
Gearing[7] *(12/31/08)*				***23%***	***25%***	

[4] Calculated as cash flow from operating activities plus cash flow from investing activities
[5] Free cash flow before M&A and dividend
[6] Calculated as working capital end of period divided by 4 times quarterly sales
[7] Calculated as net financial debt divided by shareholders' equity

SECOND QUARTER 2009 PERFORMANCE

SALES AT €1,167M VERSUS €1,509M IN 2Q'08

- Sales down by 22.7% in 2Q'09 vs 2Q'08
- Demand still weak with volume at –18.2% vs 2Q'08 but slight improvement vs 1Q'09, notably in June 09, indicating a recovery of the activity in China and the likely end of de-stocking at customers.
- PVC and Acrylics prices still under pressure because of raw material cost decrease.
- Positive translation effect from foreign exchange rate driven by the US dollar strengthening vs the euro.
- Limited impact of the changes in the scope of business mainly resulting from the:
    - Acquisition of the organic peroxide business of Geo Specialty chemicals and of the Winkelmann Mineraria business
    - Divestment of PVC downstream

	Volume	Price	Scope	FX rate
Arkema	**%**	**%**	**%**	**%**
Vinyl Products	---	---	--	=
Industrial Chemicals	---	---	=	++
Performance Products	---	-	=	++

Key: "=" : +/- 0.5% "+" : [+0.5% - +2.5%] "++" : [+2.5% - +5%] "+++" : >+5%
"-" : [(0.5)% - (2.5)%] "--" : [(2.5)% - (5)%] "---" : <(5)%

EBITDA AT €70M VERSUS €158M IN 2Q'09

- Very low level of demand remaining in most end markets.
- EBITDA up +23% vs 1Q'09.
- Acceleration of cost saving measures (+€86m in 1H'09).
- -€15m negative impact resulting from optimization of inventory level.
- Positive translation effect mainly from the €/$ exchange rate.

VINYL PRODUCTS PERFORMANCE

- Sharp contraction of demand vs 2Q'08 in most activities but appreciable improvement of both PVC volumes and prices vs 1Q'09.
- Sharp decrease of caustic soda prices between 2Q'09 and 1Q'09.
- Strong benefits from restructuring initiatives in particular in PVC downstream activities.

INDUSTRIAL CHEMICALS PERFORMANCE

- Good resilience of EBITDA at €75m (€96m in 2Q'08) with an EBITDA margin at 13.8%.
- Sharp contraction of volume in several end markets.
- Low acrylic and PMMA margins.
- Good resilience of Thiochemicals, Fluorochemicals and Specialty Acrylic Polymers.

- Benefits from productivity measures mainly in PMMA, Acrylics and Thiochemicals.
- Positive translation effect from the €/$ exchange rate

PERFORMANCE PRODUCTS PERFORMANCE

- Continuing low demand in particular in automotive and construction market segments.
- Good resilience of prices in most business units.
- Cost saving initiatives implemented in all activities of the segment.
- Positive translation effect from the €/$ exchange rate.

NON RECURRING ITEMS:

- €(94) million in 2Q'09 vs €(15) million in 2Q'08 including the charges relating to North American restructuring plan and European methacrylates restructuring program.

CASH FLOWS, NET DEBT AND PROVISIONS

Items	***1H'09***	***1H'08***	***Comments on 1H'09***
Operating cash flow	263	90	Working Capital : +€220m
Investing cash flow	(156)	(160)	
Net cash flow	**107**	**(70)**	
Impact from M&A	(28)	(12)	Mainly acquisition of the organic peroxide business of the US company Geo Specialty Chemicals
NR pre spin off[8]	n/a	(25)	
Free cash flow	**135**	**(33)**	Excluding M&A
NR items	(30)	(25)	
Recurring FCF	**165**	**(8)**	
Recurring capex	(125)	(94)	
Variation in working capital	+220	(117)	

- Payment of a €0.60 per share dividend representing €36 million in June 2008.
- Net debt at June 30th, 2009 has been reduced by –15% at €420 million vs €495 million at December 31st, 2008.
- Gearing has been reduced to 23%
- €1.1bn syndicated credit line
  - bears short term interests
  - at 32.5 basis points
  - maturity[9] : March 2013

[8] NR pre spin off items have no longer been subject to specific individual monitoring since 01/01/09

[9] €1,100m end of March 2011, €1,094m end of March 2012 and €1,049m end of March 2013

Provision analysis *(in €m) at 06/30/2009*	**Provision**	**LT asset covering provision**	**Net Provision**
Provisions covered by warranties	**94**	**94**	**0**
Environment	60	60	0
Litigations covered by warranties or cash deposit	34	34	0
Debt-like provisions	**395**	**2**	**393**
Pensions*	251	2	249
Restructuring	144		144
Provisions booked through EBITDA	**356**		**356**
Provisions for liabilities towards employees	106		106
Environment	141		141
Others	109		109
Total provisions	**845**	**96**	**749**

2009 OUTLOOK:

- Worst quarters in volumes behind us
  - Decreasing de-stocking effects
  - Improving market conditions in China
- Maintain cautious approach to economic environment for 2H'09
  - Confirm priority on cash generation
  - Continue to improve aggressively fixed cost position
- Pursue in-depth transformation of the Company
- Increased targets for FY'09
  - €170m fixed cost savings (vs €+110m initial target)
  - ~ €260m capex (vs €270m initial target)
  - ~+€80m free cash flow* (vs 0+ initial target)

MID TERM TARGETS:

- 12% EBITDA margin target in 2011 (7% to 9% for Vinyl Products, 14% to 15% for Industrial Chemicals and Performance Products) in normalized conditions
- €600m cumulative cost savings between 2006 and 2010
- 20% of total sales in Asia by 2012
- Over €400m of sales from new products coming from R&D over next 5 years

MAJOR PROJECTS SINCE JULY 1ST:

- In July 2009, Arkema announced the construction of a specialty acrylic polymer production plant at its Changshu site in China.

ARKEMA Financial Statements

Consolidated financial statements - At the end of June 2009

INCOME STATEMENT

(In millions of euros)	2nd Quarter 2009 Consolidated (non audited)	1st half 2009 Consolidated (audited)	2nd Quarter 2008 Consolidated (non audited)	1st half 2008 Consolidated (audited)
Sales	1 167	2 259	1 509	3 001
Operating expenses	(1 041)	(2 014)	(1 270)	(2 525)
Research and development expenses	(32)	(68)	(40)	(79)
Selling and administrative expenses	(92)	(187)	(102)	(200)
Recurring operating income	**2**	**(10)**	**97**	**197**
Other income and expenses	(94)	(98)	(15)	(10)
Operating income	**(92)**	**(108)**	**82**	**187**
Equity in income of affiliates	3	5	1	3
Financial result	(7)	(15)	(7)	(14)
Income taxes	(17)	(30)	(15)	(43)
Net income of continuing operations	**(113)**	**(148)**	**61**	**133**
Net income of discontinued operations	**-**	**-**	**-**	**-**
Net income	**(113)**	**(148)**	**61**	**133**
Of which minority interests	1	1	1	1
Net income - Group share	**(114)**	**(149)**	**60**	**132**
Earnings per share (amount in euros)	*(1,89)*	*(2,47)*	*0,99*	*2,18*
Diluted earnings per share (amount in euros)	*(1,88)*	*(2,46)*	*0,98*	*2,17*
Depreciation and amortization	(68)	(137)	(61)	(120)
Recurring EBITDA	**70**	**127**	**158**	**317**
Adjusted net income	(25)	(55)	73	140
Adjusted net income per share (amount in euros)	*(0,41)*	*(0,91)*	*1,21*	*2,32*
Diluted adjusted net income per share (amount in euros)	*(0,41)*	*(0,91)*	*1,20*	*2,31*

BALANCE SHEET

(In millions of euros)

	30.06.2009	31.12.2008
	(audited)	*(audited)*
ASSETS		
Intangible assets, net	486	466
Property, plant and equipment, net	1 602	1 638
Equity affiliates: investments and loans	52	53
Other investments	20	22
Deferred income tax assets	27	25
Other non-current assets	105	137
TOTAL NON-CURRENT ASSETS	**2 292**	**2 341**
Inventories	816	1 026
Accounts receivable	791	838
Other receivables and prepaid expenses	120	149
Income taxes recoverable	16	22
Other current assets	8	30
Cash and cash equivalents	64	67
Total assets of discontinued operations	-	-
TOTAL CURRENT ASSETS	**1 815**	**2 132**
TOTAL ASSETS	**4 107**	**4 473**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	605	605
Paid-in surplus and retained earnings	1 271	1 476
Treasury shares	-	(1)
Cumulative translation adjustment	(67)	(84)
SHAREHOLDERS' EQUITY - GROUP SHARE	**1 809**	**1 996**
Minority interests	**22**	**22**
TOTAL SHAREHOLDERS' EQUITY	**1 831**	**2 018**
Deferred income tax liabilities	46	47
Provisions and other non current liabilities	880	835
Non-current debt	82	69
TOTAL NON-CURRENT LIABILITIES	**1 008**	**951**
Accounts payable	563	690
Other creditors and accrued liabilities	275	259
Income taxes payable	17	17
Other current liabilities	11	45
Current debt	402	493
Total liabilities of discountinued operations	-	-
TOTAL CURRENT LIABILITIES	**1 268**	**1 504**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4 107**	**4 473**

CASH FLOW STATEMENT

(In millions of euros)	1st half 2009 *(audited)*	1st half 2008 *(audited)*
Cash flow - operating activities		
Net income	(148)	133
Depreciation, amortization and impairment of assets	164	128
Provisions, valuation allowances and deferred taxes	32	(31)
(Gains)/losses on sales of assets	(2)	(25)
Undistributed affiliate equity earnings	-	(3)
Change in working capital	220	(117)
Other changes	(3)	5
Cash flow from operating activities	**263**	**90**
Cash flow - investing activities		
Intangible assets and property, plant, and equipment additions	(156)	(103)
Change in fixed asset payables	(53)	(42)
Acquisitions of subsidiaries, net of cash acquired	(3)	(13)
Increase in long-term loans	(15)	(24)
Total expenditures	**(227)**	**(182)**
Proceeds from sale of intangible assets and property, plant and equipment	5	27
Change in fixed asset receivables	14	(14)
Proceeds from sale of subsidiaries, net of cash sold	1	-
Proceeds from sale of other investments	4	-
Repayment of long-term loans	47	9
Total divestitures	**71**	**22**
Cash flow from investing activities	**(156)**	**(160)**
Cash flow - financing activities		
Issuance (repayment) of shares	-	18
Purchase of treasury shares	(1)	(11)
Dividends paid to parent company shareholders	(36)	(46)
Dividends paid to minority shareholders	-	-
Increase/ Decrease in long-term debt	15	107
Increase/ Decrease in short-term borrowings and bank overdrafts	(95)	44
Cash flow from financing activities	**(117)**	**112**
Net increase/(decrease) in cash and cash equivalents	(10)	42
Effect of exchange rates and changes in scope	7	(27)
Cash and cash equivalents at beginning of period	67	58
Cash and cash equivalents at end of period	**64**	**73**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(audited)

(In millions of euros)	Shares issued		Paid-in surplus	Retained earnings	Cumulative translation adjustment	Treasury shares		Shareholders' equity - Group share	Minority interests	Total shareholders' equity
	Number	Amount				Number	Amount			
As of January 1, 2009	**60 454 973**	**605**	**999**	**477**	**(84)**	**(39 707)**	**(1)**	**1 996**	**22**	**2 018**
Cash dividend				(36)				(36)		(36)
Issuance of share capital										
Purchase of treasury shares						(48 300)	(1)	(1)		(1)
Cancellation of purchased treasury shares										
Grants of treasury shares to employees				(2)		87600	2			
Sale of treasury shares										
Share-based payments				2				2		2
Other										
Transactions with shareholders				**(36)**		**39 300**	**1**	**(35)**		**(35)**
Net income				(149)				(149)	1	(148)
Income and expenses recognized directly through equity				(20)	17			(3)	(1)	(4)
Total of recognized income and expenses				**(169)**	**17**			**(152)**		**(152)**
As of June 30, 2009	**60 454 973**	**605**	**999**	**272**	**(67)**	**(407)**		**1 809**	**22**	**1 831**

RECOGNIZED INCOME AND EXPENSES

(audited)

As of June 30, 2009

En millions of euros	Shareholders' equity - Group share	Minority interests	Total shareholders' equity
Net income	**(149)**	**1**	**(148)**
Hedging adjustments	(10)	-	(10)
Actuarial gains and losses	(14)	-	(14)
Change in translation adjustments	17	(1)	16
Others items	-	-	-
Taxes impact	4	-	4
Total of income and expenses recognized directly through equity	**(3)**	**(1)**	**(4)**
Total of income and expenses recognized	**(152)**	**-**	**(152)**

INFORMATION BY BUSINESS SEGMENT

(non audited)

	2d Quarter 2009				
(In millions of euros)	**Vinyl Products**	**Industrial Chemicals**	**Performance Products**	**Corporate**	**Group total**
Non-Group sales	266	543	355	3	**1 167**
Inter-segment sales	7	23	3	-	
Total sales	**273**	**566**	**358**	**3**	
Recurring operating income	**(19)**	**43**	**-**	**(22)**	**2**
Other income and expenses	**(1)**	**(84)**	**(6)**	**(3)**	**(94)**
Operating income	**(20)**	**(41)**	**(6)**	**(25)**	**(92)**
Equity in income of affiliates	3	-	-	-	3
Depreciation and amortization	(12)	(32)	(23)	(1)	(68)
Asset impairment	-	(27)	(1)	-	(28)
Changes in non-current provisions recognized through income	11	(48)	4	8	(25)
Recurring EBITDA	**(7)**	**75**	**23**	**(21)**	**70**
Intangible assets and property, plant and equipment, additions	**10**	**30**	**33**	**-**	**73**
Of which exceptional capital expenditures	1	-	(1)	-	-

	2d Quarter 2008				
(In millions of euros)	**Vinyl Products**	**Industrial Chemicals**	**Performance Products**	**Corporate**	**Group total**
Non-Group sales	395	682	430	2	**1 509**
Inter-segment sales	17	37	5	-	
Total sales	**412**	**719**	**435**	**2**	
Recurring operating income	**4**	**66**	**40**	**(13)**	**97**
Other income and expenses	**(4)**	**(7)**	**(4)**	**-**	**(15)**
Operating income	**-**	**59**	**36**	**(13)**	**82**
Equity in income of affiliates	1	-	-	-	1
Depreciation and amortization	(10)	(30)	(21)	-	(61)
Asset impairment	-	-	-	-	-
Changes in non-current provisions recognized through income	3	5	1	7	16
Recurring EBITDA	**14**	**96**	**61**	**(13)**	**158**
Intangible assets and property, plant and equipment, additions	**18**	**29**	**15**	**1**	**63**
Of which exceptional capital expenditures	5	2	-	-	7

INFORMATION BY BUSINESS SEGMENT

(In millions of euros)	1st half 2009				
	Vinyl Products	**Industrial Chemicals**	**Performance Products**	**Corporate**	**Group total**
Non-Group sales	523	1 052	678	6	**2 259**
Inter-segment sales	22	46	7	-	
Total sales	**545**	**1 098**	**685**	**6**	
Recurring operating income	**(29)**	**83**	**(7)**	**(57)**	**(10)**
Other income and expenses	**(4)**	**(83)**	**(6)**	**(5)**	**(98)**
Operating income	**(33)**	**-**	**(13)**	**(62)**	**(108)**
Equity in income of affiliates	5	-	-	-	5
Depreciation and amortization	(24)	(65)	(47)	(1)	(137)
Asset impairment	-	(27)	(1)	-	(28)
Changes in non-current provisions recognized through income	12	(46)	-	16	(18)
Recurring EBITDA	**(5)**	**148**	**40**	**(56)**	**127**
Intangible assets and property, plant and equipment, additions	**22**	**55**	**78**	**1**	**156**
Of which exceptional capital expenditures	1	3	27	-	31

(In millions of euros)	1st half 2008				
	Vinyl Products	**Industrial Chemicals**	**Performance Products**	**Corporate**	**Group total**
Non-Group sales	784	1 357	857	3	**3 001**
Inter-segment sales	33	75	10	-	
Total sales	**817**	**1 432**	**867**	**3**	
Recurring operating income	**12**	**131**	**77**	**(23)**	**197**
Other income and expenses	**(2)**	**(7)**	**(4)**	**3**	**(10)**
Operating income	**10**	**124**	**73**	**(20)**	**187**
Equity in income of affiliates	3	-	-	-	3
Depreciation and amortization	(19)	(59)	(42)	-	(120)
Asset impairment					
Changes in non-current provisions recognized through income	9	5	1	4	19
Recurring EBITDA	**31**	**190**	**119**	**(23)**	**317**
Intangible assets and property, plant and equipment, additions	**29**	**46**	**27**	**1**	**103**
Of which exceptional capital expenditures	9	2	-	-	11