HALF-YEAR REPORT 2011

ERAMET

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I- DECLARATION BY THE PERSONS RESPONSIBLE FOR THE ERAMET INTERIM FINANCIAL REPORT AS OF JUNE 30, 2011

We declare that, to the best of our knowledge, the condensed interim consolidated financial statements for the past semester have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all the companies within the scope of consolidation and that the accompanying interim business report presents a true and fair view of the highlights of the first six months of the year and their impact on the condensed interim consolidated financial statements, the main related party transactions and a description of the main risks and uncertainties for the remaining six months of the year.

Paris, July 28, 2010

Chairman and Chief Executive Officer	Chief Financial Officer
Patrick Buffet	**Jean-Didier Dujardin**

II- 2011 INTERIM BUSINESS REPORT

1. FOREWORD

Readers are invited to read this report on the Company’s financial position and operational performance together with the Company's consolidated financial statements, the notes to the condensed interim consolidated financial statements for the period ended June 30, 2011 and the other financial information in the 2010 Reference Document filed with the AMF on April 5, 2010. The Company's interim financial statements were prepared in line with IAS 34 (Interim Financial Reporting). The information in this report also contains forward-looking statements based on estimates about the Company’s future business activities and may differ materially from actual results.

2. GENERALE PRESENTATION

ERAMET is a mining and metallurgical Group that bases its operations and business development on a sustainable, profitable and balanced growth strategy.
ERAMET has expanded significantly over the past 15 years, multiplying in size and establishing a foothold on five continents so as to better serve its markets. Having developed singular expertise in geology, metallurgy, hydrometallurgy, pyrometallurgy and in the design of high-performance steel grades, ERAMET is now a global market leader in non-ferrous metal and alloy production and conversion.
In 2010, the Group’s three divisions – ERAMET Nickel, ERAMET Manganese and ERAMET Alloys – generated sales of €3 576 million, an increase of 33% compared to 2009 and has shown a current operating profit of €793 million compared to (€163) million loss for the year 2009. On June 30, 2011, the ERAMET Group posted sales of €1,931 million and a current operating profit of €793 million that reflects a good economic activity for the Manganese and the Nickel Divisions.

3. HIGHLIGHTS OF THE FIRST HALF OF 2011

- **Titanium: UKAD signs long-term contract with EADS**

EADS and UKAD, the 50/50 joint venture between Aubert & Duval and its Kazakh partner UKTMP, signed a long-term agreement for the supply until 2022 of forged titanium products for parts and fasteners for Airbus aircraft and other EADS programmes.

- **Sale of 1.37% of Comilog’s shares to the Gabonese State**

In June 2011, as per the announced agreement of October 20, 2010, Eramet sold to the Gabonese State 1.37% of its shareholding in COMILOG realizing the 3.54% objective and closing the State’s shareholding at 28.54%. The transaction terms were the same as those used in the first 2.17% tranche.

4. 2011 INTERIM RESULTS

4.1 Income statement

(millions of euros)	**06/30/2011**	**06/30/2010**	**12/31/2010**
Sales	1 931	1 788	3 576
Current operating profit (loss)	366	341	739
Profit (loss) for the period attributable to equity holders of the parent	135	175	328
Basic earnings per share	€5,11	€6,65	€12,43

4.1.1 Sales

In the 1st half of 2011, the ERAMET Group's turnover increased by 8% year-on-year, to €1,931 million.

- **ERAMET Manganese**

ERAMET Manganese's turnover totalled €922 million in the 1st half of 2011, virtually unchanged compared with the 1st half of 2010, with the increase in volumes offsetting the decrease in prices.

Global production of carbon steel increased by 8% year-on-year in the 1st half of 2011 compared with the 1st half of 2010. In the same period, production in China was up by 10% and production in the rest of the world increased by 6%.

Production of manganese ore and sinter by COMILOG (Gabon) continued to ramp up to reach 1,681,000 tons in the 1st half of 2011 (+7%). External shipments of manganese ore were up by 17%. CIF China Spot prices (source: CRU) for manganese ore dropped by 28% year-on-year on average in the 1st half of 2011, stabilising at a spot price of above 5.30 USD/dmtu at the end of the 1st half.

Shipments of manganese alloys by ERAMET Manganese's increased by 5% year-on-year to reach 411,000 tons in the 1st half of 2011. Manganese alloys spot prices fell during the 1st half of 2011 compared with the 1st half of 2010.

- **ERAMET Nickel**

Sales at ERAMET Nickel totalled €541 million in the 1st half of 2011, a 12% increase year-on-year.

Nickel prices on the LME averaged 11.61 USD/lb (+21% year-on-year). This increase took place in a context of strong demand driven by the global production of stainless steel rose by 2% compared with the 1st half of 2010. Conversely, global production of nickel was lower than expected, due to delayed starts to certain new projects and technical problems experienced by certain producers.

ERAMET Nickel produced almost 26,000 tons of nickel, nearly equalling the amount produced in the 1st half of 2010. The plan to improve SLN's competitiveness continued in line with targets.

- **ERAMET Alloys**

The 1st half of 2011 saw sales at ERAMET Alloys leap 25% compared with the 1st half of 2010, reaching €473 million.

The business was particularly buoyant in the aerospace sector, with sales increasing by 33%, while the tooling sector continued to recover from the very low levels seen at the start of 2010, with an average rise of 38% in sales during the first half of 2011 compared with the 1st half of 2010.

The new strategic investments in France and Sweden are on schedule.

4.1.2 Current operating profit (loss)

Current operating income was up 7% compared with the 1st half of 2010, at €366 million.

For ERAMET Manganese: Current operating income remained high at €232 million, although still down by 12% compared with the 1st half of 2010, mainly due to a fall in the price of manganese ore.

For ERAMET Nickel: Current operating income soared (+51%), reaching €142 million, mainly due to the increase in nickel prices.

For ERAMET Alloys: Current operating income at ERAMET Alloys totalled €14 million, an improvement compared to the first half of 2010 due to a strong aeronautic activity and the recovery of the toolmaking sector.

4.1.3 Profit (loss) for the period attributable to equity holders of the parent

The profit for the period attributable to equity holders of the parent company amounted to €135 million in the first half of 2011, a decrease compared to €175 million in the first half of 2010, due to a significant increase in income taxes. It included the following items:

- ✓ **A net borrowing** cost of €10 million in the black compared to €8 million in the first half of 2010.
- ✓ **Other finance income and expenses:** €6 million compared to (€15) million in the first half of 2010 primarily due to the positive effect of the June 30, 2011 valuation of financial instruments that were not unwound and were ineligible for hedging purposes €9 million.
- ✓ An **income tax** expense of €161 million compared to €90 million in the first half of 2010. The effective tax rate was 44% compared to 20% in the first half of 2010 on the back of the withholding tax for the dividend payment. Before this significant factor, the tax rate is about 34%.
- ✓ **Non-controlling interests** that were up in the first half of 2011 [€72 million compared to €18 million in the first half of 2010], automatically reflecting the improved results across all businesses, as well as the variation of the shareholding in Comilog (Gabon).

4.1.4 Basic earnings per share

Earnings per share amounted to €5.11 compared to €6.65 in the first half of 2010. The average number of shares outstanding in the first half of 2011 stood at 26,352,492 compared to 26,290,022 in the first half of 2010.

4.2 Statement of net cash flows or (net debt)

The table below summarises the cash flow statements for the periods ended June 30, 2011 and June 30, 2010.

(millions of euros)	*Period ended June 30*	
	2011	**2010**
Net cash generated by operating activities	263	288
Industrial capital expenditure	(178)	(109)
Net financial investments	18	(2)
Dividends	(186)	(74)
Other	(16)	13
Decrease (increase) in cash position	(99)	116
Opening cash position	1 295	946
Closing cash position	1 196	1 062

The net cash position as of June 30, 2011 decreased to €1,196 million as of end-June 2011, compared to €1,295 million as of December 31, 2010.

Net cash generated by operating activities: a moderate fall of €25 million (€263 million compared to €288 million), due mainly to the tax payments on first half of 2011 on 2010 profits.

Industrial capital expenditure: industrial capital expenditure amounted to €178 million, breaking down into 32% for ERAMET Nickel, 42% for ERAMET Manganese and 26% for ERAMET Alloys.

Dividends: the dividends paid out in the first half of 2011 broke down into:
- ✓ €92 million for ERAMET shareholders, representing a dividend of €3.50 per share (compared to a dividend of €1.80 per share in 2010) including €17 million in cash payments and €30 million in the form of stock dividends (129,965 shares);
- ✓ €94 million paid to non-controlling interests in Le Nickel-SLN and Comilog SA.

4.3 Consolidated balance sheet

The Group had consolidated net assets of €6,126 million as of June 30, 2011 compared to €6,103 million as of December 31, 2010.
Non-current assets stood at €2,752 million compared to €2,739 million as of 2010.
The simplified working capital requirement (inventory plus trade receivables less trade payables) was €1,115 million as of June 30, 2011 compared to €1,052 million as of December 31, 2010.
Consolidated shareholders' equity was up at €4,005 million at end-June 2011 compared to €3,974 million at end-2010. The change was primarily due to the profit for the period, the positive impact of financial instruments recognised directly in shareholders' equity, the negative effect of translation adjustments and dividends paid out in the first half of 2011 in respect of the 2010 financial year.

5. RISK MANAGEMENT

The Group uses derivatives to control its risk exposure. Responsibility for the management of the main risks was delegated by the Executive Committee to ERAMET's Finance Department, which manages them centrally. This management is done directly by ERAMET or via *ad hoc* companies such as Metal Currencies specifically created to manage the Group's exchange risks.

The presentation of these risks and their assessment by the Group is set out in the 2010 Reference Document in Note 20.3 "Risk management and derivatives" to the consolidated financial statements and in Chapter 3 – Risk factors.

Cash surpluses of subsidiaries are pooled at Group level via a wholly owned subsidiary: Metal Securities. As in previous years, cash reserves were prudently managed in 2011 (43% in monetary UCITS, and 32% in bonds and 23% in negotiable debt securities); this enabled ERAMET to generate a return of 1.71% in the first half of 2011, namely Eonia + 0.87%.

The Group has not identified other risk factors during the first half of 2011 or in respect of the upcoming second half.

6. RELATED PARTIES

The main related-party transactions are set out in Note 8 to the condensed interim consolidated financial statements.

7. EVENTS AFTER THE BALANCE SHEET DATE

Erasteel and HeYe Special Steel, a Chinese company majority-owned by AT&M (Advanced Technology Materials), both of which specialise in high-speed steels, signed a strategic agreement regarding commercial cooperation globally and industrial cooperation in China. Under this agreement, Erasteel will participate in HeYe's capital increase and will hold around 10% of HeYe’s capital for an amount of nearly €13 million. The entry of a strategic partner into HeYe's share capital is subject to approval by the Chinese authorities.

In accordance with the terms of the memorandum of understanding announced on June 17th 2011, ERAMET and Mineral Deposits Limited (“MDL”) today announced the signature of the final agreements relating to creation of a 50/50 joint venture combining the Norwegian factory of ERAMET Titanium & Iron (“ETI”) and MDL's world class mineral-sand project (titanium dioxide and zircon), “Grande Côte”, located in Senegal and owned at 90% by MDL.

Titanium dioxide is mainly used in the production of pigments (91% of demand). Zircon is mainly used in the production of ceramics (55% of demand), zirconia and other chemical products (18%), refractory materials and foundry materials.

The operation creates a major integrated player in the mineral sand industry, which has great prospects given the shortage in supply which the titanium dioxide and zircon markets are expected to experience in the short and medium terms.

There are no other events after the balance sheet date to report.

8. FINANCIAL STATEMENTS OF ERAMET SA

(millions of euros)	**06/30/2011**	**06/30/2010**	**12/31/2010**
Sales	585	527	1 067
Operating profit (loss)	(37)	3	(31)
Net finance income	318	3	97
Extraordinary items	47	(1)	75
Profit (loss) for the period	327	4	146

Sales were up 11% on the back of the very strong rise in nickel prices (LME of USD 11.02 / lb compared to USD 9.62 / lb in the first half of 2010).

The operating profit amounted to (€37) million compared to a loss of €3 million as of June 30, 2010, mainly due to a provision of €35.8 million for the employee bonus-share allocation plan.

The net finance income of €318 million compared to €3 million in 2010 stemmed from the dividends received from Eralloys (about €369 million set-off by a reserve on the shares of €240 million), from EHM-ERAMET Manganese (€120 million), from EHN-ERAMET Nickel (€28 million compared to €133 million received in the first half of 2010, €14.1 million for ERAMET Manganese and €4.6 million for SIMA) and the interest income on loans to Group subsidiaries for a net amount of €1.6 millions as well as an exchange loss of €1.2 million.

The extraordinary profits are primarily comprised of a capital gain realised from the sale of 1.37% of Comilog securities for an amount of €49 million in June 2011.

The profit for the period amounted to €327 million compared to €4 million as of June 30, 2010.

9. OUTLOOK FOR THE SECOND HALF OF 2011

The outlook for the mining divisions looks less favourable overall at the beginning of the 2nd half of 2011 compared with the 1st half of 2011, due in particular to the fall in manganese ore and alloy prices which has taken place in recent months.

In the medium and long terms, the fundamentals of our businesses will remain strong, driven by the growth of markets in emerging countries, particularly China.

III- CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2011

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2011

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Condensed interim consolidated financial statements:

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income

(€ million)	Notes	H1 2011	H1 2010	FY 2010
Sales	-	**1,931**	**1,788**	**3,576**
Other income	-	9	26	31
Cost of sales	-	(1,340)	(1,252)	(2,437)
Administrative and selling expenses	-	(89)	(75)	(155)
Research and development expenditure	-	(21)	(20)	(44)
EBITDA	-	**490**	**467**	**971**
Depreciation, amortisation & impairment of non-current assets	-	(117)	(109)	(225)
Impairment charges and provisions	-	(7)	(17)	(7)
Current operating profit (loss)	-	**366**	**341**	**739**
Other operating income and expenses	4.1	(15)	(5)	(19)
Operating profit (loss)	-	**351**	**336**	**720**
Net borrowing cost	4.2.1	10	8	3
Other financial income and expenses	4.2.2	6	(15)	(15)
Share in profit of associates	-	1	-	1
Income tax	4.3	(161)	(90)	(255)
Profit (loss) for the period	-	**207**	**239**	**454**
- Attributable to non-controlling interests	-	72	64	126
- Attributable to equity holders of the parent	-	**135**	**175**	**328**
Basic earnings per share (EUR)	4.4	5.11	6.65	12.43
Diluted earnings per share (EUR)		5.07	6.64	12.40
Profit (loss) for the period	**-**	**207**	**239**	**454**
Translation adjustments for financial statements of subsidiaries denominated in fore	-	(32)	78	63
Change in revaluation reserve for hedging financial instruments	-	40	(49)	(20)
Change in fair value of held-for-sale financial assets	-	(1)	(2)	3
Income tax	4.3	(18)	24	6
Other components of comprehensive income	-	**(11)**	**51**	**52**
- Attributable to non-controlling interests	-	(3)	16	8
- Attributable to equity holders of the parent	-	**(8)**	**35**	**44**
Total comprehensive income	**-**	**196**	**290**	**506**
- Attributable to non-controlling interests	-	69	80	134
- Attributable to equity holders of the parent	**-**	**127**	**210**	**372**

Statement of financial position

Assets

(€ million)	Notes	06/30/2011	06/30/2010	12/31/2010
Goodwill	-	172	174	172
Intangible assets	5.1	517	514	521
Property, plant & equipment	5.1	1,917	1,822	1,903
Investments in associates	-	23	22	22
Other financial assets	-	86	93	86
Deferred tax	5.7	33	52	30
Other non-current assets	-	4	5	5
Non-current assets	-	**2,752**	**2,682**	**2,739**
Inventories	-	1,058	913	996
Trade receivables and other current assets	-	687	709	642
Current tax receivables	-	37	22	12
Derivatives	5.9	138	140	128
Other current financial assets	5.8	437	403	359
Cash and cash equivalents	5.8	1,017	919	1,227
Current assets	-	**3,374**	**3,106**	**3,364**
Total assets	-	**6,126**	**5,788**	**6,103**

Liabilities

(€ million)	Notes	06/30/2011	06/30/2010	12/31/2010
Share capital		81	80	81
Share premium		372	371	371
Revaluation reserve for held-for sale assets		6	5	7
Hedging instrument revaluation reserve		27	(2)	10
Translation adjustments		-	30	24
Other reserves		2,518	2,244	2,465
Attributable to equity holders of the parent	5.3	**3,004**	**2,728**	**2,958**
Attributable to non-controlling interests	-	1,001	1,023	1,016
Shareholders' equity	-	**4,005**	**3,751**	**3,974**
Employee-related liabilities	5.4	125	139	123
Provisions	5.5	353	339	360
Deferred tax	5.7	413	277	342
Borrowings - long-term portion	5.8	164	205	203
Other non-current liabilities	-	29	38	33
Non-current liabilities		**1,084**	**998**	**1,061**
Provisions - short-term portion	5.5	28	26	29
Borrowings - short-term portion	5.8	94	55	88
Trade payables and other current liabilities	-	766	720	731
Current tax liabilities	-	103	73	149
Derivatives	5.9	46	165	71
Current liabilities	-	**1,037**	**1,039**	**1,068**
Total shareholders' equity and liabilities	-	**6,126**	**5,788**	**6,103**

Statement of cash flows

(€ million)		H1 2011	H1 2010	FY 2010
Operating activities				
Profit (loss) for period		207	239	454
Elimination of non-cash and non-operating income and expenses non-operating income and expenses				
- Depreciation, amortisation and provisions		118	124	227
- Financial instruments		(9)	10	3
- Deferred tax		69	11	83
- Proceeds from asset disposals		1	1	4
- Share in profit of associates		(1)	-	(1)
Cash generated from operations		**385**	**385**	**770**
(Increase) / decrease in inventories		(79)	(47)	(142)
(Increase) / decrease in trade receivables		(16)	(154)	(82)
Increase / (decrease) in trade payables		22	15	38
Change in other assets and liabilities		113	119	223
Interest income		9	7	15
Interest paid		(9)	(8)	(16)
Tax paid		(162)	(29)	(79)
Net change in current operating assets and liabilities		**(122)**	**(97)**	**(43)**
Net cash generated by operating activities		**263**	**288**	**727**
Investing activities				
Payments for non-current assets		(194)	(115)	(314)
Proceeds from non-current asset disposals		(4)	24	8
Capital grants received		-	-	-
(Proceeds from) / repayment of borrowings		3	(6)	(4)
Dividends received from associates		-	-	-
Impact of additions to consolidation scope	(1)	-	(12)	(15)
Impact of removals from consolidation scope		-	-	-
Net cash used in investing activities		**(195)**	**(109)**	**(325)**
Financing activities				
Dividends paid to Eramet SA shareholders		(92)	(47)	(47)
Dividends paid to non-controlling interests in consolidated companies		(94)	(27)	(105)
Proceeds from share capital increases		1	30	31
Proceeds from treasury share sales / (payments for purchases)	(2)	(36)	(2)	(5)
Changes of percentage interests in subsidiaries	(3)	52	-	86
Proceeds from borrowings		56	16	400
Repayment of borrowings		(48)	(47)	(397)
Net change in other current financial assets		(78)	2	46
Net change in current financial assets and liabilities		-	-	-
Net cash used in financing activities		**(239)**	**(75)**	**9**
Exchange-rate impact		(39)	3	4
Increase (decrease) in cash and cash equivalents		**(210)**	**107**	**415**
Opening cash and cash equivalents		**1,227**	**812**	**812**
Closing cash and cash equivalents		**1,017**	**919**	**1,227**

The ERAMET Group uses the net cash / debt position concept, presented in Note 5.8, as an internal management and performance indicator:

	H1 2011	H1 2010	FY 2010
Net cash (or net debt) position	**1,196**	**1,062**	**1,295**

(1) The impact of additions to scope relates to:

(€ million)	**H1 2011**	**H1 2010**	**FY 2010**
Consolidation of Eralloys Holding A/S & Tinfos A/S	-	-	(2)
- Acquisition cost	-	-	(2)
- Cash acquired	-	-	
- Issue of Eramet shares	-	-	
- Allocation of Eramet shares	-	-	
- Debt on non-current assets	-	-	-
Consolidation of UKAD	-	-	
- Acquisition cost	-	-	-
- Cash acquired	-	-	
Consolidation of Valdi	-	(12)	(13)
- Acquisition cost	-	(12)	(13)
- Cash acquired	-	-	-
Total	**-**	**(12)**	**(15)**

(2) Changes in treasury shares include:

(€ million)	**H1 2011**	**H1 2010**	**FY 2010**
Purchases and sales - liquidity contract	-	(2)	1
Purchases and sales - buyback contract	(36)	-	(6)
Purchase options exercised by employees	-	-	-
Total	**(36)**	**(2)**	**(5)**

(3) Changes in percentage interests in subsidiaries break down as follows:

(€ million)	**H1 2011**	**H1 2010**	**FY 2010**
Sale, 2.17% of shares in Comilog SA	-	-	86
Sale, 1.37% of shares in Comilog SA	52	-	-
Total	**52**	**-**	**86**

Statement of changes in equity

(€ million)	Number of shares	Share capital	Share premium	Reserves / assets held for sale	Reserves / hedging instruments	Translation adjustments	Other reserves	Attributable to equity holders of the parent	Attributable to non-controlling interests	Total
Shareholders' equity at 1 January 2010	**26,369,813**	**80**	**341**	**6**	**24**	**(32)**	**2,116**	**2,535**	**970**	**3,505**
Profit (loss) for the period	-	-	-	-	-	-	**175**	**175**	**64**	**239**
Translation adjustments of subsidiaries' financial statements denominated in foreign currency	-	-	-	-	-	62	-	**62**	16	**78**
Change in revaluation reserve for hedging instruments	-	-	-	-	(26)	-	-	**(26)**	-	**(26)**
Change in fair value of financial assets held for sale	-	-	-	(1)	-	-	-	**(1)**	-	**(1)**
Other components of comprehensive income	-	-	-	**(1)**	**(26)**	**62**	-	**35**	**16**	**51**
Total comprehensive income	-	-	-	**(1)**	**(26)**	**62**	**175**	**210**	**80**	**290**
Dividends paid - €1.80 per share	-	-	-	-	-	-	(47)	**(47)**	(27)	**(74)**
Proceeds from share capital increases	135,993	-	30	-	-	-	-	**30**	-	**30**
Treasury shares	-	-	-	-	-	-	(2)	**(2)**	-	**(2)**
Share-based payment	-	-	-	-	-	-	2	**2**	-	**2**
Changes in percentage interests in subsidiaries	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders	**135,993**	-	**30**	-	-	-	**(47)**	**(17)**	**(27)**	**(44)**
Shareholders' equity as at 30 June 2010	**26,505,806**	**80**	**371**	**5**	**(2)**	**30**	**2,244**	**2,728**	**1,023**	**3,751**
Profit (loss) for the period	-	-	-	-	-	-	**328**	**328**	**126**	**454**
Translation adjustments of subsidiaries' financial statements denominated in foreign currency	-	-	-	-	-	56	-	**56**	7	**63**
Change in revaluation reserve for hedging instruments	-	-	-	-	(14)	-	-	**(14)**	1	**(13)**
Change in fair value of financial assets held for sale	-	-	-	2	-	-	-	**2**	-	**2**
Other components of comprehensive income	-	-	-	**2**	**(14)**	**56**	-	**44**	**8**	**52**
Total comprehensive income	-	-	-	**2**	**(14)**	**56**	**328**	**372**	**134**	**506**
Dividends paid - €1.80 per share	-	-	-	-	-	-	(47)	**(47)**	(105)	**(152)**
Proceeds from share capital increases	143,653	1	30	-	-	-	-	**31**	-	**31**
Treasury shares	-	-	-	-	-	-	(5)	**(5)**	-	**(5)**
Share-based payment	-	-	-	-	-	-	5	**5**	-	**5**
Changes in percentage interests in subsidiaries	-	-	-	-	-	-	67	**67**	17	**84**
Other movements	-	-	-	(1)	-	-	1	-	-	-
Total transactions with shareholders	**143,653**	**1**	**30**	**(1)**	-	-	**21**	**51**	**(88)**	**(37)**
Shareholders' equity as at 31 December 2010	**26,513,466**	**81**	**371**	**7**	**10**	**24**	**2,465**	**2,958**	**1,016**	**3,974**
Profit (loss) for the period	-	-	-	-	-	-	**135**	**135**	**72**	**207**
Translation adjustments of subsidiaries' financial statements denominated in foreign currency	-	-	-	-	-	(24)	-	**(24)**	(8)	**(32)**
Change in revaluation reserve for hedging instruments	-	-	-	-	17	-	-	**17**	5	**22**
Change in fair value of financial assets held for sale	-	-	-	(1)	-	-	-	**(1)**	-	**(1)**
Other components of comprehensive income	-	-	-	**(1)**	**17**	**(24)**	-	**(8)**	**(3)**	**(11)**
Total comprehensive income	-	-	-	**(1)**	**17**	**(24)**	**135**	**127**	**69**	**196**
Dividends paid - €3.50 per share	-	-	-	-		-	(92)	**(92)**	(94)	**(186)**
Proceeds from share capital increases	4,400	-	1	-	-	-	-	**1**	-	**1**
Treasury shares	-	-	-	-	-	-	(36)	**(36)**	-	**(36)**
Share-based payment	-	-	-	-	-	-	5	**5**	1	**6**
Changes in percentage interests in subsidiaries	-	-	-	-	-	-	42	**42**	9	**51**
Other movements	-	-	-	-	-	-	(1)	**(1)**	-	**(1)**
Total transactions with shareholders	**4,400**	-	**1**	-	-	-	**(82)**	**(81)**	**(84)**	**(165)**
Shareholders' equity as at 30 June 2011	**26,517,866**	**81**	**372**	**6**	**27**	-	**2,518**	**3,004**	**1,001**	**4,005**

Notes to the financial statements

ERAMET is a French public limited company, with a Board of Directors, governed by the provisions of Articles L 225-17 and R.225-1 et seq. of the French Commercial Code and by the provisions of its Articles of Association. As required by law, the Company is audited by two incumbent statutory auditors and two alternate statutory auditors.

Via its subsidiaries and investments, the ERAMET Group operates in the nickel and manganese mining and production sectors, as well as in the alloys production sector, in which it is amongst the market leaders. A description of the activities of the ERAMET Group can be found in Note 3 on segment reporting.

The ERAMET Group's condensed interim consolidated financial statements for the first half of 2011 were reviewed by the Audit Committee on 26 July 2011 and approved for publication by the Board of Directors on 27 July 2011.

1 Accounting principles and methods

1.1 General principles and declaration of compliance

Pursuant to European Regulation 1606/2002 of 19 July 2002, the condensed interim consolidated financial statements for the first half of 2011 are presented in millions of euros in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. Since they are summary financial statements, the condensed interim consolidated financial statements do not contain all of the information and notes required for annual financial statements and in this regard should be read in conjunction with the ERAMET Group's annual consolidated financial statements for the year ended 31 December 2010.
The accounting policies used to prepare the condensed interim consolidated financial statements comply with IFRS standards and interpretations as adopted by the European Union at 30 June 2011.

1.2 IFRS accounting basis applied

The condensed interim consolidated financial statements have been prepared in accordance with the accounting principles and methods applied by the Group in the financial statements for FY 2010, except for:

- Employee benefits and income tax, which are subject to special measurement methods using estimates in line with the provisions of IAS 34 and as described in section 1.4 below, and;
- Amendments to standards and interpretations taking effect on 1 January 2011.

The main amendments and interpretations are as follows:

- The revision of IAS 24 "Related Party Disclosures" applicable as from 1 January 2011;
- The amendments to IAS 32 "Classification of Rights Issues" applicable as from 1 February 2010;
- The amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement" applicable as from 1 January 2011;
- IFRIC 19 Interpretation "Extinguishing Financial Liabilities with Equity Instruments" applicable as from 1 July 2010;
- The improvements below:
    - The amendment to IFRS 3 "Business Combinations", applicable as from 1 January 2010;
    - The amendment to IFRS 7 "Financial Instruments: Disclosures", applicable as from 1 January 2011;
    - The amendment to IAS 1 "Presentation of Financial Statements", applicable as from 1 January 2011;
    - The amendment to IFRIC 13 Interpretation "Customer Loyalty Programmes", applicable as from 1 January 2011;
    - The amendment to IAS 34 "Interim Financial Reporting", applicable as from 1 January 2011.

These amendments to standards and interpretations do not apply to the Group or do not have a material impact on the Group's interim consolidated financial statements at 30 June 2011.

The standards, interpretations and amendments published by the IASB but which have not yet been approved by the European Union cannot be applied by the ERAMET Group, namely:

- IFRS 9 "Financial Instruments" applicable as from 1 January 2013;
- The amendment to IFRS 7 "Financial Instruments: Disclosures", applicable as from 1 July 2011;
- The amendment to IAS 12 "Recovery of Underlying Assets", applicable as from 1 January 2012;
- IFRS 10 "Consolidated Financial Statements", applicable as from 1 January 2013;
- IFRS 11 "Joint Arrangements", applicable as from 1 January 2013;
- IFRS 12 "Disclosure of Interests in Other Entities", applicable as from 1 January 2013;
- IFRS 13 "Fair Value Measurement", applicable as from 1 January 2013;
- IAS 27 "Separate Financial Statements", applicable as from 1 January 2013;
- IAS 28 "Investments in Associates and Joint Ventures", applicable as from 1 January 2013.

The ERAMET Group is in the process of evaluating the potential impact on the consolidated financial statements.
The Group’s various activities are not subject to significant seasonal fluctuations.

1.3 Use of estimates and judgements

The measurement and assessment of certain assets and liabilities call for the use of judgements and estimates when preparing the consolidated financial statements. The judgements and estimates that are likely to result in a material change in the carrying amount of these assets and liabilities are unchanged from the previous year (2010 Reference Document – Note 1.1.1. “Use of estimates and judgements” to the consolidated financial statements).

1.4 Specific aspects regarding the preparation of interim financial statements

1.4.1 Employee benefits

Except where there is a specific event during the period, no actuarial valuation is carried out for the purposes of preparing interim financial statements. The post-employment benefit expense for the half-year is half the net expense calculated for FY 2011, based on actuarial assumptions and data used at 31 December 2010.

1.4.2 Income tax

The current and deferred income tax expense for the period is calculated using the effective tax rate estimated for the current year for each entity and tax sub-group. It is adjusted for transactions specific to the first half.

2 Consolidation scope

At 30 June 2011 the scope of consolidation changed as follows in the first half of 2011 compared to 31 December 2010:

2.1.1 Disposal of 1.37% in Comilog SA

Under the agreement signed on 20 October 2010 between ERAMET and the Gabonese Republic, at end-June 2011 ERAMET sold 31,935 shares representing 1.37% of the share capital of Comilog SA, reducing its stake from 65.08% to 63.71%. The income from this disposal was allocated to shareholders’ equity.

2.1.2 Merger of Eramet Norway Kvinesdal A/S into Eramet Norway A/S

On 1 January 2011, the Manganese Division's wholly-owned Norwegian companies, Eramet Norway Kvinesdal A/S and Eramet Norway A/S, were merged.

2.1.3 Change in scope in the second half

On 20 June ERAMET and Mineral Deposits Ltd (MDL) announced the signature of a memorandum of understanding for the creation of a joint venture combining the Norwegian company Eramet Titanium & Iron A/S, owned by ERAMET, and the Grande Côte Mineral Sands project in Senegal, owned by MDL. The definitive agreements will be finalised during the last six months of the year. No specific adjustment has been recognised in the consolidated financial statements at 30 June 2011 because not material.

3 Operating segments

In accordance with IFRS 8 "Operating Segments", the segment reporting presented is prepared on the basis of the internal management data used by the Executive Committee, the Group's main operational decision-making body, to analyse business performance and allocate resources.

An operating segment is a separate component of the Group that engages in the provision of distinct products and services and is exposed to risks and profitability that differ from the risks and profitability of other operating segments.

Each operating segment is monitored individually for internal reporting purposes based on performance indicators that are common to all segments. The management data used to assess a segment's performance are prepared in accordance with the IFRS principles applied by the Group for its consolidated financial statements.

The segments presented for the purposes of segment reporting are either operating segments or combinations of similar operating segments. These are the Nickel, Manganese and Alloys Divisions:

- The Nickel Division, including mining, production and sales subsidiaries focused on nickel and its derivative applications (ferronickel, high purity nickel, cobalt and nickel salts and cobalt and tungsten powders).
- The Manganese Division, including mining, production and sales subsidiaries focused on manganese alloys (ferromanganese, silicomanganese and refined alloys) and manganese chemical derivatives (oxides, sulphate, chloride). The Manganese Division also includes subsidiaries that provide services to industry for the recovery and recycling of metals contained in oil-industry catalysts, electric batteries and acid solutions from the electronics industry.
- The Alloys Division, including subsidiaries that produce and market special high-performance steels, superalloys and pre-machined parts based on these materials or aluminium and titanium.

The column headed “Holding company and eliminations” comprises the Group’s corporate departments as well as the financial entities Metal Securities (treasury management) and Metal Currencies (exchange rate risk management) and Eras SA, the captive reinsurance company. Commercial relationships between the Divisions are not material. The main relationships primarily arise from the billing of management fees and financial transactions.

3.1 Reporting by business segment

(€ million)	Nickel	Manganese	Alloys	Holding co. and interco eliminations	Total
H1 2011					
External sales	538	920	472	1	**1,931**
Inter-segment sales	3	2	1	(6)	**-**
Sales	541	922	473	(5)	**1,931**
Cash generated from operations	151	219	31	(16)	**385**
EBITDA	181	293	36	(20)	**490**
Current operating profit (loss)	142	232	14	(22)	**366**
Other operating income and expenses	-	-	-	-	**(15)**
Operating profit (loss)	-	-	-	-	**351**
Net borrowing cost	-	-	-	-	**10**
Other financial income and expenses	-	-	-	-	**6**
Share in profits of associates	-	-	-	-	**1**
Income tax	-	-	-	-	**(161)**
Attributable to non-controlling interests	-	-	-	-	**(72)**
Attributable to equity holders of the parent	-	-	-	-	**135**
Non-cash expenses	(58)	(93)	(19)	(8)	**(178)**
- Depreciation & amortisation	(40)	(56)	(20)	-	**(116)**
- Provisions	(4)	4	(2)	2	**-**
- Impairment losses	-	(2)	-	-	**(2)**
Industrial capital expenditure (intangible assets, property, plant & equipment	57	73	45	3	**178**
Total balance sheet assets (current and non-current)	2,761	2,392	1,113	(140)	**6,126**
Total balance sheet liabilities (current & non-current, ex shareholders' equity	942	902	726	(449)	**2,121**
H1 2010					
External sales	479	930	378	1	**1,788**
Inter-segment sales	4	2	-	(6)	**-**
Sales	483	932	378	(5)	**1,788**
Cash generated from operations	108	264	28	(15)	**385**
EBITDA	132	318	32	(15)	**467**
Current operating profit (loss)	94	265	5	(23)	**341**
Other operating income and expenses	-	-	-	-	**(5)**
Operating profit (loss)	-	-	-	-	**336**
Net borrowing cost	-	-	-	-	**8**
Other financial income and expenses	-	-	-	-	**(15)**
Share in profits of associates	-	-	-	-	**-**
Income tax	-	-	-	-	**(90)**
Attributable to non-controlling interests	-	-	-	-	**(64)**
Attributable to equity holders of the parent	-	-	-	-	**175**
Non-cash expenses	(35)	(74)	(25)	(12)	**(146)**
- Depreciation & amortisation	(36)	(48)	(22)	(1)	**(107)**
- Provisions	(5)	1	(3)	(9)	**(16)**
- Impairment losses	-	-	-	-	**-**
Industrial capital expenditure (intangible assets, property, plant & equipment	49	39	20	1	**109**
Total balance sheet assets (current and non-current)	2,549	3,127	946	(834)	**5,788**
Total balance sheet liabilities (current & non-current, ex shareholders' equity	816	1,119	587	(485)	**2,037**

FY 2010					
External sales	958	1,853	763	2	**3,576**
Inter-segment sales	7	5	1	(13)	**-**
Sales	965	1,858	764	(11)	**3,576**
Cash generated from operations	229	518	56	(33)	**770**
EBITDA	269	656	76	(30)	**971**
Current operating profit (loss)	194	548	29	(32)	**739**
Other operating income and expenses	-	-	-	-	**(19)**
Operating profit (loss)	-	-	-	-	**720**
Net borrowing cost	-	-	-	-	**3**
Other financial income and expenses	-	-	-	-	**(15)**
Share in profits of associates	-	-	-	-	**1**
Income tax	-	-	-	-	**(255)**
Attributable to non-controlling interests	-	-	-	-	**(126)**
Attributable to equity holders of the parent	-	-	-	-	**328**
Non-cash expenses	(82)	(211)	(40)	17	**(316)**
- Depreciation & amortisation	(78)	(100)	(41)	(2)	**(221)**
- Provisions	(10)	(5)	(14)	12	**(17)**
- Impairment losses	-	(2)	13	-	**11**
Industrial capital expenditure (intangible assets, property, plant & equipment	124	130	69	3	**326**
Total balance sheet assets (current and non-current)	2,630	3,030	1,007	(564)	**6,103**
Total balance sheet liabilities (current & non-current, ex shareholders' equity	842	1,043	630	(386)	**2,129**

3.2 Reporting by geographic area

(€ million)	Europe	America North	Asia	Oceania	Africa	America South	Total
Sales (sales destination)							
H1 2011	**875**	**360**	**628**	**14**	**34**	**20**	**1,931**
H1 2010	796	334	594	16	38	10	**1,788**
FY 2010	1,598	642	1,201	32	77	26	**3,576**
Industrial capital expenditure (intangible assets, property, plant & equipment)							
H1 2011	**60**	**10**	**52**	**17**	**39**	**-**	**178**
H1 2010	28	12	32	19	18	-	**109**
FY 2010	108	28	75	50	64	1	**326**
Total balance sheet assets (current and non-current)							
H1 2011	**3,760**	**374**	**666**	**899**	**427**	**-**	**6,126**
H1 2010	3,485	436	683	827	357	-	**5,788**
FY 2010	3,792	400	700	846	365	-	**6,103**

4 Notes to the statement of comprehensive income

4.1 Other operating income and expenses

(€ million)	H1 2011	H1 2010	FY 2010
Gains (losses) on asset disposals	1	1	1
Restructuring and redundancy plans	(3)	-	(18)
Losses on impairment tests	(2)	-	11
Other items - income (*)	1	4	12
Other items - expenses (*)	(12)	(10)	(25)
(*) of which:			
- Employee benefits	-	-	9
- Gabon development projects (Niobium, etc.)	(4)	(2)	(6)
- Other development projects	(5)	(2)	(8)
- disputes with suppliers and third parties	1	(2)	(5)
- securities acquisition costs	-	-	(1)
Total	**(15)**	**(5)**	**(19)**

Other operating income and expenses for the first half of 2011 mainly include restructuring costs in the Manganese and Alloys Divisions and the impairment loss on the assets of the Valdi company (Manganese Division), following the explosion which occurred on 25 June at the Feurs site (Loire).
At 31 December 2010, the breakdown of other operating income and expenses is presented in Note 23 – Other operating income and expenses, in the 2010 Reference Document.

4.2 Net borrowing cost and other financial items

4.2.1 Net borrowing cost

(€ million)	H1 2011	H1 2010	FY 2010
Interest income	9	7	15
Interest expense	(9)	(8)	(16)
Net income on marketable securities	3	-	3
Changes in fair value of marketable securities	3	1	-
Net translation adjustments	4	8	1
Total	**10**	**8**	**3**

The slight improvement in net borrowing costs is mainly due to the increase in the Group's net cash compared with the first half of 2010 (Note 5.8.2).

4.2.2 Other financial income and expenses

(€ million)	H1 2011	H1 2010	FY 2010
Investment and dividend income	2	1	2
Gains (losses) on the disposal of investments in associates	-	(1)	(4)
Net allowances to / reversals of financial provisions	-	1	3
Accretion expenses	(5)	(5)	(10)
Financial instruments ineligible as hedges	9	(10)	(3)
Securitisation financial expense	(1)	(1)	(2)
Others	1	-	(1)
Total	**6**	**(15)**	**(15)**

Accretion expenses relate to provisions for site restoration. Financial instruments ineligible as hedges correspond to the portion of hedging instruments (on currencies /commodities and interest rates) recognised in income pursuant to IAS 39.
At 31 December 2010, the breakdown of other finance income and expenses was presented in Note 24.2 – Other finance income and expenses, in the 2010 Reference Document.

4.3 Income tax

Income tax is calculated on the basis of the earnings of each tax entity by applying the estimated tax rates for the full financial year, with the tax impact of specific transactions being recognised in the period in which these transactions are carried out.

(€ million)	H1 2011	H1 2010	FY 2010
Current tax	(92)	(79)	(172)
Deferred tax	(69)	(11)	(83)
Total	**(161)**	**(90)**	**(255)**

The Group's effective tax rate was 44% for the first half of 2011 compared to 27% for the first half of 2010 and 36% for the year ended 31 December 2010.

The reconciliation between the theoretical tax calculated at the official tax rate in France and the actual tax in the income statement breaks down as follows:

(€ million)	H1 2011	H1 2010	FY 2010
Operating profit (loss)	351	336	720
Net borrowing cost	10	8	3
Other financial income and expenses	6	(15)	(15)
Pre-tax profit (loss) for period of consolidated companies	**367**	**329**	**708**
Standard tax rate in France (%)	**33,33%**	**33,33%**	**33,33%**
Theoretical tax expense	**(122)**	**(110)**	**(236)**
Impact on theoretical tax of:			
- permanent differences between accounting and taxable profit	(2)	10	16
- additional levies in France	(1)	-	-
- standard tax differences in foreign countries	(3)	1	4
- reduced tax rates	-	3	4
- tax credits	1	2	7
- withholding tax on dividends	(25)	(4)	(51)
- unrecognised or limited deferred tax assets	(6)	2	5
- miscellaneous items	(3)	6	(4)
Actual tax charge	**(161)**	**(90)**	**(255)**
Effective tax rate	**44%**	**27%**	**36%**

The permanent differences include on the one hand mainly the share of overheads reintegrated in France following the dividend distributions made in the first half of 2011 and on the other hand the untaxed earnings in China and the vested portion of the provisions for the reconstitution of mining reserves in New Caledonia and Gabon.
Withholding tax on dividends payments corresponds to dividends planned for the coming financial year by the ERAMET foreign subsidiaries.
The tax loss carryforwards and temporary differences not recognised in the first half of 2011 mostly related to Setrag SA, Comilog France and Erachem Comilog SA (Manganese Division) and the high-speed steel business in the Alloys Division.
The details and analyses regarding 31 December 2010 are presented in the 2010 Reference Document in Note 25.2 – Effective tax rate.

The income tax on the other components of comprehensive income breaks down as follows:

(€ million)	H1 2011	H1 2010	FY 2010
Change in financial instrument revaluation reserve	(18)	23	7
Change in fair value of held-for-sale financial assets	-	1	(1)
Total	**(18)**	**24**	**6**

4.4 Earnings per share

	H1 2011			H1 2010			FY 2010		
	Profit (loss) net	Number of shares	Profit (loss) per share	Profit (loss) net	Number of shares	Profit (loss) per share	Profit (loss) net	Number of shares	Profit (loss) per share
Basic earnings per share	135	26,352,492	5.11	175	26,290,022	6.65	328	26,419,691	12.43
Dilutive instruments:									
- Subscription options	-	25,352	-	-	37,412	-	-	29,752	-
- Bonus share grants	-	138,905	-	-	-	-	-	33,137	-
Instruments deemed anti-dilutive (*)	-	-	-	-	-	-	-	-	-
Diluted earnings per share	**135**	**26,516,749**	**5.07**	**175**	**26,327,434**	**6.64**	**328**	**26,482,580**	**12.40**
Average number of shares outstanding		26,514,843			26,373,190			26,504,766	
Average number of treasury shares		162,351			83,168			85,075	
Average number of shares		**26,352,492**			**26,290,022**			**26,419,691**	

(*) Where basic earnings per share from continuing operations are negative, the instruments are deemed to be anti-dilutive.

The basic number of shares represents the weighted average number of shares over the period, less the weighted number of treasury shares. There were 25,352 subscription options at 30 June 2011 (29,752 at 31 December 2010). These 25,352 potential shares on subscription (29,752 at 31 December 2010) were included in the diluted earnings per share, no option not being exercisable at end-June 2011 (unchanged at 31 December 2010). The treasury shares assigned to bonus-share allocation plans are included in net earnings per share. ERAMET has not issued any other financial instruments that would be likely to dilute earnings per share.

5 Notes to the statement of financial position

5.1 Intangible assets and property, plant and equipment

Non-current operating assets include intangible assets and property, plant, and equipment.

(€ million)	Gross amount	Depreciation and amortisation	Impairment losses	Net amount 06/30/2011	Net amount 06/30/2010	Net amount 12/31/2010
Intangible assets						
- Mining reserves	507	(66)	-	**441**	433	438
- Software	51	(47)	-	**4**	3	3
- Other intangible assets	96	(42)	(2)	**52**	-	65
- Work-in-progress, down-payments	20	-	-	**20**	78	15
	674	**(155)**	**(2)**	**517**	**514**	**521**
- Capital expenditure over the period				**42**	31	78
Property, plant & equipment						
- Land and buildings	843	(466)	(11)	**366**	366	378
- Industrial and mining facilities	2,658	(1,547)	(96)	**1,015**	978	1,058
- Other property, plant, and equipment	567	(364)	-	**203**	216	219
- Work-in-progress, down-payments	334	-	(1)	**333**	262	248
	4,402	**(2,377)**	**(108)**	**1,917**	**1,822**	**1,903**
- Capital expenditure over the period				**136**	78	248
Total	**5,076**	**(2,532)**	**(110)**	**2,434**	**2,336**	**2,424**
- Capital expenditure over the period				**178**	109	326

Capital expenditure is primarily funded from cash and borrowings (in particular finance leases).

5.2 Asset impairment

Impairment losses primarily included the high-speed steels businesses of the Alloys Divisions and the "Special Products" and "Recycling" businesses of the Manganese Division.
During the first half of 2011, following the explosion which occurred on 25 June at the Feurs site (Loire), impairment losses of €2 million were recognised on the assets of the company Valdi (Manganese Division).

5.3 Shareholders' equity

5.3.1 Share capital

The share capital consists of 26,517,866 ordinary shares (26,513,466 ordinary shares at 31 December 2010) fully paid up and with a par value of €3.05.

At 30 June 2011, ERAMET held 251,283 treasury shares (103,851 shares at 31 December 2010); these included 49,569 bearer shares (48,135 shares at 31 December 2010) representing shares purchased under the liquidity contract signed with Exane BNP Paribas, and 170,000 shares (23,610 shares at 31 December 2010) purchased by Exane BNP Paribas after it was instructed to buy back 100,000 shares. These transactions were fully allocated to shareholders' equity. The change in treasury shares during the first half of 2011 resulted from the dealings involving 1,434 shares done under the liquidity agreement and the dealings involving 146,390 shares done under the buy-back instruction. The exercise of 4,400 subscription options during the first half of 2011 at an average price of €64.63 resulted in an increase in shareholders' equity in consideration for cash through the creation of that number of shares.

5.3.2 Share subscription and purchase options and bonus shares

Subscription options

	Date of lders' Meeting	Date of oard meeeting	Subscription price		No. of beneficiaries at outset	at 01.01.2011	Granted at outset	Exercised or lapsed prior to 01.01.2011	Exercised in 2011	Lapsed in 2011	Still to be exercised as from 01.07.2011	Number of benefi-ciaries at 01.07.2011	Expiry of plans
1	23.05.2002	15.12.2004	64.63	EUR	81	25	130,000	(100,248)	(4,400)	-	25,352	20	15.12.2012
Total							**130,000**	**(100,248)**	**(4,400)**	**-**	**25,352**		

Exercisable only as from 12 December 2006. The shares may not be sold before 14 December 2008.

Bonus shares

(1)	Date of lders' Meeting	Date of oard meeeting	Subscription price	No. of beneficiaries at outset	at 01.01.2011	Granted at outset	Exercised or lapsed prior to 01.01.2011	Exercised in 2011	Lapsed in 2011	Still to be exercised as from 01.07.2011	Number of benefi-ciaries at 01.07.2011	Expiry of plans
1	11.05.2005	25.04.2007	Bonus	1	-	10,000	(10,000)	-	-	-	-	-
2	11.05.2005	23.07.2007	Bonus	61	-	16,000	(16,000)	-	-	-	-	-
3	13.05.2009	29.07.2009	Bonus	14,766	14,109	73,830	(3,285)	-	(2,670)	67,875	13,575	29.07.2011
4	20.05.2010	20.05.2010	Bonus	14,536	14,408	29,072	(256)	-	(1,230)	27,586	13,793	20.05.2013
5	20.05.2010	20.05.2010	Bonus	162	162	65,008	-	-	-	65,008	162	20.05.2013
6	20.05.2010	16.02.2011	Bonus	14,307	-	28,614	-	-	-	28,614	14,307	16.02.2014
7	20.05.2010	16.02.2011	Bonus	205	-	71,665	-	-	-	71,665	205	16.02.2014
Total						**294,189**	**(29,541)**	**-**	**(3,900)**	**260,748**		

(1) Definitive grant date: **1** = 25.04.2009, **2 =** 23.07.2009, **3** = 29.07.2011, **4** = 20.05.2012,**5** = 20.05.2013, **6** = 16.02.2013 and **7** = 16.02.2014.
(1) The shares cannot be sold prior to:**1** = 25.04.11, **2 =**23.07.11, **3** = 29.07.13, **4** = 20.05.14,**5** = 20.05.15, **6** = 16.02.15 and **7** = 16.02.16.

Two bonus-share allocation plans were granted on 16 February 2011:

- A "democratic" plan (plan no. 6) calculated using the "Black & Scholes" method,
- A "selective" plan (plan no. 7) with two performance conditions attaching to the shares, one internal and one external, calculated using the "Monte-Carlo" method.

5.3.3 Share-based payment

Share-based payment only relates to stock option and bonus share plans granted to employees and settled in the form of shares. They represented a €6 million expense at 30 June 2011 (€2 million at 30 June 2010 and €6 million at 31 December 2010).

5.3.4 Dividends paid

The dividends paid during the first half of 2011 in respect of the 2010 financial year amounted to €92 million. This represented a net dividend per share of €3.50 (dividends paid in 2010 in respect of the 2009 financial year amounted to €47 million, namely €1.80 per share).

The €94 million in dividends paid to non-controlling interests involved Le Nickel-SLN (Nickel Division) and Comilog SA (Manganese Division).

5.4 Employee-related liabilities

The employee benefits expense in the first half of 2011 amounted to €4 million (€6 million in the first half of 2010). It is calculated on the basis of assumptions made at the end of the 2010 financial year and adjusted primarily for contributions and benefits paid to third parties.

5.5 Provisions

(€ million)	**06/30/2011**		**06/30/2010**		**12/31/2010**	
Personnel		26		9		25
- Restructuring and redundancy plans	22		5		21	
- Other payroll contingencies and losses	4		4		4	
Major lawsuits		-		-		-
Environmental contingencies and site restoration		283		264		283
- Environmental contingencies	33		29		30	
- Site restoration	250		235		253	
Other contingencies and losses		72		92		81
Total		**381**		**365**		**389**
- Long-term portion		353		339		360
- Short-term portion		28		26		29

The provisions for restructuring and redundancy plans amounted to €22 million at 30 June 2011 compared to €21 million at 31 December 2010 and are mainly comprised of redundancy plans implemented in France and Belgium in the Manganese and Alloys Divisions.

The provisions for environmental contingencies mainly related to the Manganese Division (€18 million compared to €13 million at 31 December 2010) and the Alloys Division (€8 million compared to €9 million at 31 December 2010). The site restoration provisions mainly related to mining sites currently being worked in New Caledonia (Nickel Division) and Gabon (Manganese Division) for €190 million (€187 million at 31 December 2010) and €18 million (unchanged at 31 December 2010) respectively. They are supplemented by decontamination provisions for the settling tanks at the Marietta industrial site (Manganese Division) in the US for €18 million (€25 million at 31 December 2010) and the provisions funded in 2003 to cover regulatory and constructive obligations to demolish and restore the Boulogne-sur-Mer industrial site following the decision to close the plant.

The other provisions for contingencies and losses include, in particular, €42 million ($60 million) for financial risks associated with the put options granted by ERAMET to Mitsubishi Corporation in connection with the disposal of 33.4% of the shares in Strand Minerals Pte Ltd (Note 16.5. – Other contingencies and losses of the 2010 Reference Document).

In 2009, the American company GCMC (Gulf Chemical & Metallurgical Corp.), a Group subsidiary, began negotiations with the TCEQ (Texas Commission on Environmental Quality) regarding the conditions of its operating permit. The authorities noted a certain number of corrections to be made and submitted them to GCMC. In February 2011, the Texas Attorney General initiated enforcement proceedings against GCMC, in relation primarily to the corrections requested by the TCEQ, before the District Court of Travis County (Texas). On 15 June 2011, the District Court of Travis County noted that GCMC fulfilled the obligations set out in the settlement agreement signed by the parties in May 2011. Discussions are still underway with the local authorities in order to completely settle the case. A provision proportionate to the estimated risk has been funded in environmental risks for an amount of €2 million.

5.6 Contingent liabilities

On 25 March 2011, four NGOs (Non-Governmental Organisations), a residents action group and a member of parliament instituted civil cases in Gabon to obtain compensation from Comilog SA and ERAMET for alleged environmental damages caused by the exploitation of the Moanda mining site. At a first hearing held on 28 June 2011, proceedings were adjourned until 30 August 2011 to allow the claimants' lawyer to submit additional documents, since not all documents had been submitted. At this stage it is impossible to judge how things will unfold, the conclusions that will be made and the impact such conclusions will have on the Group.

The ERAMET Group abides by environmental standards (and the specific standards in each country) in all its subsidiaries, including in Gabon, and conducts all environmental activities in accordance with the Group's charter, as described in the 2010 Reference Document (Section 5.3).

5.7 Deferred tax

The increase in net deferred tax liabilities (€413 million in liabilities and €33 million in assets, namely €380 million, compared to €342 million in liabilities and €30 million in assets, namely €312 million at 31 December 2010) mainly stemmed from hedging instruments (Note 5.9 – Derivatives), tax loss carryforwards in the first half of 2011, partly recognised (Note 4.3 – Income tax), decreased eliminations of margins in internal inventories, the increase in statutory provisions in Gabon and New Caledonia and the withholding tax for the subsidiaries' dividends as well.

5.8 Net cash (or net debt) position

5.8.1 By category

(€ million)	**06/30/2011**		**06/30/2010**		**12/31/2010**	
Borrowings		258		260		291
- Bank loans	93		12		125	
- Bank overdrafts and creditor banks	36		20		26	
- Finance leases	39		43		41	
- Other borrowings	90		185		99	
Other current financial assets		437		403		359
- Bonds	437		403		359	
Cash and cash equivalents		1,017		919		1,227
- Cash equivalents	930		862		1,132	
- Cash	87		57		95	
Total		**1,196**		**1,062**		**1,295**
> 1 year		(164)		(205)		(203)
- Borrowings	164		205		203	
- Other current financial assets	-		-		-	
- Cash and cash equivalents	-		-		-	
< 1 year		1,360		1,267		1,498
- Borrowings	94		55		88	
- Other current financial assets	437		403		359	
- Cash and cash equivalents	1,017		919		1,227	

ERAMET has confirmed medium and long-term credit facilities. The unused facilities at the balance sheet date should allow the Group to refinance its short-term debts on a longer-term basis. ERAMET has had a commercial paper programme in place since 2005, used for up to €20 million in the first half of 2011.

(€ million)	**06/30/2011**	**06/30/2010**	**12/31/2010**
Unused credit facilities (*)	800	600	600
Unissued commercial paper	380	400	400
Repos (**)	177	210	210

(*) The bank covenants relating to these credit facilities are wholly satisfied. The covenants relate to the ratio of the Group's net debt to shareholders' equity.

(**) Based on the criteria associated with the repo programme (Note 20.3.4 – Liquidity risks in the 2010 Reference Document), only €177 million in bonds would be eligible, of which €142 million for old contracts and €35 million for contracts taken out at the start of 2011.

5.8.2 Statement of net cash flows or (net debt)

(€ million)	H1 2011	H1 2010	FY 2010
Operating activities			
EBITDA	490	467	971
Elimination of non-cash and non-operating income and expenses	(105)	(82)	(201)
Cash generated from operations	**385**	**385**	**770**
Net change in current operating assets and liabilities	(122)	(97)	(43)
Net cash generated by operating activities	**263**	**288**	**727**
Investing activities			
Industrial capital expenditure	(178)	(109)	(326)
Net financial investments	17	(3)	76
Proceeds from non-current asset disposals	1	1	5
Capital grants received	-	-	-
Changes in receivables and payables on non-current	(21)	6	4
Changes in scope and loans	3	(13)	(11)
Dividends received from associates	-	-	-
Net cash used in investing activities	**(178)**	**(118)**	**(252)**
Cash flows from financing activities			
Dividends paid	(186)	(74)	(152)
Proceeds from share capital increases	1	30	31
Change in working capital requirement arising from financing activities	-	-	-
Net cash used in financing activities	**(185)**	**(44)**	**(121)**
Exchange-rate impact	1	(10)	(5)
Increase (decrease) in net cash or debt position	**(99)**	**116**	**349**
Opening net cash (debt) position	**1,295**	**946**	**946**
Closing net cash (debt) position	**1,196**	**1,062**	**1,295**

5.9 Derivatives

Breakdown of financial instruments recognised as assets:

(€ million)	06/30/2011	06/30/2010	12/31/2010
Financial instrument assets (*)	13	49	53
Financial instruments - currency hedges	80	67	24
Financial instruments - interest-rate hedges	-	-	-
Financial instruments - commodity hedges	45	24	51
Total	**138**	**140**	**128**

Breakdown of financial instruments recognised as liabilities:

(€ million)	06/30/2011	06/30/2010	12/31/2010
Financial instrument liabilities (*)	3	41	15
Financial instruments - currency hedges	18	93	5
Financial instruments - interest-rate hedges	5	8	7
Financial instruments - commodity hedges	20	23	44
Total	**46**	**165**	**71**

(*) Foreign currency receivables and debts are translated at the hedging rate and the difference between the closing rate and this hedging rate is recognised under "Financial instrument assets and liabilities".
The hedging instrument is measured and accounted for at fair value. The change in this fair value, covering the assets and liabilities, is detailed under "Financial instruments – hedges" on the asset or liability side.

5.10 Risk management

The presentation of risks and their assessment by the Group is set out in the 2010 Reference Document in Note 20.3 "Risk management" to the consolidated financial statements.

6 Off-balance-sheet commitments

6.1 Ordinary transactions

(€ million)		06/30/2011		06/30/2010		12/31/2010
Commitments given						
Endorsements, pledges and guarantees		**104**		103		97
Collateral security:		**41**		40		39
- Property, plant and equipment	2		2		2	
- Inventories	20		19		19	
- Receivables and other assets	19		19		18	
Finance lease commitments		**38**		47		44
Non-current asset orders		**-**		-		-
Commitments received						
Endorsements, pledges and guarantees		**125**		14		128
Collateral security		Nil		Nil		Nil
Credit facilities		**800**		600		600

Commitments on non-current asset orders only relate to strategic capital expenditure projects. The above table does not include orders stemming from the ordinary course of business (orders received from clients or placed with suppliers).

6.2 Other operations and commitments

Other operations and commitments are presented in the 2010 Reference Document in Note 27 – Off-balance sheet commitments and Note 28 – Other commitments and concern:

- Moanda Metallurgy Complex (CMM) investment project – Comilog SA, of which USD 30 million paid on June 30, 2011,
- "Transgabonais" railway concession - Setrag SA,
- Call options on Pt Weda Bay Nickel in favour of Pt Antam,
- Agreement to increase the Gabonese Republic's interest in the capital of Comilog SA.

7 Additional information

The lawsuit between Carlo Tassara France (part of the Romain Zaleski Group) and Sima, Sorame and Ceir, plus members of the Duval family is discussed in the 2010 Reference Document in Note 32 – “Additional Information” to the consolidated financial statements. Proceedings are ongoing. The trial hearing for this case was held on 5 May 2011 and the judgement is expected to be given at the end of September 2011.

8 Related-party transactions

The related-party transactions during the first half of 2011 are detailed below:

(€ million)	H1 2011	H1 2010	FY 2010
Sales			
- Non-consolidated controlled subsidiaries	22	13	59
- Associates	-	-	-
Cost of sales, administrative and selling expenses			
- Non-consolidated controlled subsidiaries	(3)	(3)	(5)
- Associates	-	-	-
Net borrowing cost			
- Non-consolidated controlled subsidiaries	-	-	-
- Associates	-	-	-

The balance sheet assets and liabilities resulting from related-party transactions during the first half of 2011 break down as follows:

(€ million)	H1 2011	H1 2010	FY 2010
Trade and other receivables			
- Non-consolidated controlled subsidiaries	9	7	12
- Associates	-	-	-
Trade and other payables			
- Non-consolidated controlled subsidiaries	-	-	4
- Associates	-	-	-
Net financial assets (liabilities)			
- Non-consolidated controlled subsidiaries	(4)	5	7
- Associates	-	-	-

ERAMET does not in any way guarantee related-party debts.

9 Events after the balance sheet date

Erasteel and HeYe Special Steel, a Chinese company majority-owned by AT&M (Advanced Technology Materials), both of which specialise in high-speed steels, signed a strategic agreement regarding commercial cooperation globally and industrial cooperation in China. Under this agreement, Erasteel will participate in HeYe's capital increase and will hold around 10% of HeYe’s capital for an amount of nearly €13 million. The entry of a strategic partner into HeYe's share capital is subject to approval by the Chinese authorities.

To the best of the Company’s knowledge, there are no other events to report after the balance sheet date.

IV- STATUTORY AUDITORS’ REPORT ON THE FIRST HALF-YEARLY FINANCIAL INFORMATION FOR THE PERIOD FROM JANUARY 1, 2011 TO JUNE 30, 2011

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,
In compliance with the assignment entrusted to us by your ordinary meeting of shareholders and in accordance with article L.451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- our limited review of the accompanying condensed half-yearly consolidated financial statements of Eramet, for the period from 1 January 2011 to 30 June 2011, and
- the verification of the information contained in the interim management report.

These condensed half-yearly 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.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A limited 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 the professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not 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 these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the condensed half-yearly consolidated financial statements that were the object of our limited review.
We have no matters to report on the fairness and consistency of this information with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine, 28 July 2011
The Statutory Auditors

Deloitte & Associés **French original signed by**	**ERNST & YOUNG et autres** **French original signed by**
Alain Penanguer	**Aymeric de la Morandière**