HALF YEAR REPORT 2014

PEOPLE-DRIVEN **PERFORMANCE**

ERAMET

ALLOYS, ORES AND PEOPLE.

Société anonyme
(French public limited company)
with registered capital of €80,956,814.90

Registered office:
Tour Maine-Montparnasse,
33, avenue du Maine, 75015 Paris,
France.

Registration number 632 045 381
in the Paris trade and corporate register.

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I DECLARATION BY THE PERSONS RESPONSIBLE FOR THE ERAMET INTERIM FINANCIAL REPORT AS AT JUNE 30, 2014

We declare that, to the best of our knowledge, the condensed interim consolidated financial statements for the past half-year 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 29, 2014

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

II INTERIM BUSINESS REPORT AS AT JUNE 30, 2014

1. Foreword

It is advisable to read this report on the Company's financial position and operating performance in conjunction with the Company's consolidated financial statements, the Notes to the condensed interim consolidated financial statements for the period ended June 30, 2014 and the other financial information in the 2013 Registration Document filed with the AMF on March 26, 2014. The Company's interim financial statements have been prepared in accordance with regulation IAS 34 (Interim financial reporting). The information in this report also contains forecasts based on estimates of ERAMET's future business activities that may differ materially from actual results.

The figures presented and commented on are adjusted data from the Group reporting which consolidates joint ventures under proportional consolidation method. Reconciliation with published financial statements is presented in Section 4.4.

2. Overview

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, establishing a foothold on five continents so as to better serve its markets. Having developed unique expertise in geology, metallurgy, hydrometallurgy, pyrometallurgy and in the design of high-performance steel grades, ERAMET is now a global market leader in the production and conversion of non-ferrous metals and alloys. In 2013, the Group's three Divisions, ERAMET Nickel, ERAMET Manganese and ERAMET Alloys, generated sales of €3,162 million, down in comparison to 2012, with a negative current operating income of €45 million compared to €153 million in 2012. As at June 30, 2014, the Group's sales stood at €1,534 million, with a current operating income of €14 million.

3. Group results and highlights in the 1st half of 2014

❑ Group results

Global economic activity improved slightly in the 1st half of 2014. China succeeded in keeping its growth above 7% with the support of its government's economic policy, despite a slowdown in the construction sector. In some of the Group's businesses, inventory reduction limited the effects of that positive growth on market and price trends.

Furthermore, in this context of moderate growth, market and price trends are heavily influenced, metal by metal, by the development pace of the production capacity projects begun in previous years.

The ERAMET group's sales were on a par with the 2nd half of 2013, at €1,534 million.

The Group's current operating income became positive again, at €14 million in the 1st half of 2014, an improvement of €23 million on the 1st half of 2013 and €50 million on 2nd half 2013. These results were affected by nickel prices, which were very low early in the year before picking up in the 2nd quarter. As regards manganese-related activities, results were affected by maintenance operations in Gabon and Norway in the 1st quarter, an exceptional railway incident in Gabon and the drop in manganese ore prices (around 15% in 1st half 2014 vs. 1st half 2013).

The Group's share of net income for the 1st half of 2014 totalled -€59 million, taking into account the effect of expenditure for several project studies, foremost among which the Maboumine niobium – rare earths project in Gabon, and the higher tax charge in the 1st half of 2014.

Productivity gains in the 1st half of 2014 represented €42 million.

Capital expenditure was reduced by 37% to €175 million in the 1st half of 2014 compared with the same period in 2013, in line with the target of a total amount below €400 million for 2014.

The Group's net financial debt position remained moderate as of the end of June 2014, at €473 million, corresponding to 16% of shareholders' equity.

As of June 30, 2014, ERAMET kept a very satisfactory amount of liquidity.

Highlights

- During the 1st half of 2014, the ERAMET group successfully carried out three bond issues with institutional investors and by private investment ("Euro PP") for a total amount of €225 million, bringing the total amount of bond issues to €625 million, and set up a 3-year bank facility for €100 million to fund ERAMET Nickel's working capital requirement. These operations enable it to benefit from advantageous terms on the credit market in a context of low interest rates, continue diversifying its sources and extend the average duration of its debt.
- As part of ERAMET's performance improvement programmes, a study was undertaken on the ways and means to reduce costs corresponding to corporate structures and support services across the Group.
- On March 27, 2014, the ERAMET group announced that the Grande Côte mineral sand (ilmenite and zirconium) beneficiation facility, operated in Senegal by TiZir, its 50/50 joint venture with the Australian company Mineral Deposits Limited, was now in the start-up phase.
- On April 5, 2014, the ERAMET and VALE groups, together with New Caledonia's Southern Province, signed a general agreement protocol for the exploration, followed by the study and beneficiation, of the Prony and Pernod deposits in the south of New Caledonia.

4. 2014 interim results

4.1 Income statement

(€ million)	30/06/2014	30/06/2013	31/12/2013
Sales	1,534	1,613	3,162
EBITDA	157	129	231
Current operating profit (loss)	14	(9)	(45)
Group's share of net income	(59)	(32)	(370)
Basic earnings per share	(2.25)	(1.23)	(14.11)

4.1.1 Sales

ERAMET Manganese

Sales in the 1st half of 2014 amounted to €683 million, down 12% in comparison to the €777 million generated in the 1st half of 2013.

Global production of carbon steel grew 2.5% in the 1st half of 2014 compared with the 1st half of 2013, mainly driven by developed countries (European Union, USA) and China.

Prices for manganese ore 44% CIF China (source: CRU) fell in the 1st half of 2014 by around 15% compared with the same period in 2013. They have however levelled out since May.

Despite lower prices for manganese ore, manganese alloy prices remained stable overall in the 1st half of 2014 compared with 1st half 2013.

Sales by TiZir (titanium dioxide for white pigments, high-purity pig iron for foundries) decreased 24% in the 1st half of 2014 compared with the same period in 2013, to €28 million (for the 50% held by ERAMET), mainly because of lower prices for titanium dioxide slag.

On the other hand, the Grande Côte project in Senegal operated by TiZir, a 50/50 joint venture by ERAMET and the Australian company Mineral Deposits Limited, began to ramp up production and is making satisfactory progress.

ERAMET Nickel

Sales in 1st half of 2014 amounted to €381 million, a 3.5% increase in comparison to the €368 million generated in the 1st half of 2013.

Global production of stainless steel increased 10% in the 1st half 2014 compared with the 1st half of 2013, driven by all of the main producing countries.

In this context and thanks to improved operating performance and higher nickel prices in the 2nd quarter, ERAMET Nickel's sales increased in the 1st half of 2014 compared with the same period in 2013 to total €381 million. Current operating income recovered over the same period, going from -€94 million to -€27 million.

Metallurgical production of nickel in Doniambo (New Caledonia) rose 6% to 27,100 tons in the 1st half of 2014, compared with 25,500 in the 1st half of 2013. Over the same period nickel sales grew 9%.

Thanks to the upturn in the 2nd quarter, LME nickel prices rose 3% in the 1st half of 2014 compared with the 1st half of 2013 to 7.51 USD/lb. In the past few weeks they have been around 8.7 USD/lb.

ERAMET Alloys

Sales in the 1st half of 2014 amounted to €474 million, remaining stable in comparison to the €473 million generated in the 1st half of 2013.

The aerospace sector grew 6% in the 1st half of 2014 compared with the same period the previous year, without however completely making up for the 33% fall in sales with the energy sector. Over the same period, the sales achieved with the tooling market (mainly high-speed steels) remained stable at an insufficient level. ERAMET Alloys' sales were 12% higher in the 2nd quarter of 2014 than in the 1st quarter 2014.

4.1.2 Current operating income

At €14 million, current operating income increased compared with the -€9 million earned in the 1st half of 2013.

For ERAMET Manganese: Current operating income for ERAMET Manganese was €61 million in the 1st half of 2014, compared to €109 million in the 1st half of 2013.

For ERAMET Nickel: Current operating income recovered from -€94 million in the 1st half of 2013 to -€27 million in the 1st half of 2014, mainly owing to the rise in nickel prices since March 2014.

For ERAMET Alloys: The current operating income of ERAMET Alloys was at break-even point in the 1st half of 2014.

Aubert & Duval continued to implement its general expenses reduction programme. A majority agreement was signed for that purpose with trade unions in early July.

4.1.3 Net income, Group share

Net income, Group share amounted to -€59 million in the 1st half of 2014, down compared to the -€32 million reported in the 1st half of 2013, due mainly to the rise in the net borrowing cost (increase in net financial debt in 2013 and 2014), the increase in the tax expense in the 1st half of 2014 and other operating expenses linked mainly to studies for development projects, at the top of this list was the rare earths/niobium project by Maboumine in Gabon, partially offset by an improvement in current operating income (+€23 million).

This attributable profit included the following items:

- the **net borrowing cost** of -€16 million of expenses compared to €1 million of income in 2013 linked to the increase in net financial debt;
- **other financial income and expenses:** a charge of €9 million against €15 million in the 1st half of 2013 mainly due to the impact of financial instruments ineligible as hedges;
- **income tax** which resulted in a tax expense of -€3 million compared to an income of €20 million in the 1st half of 2013. The actual tax rate is negative at -5% and takes into account the positive effects of tax provisions acquired in particular at COMILOG and the negative effects of unrecognized or limited deferred tax assets;
- **minority interests** which were down in the 1st half of 2014 (€1 million compared to €4 million in the 1st half of 2013), directly impacted by lower results in the Manganese division (COMILOG) partially offset by higher results in the Nickel division (Le Nickel-SLN).

4.2 Statement of net cash flows (or net debt)

The table below summarizes the cash flow statements for the periods ended June 30, 2014 and June 30, 2013.

	Period ended June 30	
(€ million)	2014	2013
Net cash generated by operating activities	(68)	65
Industrial Capital Expenditure	(175)	(276)
Net financial investments	3	(21)
Dividends	(1)	(92)
Other	(14)	3
Decrease/(increase) in net cash/(net debt) position	(255)	(321)
Opening net cash/(net debt) position	(218)	448
Closing net cash/(net debt) position	(473)	127

Net financial debt position at June 30, 2014 amounted to €473 million compared to €218 million at December 31, 2013.

Net cash generated by operating activities: down by €133 million mainly due to the net change in current operating assets and liabilities.

Industrial capital expenditure: industrial capital expenditure amounted to €175 million.

ERAMET Manganese's capital expenditure totalled €110 million in the 1st half of 2014, a 37% reduction compared with the same period in 2013.

ERAMET Nickel's capital expenditure was reduced by 33% to €42 million in the 1st half of 2014, compared with the corresponding period in 2013.

ERAMET Alloys' capital expenditure totalled €23 million in the 1st half of 2014, a 34% reduction compared with the same period in 2013.

4.3 Group share of shareholders' equity

The Group share of shareholders' equity capital had decreased to €2,473 million at the end of June 2014 compared to €2,532 million at the end of 2013. This change is due to the negative net Group share of the result for the period and the negative impact of financial instruments recorded directly as equity.

4.4 Reconciliation of the Group reporting and published accounts

(€ million)	H1 2014 Published (1)	Joint-venture contri-bution	H1 2014 Adjusted (2)	H1 2013 Published (1)	Joint-venture contri-bution	H1 2013 Adjusted (2)	Full year 2013 Published (1)	Joint-venture contri-bution	Full year 2013 Adjusted (2)
Sales	1,504	30	**1,534**	1,576	37	**1,613**	3,085	77	**3,162**
EBITDA	154	3	**157**	114	15	**129**	211	20	**231**
Current operating profit (loss)	14	-	**14**	(20)	11	**(9)**	(59)	14	**(45)**
Operating profit (loss)	(29)	-	**(29)**	(46)	11	**(35)**	(562)	14	**(548)**
Profit (loss) for the period - attributable to equity holders of the parent	(59)	-	**(59)**	(32)	-	**(32)**	(370)	-	**(370)**
Net cash generated by operating activities	(89)	21	**(68)**	46	19	**65**	134	27	**161**
Industrial capital expenditure	(142)	(33)	**(175)**	(205)	(71)	**(276)**	(459)	(128)	**(587)**
Net cash (debt) position	(380)	(93)	**(473)**	183	(56)	**127**	(138)	(80)	**(218)**
Shareholders' equity - attributable to equity holders of the parent	2,473	-	**2,473**	2,905	-	**2,905**	2,532	-	**2,532**

(1) Financial statements prepared under IFRS applicable as of 01/01/2014, with joint venture accounted under equity method. See 2014 condensed interim consolidated financial statements available on the ERAMET group website (www.ERAMET.com).

(2) Group reporting, with joint venture accounted under proportional consolidation method.

5. Risk management

The Group uses derivatives to control its risk exposure. Management of the principal risks, delegated by the Executive Committee, is centralized at ERAMET's Finance Department. This management is performed directly by ERAMET or via special-purpose companies, such as Metal Currencies, specifically created to manage the Group's exchange risks.

The presentation of these risks and the Group's assessment of them are set out in the 2013 Registration Document in Note 24 "Risk management and derivatives" to the consolidated financial statements, and in Chapter 3 "Risk factors".

Cash surpluses of subsidiaries are pooled at Group level through a wholly-owned subsidiary (Metal Securities). Cash management in 2014, as in previous years, was prudent (including 46% in money market funds and sight deposits, 31% in time deposits, 18% in bonds and 5% in diversified funds and others); this enabled ERAMET to obtain a return of 1.53% in the 1st half of 2014, i.e. +1.34% Eonia.

The Group has not identified any other risk factors during the 1st half of 2014 or any affecting the upcoming second half.

6. Events since the balance sheet date

To the best of the Company's knowledge, no event has occurred since the balance sheet date.

7. Financial statements of ERAMET S.A.

(€ million)	30/06/2014	30/06/2013	31/12/2013
Sales	384	365	708
Operating profit (loss)	(41)	(40)	(66)
Financial profit (loss)	(1)	68	(90)
Non-recurring profit (loss)	(2)	7	14
Net income (loss)	(44)	35	(133)

Sales rose 5% owing to the rise in nickel prices by around 3% (average LME price of USD7.51/lb for the 1st half of 2014 as against USD7.3/lb for the 1st half of 2013).

Operating income amounted to -€41 million compared to -€40 million as at June 30, 2013, owing mainly to improved Nickel activity in 2014 offset by the increase in research expenditure accounted for in expenses, in particular on the Niobium project, and the provision for expenses established in the new bonus share plan.

The financial result of -€1 million compared to €68 million for the 1st half of 2013 is explained by dividends received from subsidiaries of the Manganese division amounting to €40 million for the 1st half of 2014 (of which €37 million will be paid in July 2014) compared to €70 million in the 1st half of 2013, offset by €45 million in net provisions on equity securities for the 1st half of 2014. The remaining balance comprised net interest paid on lending/borrowing and the net foreign-exchange balance on financial transactions.

Non-recurring result mainly consists of regulated provisions and transactions for the disposal of treasury shares.

The net income for the period amounted to -€44 million compared with €35 million at June 30, 2013.

8. Short-term outlook

Manganese ore production in Moanda in Gabon will increase significantly in the 2nd half of 2014 compared with the 1st half.

Moanda Metallurgical Complex (a silicomanganese plant and a manganese metal plant) will start up in the 2nd half of 2014.

All the Group's business units will step up the implementation of their operating performance improvement plans.

Given the current outlook for the nickel market and thanks to the operating improvements achieved in all activities:

- cash requirements should decrease significantly in the 2nd half of 2014;
- the ERAMET group's current operating income in the 2nd half of 2014 should be higher than in the 1st half.

III CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2014

Statement of comprehensive income

(€ million)	Notes	H1 2014	H1 2013 Restated	Full year 2013 Restated
Sales	**2**	**1,504**	**1,576**	**3,085**
Other income		21	18	60
Cost of sales		(1,264)	(1,348)	(2,686)
Administrative and selling expenses		(92)	(110)	(201)
Research and development expenditure		(15)	(22)	(47)
EBITDA	**2.1**	**154**	**114**	**211**
Depreciation and amortisation of non-current assets		(132)	(127)	(256)
Provisions		(8)	(7)	(14)
Current operating profit (loss)	**2.1**	**14**	**(20)**	**(59)**
Other operating income and expenses before impairment of assets	6.1	(43)	(26)	(80)
Operating profit (loss) before impairment		**(29)**	**(46)**	**(139)**
Impairment of assets	6.1	-	-	(423)
Operating profit (loss)		**(29)**	**(46)**	**(562)**
Net borrowing cost	6.2.1	(16)	-	(8)
Other financial income and expenses	6.2.2	(10)	(15)	(24)
Share in profit of joint ventures	5	1	8	9
Share in profit of associates		(1)	1	1
Income tax	6.3	(3)	24	77
Profit (loss) for the period		**(58)**	**(28)**	**(507)**
• attributable to non-controlling interests		1	4	(137)
• attributable to equity holders of the parent		**(59)**	**(32)**	**(370)**
Basic earnings per share (EUR)		(2.25)	(1.23)	(14.11)
Diluted earnings per share (EUR)		(2.25)	(1.23)	(14.11)
Profit (loss) for the period		**(58)**	**(28)**	**(507)**
Translation adjustements for financial statements of subsidiaries denominated in foreign currency		1	(23)	(60)
Change in revaluation reserve for hedging financial instruments		(13)	5	11
Change in fair value of held-for-sale financial assets		1	(4)	(7)
Income tax		4	(1)	(2)
Items recyclable to profit and loss		**(7)**	**(23)**	**(58)**
Revaluation of net defined benefit plan liabilities		-	-	8
Income tax		-	-	(5)
Items not recyclable to profit and loss		**-**	**-**	**3**
Other components of comprehensive income		**(7)**	**(23)**	**(55)**
• attributable to non-controlling interests		-	1	2
• attributable to equity holders of the parent		**(7)**	**(24)**	**(57)**
TOTAL COMPREHENSIVE INCOME		**(65)**	**(51)**	**(562)**
• attributable to non-controlling interests		1	5	(135)
• attributable to equity holders of the parent		**(66)**	**(56)**	**(427)**

Note: the financial statements for the 1st half of 2013 and the 2013 financial year have been restated for the retrospective application of IFRS 11 (see Note 4 - Restated 2013 financial statements).

Statement of financial position

(€ million)	Notes	30/06/2014	31/12/2013 Restated
Goodwill		163	163
Intangible assets	7.1	401	395
Property, plant and equipment	7.2	2,251	2,248
Investments in joint ventures	5	248	241
Investments in associates		31	32
Non-current financial assets		138	137
Deferred tax		90	73
Other non-current assets		35	5
Non-current assets		**3,357**	**3,294**
Inventories		1,036	965
Trade receivables and other current assets		637	582
Current tax receivables		47	48
Derivatives		36	45
Current financial assets	7.8	267	169
Cash and cash equivalents	7.8	672	738
Current assets		**2,695**	**2,547**
TOTAL ASSETS		**6,052**	**5,841**

(€ million)	Notes	30/06/2014	31/12/2013 Restated
Share capital		81	81
Share premiums		373	373
Revaluation reserve for available-for-sale assets		1	-
Revaluation reserve for hedging instrument		1	10
Revaluation reserve for net defined benefit plan liabilities		(37)	(37)
Translation differences		(28)	(29)
Other reserves		2,082	2,134
Attributable to equity holders of the parent	7.5	**2,473**	**2,532**
Attributable to non-controlling interests		451	476
Shareholders' equity		**2,924**	**3,008**
Employee-related liabilities		188	183
Provisions	7.6	446	439
Deferred tax		279	277
Borrowings – long-term portion	7.8	1,044	713
Other non-current liabilities	7.9	27	27
Non-current liabilities		**1,984**	**1,639**
Provisions – short-term portion	7.6	35	32
Borrowings – short-term portion	7.8	275	332
Trade payables and other current liabilities	7.9	770	723
Current tax liabilities		26	73
Derivatives		38	34
Current liabilities		**1,144**	**1,194**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,052**	**5,841**

Statement of cash flows

(€ million)	Notes	H1 2014	H1 2013 Restated	Full year 2013 Restated
Operating activities				
Profit (loss) for the period		(58)	(28)	(507)
Elimination of non-cash or non-operating income and expenses:				
• Depreciation, impairment and provisions		140	141	704
• Accretion expenses		3	-	12
• Financial instruments		1	4	4
• Deferred tax		(12)	(67)	(142)
• Proceeds from asset disposals		1	3	-
• Share in profit of joint ventures		(1)	(8)	(9)
• Share in profit of associates		1	(1)	(1)
Non-cash income and expenses	2.1	**133**	**72**	**568**
Cash generated from operations	2.1	**75**	**44**	**61**
(Increase)/Decrease in net inventories		(72)	(34)	32
(Increase)/Decrease in net trade receivables		(22)	(45)	36
Increase/(Decrease) in trade payables		(10)	42	11
Change in other net assets and liabilities		(60)	39	(6)
Net change in current operating assets and liabilities		**(164)**	**2**	**73**
Net cash generated by operating activities [(1)]		**(89)**	**46**	**134**
Investing activities				
Payments for non-current assets		(160)	(201)	(457)
Disposals of non-current assets		6	5	30
(Proceeds from)/Repayment of borrowings		(1)	(14)	(51)
Net change in other current financial assets		(98)	136	199
Capital increase of joint ventures		(3)	(23)	(23)
Dividends from associates		-	-	-
Net cash used in investing activities		**(256)**	**(97)**	**(302)**
Financing activities				
Dividends paid to ERAMET S.A. shareholders		-	(34)	(34)
Dividends paid to non-controlling interests in consolidated companies		(25)	(187)	(187)
Dividends paid/to be paid to non-controlling interests in consolidated companies		24	129	(31)
Share capital increases		-	-	-
Proceeds from treasury share sales/(payments for purchases)		3	(6)	(6)
Changes of percentage interests in subsidiaries		-	-	-
Proceeds from borrowings		387	250	1,034
Repayment of borrowings		(110)	(102)	(483)
Net cash used in financing activities		**279**	**50**	**293**
Exchange-rate impact		-	1	2
Increase/(Decrease) in cash and cash equivalents		**(66)**	**-**	**127**
OPENING CASH AND CASH EQUIVALENTS		**738**	**611**	**611**
CLOSING CASH AND CASH EQUIVALENTS		**672**	**611**	**738**
(1) Of which, included in operating activities				
Interest income		*6*	*9*	*15*
Interest paid		*(21)*	*(11)*	*(24)*
Tax paid		*(32)*	*(50)*	*(72)*

Statement of changes in equity

(€ million)	Number of shares	Share capital	Share premiums	Reserves/assets available for sale	Reserves/hedging instruments	Reserves/defined benefit assets	Translation differences	Other reserves	Attributable to equity holders of the parent	Attributable to non-controlling interests	Total Shareholders' equity
Published shareholders' equity at January 1, 2013	26,543,218	81	373	5	4	(40)	32	2,539	2,994	815	3,809
IFRS 11 restatement		-	-	-	-	-	-	-	**-**	(2)	**(2)**
Restated shareholders' equity at January 1, 2013	26,543,218	81	373	5	4	(40)	32	2,539	2,994	813	3,807
Profit (loss) for the period								**(370)**	**(370)**	**(137)**	**(507)**
Translation adjustments of subsidiaries' financial statements denominated in foreign currency							(61)		**(61)**	1	**(60)**
Change in revaluation reserve for hedging instruments					6				**6**	1	**7**
Change in fair value of financial assets available for sale				(5)					**(5)**		**(5)**
Change in net liabilities in defined benefit assets						3			**3**		**3**
Other components of comprehensive income		**-**	**-**	**(5)**	**6**	**3**	**(61)**	**-**	**(57)**	**2**	**(55)**
Total comprehensive income		**-**	**-**	**(5)**	**6**	**3**	**(61)**	**(370)**	**(427)**	**(135)**	**(562)**
Dividends paid - €2.25 per share								(34)	**(34)**	(187)	**(221)**
Treasury shares								(7)	**(7)**		**(7)**
Share-based payment								8	**8**		**8**
Other movements								(2)	**(2)**	(15)	**(17)**
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**	**-**	**(35)**	**(35)**	**(202)**	**(237)**
SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2013	**26,543,218**	**81**	**373**	**-**	**10**	**(37)**	**(29)**	**2,134**	**2,532**	**476**	**3,008**
Profit (loss) for the period								**(59)**	**(59)**	**1**	**(58)**
Translation adjustments of subsidiaries' financial statements denominated in foreign currency							1		**1**		**1**
Change in revaluation reserve for hedging instruments					(9)				**(9)**		**(9)**
Change in fair value of financial assets available for sale				1					**1**		**1**
Other components of comprehensive income		**-**	**-**	**1**	**(9)**	**-**	**1**	**-**	**(7)**	**-**	**(7)**
Total comprehensive income		**-**	**-**	**1**	**(9)**	**-**	**1**	**(59)**	**(66)**	**1**	**(65)**
Dividends paid									**-**	(25)	**(25)**
Share-based payment								6	**6**		**6**
Other movements								1	**1**	(1)	**-**
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**	**-**	**7**	**7**	**(26)**	**(19)**
SHAREHOLDERS' EQUITY AS AT JUNE 30, 2014	**26,543,218**	**81**	**373**	**1**	**1**	**(37)**	**(28)**	**2,082**	**2,473**	**451**	**2,924**

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 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.

The condensed interim consolidated financial statements for the ERAMET group for the 1st half of 2014 were approved by the Board of Directors of ERAMET S.A. on July 29, 2014.

Note 1. Accounting principles and methods

1.1 General principles and declaration of compliance

In application of European Regulation n° 1606/2002 of July 19, 2002, the condensed interim consolidated financial statements for the 1st half of 2014 are expressed in millions of euros in accordance with the provisions of IAS 34 "Interim financial reporting", and have been prepared in accordance with the IFRS reference document as issued by the IASB (*International Accounting Standards Board*), and the IFRS standards adopted by the European Union on June 30, 2014. Given that these accounts are a summary, the condensed interim consolidated financial statements do not incorporate all the information and Notes required for annual consolidated financial statements, and should therefore be read in conjunction with the consolidated annual financial statements of the ERAMET group as of December 31, 2013.

The reference document adopted by the European Union is available for consultation on the website below: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

1.2 Changes to standards and interpretations

The accounting principles and methods applied for the consolidated accounts as at June 30, 2014 are identical to those used in the consolidated accounts as at December 31, 2013, with the exception of IFRS standards, amendments and interpretations as adopted by the European Union and issued by the IASB, the application of which is mandatory for open financial years starting from January 1, 2014 (and which had not been applied in advance by the Group), namely:

- amendments to IAS 32 "Offsetting financial assets and liabilities";
- amendments to IAS 36 "Recoverable amount disclosures for non-financial assets";
- amendments to IAS 39 "Novation of derivatives and continuation of hedge accounting";
- IAS 27 Revised "Separate financial statements";
- IAS 28 Revised "Investments in associates and joint ventures";
- IFRS 10 "Consolidated financial statements";
- IFRS 11 "Joint arrangements";
- IFRS 12 "Disclosure of interests in other entities".

Standard IFRS 11 replaced IAS 31 "Interests in joint ventures" and SIC13 "Jointly controlled entities - non-monetary contributions by venturers". It specifies the recognition of interests in a partnership (jointly controlled entity).

Following the application on January 1, 2014 of IFRS 11 "Joint arrangements", proportionally consolidated companies (Ukad and sub-group TiZir) in the financial statements, are consolidated up to December 31, 2013 according to the equity method and from 2014 with retrospective effect in 2013.

The impact of this restatement is explained in Note 4 – "Restated 2013 financial statements".

Standards, interpretations and amendments issued by the IASB and IFRS IC (IFRS Interpretations Committee), respectively, the application of which is not mandatory for financial years starting on or after January 1, 2014, have not been applied by the group.

1.3 Effect of seasonality

The Group's various activities are not subject to significant seasonal fluctuations.

1.4 Use of estimates and judgments

The establishment of consolidated interim financial statements in accordance with IFRS standards has led the ERAMET group to make estimates and assumptions that affect the accounting value of certain assets and liabilities, as well as income and expenses. The same applies to the information provided in certain Notes to the financial statements.

The ERAMET group revises its estimates and appraisals regularly to take into account past experience and other factors deemed relevant in view of economic conditions. Depending on changes in these assumptions or different conditions, the amounts appearing in its future financial statements may differ from the current estimates.

The main items affected by changes to estimates and appraisals are impairment tests, provisions relating to employee benefits, provisions for site restoration and deferred taxes.

The judgments 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 (2013 Registration Document – Note 1.1.1 "Use of estimates and judgments" to the consolidated financial statements).

1.5 Specific features in the preparation of interim financial statements

1.5.1 Employee benefits

The post-employment benefit expense for the half-year is half of the net expense calculated for the year-end 2014, based on actuarial assumptions and data used at December 31, 2013, and adjusted where necessary for non-recurring events (plan amendments, curtailments, settlements). As of June 30, the Group's main plans are subject to a projection and actuarial gains and losses estimated on the basis of a sensitivity analysis on the discount rate are recognized directly in equity (defined benefit plans) or on the income statement (other long-term benefits).

1.5.2 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 1st half.

Note 2. Segment reporting

In application of IFRS 8 "Operating segments", segment information is presented in accordance with the Group reporting used by the General Management to measure the financial performance of segments and to allocate resources. The operating segments used by the Group and the procedure for the presentation of segment information are presented in the Note to the consolidated financial statements 1.4 – "Operating segments" of the 2013 Registration Document.

To provide an accurate reflection of the Group's companies, the operational performance of jointly-controlled companies, Ukad and the sub-group TiZir, continue to be accounted for using the proportionate consolidation method within the Group reporting, which is used by the General Management and Board of Directors to monitor the business.

Consequently, in accordance with IFRS 8 "Operating segments", the segment information disclosed in the consolidated financial statements is in line with Group's reporting. From 2014, the Group's financial communication has been based on this operational financial information which is also reconciled with the IFRS published accounts.

2.1 By division

(€ million)	Nickel	Manganese	Alloys	Holding & eliminations	Total	Joint ventures contribution	Published
H1 2014							
External sales	380	681	473	-	1,534	(30)	1,504
Inter-division sales	1	2	1	(4)	-	-	-
Sales	**381**	**683**	**474**	**(4)**	**1,534**	**(30)**	**1,504**
EBITDA	20	124	31	(18)	**157**	(3)	**154**
Current operating profit (loss)	(27)	61	-	(20)	**14**	-	**14**
Operating profit (loss)					**(29)**	-	**(29)**
Cash generated from operations	15	77	16	(31)	**77**	(2)	**75**
Net cash generated by operating activities					**(68)**	(21)	**(89)**
Industrial capital expenditure (intangibles assets, property, plant & equipment)	42	110	23	-	**175**	(33)	**142**
Closing net cash (debt) position					**(473)**	93	**(380)**
H1 2013							
External sales	365	775	471	2	**1,613**	(37)	**1,576**
Inter-division sales	3	2	2	(7)	**-**	-	**-**
Sales	**368**	**777**	**473**	**(5)**	**1,613**	**(37)**	**1,576**
EBITDA	(49)	172	30	(24)	**129**	(15)	**114**
Current operating profit (loss)	(94)	109	3	(27)	**(9)**	(11)	**(20)**
Operating profit (loss)					**(35)**	(11)	**(46)**
Cash generated from operations	(65)	124	18	(21)	**56**	(12)	**44**
Net cash generated by operating activities					**65**	(19)	**46**
Industrial capital expenditure (intangibles assets, property, plant & equipment)	63	176	35	2	**276**	(71)	**205**
Closing net cash (debt) position					**127**	56	**183**
Full year 2013							
External sales	700	1,558	901	3	**3,162**	(77)	**3,085**
Inter-division sales	4	4	3	(11)	**-**	**-**	**-**
Sales	**704**	**1,562**	**904**	**(8)**	**3,162**	**(77)**	**3,085**
EBITDA	(130)	350	49	(38)	**231**	(20)	**211**
Current operating profit (loss)	(222)	218	4	(45)	**(45)**	(14)	**(59)**
Operating profit (loss)					**(548)**	(14)	**(562)**
Cash generated from operations	(150)	257	20	(53)	**74**	(13)	**61**
Net cash generated by operating activities					**161**	(27)	**134**
Industrial capital expenditure (intangibles assets, property, plant & equipment)	172	346	64	5	**587**	(128)	**459**
Closing net cash (debt) position					**(218)**	80	**(138)**

2.2 By geographic region

(€ million)	France	Europe	North America	Asia	Oceania	Africa	South America	Total	Joint ventures contribution	Published
Sales (sales destination)										
H1 2014	**204**	**521**	**312**	**428**	**10**	**40**	**19**	**1,534**	(30)	**1,504**
H1 2013	256	510	328	443	13	40	23	**1,613**	(37)	**1,576**
Full year 2013	414	1,004	642	949	27	76	50	**3,162**	(77)	**3,085**
Industrial capital expenditure (intangible assets and property, plant & equipment)										
H1 2014	**26**	**14**	**5**	**10**	**30**	**89**	**1**	**175**	(33)	**142**
H1 2013	44	11	9	38	20	154	-	**276**	(71)	**205**
Full year 2013	82	35	20	86	77	286	1	**587**	(128)	**459**

2.3 Performance indicators by period

Segment information has been completed with a comparison at a consolidated level and by period of the main performance indicators monitored by the General Management. These indicators are from the Group reporting.

(€ million)	H1 2014	H1 2013	Full year 2013
Sales	**1,534**	**1,613**	**3,162**
EBITDA	**157**	**129**	**231**
Current operating profit (loss)	**14**	**(9)**	**(45)**
Operating profit (loss) before impairment	**(29)**	**(35)**	**(125)**
Operating profit (loss)	**(29)**	**(35)**	**(548)**
Net borrowing cost	(16)	1	(7)
Other financial income and expenses	(9)	(15)	(25)
Share in profit of associates	(1)	1	1
Income tax	(3)	20	72
PROFIT (LOSS) FOR THE PERIOD	**(58)**	**(28)**	**(507)**
• attributable to non-controlling interests	1	4	(137)
• **attributable to equity holders of the parent**	**(59)**	**(32)**	**(370)**

(€ million)	H1 2014	H1 2013	Full year 2013
Operating activities			
EBITDA	157	129	231
Cash impact of items below EBITDA	(80)	(73)	(157)
Cash generated from operations	**77**	**56**	**74**
Net change in current operating assets and liabilities	(145)	9	87
Net cash generated by operating activities	**(68)**	**65**	**161**
Investing activities			
Industrial capital expenditure	(175)	(276)	(587)
Other investment flows	(12)	(11)	(7)
Net cash used in investing activities	**(187)**	**(287)**	**(594)**
Net cash used in financing activities	**(1)**	**(92)**	**(252)**
Exchange-rate impact	1	(7)	19
Increase (decrease) in net cash or (net debt) position	**(255)**	**(321)**	**(666)**
OPENING NET CASH (DEBT) POSITION	**(218)**	**448**	**448**
CLOSING NET CASH (DEBT) POSITION	**(473)**	**127**	**(218)**

Note 3. Consolidation scope

As at June 30, 2014, the scope of consolidation was not subject to changes compared with December 31, 2013.

Note 4. Restated 2013 financial statements

IFRS 11 "Joint arrangements" was applied effective January 1, 2014 and the financial statements for the 1st half of 2013 and the 2013 financial year have been restated retroactively.

The companies (Ukad and sub-group TiZir) were previously accounted for using the proportionate consolidation method. Starting from 2014, these companies are accounted for using the equity method retroactively in year 2013.

The reconciliation of the income statement and statement of cash flows for the 1st half of 2013 and the 2013 financial year and also the balance sheet as at December 31, 2013 between the accounts published in 2013 and the corresponding financial restated is presented in the table below.

The Notes presented below include restatements relating to IFRS 11.

4.1 Statement of comprehensive income

(€ million)	H1 2013 Published	Restatements IFRS 11	H1 2013 Restated	Full year 2013 Published	Restatements IFRS 11	Full year 2013 Restated
Sales	**1,613**	**(37)**	**1,576**	**3,162**	**(77)**	**3,085**
EBITDA	**129**	**(15)**	**114**	**231**	**(20)**	**211**
Current operating profit (loss)	**(9)**	**(11)**	**(20)**	**(45)**	**(14)**	**(59)**
Operating profit (loss) before impairment	**(35)**	**(11)**	**(46)**	**(125)**	**(14)**	**(139)**
Operating profit (loss)	**(35)**	**(11)**	**(46)**	**(548)**	**(14)**	**(562)**
Net borrowing cost	1	(1)	-	(7)	(1)	(8)
Other financial income and expenses	(15)	-	(15)	(25)	1	(24)
Share in profit of joint ventures	-	8	8	-	9	9
Share in profit of associates	1	-	1	1	-	1
Income tax	20	4	24	72	5	77
Profit (loss) for the period	**(28)**	**-**	**(28)**	**(507)**	**-**	**(507)**
• Attributable to non-controlling interests	4	-	4	(137)	-	(137)
• **Attributable to equity holders of the parent**	**(32)**	**-**	**(32)**	**(370)**	**-**	**(370)**
Basic earnings per share (euros)	(1.23)	-	(1.23)	(14.11)	-	(14.11)
Diluted earnings per share (euros)	(1.23)	-	(1.23)	(14.11)	-	(14.11)
Other comprehensive income (loss)	**(23)**	**-**	**(23)**	**(55)**	**-**	**(55)**
• Attributable to non-controlling interests	1	-	1	2	-	2
• **Attributable to equity holders of the parent**	**(24)**	**-**	**(24)**	**(57)**	**-**	**(57)**
TOTAL COMPREHENSIVE INCOME	**(51)**	**-**	**(51)**	**(562)**	**-**	**(562)**
• Attributable to non-controlling interests	5	-	5	(135)	-	(135)
• **Attributable to equity holders of the parent**	**(56)**	**-**	**(56)**	**(427)**	**-**	**(427)**

4.2 Statement of financial position

(€ million)	31/12/2013 Published	Restatements IFRS 11	31/12/2013 Restated
Goodwill	163	-	163
Intangible assets	455	(60)	395
Property, plant and equipment	2,536	(288)	2,248
Investments in joint ventures	-	241	241
Investments in associates	32	-	32
Non-current financial assets	119	18	137
Deferred tax	77	(4)	73
Other non-current assets	5	-	5
Non-current assets	**3,387**	**(93)**	**3,294**
Current assets	**2,573**	**(26)**	**2,547**
TOTAL ASSETS	**5,960**	**(119)**	**5,841**

(€ million)	31/12/2013 Published	Restatements IFRS 11	31/12/2013 Restated
Attributable to equity holders of the parent	**2,532**	**-**	**2,532**
Attributable to non-controlling interests	478	(2)	476
Shareholders' equity	**3,010**	**(2)**	**3,008**
Non-current liabilities	**1,727**	**(88)**	**1,639**
Current liabilities	**1,223**	**(29)**	**1,194**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,960**	**(119)**	**5,841**

4.3 Statement of cash flows

(€ million)	H1 2013 Published	Restatements IFRS 11	H1 2013 Restated	Full year 2013 Published	Restatements IFRS 11	Full year 2013 Restated
Cash generated from operations	**56**	**(12)**	**44**	**74**	**(13)**	**61**
Net change in current operating assets and liabilities	**9**	**(7)**	**2**	**87**	**(14)**	**73**
Net cash generated by operating activities	**65**	**(19)**	**46**	**161**	**(27)**	**134**
Net cash used in investing activities	**(145)**	**48**	**(97)**	**(387)**	**85**	**(302)**
Net cash used in financing activities	**87**	**(37)**	**50**	**344**	**(51)**	**293**
Exchange-rate impact	1	-	1	3	(1)	2
Increase/(Decrease) in cash and cash equivalents	**8**	**(8)**	**-**	**121**	**6**	**127**
OPENING CASH AND CASH EQUIVALENTS	**621**	**(10)**	**611**	**621**	**(10)**	**611**
CLOSING CASH AND CASH EQUIVALENTS	**629**	**(18)**	**611**	**742**	**(4)**	**738**

4.4 Net financial debt position

(€ million)	31/12/2013 Published	Restatements IFRS 11	31/12/2013 Restated
Other current financial assets	169	-	169
Cash and cash equivalents	742	(4)	738
Borrowings - due in more than one year	(799)	86	(713)
Borrowings - due in less than one year	(330)	(2)	(332)
NET FINANCIAL DEBT	**(218)**	**80**	**(138)**

Note 5 Interests in joint ventures

5.1 Detail by entity

	30/06/2014		31/12/2013		30/06/2013
(€ million)	Share of income	Share of shareholders' equity	Share of income	Share of shareholders' equity	Share of income
Sub-group TiZir	2	242	11	239	9
Ukad	(1)	6	(2)	2	(1)
TOTAL	**1**	**248**	**9**	**241**	**8**

5.2 Balance sheet

The balance sheet of the sub-group TiZir, in aggregate, is presented as follows:

(€ million)	30/06/2014	31/12/2013
Non-current assets	710	650
Current assets excluding cash and cash equivalents	54	50
Liabilities excluding gross financial debt	90	56
Net financial debt	186	162
Minority interest	4	4
Shareholders' equity - Group share	484	478
SHARE OF SHAREHOLDERS' EQUITY	**242**	**239**

5.3 Income statement

The income statement of the sub-group TiZir, in aggregate, is presented as follows:

(€ million)	H1 2014	H1 2013	Full year 2013
Sales	56	76	152
EBITDA	8	30	42
Current operating income	2	26	32
Net income	4	18	22
SHARE OF INCOME	**2**	**9**	**11**

Note 6. Notes to the statement of comprehensive income

6.1 Other operating income and expenses

(€ million)	H1 2014	H1 2013	Full year 2013
Niobium project	(23)	(23)	(52)
Lithium project	(3)	(5)	(9)
Other projects	(8)	(5)	(13)
Development projects	**(34)**	**(33)**	**(74)**
Restructuring and redundancy plans	(1)	(3)	(12)
Employee benefits	-	1	-
Other items	(8)	9	6
Other income and expenses	**(9)**	**7**	**(6)**
Other operating income and expenses before impairment of assets	**(43)**	**(26)**	**(80)**
Impairment of assets	-	-	(423)
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(43)**	**(26)**	**(503)**

Other operating income and expenses mainly includes expenses recognized in development projects in the Manganese and Nickel divisions.

6.2 Net borrowing cost and other financial income and expenses

6.2.1 Net borrowing cost

(€ million)	H1 2014	H1 2013	Full year 2013
Interest income	6	9	15
Interest expense	(21)	(11)	(24)
Net income on marketable securities	1	1	-
Changes in fair value of marketable securities	1	(2)	1
Net translation adjustments	(3)	3	-
TOTAL	**(16)**	**-**	**(8)**

The increase in the net borrowing cost between 2013 and 2014 is mainly due to the rise in net financial debt.

6.2.2 Other financial income and expenses

(€ million)	H1 2014	H1 2013	Full year 2013
Investment and dividend income	1	2	2
Gains (losses) on the disposal of investments in associates	(2)	-	(2)
Net additions to/reversals of financial provisions	1	(4)	-
Employee benefits - net interest	(4)	(3)	(7)
Accretion expenses	(6)	(6)	(12)
Financial instruments ineligible as hedges	2	(4)	(4)
Securitisation financial expense	(1)	(1)	(1)
Other	(1)	1	-
TOTAL	**(10)**	**(15)**	**(24)**

Accretion expenses relate to provisions for site restoration. Financial instruments ineligible as hedges correspond to the portion of hedging instruments (on currencies, raw materials and interest rates) recognized in income pursuant to IAS 39.

6.3 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 special transactions being recognized in the period in which these transactions are carried out.

(€ million)	H1 2014	H1 2013	Full year 2013
Current tax	(15)	(42)	(65)
Deferred tax	12	66	142
TOTAL	**(3)**	**24**	**77**

The reconciliation of the theoretical tax expense calculated at the France statutory rate to the actual tax expense as recognized in the statement of profit and loss breaks down as follows:

(€ million)	H1 2014	H1 2013	Full year 2013
Operating profit (loss)	(29)	(46)	(562)
Net borrowing costs	(16)	-	(8)
Other financial income and expenses	(10)	(15)	(24)
Pre-tax profit (loss) for period of consolidated companies	**(55)**	**(61)**	**(594)**
Standard tax rate in France (%)	**34.43%**	**34.43%**	**34.43%**
Theoretical tax income/(expense)	**19**	**21**	**205**
Impact on theoretical tax of:			
• permanent differences between accounting and taxable profit	19	39	(59)
• standard current income tax differences in foreign countries	(2)	1	(6)
• reduced tax rates	1	-	2
• tax credits	-	-	1
• unrecognised or limited deferred tax assets	(28)	(32)	(51)
• miscellaneous items	(6)	4	1
Actual tax income/(expense) before dividends	**3**	**33**	**93**
Tax rates	**5%**	**54%**	**16%**
Impact on theoretical tax of:			
• withholding taxes on dividends	(4)	(1)	(5)
• shares of overheads	(2)	(8)	(11)
Actual tax income/(expense)	**(3)**	**24**	**77**
Effective tax rate	**(5)%**	**39%**	**13%**
Pre-tax profit (loss) for period of consolidated companies	(55)	(61)	(594)
Impact of assets impairment	-	-	423
Pre-tax profit (loss) for period of consolidated companies, before impairment	**(55)**	**(61)**	**(171)**
Actual tax income/(expense)	(3)	24	77
Effective tax rate before impairment	**(5)%**	**39%**	**45%**

The Group's rate of taxation before dividends worked out to 5% for the 1st half of 2014, compared with 54% for the 1st half of 2013.

The Group's actual rate of taxation worked out to -5% for the 1st half of 2014, compared with 39% for the 1st half of 2013.

The permanent differences correspond mainly to the vested portion of the provisions for reconstituting mining reserves and for the renewal of heavy machinery and mining equipment in Gabon for €11 million, and to provisions for reconstituting mining reserves in New Caledonia for €4 million.

The tax deficits and temporary differences for which tax assets have not been recognized in the 1st half of 2014 mainly relates to the companies Guangxi COMILOG Ferro Alloys Ltd, Setrag SA and GCMC (Manganese division), the companies of the Erasteel sub-group (Alloys division) and France tax consolidation.

Withholding tax on dividends mainly covers taxation of dividends paid and payable by ERAMET's foreign subsidiaries in the forthcoming financial year, and the portions of general expenses written back to income.

Note 7. Notes to the statement of financial position

7.1 Intangible assets

(€ million)	Gross values	Amortisations	Depreciation for losses in value	Net values 30/06/2014	Net values 31/12/2013
• Mining reserves	323	(72)	-	251	250
• Geology, prospecting and study expenses	413	(21)	(313)	79	66
• Software	75	(57)	(2)	16	19
• Other intangible assets	75	(52)	(2)	21	30
• Work-in-progress, down-payments	35	(1)	-	34	30
TOTAL	**921**	**(203)**	**(317)**	**401**	**395**

7.2 Property, plant & equipment

(€ million)	Net values	Amortisations	Depreciation for losses in value	Net values 30/06/2014	Net values 31/12/2013
• Land and buildings	963	(528)	(22)	413	429
• Industrial and mining facilities	3,143	(1,948)	(109)	1,086	1,107
• Other property, plant, and equipment	753	(462)	(4)	287	290
• Work-in-progress, down-payments	467	-	(2)	465	422
TOTAL	**5,326**	**(2,938)**	**(137)**	**2,251**	**2,248**

7.3 Mining projects

7.3.1 Weda Bay project in Indonesia

The organizational structure of the project is presented in Notes to the consolidated financial statements of the 2013 Registration Document 8.1 – "Weda Project in Indonesia", 19.5 – "Other contingencies and losses" and 32 – "Other commitments".

Following the decision of ERAMET and its partners to not consider a final investment decision in 2014, there has been a drop of the pace of investment in the 2014 financial year (€10 million in the 1st half of 2014 compared to €37 million in the 1st half of 2013).

The partners of the project have granted an extension of the deadline for the option from which Mitsubishi benefits until September 30, 2014.

The net book value of the Weda Bay assets breaks down as follows:

(€ million)	30/06/2014	31/12/2013
Mining reserves	208	206
Geology, prospecting and study expenses	380	367
Property, plant & equipment	13	13
Total assets - before impairment	**601**	**586**
Impairment	(313)	(310)
TOTAL ASSETS - AFTER IMPAIRMENT	**288**	**276**

7.3.2 TiZir project in Senegal and Norway

On July 27, 2011, ERAMET and Mineral Deposits Ltd (MDL) entered into an agreement to create a joint venture, the British company TiZir Ltd, bringing together the Norwegian company TiZir Titanium & Iron A/S and the Grande Côte Opérations SA mineral sands project in Senegal. The definitive agreements were finalized on October 25, 2011. Since the application of IFRS 11, the joint venture and its subsidiaries have been consolidated by the equity method.

The Group share in the net book value of property, plant and equipment for the project amounted to €355 million as at June 30, 2014 (€326 million as at December 31, 2013).

7.4 Asset impairment

The Group has not identified any impairment loss in the 1st half of 2014 leading to the recognition of an impairment of assets.

7.5 Shareholders' equity

7.5.1 Share capital

The share capital is composed of 26,543,218 fully paid-up ordinary shares (unchanged from December 31, 2013) with a par value of €3.05.

At June 30, 2014, ERAMET held 216,990 treasury shares (284,861 shares at December 31, 2013)

The first-half change in treasury shares held derives from the movements performed under the liquidity contract, relating to 30,524 shares, and to the vesting of 37,347 bonus shares allocated to employees.

7.5.2 Bonus share plan and share-based payments

Shares were allocated under two bonus share plans on February 20, 2014:

- a plan for all employees calculated using the “Black & Scholes” method for a total amount of 26,702 shares;
- a plan for certain employees and executive officers, with two performance conditions attaching to the shares, one internal and one external, calculated using the “Monte-Carlo” method, for a total amount of 143,510 shares.

The allocation conditions are the same as those for the 2013 plans, as specified in Note to the consolidated financial statements 16.3 – “Share-based payments” of the 2013 Registration Document.

Share-based payments relate only to bonus share plans for the benefit of employees and settled in the form of shares. They represented an expense of €5.5 million on June 30, 2014 (€7.8 million as at June 30, 2013).

7.5.3 Dividends paid

The dividends paid to minority shareholders for a sum of €25 million relate to the company COMILOG S.A. (Manganese division), which will be paid in full during the second half of 2014.

7.6 Provisions

(€ million)	30/06/2014		31/12/2013	
Personnel		17		18
• Restructuring and redundancy plans	10		15	
• Other payroll contingencies and losses	7		3	
Environmental contingencies and site restoration		356		351
• Environmental contingencies	28		29	
• Site restoration	328		322	
Other contingencies and losses		108		102
TOTAL		**481**		**471**
• Long-term portion		446		439
• Short-term portion		35		32

There has been no material change in provisions during the 1st half of 2014 compared to December 31, 2013.

Detailed information on the provisions as at December 31, 2013 is presented in Note to the consolidated financial statements 19 – "Provisions" of the 2013 Registration Document.

7.7 Contingent liabilities

Contingent liabilities are presented in the 2013 Registration Document in Note to the consolidated financial statements 20 – "Contingent liabilities" and experienced no material changes during the 1st half of 2014.

Continuing discussions during the period concerning the tax audit of COMILOG S.A. in Gabon resulted in progress on certain matters, but at this stage of the procedure it is still not possible to make any announcements in this regard.

7.8 Net financial debt

(€ million)	30/06/2014		31/12/2013	
Borrowings		(1,319)		(1,045)
• Borrowings from financial markets	(697)		(455)	
• Bank loans	(496)		(463)	
• Bank overdrafts and creditor banks	(33)		(35)	
• Finance leases	(53)		(51)	
• Other borrowings	(40)		(41)	
Other current financial assets		267		169
Cash and cash equivalents		672		738
• Cash equivalents	615		679	
• Cash	57		59	
TOTAL		**(380)**		**(138)**
> 1 year		(1,044)		(713)
• Borrowings	(1,044)		(713)	
< 1 year		664		575
• Borrowings	(275)		(332)	
• Other current financial assets	267		169	
• Cash and cash equivalents	672		738	

In the 1st half of 2014 the Group continued its strategy of diversifying its sources of financing:

- additional bond issue of €125 million further to the inaugural issue of €400 million carried out in the 2013 financial year, maturing in 2020, at a rate of 4.5%;
- private placement in euros: €50 million, maturing in 2026, at a fixed rate of 5.1%;
- private placement in euros: €50 million, maturing in 2026, at a fixed rate of 5.29%.

ERAMET also enjoys confirmed medium and long-term lines of credit. The unused lines of credit 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 program in place since 2005, of which €135 million was used on June 30, 2014 (€148 million as at December 31, 2013).

In June 2014, ERAMET put in place an additional borrowing base guaranteed by the receivables and inventories of the Nickel activity. No funds had been drawn down from this base on June 30, 2014.

(€ million)	30/06/2014	31/12/2013
Unused credit facilities*	981	981
Unissued commercial paper	265	252
Borrowing base*	100	-

* *The bank covenants relating to these lines of credit are wholly satisfied. The covenants relate to the ratio of the Group's net financial debt position to shareholders' equity.*

7.9 Trade and other payables

(€ million)	30/06/2014	31/12/2013
Trade payables	401	406
Tax and payroll liabilities	229	220
Other operating liabilities	66	33
Payables on non-current assets	57	72
Payables to associates - dividends	24	-
Unearned income	20	19
TOTAL	**797**	**750**
Non-current liabilities	27	27
Current liabilities	770	723

Most of the trade and other payables are due in less than one year.

7.10 Risk management

The management of risks and their assessment by the Group is set out in the 2013 Registration Document in Note 24.3 "Risk management" to the consolidated financial statements.

Note 8. Off-balance-sheet commitments

8.1 Ordinary transactions

(€ million)	30/06/2014		31/12/2013	
Commitments given				
Endorsements, pledges and guarantees		344		312
Collateral security:		14		16
• Property, plant and equipment	14		16	
• Inventories	-		-	
• Receivables and other assets	-		-	
Commitments received				
Endorsements, pledges and guarantees		16		23
Collateral security		Nil		Nil
Credit facilities		1 081		981

8.2 Other transactions and commitments

Other transactions and commitments are set out in the 2013 Registration Document in Note 31 – “Off-balance-sheet commitments” and Note 32 – “Other commitments” to the consolidated financial statements, and relate to the following:

- Moanda Metallurgical Complex (CMM) investment project – COMILOG S.A.;
- Investment project in Senegal through the TiZir Ltd joint venture;
- “Transgabonais” railway concession - Setrag SA;
- Call options on Pt Weda Bay Nickel in favor of Pt Antam;
- Agreement to increase the Gabonese Republic’s interest in the capital of COMILOG S.A..

Note 9. Other 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 2013 Registration Document in Note 36 – “Other Information” to the consolidated financial statements. On March 19, 2013, the Paris Court of Appeal upheld the judgment of the Commercial Court of Paris in all its provisions.

On July 8, 2014, the Court of Cassation rejected the appeal of Carlo Tassara France against the ruling by the Paris Court of Appeal of March 19, 2013. On April 10, 2014, Carlo Tassara France also appealed for review of the ruling by the Paris Court of Appeal of March 19, 2013. This appeal is under examination.

Note 10. Events since the balance sheet date

To the best of the Company’s knowledge, no event has occurred since the balance sheet date.

IV STATUTORY AUDITORS' REVIEW REPORT ON HALF-YEAR FINANCIAL INFORMATION FOR THE PERIOD ENDED JUNE 30, 2014

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of article L. 451-1-2 III of the Monetary and Financial Code («*Code monétaire et financier*»), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Eramet, for the period from January 1 to June 30, 2014,
- the verification of the information contained in the interim management report.

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

1. Conclusion on the financial statements

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

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

Without qualifying our conclusion expressed above, we draw your attention to the matter set out in note 4 - "Restated 2013 financial statements" of the condensed half-year consolidated financial statements regarding the effects of the application of IFRS 11 ("joint arrangements") starting from January 1, 2014.

2. Specific verification

We have also verified the information given in the interim management report commenting the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 29, 2014

The Statutory Auditors

Deloitte & Associés	Ernst & Young et Autres
Alain Penanguer	**Aymeric de la Morandière**

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

NOTES

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