

CARBONE LORRAINE

Dedicated Innovation, Dedicated Partner



Another strong increase in interim earnings

Paris, September 13th, 2006

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Carbone Lorraine's Board of Directors met on September 12, 2006 and approved the financial statements for the first six months of 2006.

Condensed income statement

In millions of euros	H1 2006	H1 2005*
Sales	324	284
Operating income	32	24
Operating margin (%)	9.8%	8.5%
Net income (<i>Group share</i>)	19.0	12.5

* *Continuing operations*

Consolidated sales: €324 million

Carbone Lorraine posted sales of €324 million during the first half of 2006, representing an increase of 9% on a like-for-like basis. Taking into account the sales posted by the US company Graphite Engineering & Sales, which was acquired at the beginning of February, growth came to 11% at constant exchange rates and 14% on a reported basis.

Operating income up 32% to €32 million.

The sales volume growth boosted operating income to €32 million, a 32% increase over the previous year. The operating margin reached 9.8% of sales against 8.5% during the first half of 2005. It was stable at 17.5% in Advanced Materials and Technologies, moved up one point to 8% in Electrical Applications and climbed four points to 9.5% in Electrical Protection.

Net income up 52% to €19 million.

Net income attributable to Carbone Lorraine's shareholders reached €19 million, up 52% from the €12.5 million posted in the first half of 2005. This figure represented 5.9% of the Group's sales.

Financing for growth

Net debt increased by €26 million due to the financing of the Group's major expansion projects and the payment of the dividend (€10 million).

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Investments totaled €34 million during the first half, including €21 million for the acquisition of Graphite Engineering & Sales and for the construction of the Chongqing plant in China and the production workshop for the new CL Clad[®] material in Pagny-sur-Moselle.

The net debt/equity ratio stood at 59% vs. 51% at year-end 2005.

Acquisition of Kapp

Carbone Lorraine pursues its dynamic growth strategy through selective acquisitions. Following Graphite Engineering & Sales in early February, the Group finalized at the beginning of September the acquisition of Kapp, a small French company with sales of approximately €3 million.

This acquisition will enable Carbone Lorraine to incorporate Kapp's plate exchanger technology which, together with the Group's new CL Clad[®] material, harbors substantial potential in anticorrosion equipment.

Favorable outlook

2006 should be a year of strong growth in sales and earnings. Increase in sales will continue during the second half at a slightly slower pace because of substantial deliveries made in Asia during the second half of 2005.

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About Carbone Lorraine

Carbone Lorraine is a world leader in graphite solutions and electrical components. The Group specialises in the use of high-tech materials in highly demanding industrial environments and in the development of systems essential to a safe electrical motors' operation and to the protection of electrical equipment. With more than 85% of its sales achieved outside France, the Group holds leadership positions in all of its core businesses.

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|-------------------------------------|---|
| Advanced Materials and Technologies | - World number one in graphite anticorrosion equipment |
| | - World number two in high-temperature applications of isostatic graphite |
| Electrical Applications | - World number one in brushes for electric motors |
| Electrical Protection | - World number one in fuses for power semiconductors |
| | - World number two in industrial fuses |

The Group is listed on the Premier Marché of the Paris Stock Exchange and is a constituent of the CAC Mid100, SBF120 and Next 150 indices.

*Bloomberg ticker: **CRL FP** – Reuters ticker: **CBLP.PA***



Visit our website at www.carbonelorraine.com

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