

August 28, 2009

RECYLEX SA: 2009 INTERIM RESULTS

▪ **2009 interim results (consolidated financial statements):**

At its meeting of August 26, 2009, the Board of Directors of Recylex SA reviewed the Recylex Group's condensed consolidated financial statements for the six months ended June 30, 2009.

Consolidated revenues for the first half of 2009 amounted to €103.5 million versus €204 million for the same period in 2008.

The Group incurred an operating loss before non-recurring items of €6.5 million in the first half of 2009 versus an operating loss before non-recurring items of €5.4 million in the first half of 2008.

During the second quarter of 2009, a settlement was reached between two of the Group's German subsidiaries - Harz Metall GmbH and PPM Pure Metals GmbH - and the TUI Group. This agreement concerns the rehabilitation of certain sites in Germany belonging to these subsidiaries. This had a positive impact on the Recylex Group's condensed consolidated financial statements at June 30, 2009 of €11 million.

Consolidated net income attributable to equity holders of the parent was €0.1 million in the first half of 2009 versus a net loss of €19.6 million in the first half of 2008.

The sharp fall in sales was partly due to the significant drop in metal prices expressed in euros - with lead down 42% and zinc down 33% - as well as a decline in volumes concerning zinc, special metals and plastics activities as a result of the economic crisis.

▪ **Key figures (IFRS)**

(in millions of euros)	June 30, 2009 6 months	June 30, 2008 6 months
Consolidated sales	103.5	204.0
Consolidated operating income (loss) before non-recurring items	(6.5)	(5.4)
Consolidated net income (loss) attributable to equity holders of the parent	0.1	(19.6)
Equity attributable to equity holders of the parent	95.1	128.8

- **Operations and significant events of the first half of 2009:**

- Market conditions in the first half of 2009

Lead prices rose in the first half of 2009 from €682 per ton at December 31, 2008 to €1,224 per ton at June 30, 2009. Despite this increase, the average lead price in the first half of 2009 was €995 per ton, well below the average of €1,704 per ton in the first half of 2008. The average price for the full year 2008 was €1,404 per ton.

Meanwhile, the price of zinc rose from €805 per ton at December 31, 2008 to €1,100 per ton at June 30, 2009. The average zinc price in the first half of 2009 was €990 per ton, well below the average for the first half of 2008 of €1,486 per ton. The average zinc price for the full year 2008 was €1,260 per ton.

<i>Average (euros per ton)</i>	First half 2009	2008	First half 2008
Lead price	995	1,404	1,704
Zinc price	990	1,260	1,486

- Operations of Group companies in the first half of 2009

Lead accounted for 69% of total Group's sales compared with 19% for zinc, 8% for special metals and 4% for plastics.

June 30, 2009				
<i>(in millions of euros)</i>	Sales	Adjusted Operating income before non-recurring items (LIFO)¹	Difference relating to use of the average weighted cost (AWC) method compared with the LIFO method	Operating income before non-recurring items (IFRS)
Lead	71.1	(5.2)	6.4	1.2
Zinc	20.1	(3.0)		(3.0)
Special metals	7.9	(1.7)		(1.7)
Plastics	4.4	(0.3)		(0.3)
Other		(2.7)		(2.7)
TOTAL	103.5	(12.9)		(6.5)

June 30, 2008				
<i>(in millions of euros)</i>	Sales	Adjusted Operating income before non-recurring items (LIFO)¹	Difference relating to use of the average weighted cost (AWC) method compared with the LIFO method	Operating income before non-recurring items (IFRS)
Lead	132.6	7.9	(13.3)	(5.4)
Zinc	48.8	1.5		1.5
Special metals	14.2	1.7		1.7
Plastics	8.4	0.7		0.7
Other		(3.9)		(3.9)
TOTAL	204.0	7.9		(5.4)

¹ The Recylex Group opted for early application of IFRS 8 "Operating segments" at December 31, 2008. Note 4 of the notes to the condensed consolidated financial statements at June 30, 2009, details the effects of the adjustment of lead inventories at the Group's main smelter in Germany using the LIFO (last in, first out) method (not admitted under IFRS).

- Lead

The economic crisis resulted in a significant reduction in volumes of secondary materials for processing (batteries) within the lead business. In addition, the lead business was also affected by a rise in the purchase cost of secondary materials due to insufficient market volumes. These factors had a significant negative impact on gross margin in the first half of 2009.

Because of difficulties relating to secondary materials supplies, the Nordenham plant in Germany brought forward its closure for scheduled maintenance by three weeks from June-July 2009 to April-May 2009.

- Zinc

Recycling of steel mill dust activities - Harz Metall GmbH (Zinc) and Recytech SA, of which the Group owns 50% - were directly affected by the crisis from the start of 2009. Consequently, closures for maintenance were brought forward and operations at these plants were suspended temporarily during the first half of 2009 in order to adapt production to demand. Operations resumed during the second quarter of 2009.

Norzinco SA definitively closed its zinc recycling business in Anzin (France) in the first half of 2009 due to its on-going loss situation which led to the dismantling of its production facilities and cleaning up of the site in close collaboration with environmental and local authorities.

On the other hand, Norzinco GmbH was less affected by the crisis.

- Special metals

The special metals business sustained a fall in sales between the first half of 2008 and the first half of 2009 due to contraction in demand for high purity arsenic, used mainly in the mobile phone and LEDs (Light-Emitting Diode) industries, as well as for germanium, used in optical fibres.

The Reinstmetalle Osterwieck (RMO) GmbH plant suspended production temporarily during the first half of 2009 while waiting for an upturn in demand.

- Plastics

The automotive industry crisis had a direct impact on the Group's plastics business, which had to reduce its production significantly in the first half of 2009.

- On-going litigation

The legal claims lodged against Recylex SA in 2006 by former employees of Metaleurop Nord SAS on the one hand and by the liquidators of Metaleurop Nord SAS on the other hand are still on-going.

(i) Legal proceedings initiated by former employees of Metaleurop Nord SAS:

- The Industry section of the Lens labour tribunal reached its verdict on June 27, 2008, considering that Recylex was co-employer with Metaleurop Nord SAS of 493 former non-managerial staff and awarding each plaintiff damages of €30,000 plus €300 in costs. It also decided that these damages, amounting to a total of around €14.9 million, should be incorporated into the liabilities of Recylex SA's continuation plan, paid off in instalments. Recylex SA has appealed against these decisions, thereby suspending their application. On June 26, 2009, the Douai Appeal Court decided to defer the pleadings until October 30, 2009 following a request from the liquidators, against which the former employees of Metaleurop Nord SAS have made a subsidiary request for judgement for the first time.

- On September 30, 2008, the Management section of the Lens labour tribunal could not reach a decision on the claims from 91 former managerial staff of Metaleurop Nord SAS for damages of €30,000 plus €300 in costs, representing a total of €2.8 million. The cases were heard again on May 20, 2009 by the Management section of the Lens labour tribunal under the presidency of a judge from Lens District Court. Deliberation is scheduled for September 15, 2009.

Recylex SA has set aside a provision for the total amount claimed by the former employees of Metaleurop Nord SAS, representing approximately €16.1 million (after discounting to present value).

- (ii) Proceedings for payment of liabilities initiated by the liquidators of Metaleurop Nord SAS:

The liquidators of Metaleurop Nord SAS brought proceedings against the Company for payment of the liabilities of Metaleurop Nord SAS up to €50 million. On February 27, 2007, the commercial division of Béthune Regional Court dismissed the claim, considering that Recylex SA was not the de facto manager of Metaleurop Nord SAS. The liquidators appealed the judgment. The Douai Appeal Court issued a stay of proceedings on November 18, 2008 and invited the parties to bring the matter before the Conseil d'État on the basis of a review of the legality of a regulatory provision.

Recylex SA had argued that the action was inadmissible on the grounds that the liquidators had failed to state their claim in accordance with the law in the context of the court-supervised procedure to rehabilitate the Company begun on November 13, 2003. The liquidators had asserted the existence of a regulatory provision dispensing them from doing so. Recylex SA applied to the Conseil d'État for a preliminary ruling on legality on February 12, 2009. The preliminary ruling from the Conseil d'État is awaited before the Douai Appeal Court can rule on either the admissibility or the merits of the case.

Recylex SA has not set aside any provisions in its parent-company or consolidated financial statements for the proceedings initiated by Metaleurop Nord SAS' liquidators, given the judgment in Recylex SA's favour by the Béthune Regional Court, deciding that Recylex SA was not the de facto manager of Metaleurop Nord SAS.

It should be noted that the sums claimed in all of these cases were not included in the continuation plan approved by the Paris Tribunal de Commerce (Paris Commercial Court) on November 24, 2005 and that if these claims result in an unfavourable outcome for Recylex SA, the implementation of the continuation plan could be jeopardised.

- **Description of the main risks and uncertainties for the second half of 2009**

The main risks likely to impact the Group's results in the second half of 2009 are, first, trends in lead and zinc prices relative to the purchase cost of secondary materials, and second, the outcome of the lawsuits described above.

- **Outlook – business trends**

Metal prices stabilised at the start of the second half of 2009 at the average levels for the first half of 2009. Despite the lack of visibility on when the crisis will end, the destocking period has ended and some production capacities have restarted at the worldwide level.

Nevertheless, the Group is continuing to focus on its cash position by carefully managing its capital expenditure, working capital and production costs.

The battery crushing plant in Algeria operated by Eco-Recyclage, an Algerian company in which Recylex holds a 33.33% stake, successfully carried out its initial battery crushing and separating trial during the first quarter of 2009.

Yves Roche, Chairman and Chief Executive Officer, comments: "The first half of 2009 was subject to an unprecedented economic crisis that affected the recycling sector both in upstream activities, with fewer materials for processing, and in downstream activities, due to a decline in demand in the automotive and building industries. Faced with a sharp fall in lead and zinc prices relative to 2008, the Recylex Group has managed to adapt to market conditions swiftly and effectively. While remaining vigilant enduring this period, we are confident about the quality of our long-term strategy".

Recylex: Recycle, Transform, Enhance

Recylex specializes in recycling lead and plastic (from automobile and industrial batteries), recycling zinc from steel mill dust, and producing zinc oxides and special metals for the electronics industry. It operates in France, Germany and Belgium.

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