

May 3, 2011

## QUARTERLY FINANCIAL INFORMATION (FIRST QUARTER 2011)

(in accordance with Article L. 451-1-2, IV of the *Code Monétaire et Financier* and Article 221-1 of the AMF's General Regulation)

### Sales up 25% on the back of the increase in metal prices

- **Metals prices**

Lead prices recorded a significant increase and zinc prices remained high in the first quarter of 2011.

The average lead and zinc prices were as follows:

	1 <sup>st</sup> quarter 2010	1 <sup>st</sup> quarter 2011	Change
<b>Lead (€ / tonne)</b>	1,604	1,905	+19%
<b>Zinc (€ / tonne)</b>	1,654	1,750	+6%

- **Consolidated sales (ex-VAT), unaudited**

Consolidated sales per business segment for the Recylex Group were as follows:

<i>in thousands of euros</i>	First quarter 2010	First quarter 2011
<b>Lead</b>	69,725	89,136
<b>Zinc</b>	20,860	23,702
<b>Special metals</b>	5,944	7,184
<b>Others (including plastics)</b>	2,093	3,411
<b>Total sales</b>	<b>98,622</b>	<b>123,433</b>

- *Lead*

The 28% increase in sales recorded by the lead business during the first quarter of 2011 compared with the first quarter of 2010 was primarily attributable to the rise in lead prices stated in euros. However, this rise in lead prices was accompanied by an increase in the purchase cost of used batteries, which took its toll on margins. In parallel, the growth in sales volumes of silver (by-product from the Nordenham plant), combined with an increase in silver prices, also contributed to the significant increase in sales in this sector of activity.

- *Zinc*

The 14% increase in sales recorded by the zinc business during the first quarter of 2011 compared with the same period of the previous financial year was notably attributable to the increase in zinc prices stated in euros. In addition, demand for zinc oxides remained brisk, fuelling an increase of 13% in sales at the Norzinco GmbH subsidiary in Germany. In parallel, production of Waelz oxides from the recycling of zinc-rich steel mill dust from electric arc furnace remained at a healthy level during the first quarter of 2011.

- *Special Metals*

The 21% increase in sales recorded by the special metals business during the first quarter of 2011 compared with the first quarter of 2010 was chiefly attributable to the hefty rise in sales volumes of high-purity arsenic and of germanium, coupled with a price increase of the latter. Conversely, the fall in cadmium telluride prices did not allow to take full advantage of the increase in sales volumes of this product.

- *Plastics*

The increase in sales recorded by the plastics business was the result of a business recovery, together with an increase in polypropylene prices during the first quarter of 2011 compared with the first quarter of 2010.

- **Parent-company sales**

The parent company's first-quarter 2011 sales totalled €33.7 million. Of this, €33.3 million came from the lead business and €0.4 million from services provided to Group companies. By comparison, the parent company's sales during the first quarter of the previous year totalled €21.6 million. Of this, €21.3 million came from the lead business and €0.3 million from services provided to Group companies.

- **Legal proceedings in progress concerning Metaleurop Nord SAS**

- *Former employees of Metaleurop Nord SAS*

- In connection with the appeal against the decision made on June 27, 2008 by the Industry section of the Lens labour tribunal, on December 18, 2009 the Douai Appeal Court:
  - (i) rejected the claims of 22 protected former employees
  - (ii) granted to 460 non-managerial former employees damages totalling around €12.4 million, which was added to the liabilities payable under Recylex SA's continuation plan. On February 9, 2010, Recylex SA decided to appeal these decisions in the *Cour de Cassation*. The next hearing before the *Cour de Cassation* is scheduled for June 29, 2011.
  - (iii) adjourned 11 cases to a later hearing. On December 17, 2010, the Douai Appeal Court handed down decisions similar to the aforementioned decisions concerning eight former employees, with Recylex deciding to appeal to the *Cour de Cassation*. The cases of three former employees will be examined by the Douai Appeal Court in September 2011.
- In connection with the claims filed by managerial former employees of Metaleurop Nord SAS, the Douai Appeal Court on December 17, 2010:
  - (i) rejected the claims of six protected former employees
  - (ii) granted to 84 managerial former employees damages totalling around €3.6 million, which was added to the liabilities payable under the continuation plan of Recylex SA, which decided to appeal to the *Cour de Cassation*.
  - (iii) adjourned four cases until hearings in September 2011.
- Concerning the additional claims for damages filed in December 2010 by 137 non-managerial and 55 managerial former employees of Metaleurop Nord SAS who were not party to the proceedings initiated in 2006, each former employee is claiming damages of between €30,000 and €50,000 plus €300 in costs, representing a total amount of around €9.96 million. The Company made provision for the entirety of these claims in its financial statements at December 31, 2010 and intends to contest

both the admissibility and grounds of the claims. The next hearings before the Industry and Management sections of the Lens labour tribunal are scheduled on September 20, 2011.

- *Action for the repayment of liabilities brought by the liquidators of Metaleurop Nord SAS*

In connection with the action to secure repayment of liabilities brought by the liquidators of Metaleurop Nord SAS that was dismissed at first instance, 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* for a judgement on a point of law. Recylex SA applied to the *Conseil d'État* for a preliminary ruling on legality on February 12, 2009. On March 23, 2011, the reporting judge ("*Rapporteur public*") presented his findings to the *Conseil d'État*, stating the view that the regulatory provision subject to the judgement on a point of law could legally dispense any court-appointed liquidator of a legal entity from the obligation of having to declare a claim that it intends to make against the manager of the legal entity, which is itself in insolvency proceedings. The *Conseil d'État*'s ruling is due to be handed down during the second quarter of 2011. The hearing of the Douai Appeal Court, which has been called on rule on admissibility, based on the ruling to be issued by the *Conseil d'État*, and on the grounds of the claims by the liquidators, is scheduled to take place on June 22, 2011.

▪ **Financial communication schedule**

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|----------------------------------------|------------------------|
| ▪ <i>2011 Annual General Meeting</i>   | <i>May 6, 2011</i>     |
| ▪ <i>Second-quarter 2011 sales</i>     | <i>July 29, 2011</i>   |
| ▪ <i>2011 interim financial report</i> | <i>August 31, 2011</i> |

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