2011 FINANCIAL REPORT

(Article L. 451-1-2 I of the French Monetary and Financial Code and Articles 222-3 et seq of the AMF's General Regulations)

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STATEMENT REGARDING THE ANNUAL FINANCIAL REPORT

I hereby confirm that to the best of my knowledge the annual financial report has been prepared in accordance with applicable accounting standards and gives a true picture of the assets, financial position and results of the Company and of all companies consolidated by it, and that the attached management report gives a fair representation of the business trends, results and financial position of the Company and of all companies consolidated by it as well as a description of the main risks and uncertainties that it faces.

Yves Roche

Chief Executive Officer

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS
FINANCIAL YEAR ENDED December 31, 2011

The shareholders of Recylex SA (hereafter, the "Company") have been called to a Combined General Meeting to hear the report on the activities of the Company and its subsidiaries in the financial year to December 31, 2011 and to consider for approval the annual parent company and consolidated financial statements for that period.

The Statutory Auditors will present in their reports all necessary information concerning the accuracy and conformity of the parent company and consolidated financial statements for that period.

Appended to the management report of the Board of Directors (the "Report) are special reports from the Board of Directors on options to subscribe for or purchase shares and the allocation of free shares.

The Chairman of the Board of Directors provides a report, attached to this Annual Report, on the composition of the Board of Directors and in particular the application of the principle of balanced representation of men and women on the Board of Directors, the conditions for the preparation and organisation of its work, and on the internal control and risk management procedures introduced by the Company pursuant to Article L.225-37 of the French Commercial Code (the “Chairman’s Report").

1. THE RECYLEX GROUP

In this report, except where otherwise stated, "Group" shall mean the Company and those companies consolidated by it as defined in article L.233-16 of the Commercial Code.

The Recylex Group was created in 1988 through the merger of the non-ferrous metals division of German company Preussag (now TUI) and the French company Peñarroya.

The Recylex Group, whose activities are spread over eleven production sites in France, Germany and Belgium, is a key player in industrial recycling. Its main activities are:

- Recycling of lead, mainly from used car and industrial batteries;
- Recycling of plastic (polypropylene) mainly from used battery casings and other industrial waste such as car parts and construction waste);
- Recycling of zinc from electric steel mill dust and production of zinc oxides from the recycling of old zinc;
- Production of special metals used primarily in the electronics sector, the optical industry and cutting edge technologies.

With registered and administrative offices in France, Recylex SA, the parent company, conducts two activities: that of a holding company and an operational business processing used lead-acid batteries on two sites in Escaudoeuvres (Nord) and Villefranche-sur-Saône (Rhône).

1.1. Market conditions

The second half of 2011 was impacted by global economical slowdown mainly due to the sovereign debt crisis in Europe. This had an effect on commodities prices, which were subject to a high level of volatility. However, the Group's industrial activities were only affected to a very limited extent. Overall, the quantities of materials recycled by the Group were the same as in 2010.

1.2. Key features and businesses of the Group

Details of other key features of the Group are provided in Section 1.3 of this Report.

The development of its business activities by segment during 2011 are described below.

1.2.1 Lead

Lead prices were subject to a very high level of volatility in 2011. In January and April 2011, the price of lead topped the €2,000 per tonne mark, and came close to €1,600 in May 2011, bottoming out in October 2011 at less than €1,300 per tonne. At December 31, 2011, the price was €1,530 per tonne. The average lead price in 2011 was €1,722 per tonne, compared to the 2010 level of €1,615 per tonne.

- **Battery processing**

In addition to the two French establishments operated by Recylex SA mentioned above, the Harz-Metall GmbH subsidiary in Germany ("HMG") also collects and processes used lead-acid batteries in Oker (Lower Saxony, Germany).

In the lead segment, the Group's battery processing plants handled much the same volume of batteries in 2011 (around 148,600 tonnes) as in 2010 (around 148,500 tonnes).

Despite volatile lead prices, the purchase price of used batteries rose further as a result of very brisk demand from the recycling sector. This trend also continued to have a significant effect on margins in the lead business.

- **Smelting and refining**

Lead-bearing materials produced by the aforementioned used-batteries processing plants are sent to the Group's two smelters operated by Weser-Metall GmbH ("WMG") in Germany (Nordenham, Lower Saxony) and Fonderie et Manufacture de Métaux SA ("FMM") in Anderlecht, Belgium. These materials are used by the Group's smelters as secondary raw materials, with no further processing, and are smelted and processed for the production of lead and alloy ingots.

The Group's lead production at its two smelters amounted to around 126,000 tonnes in 2011 compared with around 122,000 tonnes in 2010, which was subject to two shut-downs, one of which was an unplanned shut-down relating to the incident that occurred during the fourth quarter of 2010.

Commercial conditions, particularly premiums on lead sales and treatment charges for lead concentrates, were similar to the level of 2010. Silver prices (a by-product from the Nordenham smelter) rose sharply and were also highly volatile during 2011 relative to 2010. The fall in silver prices in December 2011 resulted in write-downs of silver inventories at December 31, 2011.

The market price of sulphuric acid, another by-product of the Nordenham lead smelter, increased in 2011 relative to the previous year, also contributing to the rise in revenues for the segment in 2011

1.2.2 Zinc

Zinc prices were also highly volatile, rising during the first four months of 2011 before stabilising in June to August 2011 and falling during the last quarter of the year. At December 31, 2011, the price of zinc was €1,413 per tonne. The average price of zinc in 2011 was €1,574 per tonne, below the average for 2010 of €1,624 per tonne.

- **Zinc oxides**

The Group's zinc oxide production business, derived from the recycling of zinc-bearing waste, is operated by its Norzinco GmbH subsidiary in Germany.

Zinc oxide production totalled approximately 24,800 tonnes in 2011 compared with around 25,800 tonnes in 2010. This decrease in production relates primarily to more extensive planned shut-downs for maintenance in 2011 than during the previous year, as well as a fall in demand in 2011, mainly in the tyre industry.

- **Waelz oxides**

The Group's production of Waelz oxides from the recycling of zinc-enriched electric steel mills dust is conducted by its HMG subsidiary in Germany and by Recytech SA in France, in which Recylex SA has a 50% stake.

The Group's two Waelz oxide production plants processed about 182,400 tonnes of electric steel mill dust, producing about 75,500 tonnes of Waelz oxides during 2011, compared with around 182,000 tonnes of dust processed and production of about 73,800 tonnes of Waelz oxides in 2010.

1.2.3 Plastics

In the plastics recycling segment (polypropylene), the Group's two subsidiaries - C2P SAS (Villefranche-sur-Saône, France) and C2P GmbH (Oker, Germany) - increased their polypropylene production by 15% in 2011 relative to 2010, producing a volume of around 12,700 tonnes. The higher sales volume of polypropylene in Germany and the enlarged client portfolio in France allowed each of these subsidiaries to achieve considerable revenue growth in 2011 relative to 2010.

1.2.4 Special metals

The special metals segment in the Group's German subsidiaries, PPM Pure Metals GmbH ("PPM") and Reinstmetalle Osterwieck GmbH ("RMO") saw revenue growth of 12% in 2011 to €29.2 million compared with €26 million in 2010. This was thanks to a sharp rise in selling prices of germanium and an increase in sales volumes for arsenic, driven by growth in mobile telephone applications and opto-electronic devices (LEDs).

On December 5, 2011, the Group announced its intention to refocus on its core business of recycling, and appointed Berenberg Bank as financial advisor with a view to exploring the best strategic opportunities for its special metals division. The production assets and staff of its two German subsidiaries PPM and RMO were merged into the same entity with effect from January 1, 2012 (see Section 1.5 of this Report).

1.3. Other key developments and major events

The Group's key developments and major events of 2011 concerned primarily developments in legal proceedings against the Company and the implementation of the Company's continuation plan.

1.3.1. Ongoing litigation involving Recylex SA

The legal claims lodged against Recylex SA in 2005 by former employees of Metaleurop Nord SAS - a Recylex SA subsidiary in liquidation - and by the liquidators of Metaleurop Nord SAS are still ongoing:

1.3.1.1. Former employees of Metaleurop Nord SAS

- **Former non-managerial employees**

On June 27, 2008, the Lens labour tribunal industry section found that Recylex SA was the co-employer of 493 former non-managerial employees of Metaleurop Nord SAS, and awarded each claimant €30,000 in compensation and €300 in expenses. The tribunal decided, however, to include these sums, for a total of €14.9 million, in the liabilities to be paid over time by Recylex SA, in accordance with the terms of its continuation plan approved by the Paris Commercial Court on 24 November 2005. The Company appealed against these decisions.

On December 18, 2009 (460 rulings given) and December 17, 2010 (eight rulings given), the Douai Appeal Court partially upheld the labour tribunal's decisions and granted damages of a total of approximately €12.6 million to 468 unprotected former employees, ordering that these sums be included in Recylex SA's liabilities, payable in instalments within the framework of its continuation plan. In accordance with the Company's continuation plan, 44% of these damages, or approximately €5.5 million, corresponding to the first six instalments of the plan (November 2006 to November 2011) have been paid to date. The remaining €7.1 million will be paid in instalments in accordance with the Company's continuation plan until November 2015.

On September 28, 2011, the employment division of the Cour de Cassation decided to reject the appeals lodged by the Company against the 460 rulings of the Douai Appeal Court given on December 18, 2009. The trial concerning appeals lodged with the Cour de Cassation by the Company against the eight rulings given by the Douai Appeal Court on December 17, 2010 is still ongoing.

In its rulings of December 18, 2009, the Douai Appeal Court also rejected the claims of 22 protected former employees (staff representatives, works council members, trade union delegates). On September 28, 2011, the employment division of the Cour de Cassation decided to reject the appeals lodged with the final court of appeal by former employees against these decisions.

Lastly, the deliberation of the Douai Appeal Court concerning the claims from three other unprotected former employees made redundant before Metaleurop Nord SAS went into liquidation has been set for March 30, 2012.

- **Former managerial employees**

On September 15 and 30, 2009 and February 26, 2010, the Management section of the Lens labour tribunal awarded each of the 91 former managerial employees of Metaleurop Nord SAS an identical sum of €30,000 in damages and €300 in costs, ruling that Recylex SA had been their co-employer, and ordered that the sums should be included in the liabilities of Recylex SA, payable in instalments under its continuation plan. The Company appealed against these decisions.

On December 17, 2010, the Douai Appeal Court partially upheld the Lens labour tribunal's decisions, ruling that Recylex SA was a co-employer of the former managerial employees of Metaleurop Nord SAS. The Appeal Court granted 84 unprotected former managerial employees damages of between €20,000 and €50,000 and €500 in costs, totalling approximately €3.6 million, and ruled that these sums should be included to the liabilities of Recylex SA paid in instalments under its continuation plan. Recylex SA decided to appeal these decisions in the Cour de Cassation. In accordance with the terms of the plan, 44% of these damages, totalling approximately €1.6 million, corresponding to the first six instalments of the plan (November 2006 to November 2011) have been paid to date. The remaining €2 million will be paid in instalments in accordance with the Company's continuation plan until November 2015, subject to the rulings of the Cour de Cassation.

In addition, on December 17, 2010, the Douai Appeal Court also rejected the claims for damages of six former protected managerial employees. The case concerning the appeals lodged by these parties against these rulings is still ongoing before the employment division of the Cour de Cassation.

Lastly, the case concerning an unprotected former managerial employee made redundant before Metaleurop Nord SAS went into liquidation has been adjourned to the Douai Appeal Court's hearing of April 13, 2012.

- **Other claims from former managerial and non-managerial employees**

The forthcoming hearings of the industry and management sections of the Lens labour tribunal concerning claims for damages submitted in late 2010 by 137 former non-managerial employees and 55 former managerial employees of Metaleurop Nord SAS who had not been party to the claims made in 2005, have been set for June 12, 2012. Each claimant is requesting an amount of between €30,000 and €50,000 and €300 in costs, representing a total of around €9.96 million.

1.3.1.2. The liquidators of Metaleurop Nord SAS

The lawsuit brought by the liquidators of Metaleurop Nord SAS, claiming the repayment by Recylex SA of Metaleurop Nord SAS's liabilities up to €50 million, was rejected on February 27, 2007 by the Béthune Regional Court, which found that Recylex SA was not the de facto manager of Metaleurop Nord SAS. The liquidators have appealed against the ruling. 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, with Recylex SA having raised an objection of inadmissibility.

On May 20, 2011, the Conseil d'État ruled that the exception of inadmissibility raised by Recylex SA before the Douai Appeal Court was unfounded and consequently rejected its request for an assessment of legality.

The hearing before the Douai Appeal Court has been set for April 12, 2012.

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

1.3.2. Recylex SA's continuation plan

The Group continues to give the highest priority to meeting the commitments made by Recylex SA under its continuation plan, approved by the Paris Commercial Court on November 24, 2005, with objectives of equal importance being the continuation of its businesses with the maintenance of its 627 employees (at December 31, 2011), assumption of its environmental responsibilities and the repayment of outstanding frozen liabilities of some €22 million (€25.6 million before elimination of intra-Group debts) on a four-year schedule until 2015. To this end, the sixth instalment under the plan was paid on November 24, 2011, for a sum of approximately €3.8 million (€4.5 million before elimination of intra-Group debts).

It should be noted that the sums claimed with respect to Metaleurop Nord SAS's liabilities (see Section 1.3.1.2 of this Report) are not included in the continuation plan approved by the Paris Commercial Court on November 24, 2005, and that, should the final outcome of this procedure go against Recylex SA, resulting in a significant increase in its liabilities, the continuation plan could be jeopardised.

1.4. Group results

Pursuant to EC regulation no. 1126/2008 adopted on November 3, 2008, the Recylex Group has prepared its consolidated financial statements for the year to December 31, 2011 in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

The scope of consolidation changed in 2011 relative to the previous year as a result of the winding up of subsidiary Delot Métal SAS with total transfer of its assets and liabilities to Recylex SA with effect as of June 30, 2011.

The Recylex Group generated consolidated revenues of €457.6 million in 2011, up 13% compared with 2010, driven primarily by growth in revenues from the lead business.

The revenue growth achieved by the lead business to €332.3 million in 2011 compared with €282 million in 2010 relates chiefly to the significant increase in sales volumes of silver - a by-product from the Nordenham smelter - coupled with the rise in silver prices over the period, as well as the 7% increase in lead prices in euros in 2011 relative to 2010.

The zinc business sustained a fall in revenues to €83.8 million in 2011 compared with €86.1 million in 2010, mainly as a result of the 3% drop in zinc prices (in euros) over the period.

The 12% increase in revenues in the special metals business to €29.2 million in 2011, representing 6% of total revenues, compared with €26 million in 2010, relates primarily to a sharp rise in selling prices of germanium and larger sales volumes of arsenic, driven by growth in mobile telephone applications and opto-electronic devices (LEDs).

The plastics business saw revenue growth of 30% to €12.3 million in 2011, representing 3% of total revenues, compared with €9.5 million in 2010. This was mainly thanks to the increase in sales volumes in Germany and the enlarged client portfolio in France.

Consolidated net income for 2011 totalled €0.05 million compared with a net loss of €4.3 million in 2010.

The net result for 2011 consisted primarily of the following items:

- Operating income before non-recurring items: €7.6 million

- Other operating income and expenses: -€2 million
  This net charge concerns primarily charges to provisions for the rehabilitation of old mining sites and the Estaque site, as well as unprovisioned costs relating to these sites (*see section 1.9.4.5 of this Report*).

- Financial expense: -€2.3 million
- Tax: -€3.3 million
- Result from consolidation as an associated undertaking of Eco Recyclage, in Algeria: profit of €0.1 million

The main changes in the balance sheet between 2010 and 2011 were as follows:

- **Inventories: +€10.6 million**

The increase in the net value of the Group's inventories since December 31, 2010 is the result of a sharp rise in volumes of raw materials at the Group's main lead smelter operated by subsidiary Weser-Metall GmbH in Germany following the planned shut-down for maintenance in December 2011.

- **Trade receivables: -€13.3 million**

The reduction in trade receivables relates primarily to the decline in sales in the lead and zinc segments in the fourth quarter of 2011 relative to the fourth quarter of 2010.

- **Cash and cash equivalents: -€22.1 million**

The reduction in cash and cash equivalents at December 31, 2011 was mainly due to the higher working capital requirement following the increase in inventories, capex of €9.5 million and payment of the sixth instalment of the Recylex SA continuation plan of €3.8 million (after elimination of intra-Group debts).

- **Trade payables: -€14.4 million**

The reduction in trade payables at December 31, 2011 was mainly due to the difference in the timing of mining concentrates shipments for the main smelter in Germany in 2011 relative to 2010.

- **Interest-bearing borrowings (current and non-current): -€5.8 million**

The reduction in borrowings relates mainly to repayments of borrowings by the Group's subsidiaries in Germany.

- **Current and non-current provisions: -€2.6 million**

The reduction in current and non-current provisions is due to the use of environmental provisions for the rehabilitation of old mining sites and the Estaque site.

- **Capital expenditure**

In 2011, the Recylex Group capital expenditure was €9.5 million, primarily for the maintenance and improvement of industrial facilities.

The distribution of this investment by business area was as follows:
- Lead: €3.8 million
- Zinc: €5 million
- Special metals: €0.5 million
- Plastics and infrastructure: €0.2 million.

- **Financial debt**

At December 31, 2011, the Group's total financial debt was €7.4 million, of which €5.6 million was current and €1.8 million non-current.

In addition to the Group's financial debt, there are rescheduled debts under the Recylex SA continuation plan introduced in November 2005.

Total debt under the continuation plan stood at €22 million on December 31, 2011 (excluding intra-Group debts and before discounting) to be paid over four years. In this context, the sixth instalment under the continuation plan, for a sum of approximately €3.8 million (after elimination of intra-Group debts) was paid in November 2011.

The seventh instalment under the continuation plan, which is due to be paid in November 2012, is approximately €5.4 million (before elimination of intra-Group debts), of which €2 million represents damages awarded by the Douai Appeal Court to former employees of Metaleurop Nord SAS subject to the rulings of the Cour de Cassation concerning the appeals lodged by Recylex SA against the rulings of the Douai Appeal Court of December 17, 2010 concerning 92 former employees of Metaleurop Nord SAS, comprising 84 managerial employees and eight non-managerial employees (see Section 1.3.1.1 of this Report).

The Company's continuation plan, approved by the Paris Commercial Court on November 24, 2005, provides for creditors choosing option 1 of the continuation plan, which entails the abandonment of 50% of their claim, to benefit from a clawback clause provided (i) that they informed the Company by recommended letter within six months of the judgement approving the plan and (ii) that the plan is not reformulated prior to its expiry (on November 24, 2015).

This clause provides, under the conditions mentioned above, that from and including December 31, 2015, Recylex SA will allocate 20% of its cash at December 31 of each subsequent financial year (including 2015) to repayment of the waived debt on a *pari passu* basis between the creditors who have requested the benefit of the clawback provision, with no limit on the duration of such repayments. The total liability covered by this clause is €19.2 million.

The Company assessed the fair value of this debt at December 31, 2011 at €3.9 million, recording this amount on the balance sheet at December 31, 2011 as "Other non-current liabilities" balancing its recognition as other financial expense. *(See Note 18.2 of the notes to the consolidated financial statements for more information on the evaluation of this liability)*

1.5. <u>Significant events occurred since the end of the 2011 financial year</u>

As part of the refocusing of the Group's activities on its core businesses of lead, zinc and plastic recycling, the production assets and staff of the two subsidiaries PPM and RMO have been combined within the same legal entity. PPM has therefore transferred its production assets (other than real estate) and staff to its wholly-owned subsidiary RMO with effect from January 1, 2012. During the first quarter of 2012, subsidiary RMO changed its company name to "PPM Pure Metals GmbH", while also continuing with RMO's activities related to high purity arsenic under the "RMO" brand name, and subsidiary PPM changed its company name to "Recylex Grundstücksverwaltungs GmbH". A review of the best strategic opportunities for the Group's special metals business is continuing in collaboration with Berenberg Bank, appointed by the Group as financial advisor.

No other events that may have a material impact on the Group's activities or its economic and financial position occurred between the end of the 2011 financial year and the date of this Report.

1.6. <u>Expected developments and outlook</u>

Lead and zinc prices were still below USD 2,000 per tonne (€1,560 per tonne) at the start of 2012. In the battery collection market, continuing very brisk demand from the recycling sector kept prices of materials for recycling up.

As part of the refocusing of its activities on its core businesses of lead, zinc and plastics recycling, the Group continued at the start of 2012 with technical trials at its two lead smelters in order to improve their availability. The Group has given priority to continually looking for ways of diversifying the regions from which it sources supplies, in order to process more recycled materials.

In addition, subsidiary HMG has invested in a process allowing it to process more zinc contained in electric arc furnace dust.

At the start of 2012, processing volumes in the lead segment remained in line with the trend seen at the end of 2011. The volume of electric arc furnace dust processed in the zinc division was satisfactory, with the Group’s plants starting 2012 at full capacity. The upward trend in sales volumes observed in the plastics business at the end of 2011 was confirmed at the beginning of 2012.

Lastly, the Douai Appeal Court's deliberation concerning the appeal against the Tribunal de Grande Instance de Béthune's rejection of the claim for repayment of liabilities initiated by the liquidators of Metaleurop Nord SAS (see Section 1.3.1.2 of this Report) should be given in 2012. The hearings have been set for April 12, 2012. Information about the development of legal proceedings against the Company can be found on the Company's website (www.recylex.fr – News – Legal proceedings schedule).

1.7. Research & Development

Via its subsidiary Recylex GmbH, the Group forms part of a consortium of nine other companies and six institutes of the University of Brunswick (*Technische Universität Braunschweig*) and the University of Munster within the framework of the "Lithorec" research and development project concerning recycling of lithium-ion batteries, launched in 2009 and for which the German Finance Ministry has provided funding of €8.4 million. This research and development project ended in 2011, as recycling of batteries of this kind on an industrial scale will only be possible in a few years' time in view of the limited volume of batteries available for recycling at present.

In addition, in 2011, subsidiary HMG initiated its first studies into an industrial process aiming to process the materials contained in old waste heaps at the Oker site. Costs relating to this project amounted to around €120,000 in 2011.

1.8. Description of the main risks and uncertainties to which the Group is exposed

The Group has carried out a review of the risks that could have a materially negative effect on its business activities, its financial situation or its results and believes that, on the basis of the information presently available to it, there are no significant risks other than those set out below.

1.8.1. Financial risks

In this section, the term "Group" means the Company and its consolidated subsidiaries within the meaning of Article L. 233-16 of the French Commercial Code.

Specialising in zinc, lead and plastic recycling and special metals, the Group is exposed to currency and interest-rate risk and the risk of fluctuations in commodity prices. It is also exposed to other risks, like counterparty and liquidity risk.

The Group has defined a policy and created a procedural manual in order to measure, manage and control its market risk exposure. This policy prohibits any speculative positions from being established in the market and consists in using derivatives to hedge part of the Group's exposure to risks arising from the fluctuation in commodity prices. Procedures have been put in place at Group companies where risks have been identified.

Financial instruments are traded on the over-the-counter market with a highly rated counterparty. The Group primarily uses futures and options.

Derivatives cover existing and anticipated financial and commercial exposure. Derivative positions are tracked on a fair-value basis.

Exposure to currency and commodity risks are managed locally, at the level of the Group companies affected, under the overall surveillance of the Group’s General Management.

- **Commodity risk**

The Group is exposed to the risk of fluctuations in metal prices, especially lead, zinc and silver (a by-product mainly from the processing of lead ores at the Group's main smelter in Germany). Lead and zinc prices are quoted in US dollars on the London Metal Exchange and silver prices on the London Bullion Market Association (LBMA). The group has no influence over the price of these metals and is thus exposed to fluctuations in their value. Exposure results from sales of metals for which production is based on primary and secondary raw materials (such as used lead-acid batteries), the price of which was set at a different time. For that reason, hedges are taken out for any time lag between purchase and sale and for commercial stocks.

From time to time, it uses hedging instruments to protect its margins.

Hedges for lead and silver were used in 2011.

- **Currency risk**

The Group is exposed to currency risk arising from transactions carried out by its subsidiaries in currencies other than their operating currency, with certain supply contracts, most notably, being denominated in dollars. The Group's policy is not to hedge this currency risk.

At December 31, 2011, the Group had no dollar-denominated commodity derivatives hedging euro-denominated sales. All commodity derivatives are now denominated in euros.

- **Interest rate risk**

Most of the Group's long-term debt is in Recylex SA, the holding company, and its subsidiaries Recylex GmbH, WMG and RMO. Given the Group's situation, debt consists mainly of liabilities covered by the repayment schedule of Recylex SA's continuation plan, and the four loans taken out by Recylex GmbH, WMG, C2P GmbH and RMO. The loans taken out by Recylex GmbH and C2P GmbH are fixed-rate, and those taken out by WMG and RMO are floating-rate.

The debt resulting from the continuation plan does not bear interest. The Group uses interest-rate derivatives to hedge the interest rate risk on the two floating-rate loans.

- **Counterparty risk**

The Group is exposed to credit risk in the event that a counterparty fails. The Group's credit risk policy varies from segment to segment.

- *Credit risk linked to trade receivables*

On the basis of the information available to it, the Group does not expect any third-party insolvency that could have a significant impact on the Group's financial statements. However, given the current economic and financial situation, which remains particularly difficult and uncertain, failures among Group customers cannot be ruled out.
In the lead segment, the Group maintains commercial relations with a limited number of customers proven to be financially sound, to which the payment terms granted are very short. However, for the reasons outlined above relating to the exceptional current economic and financial conditions, the Group cannot fully rule out the risk relating to the potential insolvency of its clients.

In the lead and zinc segments, the Group can hedge some of its accounts receivable by selling receivables to a factoring company under non-recourse factoring contracts. At December 31, 2011, the Group had sold €15.3 million of receivables to a factoring company, compared with €13.7 million in 2010.

- *Credit risk linked to cash and cash equivalents and derivatives*

Currency and commodity hedges and cash investments are made with prime financial institutions benefiting from a long-term rating of AA- and A+ from Standard & Poor's as at December 31, 2011. However, in view of the current financial context in the banking sector, which remains difficult and uncertain, the failure of financial institutions cannot be entirely ruled out.

- **Liquidity risk**

The Company has prepared cash forecasts for 2012 based on the information available to it, notably including outlays linked to the outstanding instalments due to creditors under the continuation plan during the 2012 financial year and expenditure relating to its commitments for the remediation of former mining sites and the Estaque site. The Group’s subsidiaries have also submitted their cash flow projections (by cash pool) for 2012. These projections are based on metal prices below the average for 2011.

These forecasts show a reduction in cash over the course of 2012, mainly because of environmental charges and liabilities to be repaid, but do not give rise to any short-term financing requirement. However, it is very difficult to make medium-term projections given the volatility of metal prices and the difficulty in predicting trends in both prices and the economic outlook.

As regards the cash flow of parent company Recylex SA, it should be noted that:

- there is no centralisation of Group cash at the level of Recylex SA;
- any dividends paid to Recylex SA may be severely limited due to the tax consolidation system for the Group's German subsidiaries. Within the context of the tax consolidation system concerning corporation tax and business tax in Germany, agreements providing for the transfer of losses and income ("Ergebnisabführungsvertrag") have been signed between some of the Group's German subsidiaries. This has resulted in offsetting of losses and income at the level of the parent company of the Group's

German subsidiaries, Recylex GmbH, a wholly-owned subsidiary of Recylex SA. According to this system, all tax-consolidated companies must transfer all of their income to the tax-consolidating company, Recylex GmbH. However, if a loss is recognised, the consolidated company is entitled to compensation from the consolidating company. Any payments of dividends by Recylex GmbH to Recylex SA therefore depend on the financial situation of all of the German subsidiaries tax-consolidated by Recylex GmbH and not just on the latter's situation;

- bank loans taken out by certain subsidiaries in Germany are subject to bank covenants limiting the payment of dividends to Recylex SA according to cash flow generated by all of the Group's German subsidiaries.

Following the adoption of the continuation plan by the Paris Commercial Court on November 24, 2005, Recylex SA's debt was rescheduled *(further information about the liabilities rescheduled under the continuation plan may be found in Note 18 in the Notes to the consolidated financial statements).*

Following the Douai Appeal Court's rulings of December 18, 2009 and December 17, 2010, the damages awarded to the former employees of Metaleurop Nord SAS, totalling €16.2 million (€12.6 million for former non-managerial employees and €3.6 million for former managerial employees), have been included in the continuation plan. On September 28, 2011, the Cour de Cassation rejected the appeals submitted by Recylex SA against the Douai Appeal Court's 460 rulings of December 18, 2009. The case before the Cour de Cassation concerning the appeals lodged by Recylex SA against the Douai Appeal Court's rulings of December 17, 2010 relating to 92 former employees of Metaleurop Nord SAS (including 84 former managerial employees and eight former non-managerial employees) is still ongoing.

In accordance with its continuation plan, the Company has paid the first six instalments to its creditors, representing a total of €39.9 million at December 31, 2011.

At December 31, 2011, total liabilities under the Company's continuation plan, after inclusion of damages awarded by the Douai Appeal Court to former Metaleurop Nord SAS employees, was €25.6 million (€22.0 million after elimination of intra-group items), compared with €16.6 million excluding these damages payments (€12.9 million after elimination of intra-group items).

Furthermore, in 2010, 192 former managerial and non-managerial employees of Metaleurop Nord SAS who were not party to the proceedings brought in 2005 made claims for damages of a total of €9.96 million. Following a lack of reconciliation on March 8, 2011, the industry and management sections of the Lens labour tribunal decided to adjourn these cases to their hearings of June 12, 2012. The damages claimed have been fully provisioned in the Company's accounts. The Company intends to challenge both the admissibility and the merits of these applications. If a final award were to be made against the Company, the damages would be added to the Company's rescheduled debt under the continuation plan and would cause a negative impact on the Company's cash position.

Such an increase in scheduled payments under the continuation plan could generate an external medium-term financing requirement, depending on developments in market conditions (*for more information about current legal proceedings and the Company's continuation plan, see Note 1 of the notes to the consolidated financial statements*).

It is important to note that no provision has been recognised in Recylex SA's accounts for the amount claimed by the liquidators of Metaleurop Nord SAS for repayment of the liabilities of Metaleurop Nord SAS up to €50 million (*for more information, see Note 1 of the notes to the consolidated financial statements*) and the amount is not included in the Group's five-year cash flow forecast (2012-2016) in the light of the Tribunal de Grande Instance de Béthune's rejection of this claim on February 27, 2007.

Should this case, which is currently under appeal, result in an unfavourable outcome for Recylex SA causing a significant increase in its liabilities, the Company's available cash would no longer be compatible with the instalments to repay creditors under the continuation plan or with the Company's commitments to rehabilitate former mining sites and the former L'Estaque site (*see Note 38 of the Notes to the consolidated financial statements, which gives environmental information at Group level*).

1.8.2. Operational risk

The Group's production sites, and Group entities operating lead smelters in particular, are exposed to the risk of production stoppages due to incidents like power cuts or shortages of essential materials. Each Group subsidiary has taken measures to forestall such risks, such as preventive maintenance, the constitution of stocks of essential items and other operating procedures.

Changes in the laws and regulations of countries in which some of the Group's suppliers are located, especially relating to export controls, are liable to represent a risk to the Group's sourcing of supplies.

At present, the Group's main clients are located in Europe. However, in the event of a decline in European demand, the Group has the capacity to serve a non-European client base by developing export activities.

1.8.3. Legal risks

The Group's operating structures consist primarily of French simplified joint stock companies ("*sociétés par actions simplifiée*" or SAS) and German limited liability companies (GmbH). Management of the Company and its French subsidiaries as legal entities, as well as the legal risks to which they may be exposed, is the responsibility of the Company's Legal Department at the head office, assisted by external advisors. In the case of its Belgian and German subsidiaries, this is the responsibility of their respective Managing Director, assisted by the Company's Legal Department and external advisors.

The main legal proceedings initiated against the Company are described in Section 1.3.1, and the financial consequences of these proceedings are described in Section 1.8.1 "Liquidity risk" of this Report.

1.8.4. Environmental risks

In the context of the sustainable development of its business, the Group pays particular attention to the impact of its activities on the environment and the health and safety of its employees and local residents, and to strict compliance with the laws and regulations that define operating standards and good working practices.

All Group sites whose recycling activities are liable to have an impact on the environment require authorisation from the local environmental authorities, compliance with which is an absolute priority.

The WMG (lead), Norzinco GmbH (zinc) and PPM (special metals) sites in Germany are Seveso II classified.

The classified facility able to make the most significant contribution to the Group's environmental performance is the WMG facility in Nordenham, Germany. Risk assessment within the Seveso regulatory framework is assigned to specialised consulting firms. An emergency plan has been introduced in relation with local authorities. However, no risk of explosion that may cause damage to people living near the Group's sites has been identified. Insurance has been taken out covering environmental liability of €10 million, as well as environmental liability concerning the prevention and repair of environmental damages of €6 million per claim per year.

The Group is also responsible for the rehabilitation a number of old industrial and mining sites inherited from the history of the two companies which founded the Group in 1988 (the German company Preussag AG, now TUI AG, and the French company Peñarroya), most of which were never operated by the Group. As far as Recylex SA is concerned, the Company's CEO is directly responsible for overseeing the rehabilitation of former mining and industrial sites in France, monitored by an environmental expert specialising in the field.

Management of risks relating to the environment, health and safety is the responsibility of the managers of the Group's subsidiaries and facilities, to whom a Quality, Health and Safety and Environment officer reports for each entity concerned.

1.9. <u>Sustainable development</u>

1.9.1. The Group's sustainable development policy

The Group has been transformed from a primary producer of lead and zinc (from metal concentrates) into a recycling business, processing waste as a secondary source of commodity metals, as metals can be recycled indefinitely.

As the Recylex Group is active in the recycling and processing of waste metals and polypropylene and the production of high-purity metals, the protection of the natural and human environment is an essential factor in guiding the development of these businesses. Over and above simple respect for local regulations, the anticipation and prevention of risks relating to the health of employees, the safety of industrial facilities and the protection of the environment are at the heart of the strategy and business culture promoted by the Group.

The Group's sustainable development policy is to:

- Protect the environment by respecting applicable regulations;
- Protect the health of employees;
- Maintain sustainable performance.

The Group's undertakings under its sustainable development charter are as follows:
- Controlling and reducing the impact of activities on the natural environment;
- Involving local and national stakeholders;

- Improving working conditions for employees;
- Identifying, defining and implementing effective risk management;
- Assessing and improving processes to prevent occupational illness and work-related accidents;
- Designing, maintaining and operating installations in a reliable and effective manner that respects the environment;
- Identifying and optimising reductions in energy consumption.

1.9.2. Environmental Management System within the Group

The Group's sustainable development charter is applicable to all Group entities and subsidiaries and conforms to the ISO 14001 principle of continuous improvements to environmental standards.

The implementation of the Group's sustainable development charter requires management teams within each establishment or subsidiary to ensure that environmental parameters are respected and to provide a channel of communication with local authorities and communities. Each plant's manager has at least one person reporting to them whose main responsibility is management of environmental protection, training and information to employees, with a target of reducing environmental risks and defining the systems and structures to implement in the event of an emergency situation on each site.

Environmental Management Systems create a framework aiming at identifying the impact of activities, defining improvement targets, implementing action plans and evaluating progress. In this context, each Group's establishment and subsidiary has management systems which are certified by approved organisations. These certifications are based on international standards for quality, health and safety and environmental protection (hereinafter referred to as "QHSE") and are set out on a plant-by-plant basis in the table below:

Operating plants as at December 31, 2011	**Business segment**	**Certifications**
France		
Recylex SA plants at Escaudoeuvres and Villefranche-sur-Saône	Lead	ISO 14001: 2004
C2P plant at Villefranche-sur-Saône	Plastics	ISO 14001: 2004 ISO 9001: 2008 OHSAS 18001: 2007
Recytech SA plant at Fouquières-lès-Lens (50%-owned by Recylex SA)	Zinc	ISO 14001: 2004
Belgium		
FMM plant, Brussels	Lead	ISO 14001: 2004 ISO 9001: 2000
Germany		
HMG plant, Goslar	Zinc / Lead	ISO 14001: 2005 ISO 9001: 2008
WMG plant, Nordenham	Lead	ISO 14001: 2005 ISO 9001: 2008
Norzinco GmbH plant, Goslar	Zinc	ISO 14001: 2005 ISO 9001: 2008
C2P GmbH plant, Goslar	Plastics	ISO 9001: 2008
PPM plant, Langelsheim	Special metals	ISO 9001: 2008
RMO plant, Osterwieck	Special metals	ISO 9001: 2008

All of the Group's operating plants, the activities of which are set out in Section 1 of this Report, are subject to environmental administrative authorisations in view of their industrial activities, which may impact the environment.

German plants WMG, PPM and Norzinco GmbH are Seveso II classified (*see Section 1.8.4 of this Report*).

1.9.3. Group Sustainable Development Reporting

In anticipation of the decree implementing French law n° 2010-788 of July 12, 2010, the so-called "Grenelle II" law, setting out new reporting requirements relating to sustainable development, the Group decided to initiate a process in the third quarter of 2011 for formalised reporting of social, environmental and governance data (Sustainable Development Reporting), including test audits performed by an external firm at two of the Group's pilot sites at the end of 2011.

The scope of Sustainable Development Reporting covers social, environmental and governance data relating to the Company, as well as all of its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code or the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code, excluding companies in which Recylex SA owns half or less than half of the share capital. Only subsidiaries with staff are included in the social reporting scope and only subsidiaries and facilities with operations that impact the environment are included in the environmental reporting scope.

The social and environmental indicators included in the Group's Sustainable Development Reporting have been selected on the basis of their relevance relative to the Group's activities and areas of intervention. Working parties have been set up with competent staff within the Group to establish the principles underlying each indicator relating to human resources, the environment and safety included in Sustainable Development Reporting. This process, taking account of the guidelines put forward by the Global Reporting Initiative (GRI)[*], has therefore resulted in the creation of methodological guidelines describing the reporting process, definitions of the selected indicators and the methods to be used by the Group's various entities involved in reporting. These guidelines will be revised on a regular basis to take account of other relevant indicators, as well as developments within the Group. The reporting scope, selected indicators, definitions and related calculation methods may therefore be subject to change from one year to the next.

These methodological guidelines are intended to provide a reference framework for the purposes of Sustainable Development Reporting external audits when the aforementioned decree comes into force. In this respect, it will be accessible to readers of the Group's Annual Report on request.

In addition, a questionnaire relating to qualitative social, environmental and governance data presented in this Report has been prepared and sent to the reporting officers at Group entities concerned in order to complement the figures provided in Sustainable Development Reporting.

The process for setting out a formalised Sustainable Development Reporting process will continue in 2012, in particular with the selection of additional indicators depending on their relevance relative to the Group's activities and the determining of their definitions and calculation methods as part of the regular review of the Group's methodological guidelines.

The Group's social and environmental data presented in this Report have changed and may differ from the data published in the 2010 management report, taking account of the definitions used within the framework of preparing the methodological guidelines for social and environmental Sustainable Development Reporting indicators, and determining the companies included in the scope of this reporting, excluding in particular Recytech SA, which is 50%-owned by Recylex SA.

The Group's Sustainable Development Reporting indicators are divided between the various sections of this Report. Environmental indicators are presented in Section 1.9.3.1, employee indicators in Section 1.9.5.1 and health and safety indicators in Section 1.9.6.

1.9.3.1. Environmental indicators

The Group's operational plants have a potential impact on their environment relating primarily to atmospheric emissions and waste water, particularly with respect to heavy metals such as lead and cadmium.

The relevant values measured or calculated for the Group's operating plants have been collected and reported in accordance with the process for setting out a formalised Sustainable Development Reporting system as described above and are shown in the tables below. In general, measured data are obtained by self-monitoring. This self-monitoring is verified at least once a year by an authorised body and subject to unannounced checks by the appropriate local authorities.

- **Consumption of non-renewable materials**

Non-renewable materials are materials produced from resources that cannot be restored quickly. The non-renewable materials used for this indicator are mainly lead concentrates from mines, coke, coal and minerals consumed as raw materials and also as reagents, such as lime for neutralising effluents. This excludes all raw materials making up manufactured products bought, such as steel contained in of new machinery purchased.

[*] *GRI guidelines, indicators and protocols are available on the website: www.globalreporting.org*

The table below shows the Group's performance in the consumption of non-renewable raw materials over the past two years:

	2010	2011
Group consumption of non-renewable materials	100,209 tonnes	92,086 tonnes

- **Consumption of secondary raw materials (waste)**

Secondary raw materials (waste) monitored within the framework of this indicator are materials replacing a material produced from a virgin resource, bought or obtained from external sources. The recycled materials used for this indicator are mainly used lead-acid batteries, lead paste and lead metallics, electric steel mills dust, propylene waste, lead and zinc waste and gallium and germanium compounds.

The table below shows the Group's performance in the consumption of secondary raw materials (waste) over the past two years:

	2010	2011
Group consumption of secondary raw materials	305,811 tonnes	299,563 tonnes
Secondary raw materials consumed as a percentage all raw materials consumed by the Group	75.32%	76.49%

As the Group's activities fall mainly within the area of recycling, the proportion of non-renewable raw materials consumed by the Group is by nature smaller than the proportion of secondary raw materials (waste). The reduction in consumption of secondary raw materials in 2011 relative to 2010 was due to a large extent to a reduction in collection activities for the zinc business.

- **Waste**

This indicator concerns volumes of hazardous and non-hazardous waste generated by the Group's production activities that are either processed outside the Group in order to extract the compounds contained in this waste such as lead, zinc and polypropylene, or confined at storage centres when there is no possible means of processing technically or economically.

In accordance with Decree n° 2010-15-79 of December 17, 2010, implementing into French law Directive 2008/98/EC of November 18, 2008 on waste management, lead-bearing materials from lead-acid battery processing facilities in France are regarded as waste materials until specific criteria defining the ending of waste material status for these materials are defined. However, materials regarded as waste materials but processed by Group entities have been excluded within the framework of this indicator due to the Group's core business line of recycling waste in order to convert it into secondary raw materials that can be used to substitute mining resources without the need for additional treatment. The main efforts concerning management of waste generated by the Group's activities relate to reducing the volumes of waste for confinement, favouring as far as possible internal recycling of materials that are not rich enough in metals to be sold or non-compliant products.

The hazard characteristics of waste produced by the Group and a description of processing and confinement operations are provided in Directive 2008/98/EC of November 19, 2008.

The volume of waste generated by the Group's activities over the past two years, as well as how this waste is managed, is as follows:

Industrial waste	**2010**	**2011**
Non-hazardous waste treated in storage facility *(1)*	58,450 tonnes	60,469 tonnes
Hazardous waste treated in approved storage facility	8,998 tonnes	10,492 tonnes
TOTAL waste treated	67,448 tonnes	70,961 tonnes
Non-hazardous waste processed externally	2,467 tonnes	2,679 tonnes
Hazardous waste processed externally	2,745 tonnes	3,040 tonnes
TOTAL waste processed externally	5,212 tonnes	5,719 tonnes

(1) The bulk of waste generated corresponds to slag from the production of Waelz oxides at the HMG plant. Since 2010, this slag has been stored at an internal storage centre.

- **Direct and indirect energy consumption**

Direct energy is energy consumed by the Company on site, for example natural gas used mainly for production or diesel consumed in handling and transportation of materials within the site.

Indirect energy is energy consumed outside the Company to supply energy to the Company, such as electricity or steam purchased from a supplier. The current version of the Group's Sustainable Development Reporting system excludes all forms of energy consumed in relation to the transportation of materials from suppliers to the factory or shipped to customers and fuel used by vehicles for the transportation of people and travel from home to the workplace.

The table below shows the development of energy consumption by sites (in MWh) over the past two years:

Direct energy consumption by sites	**2010**	**2011**
Natural gas	229,399 MWh	239,221 MWh
Diesel/petrol	13,083 MWh	12,506 MWh
Total	**242,482 MWh**	**251,727 MWh**
Indirect energy consumption outside sites	**2010**	**2011**
Electricity	84,144 MWh	86,120 MWh
Total	**84,144 MWh**	**86,120 MWh**
Total energy consumption by the Group	**326,626 MWh**	**337,847 MWh**

As regards measures taken to reduce energy consumption, the Group is continuing with its efforts to reduce its energy consumption in terms of use of natural gas for thermal processes and for electricity used by electric motors in its sites' production facilities. The Group's energy saving measures form part of a long-term strategy to reduce consumption per tonne produced, through production process optimisation. This policy is illustrated by the following examples: Norzinco GmbH is looking into recovery of thermal energy from gas resulting from its industrial processes and C2P SAS in France is looking into reducing the pre-heating time for its extruders. With regard to electricity consumption, a number of plants have invested in frequency converters for electrical motors using a large amount of energy, as well as installing "smart" meters to optimise power networks.

The Group is contributing to the development of renewable energy through its PPM subsidiary, which produces the raw material used in the production of thin-film photovoltaic cells using cadmium telluride. In addition, so-called stationary lead-acid batteries, which are recycled by the Group, are widely used for the temporary storage of energy in the solar and wind generation sectors.

- **Water consumption**

This data concerns all water withdrawals made on site by all Group companies from all supply sources, including cooling water.

The table below shows the Group's performance in water consumption over the past two years:

Total Group water consumption	**2010**	**2011**
River water for cooling of facilities *(1)*	4,959,902 m^3	3,332,753 m^3
Drinking water	220,737 m^3	248,100 m^3
Water used for production and cleaning	2,230,199 m^3	2,201,312 m^3
Total	**7,410,838 m^3**	**5,782,165 m^3**

(1) The reduction in the consumption of cooling water relates primarily to the use of new coolers significantly reducing withdrawals of river water for cooling the acid unit of subsidiary Weser-Metall GmbH in Nordenham, Germany.

- **Direct and indirect greenhouse gas emissions**

This indicator concerns direct and indirect greenhouse gas emissions resulting from the burning of fossil fuels consumed directly and indirectly. The current version of the Group's Sustainable Development Reporting system excludes greenhouse gas emissions resulting from energy consumed in relation to the transportation of materials from suppliers to the factory or shipped to customers, as well as fuel used by vehicles for the transportation of people and travel from home to the workplace.

The greenhouse gas in question is carbon dioxide. Other greenhouse gases such as methane, nitrogen oxide, fluorocarbons and hexafluorides are not relevant for the Recylex Group's activities.

The table below shows the amount of carbon dioxide emissions by the Group in tonnes (tCO2) over the past two years:

Direct and indirect greenhouse gas emissions (tCO2)	**2010**	**2011**
Direct emissions from sites	138,740 tCO2	132,550 tCO2
Indirect emissions (e.g. for electricity generation)	31,061 tCO2	31,809 tCO2
Total	**169,801 tCO2**	**164,359 tCO2**

Although no Group plant is subject to carbon dioxide emissions quotas, the Group takes account of the widespread awareness of global warming. Plans for an EU carbon tax on energy consumed are a growing cause for concern for the Group, particularly for the Weser-Metall GmbH plant in Nordenham, Germany.

- **Atmospheric emissions of metals**

This data concerns atmospheric emissions of the main metals listed on environmental permits prescribed for the Group's industrial facilities and which may have a harmful effect on the environment. This indicator applies to all Group companies with the exception of PPM and RMO, whose activities generate few atmospheric emissions of metals.

Management of particle emissions from sites is a major challenge for the Group in ensuring a healthy environment for the neighbours of production sites. The use of thermal processes may result in contamination in chimney gases and such plants are therefore fitted with filtration systems.

The metals concerned are as follows (kg/year):
- Lead
- Cadmium
- Zinc

The table below shows the Group's performance in air-borne emissions of lead, cadmium and zinc over the past two years:

Air-borne emissions from chimneys (measured discharges)	**2010**	**2011**
Lead	663.8 kg/year	631.2 kg/year
Cadmium	3.86 kg/year	5.80 kg/year
Zinc	4,070 kg/year	4,313 kg/year

- **Metal effluents discharges**

This data concerns discharges into the air of the main metals listed on environmental permits prescribed for the Group's industrial facilities and which may have a harmful effect on aquatic environments and the environment of communities downstream of discharge points. This indicator applies to all Group companies with the exception of RMO (no discharges).

European Directive 2000/60/CE of October 23, 2000 defines targets for improvements in European water quality for 2015, and has gradually been incorporated into operating licences for waste treatment plants which have to adjust to these new requirements.

The main metals concerned for the Group are as follows:
- Lead
- Cadmium
- Zinc

The table below shows discharges into water of lead, cadmium and zinc by Group companies over the past two years:

Waste water emissions by Group sites (measured discharges)	2010	2011
Lead	17.3 kg/year	17.3 kg/year
Cadmium	10.15 kg/year	12.22 kg/year
Zinc	184.9 kg/year	169.6 kg/year

1.9.3.2. Impact of activities on a local or regional level

- **Impact in terms of road traffic, odour and noise**

Depending on whether they are in a rural area or not, the Group's plants take measures to limit the impact of their activities on the neighbouring and local population, relating mainly to road traffic and noise.

The Group regularly tests the noise impact of the activities of its establishments and subsidiaries on their surrounding area. These tests did not reveal any noise pollution above authorised levels in 2011.

No fines were paid in 2011 for contravening environmental regulations. No complaints regarding nuisance odours were made against the Group in 2011.

- **Soil contamination**

Soil contamination by the Group's operating sites is the consequence of dustfall for areas external to plants (see Section 1.9.3.1 of this Report) and to the storage and handling of material within plants. Over and above simply meeting the requirements of applicable legislation, Group companies monitor soil quality, either by measurement of atmospheric fallout or by periodic sampling and analysis of soil quality. The Group makes substantial investment each year in ensuring the soil surface sealing of its plants.

During 2011, the Company's facilities limited the speed of vehicles travelling within its sites following a similar conclusive experiment conducted in Germany, which had a positive impact on reducing volumes of dustfall both at the sites concerned and in the surrounding area.

- **Measures taken to limit impact on the natural environment and protected species**

All of the Group’s operational plants are located in industrial or urban zones, far from any protected area (e.g. Natura 2000 classification) and therefore require no particular protection measures. However, each subsidiary of the Group is well aware of the need to limit the impact of its activities on the environment.

In addition as part of the rehabilitation of mining or former industrial sites, particular attention is taken during works to close former mine workings where these have been identified as bat roosting sites. In this case, closure consists of closing the gallery with a thick concrete wall incorporating a hole fitted with steel bars, rather than closure by blasting or the use of fill materials.

1.9.4. Group environmental strategy

1.9.4.1. Recycling

Recylex plays a crucial role in industrial recycling. It processes and recovers several kinds of auto components, i.e. non-hazardous waste like scrap zinc, and hazardous waste like steel mill dust and used-batteries.

Recylex's activities also contribute to reduce the use of non-renewable primary materials, such as lead or zinc - which can be recycled indefinitely - or, indirectly, oil by recycling polypropylene. Recylex recycles, transforms and processes 97% of a used battery: lead-containing materials and plastic, as well as sulphuric acid, are turned back into products of the same quality as those obtained from activities using natural raw materials.

Recycling contributes to the reduction in greenhouse gas emissions by avoiding the energy consumption required for the extraction of raw materials and their transport to Europe. Recycling technologies also consume less energy than the processes used to produce primary raw materials.

1.9.4.2. Rehabilitation of mining and industrial sites and waste heaps

The rehabilitation of former mining and industrial sites that remain the responsibility of the Group are the subject of substantial provisions (see note 38 to the consolidated financial statements).

- France

At the time of its creation in 1988, the Group assumed responsibility for thirty or so mining concessions in France, just two of which were still being operated at the time. Under the 2005 continuation plan, Recylex SA defined a programme of securing its mining concessions, which was validated and kept updated with the French industry and ecology ministry and local authorities.

The procedure for abandoning work at mining concessions depends on the Mining Code legislation and consists firstly of ensuring the safety of mining installations and former waste sites, prior to the administrative process of returning them to government ownership formalised by the publication of a Ministerial decree of cancellation.

At December 31, 2011, Recylex SA held 11 mining concessions and one operating permit, having successfully obtained the ministerial decree for 16 concessions since 2005, including two in 2011 in the Hautes Pyrénées and Aude regions.

The Company also remains responsible for the rehabilitation of two industrial sites. The main such site is in Estaque near Marseille.

- Germany

In Germany, the HMG, PPM and WMG subsidiaries remain responsible for former waste heaps or landfill sites located within or near to operational sites. Many of these former industrial sites or waste heaps have not been in operation for a number of years but the Group retains either sole responsibility or joint responsibility with other industrial groups for them and for their rehabilitation.

1.9.4.3. Recylex Lab: commitment to continuous improvement

In 2008, an external firm carried out a health, safety and environment audit across all Group industrial plants, producing recommendations in terms of continuous HSE improvements.

On the basis of the audit, the Group's management launched an action plan, known as "Recylex Lab", seeking to implement these recommendations with the support of expert consultants at the Recylex SA and C2P plants in Villefranche-sur-Saône. Following a favourable reaction and the positive results observed after the plan of action was initiated in 2009, the audit continued in 2010 at the Recylex SA site in Escaudœuvres, with objectives set in December 2010 for the Villefranche and Escaudœuvres plants for 2011 and 2012.

1.9.4.4. REACH procedure

Adopted in December 2006, EC regulation 1907/2006 REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) came into force on June 1, 2007 and covers the control of the manufacture, importing, sale and use of chemical substances.

REACH is a significant turning point in the regulation of industrial chemicals and will have a major impact on the ways in which producers, importers and users of chemicals operate. Significant benefits are expected in terms of protection of human health and the environment, through better knowledge of the substances, the risks involved in their use and, where required, reductions or complete bans on their use.

REACH consists of four main procedures:
- Registration of chemicals
- Evaluation of chemicals
- Authorisation of chemicals
- Potential restriction of chemicals.

The Group works closely with international professional organisations regarding the implementation of the various stages of the process. Norzinco GmbH has been designated Lead Registrant for zinc oxide by the REACH Zinc Consortium (International Zinc Association in Brussels), whilst Weser-Metall GmbH has been designated as Lead Registrant for lead-acid battery waste from recycling by the REACH Lead Consortium (International Lead Association in London).

European Regulation 1272/2008 on the classification, labelling and packaging of substances and mixtures (CLP) which came into effect on January 20, 2009, introduced additional measures to be applied to chemical substances before January 3, 2011. This regulation incorporates the United Nations classification and labelling criteria, known as the "Globally Harmonised System (GHS) for the classification and labelling of chemicals", which sets out classification criteria and defines new hazard symbols and new labelling formats to ensure better protection of workers, consumers and the environment.

During 2011, the preparatory stages for forthcoming registrations (2013 and 2018) were initiated, primarily for cadmium telluride, antimony trichloride, arsenic, germanium, indium, gallium and their compounds. PPM and RMO are members of the REACH Arsenic Consortium and PPM is also a member of the REACH Cadmium Consortium, REACH Antimony Consortium and REACH Indium Consortium.

1.9.4.5. Environmental expenditure and provisions at Group sites

- **Expenditure relating to Group sites**

Environmental expenditure shown in the table below represent investment in the Group's operational sites on the one hand, and the rehabilitation costs for former industrial, mining and waste heap sites on the other.

(i) Environmental investment in Group operational sites

		2010	2011
Environmental investment in operational sites	France	€576 thousand	€1,541 thousand
	Belgium	€63 thousand	€146 thousand
	Germany	€3,407 thousand	€824 thousand
	Total	***€4,046 thousand***	***€2,511 thousand***

In 2011, more than 30% of the Group's expenditure was dedicated to improving conditions for protecting the environment and/or the safety of industrial operations.

(ii) Expenditure relating to former industrial sites and waste heaps

		2010	2011
Expenditure relating to former industrial sites	France	€538 thousand	€1,048 thousand
	Germany	0	0
	Total	*€538 thousand*	*€1,048 thousand*
Expenditure relating to waste heaps	France	0	0
	Germany	€387 thousand	€550 thousand
	Total	*€387 thousand*	*550 thousand*
Total expenditure		***€925 thousand***	***€1,598 thousand***

Expenditure recognised in 2011 amounted to around €1,598,000, covering the cost of surveys and of work to minimise environmental impacts and restore sites, along with the cost of operating long-standing pollution treatment facilities.

Two former industrial sites in France were subject to engineering design and remediation works during 2011.

- <u>Estaque</u>

The Company owns a plant in Estaque that ceased operation in February 2001. Its impact on the local environment was caused by metal mining waste and demolition waste, which is to be stored in enclosed storage cells built on-site.

On February 6, 2012, an additional Prefect's order deferred planning of rehabilitation works to December 31, 2015. On December 1, 2011, the Company obtained permission to create storage cells in the "Vallon du Soufre" valley.

During 2011, the amount of expenditure totalled around €609,000.

The assessment of two additional years of recurring costs has resulted in an increase in projected costs of around €808,000.

- <u>Rieux</u>

Recylex SA owns an industrial site at Rieux (Oise) which was let to Penox SA. This company ceased operations on the site in 2006, returning it with vacant possession. Since then, Recylex SA has been responsible for the site's security and maintenance pending its sale. In 2011, the Company elected to demolish the buildings in order to be able to offer a clear site. Expenditure relating to these works came to around €413,000 in 2011.

(iii) Expenditure relating to mining sites in France

	2010	2011
Expenditure relating to mining sites in France	€1,168 thousand	€1,503 thousand

Over the course of 2011, the cost of works came to around €1,503 thousand for the project of remediation works at the Noailhac-Saint-Salvy (Tarn) mining installation and the management of water treatment facilities.

During the 2011 financial year, an assessment of the additional work required at several mining facilities and the inclusion of an additional year of recurring costs resulted in an increase of projected costs of around €231 thousand.

- **Environmental provisions relating to Group sites**

(The environmental provisions summarised in the table below are detailed in Notes 38 and 22 to the consolidated and parent company financial statements)

Provisions (€ million)	2010	2011
France		
Active sites	0	0
Closed sites	€17,343 thousand	€17,130 thousand
Mines	€5,171 thousand	€4,157 thousand
Germany		
Active sites	€1,116 thousand	€1,116 thousand
Closed sites	€9,871 thousand	€9,439 thousand
Belgium		
Active sites	€742 thousand	€742 thousand
Total provisions	***€34,243 thousand***	***€32,584 thousand***

1.9.5. Recylex Group social information

As part of the process of setting out a formalised Sustainable Development Reporting system (see Section 1.9.3 of this Report), the process for and scope of social data for Group entities with employees were defined and specified at the time of preparing the methodological guidelines, in collaboration with the Group's human resources officers in charge of such reporting at the level of each country in which the Group entities concerned are present.

The Group's employee data presented in this Report have changed and may differ from the data published in the 2010 management report, taking account of the indicators and definitions used within the framework of preparing the methodological guidelines, and determining the companies included in the scope of Sustainable Development Reporting, excluding in particular Recytech SA, which is 50%-owned by Recylex SA.

For the same reasons as those stated for environmental reporting, the reporting scope, indicators selected, and related definitions and calculation methods may vary or be adjusted from one year to the next.

1.9.5.1. Employee indicators

- **Operational employees**

Employees on permanent or temporary contracts with one of the Recylex Group's companies and included in staff registers on the last day of December are regarded as forming part of the Group's operational employees, regardless of their working hours (full or part time), apart from apprentices and those on work-based training contracts.

The average number of full-time equivalent operational employees corresponds to operational employees at the end of each month of last year, adjusted to take account of part-time employees using the individual attendance rate, as well as employees present for just part of last year, divided by 12.

The table below shows the breakdown of operational employees by number and the average number of full-time equivalent operational employees by country and at Group level:

	Operational employees at December 31		Average number of full-time equivalent operational employees	
	2010	2011	2010	2011
Germany	530	540	523.4	537.1
France	62	64	62.1	62.2
Belgium	24	23	23.8	23
Group	**616**	**627**	**609.3**	**622.3**

At December 31, 2011, the Group's operational employees were divided between Germany (86%), France (10%) and Belgium (4%), with an increase of 1.3% relative to 2010.

The proportion of operational employees working part time relative to those working full time decreased by around 1% at December 31, 2011 to 4% compared with 5% at December 31, 2010:

	Full-time operational employees at December 31		Part-time operational employees at December 31	
	2010	2011	2010	2011
Germany	506	519	24	21
France	61	61	1	3
Belgium	23	23	1	0
Group	**590**	**603**	**26**	**24**

The way in which working hours are organised depends mainly on the business sector of the Group's companies and facilities, as well as the country in which they are based, with adaptations made for production plants requiring ongoing operation and the practice of shift work.

The legal number of working hours at December 31, 2011 in the various countries in which the Group operates is as follows:

Country	Region/Land	Sector-based collective agreement	Full-time working hours per week	Full-time working hours per day
Germany	Lower Saxony	Metallurgy	35	7.5 on average
		Chemical products	37.5	7.5 on average
	Saxony-Anhalt	Chemical products	38	7.5 on average
France		Metallurgy/Plastics	35	7
Belgium		Metallurgy	38	8

- **Operational employees turnover**

The Group hired 46 employees in 2011, an increase of 53% on 2010.

The total number of departures to December 31, 2011 was 36 at Group level, including six redundancies (mainly due to serious misconduct) compared with 21 departures in 2010, including four redundancies. No redundancy or employment protection plans were introduced by the Group in 2011.

The number of jobs created (number of hires - number of departures) remained positive in 2011 relative to 2010.

The Group's employees turnover rate, corresponding to the total number of employees leaving one of the Group's companies (due to voluntary departure, retirement, redundancy or death) divided by the number of operational employees at December 31, was 3.8% in 2011, up relative to 2010.

	Number of employees hired		Number of departures (including redundancies)		Turnover rate at December 31	
	2010	2011	2010	2011	2010	2011
Germany	22	35	16 (3)	25 (2)	4.6%	2.2%
France	4	10	4 (1)	9 (2)	4.2%	12.5%
Belgium	4	1	1 (0)	2 (2)	1.3%	17.4%
Group	**30**	**46**	**21 (4)**	**36 (6)**	**1.8%**	**3.8%**

- **Remuneration**

The Group's employees are remunerated as a function of their experience, their level of responsibility, the area of activity concerned and local employment regulations.

For 2011, the basic average salary per employees, excluding all deductions of taxes and employer contributions and including all additional remuneration apart from bonuses granted under collective bargaining agreements, was around €52,600 at Group level, compared with €51,200 in 2010.

In France, bonus agreements are negotiated on a regular basis by Group companies and employees have the option of subscribing to a company savings scheme investing in their company. Companies contribute to this scheme in the form of top-up payments.

- **Training**

Group companies assess the training requirements of their employees by talking directly to the employees concerned or to their line manager, mainly during yearly assessment interviews and subsequent career interviews.

According to the table below, which shows the number of hours training provided by the Group to its employees, the Group's training efforts for 2011 increased by around 17% relative to 2010:

	2010	**2011**
Number of hours training in Germany	3,591	4,908
Number of hours training in France	1,669	1,601
Number of hours training in Belgium	283	155
Total number of hours training at Group level	**5,542**	**6,664**

In 2011, training concerned the following areas:
- Safety and environment, industrial risk awareness;
- Training in the safe vehicle operation (CACES platform, forklifts, cranes, diggers, loaders), technical skills (e.g. electricity and industrial automation);
- First aid;
- Languages.

1.9.5.2. Labour relations

- **Employee relations**

Labour relations are conducted at the level of each Group company and take the form of regular meetings and discussions, both formal and informal, between employee representatives and management teams of each company in order to ensure that there is constructive dialogue for the purpose of maintaining and improving relationships with employees.

The number of meetings held in 2011 varied from 4 to 26 depending on the different Group companies.

Since December 1, 2011, a single staff delegation, bringing together the responsibilities of the works council and employee representatives, was set up at parent company Recylex SA.

- **Employee negotiations**

Negotiations with employee representative bodies at Group companies during 2011 concerned primarily pay rises.

1.9.5.3. Equal opportunity

All Group companies respect for human rights and fundamental freedoms, respect these values and support non-discrimination and equal treatment, particularly in terms of employment and work.

- **Professional equality between men and women**

Given the nature of the Group's activity in the recycling industry, the number of women employed by the Group is low relative to the number of men.

The breakdown of men and women at Group level remained stable in 2011 relative to 2010 as follows:

Breakdown of operational employees by gender at December 31	2010		2011	
	Men	Women	Men	Women
Germany	484	46	492	48
France	45	17	47	17
Belgium	22	2	22	1
Group	**551**	**65**	**561**	**66**

In accordance with the principle of equal pay for doing the same job at the same company, men and women are classified according to the same pay scale as a function of the responsibilities of the post they occupy.

Depending on the country in which they are based, various measures have been taken by Group companies to support equal opportunity between men and women.

Pursuant to French law n°2011-103 of January 27, 2011, at its meeting of December 12, 2011, the Board of Directors of parent company Recylex SA discussed the Company's policy concerning professional and wage equality. A plan of action relating to professional equality was adopted, setting out targets for improvement and measures to achieve these targets concerning wage equality between men and women and maintaining procedures to facilitate fitting in working life with family responsibilities.

- **Disabled workers**

The Group seeks to encourage the integration of employees with disabilities at its various sites.

The measures taken by Group companies to support the employment and integration responsibilities disabled workers during 2011 concerned mainly enabling them to access certain jobs (35 employees - excluding interim workers - suffering from a disability were employed by the Group compared with 27 in 2010), placing them in temporary roles or buying supplies from specialist institutions employing disabled workers.

1.9.5.4. Sub-contracting and related parties

- **Sub-contracting**

The Group's various companies favour both recruiting employees from the local area and developing relations with local suppliers and service providers. Sub-contracting by Group companies allows for activities specific to the Group's business lines to be developed on a local basis.

In order to supplement its operational workforce and depending on peaks in activity at the various Group companies, the Group has made use of sub-contractors, mainly in the areas of transportation, handling, maintenance of industrial sites and administrative offices, caretaking and maintenance of its industrial facilities. During 2011, the number of sub-contractors (excluding interim employees) working for the Group was around 59 people per month (full-time equivalent).

- **Relations with related parties**

The involvement of suppliers and service providers in sites' QHSE policy is one of the Group's objectives, as well as meeting the demands of clients and interested parties with regard to QHSE.

In addition, the procurement policy of Group companies takes account of the social and environmental challenges faced throughout the supplier selection process, such as the choice of materials (e.g. depending on criteria limiting the impact on the environment), monitoring of deliveries and, if applicable, monitoring of any anomalies and corrective measures to be taken by sending out non-compliance forms.

For the recycling of used lead-acid batteries, suppliers are provided with watertight stainless steel tanks free of charge, which forms part of taking account of environmental challenges in transporting these hazardous waste materials.

Best practices are also implemented by Group companies, mainly with a view to preventing corruption, such as separating commercial negotiations from control activities (deliveries, accounting) and applying the "four eyes" principle.

1.9.6. Health and safety in the workplace

Managing health and safety is one of the priorities of the Group's Sustainable Development Charter, with a commitment aiming to improve working conditions for employees and to assess and improve procedures in order to prevent occupational diseases and work-related accidents while performing their duties.

Each of the Group's companies has drawn up their own QHSE policy, with the main aims of:
- encouraging employee participation and raising awareness in order to develop best practices in QHSE;
- improving the workplace atmosphere;
- reducing environmental and professional risk through staff training.

In order to ensure that health and safety policies are correctly applied at their sites, the measures and actions implemented by Group companies to control observance of these policies differ depending on the site and industrial activity concerned:
- implementation of management system with a documentation system that can be accessed online by employees at the sites concerned;
- external audits within the framework of certifications of management systems installed by accredited organisations (ISO 14001);
- creation of health and safety in the workplace committees, such as the technical lead committee at one of the Group's German subsidiaries;
- continuous prevention measures and measures to raise employee awareness in order to protect employees' health;
- personalised medical monitoring by an in-house doctor, plus monitoring of lead exposure for all employees and sub-contractors exposed at certain sites.

  The average blood lead level of exposed Group employees is as follows:

	2010	2011
Average blood lead level of exposed Group employees	**196.7 µg/l**	**184.3 µg/l**

In addition, any accident that does occur is reported to the Group Chief Executive and a detailed analysis of the circumstances is carried out in order to define corrective measures and reduce the risks to which the Group's employees are exposed.

The health and safety indicators for the Group's Sustainable Development Reporting system *(see Section 1.9.3 of this Report)* are as follows:

- **Workplace accidents with discontinuation of work**

Workplace accidents with discontinuation of work are any accidents occurring at the workplace or during working hours resulting in work being discontinued for one or more days (not including the day of the accident).

This therefore includes fatal workplace accidents and accidents that occur during travel for work purposes. However, it does not include:
- Accidents resulting in absence of less than one day;
- Repercussions relating to the same accident;
- Accidents that occur while the employee is travelling between home and the workplace
- Occupational diseases

The number of workplace accidents with discontinuation of work at Group level fell by around 20% in 2011 relative to 2010:

	2010	2011
Germany	34	30
France	1	0
Belgium	2	0
Group	**37**	**30**

- **Severity of workplace accidents with discontinuation**

The severity of workplace accidents with discontinuation corresponds to the total number of working days lost relative to the total number of hours worked within the Group following a workplace accident with discontinuation or due to an occupational disease occurring in the 24 months preceding last year.

The severity rate of workplace accidents with discontinuation at Group level decreased in 2011 relative to 2010:

Severity rate (%)	2010	2011
Germany	0.62	0.64
France	0.88	0
Belgium	1.18	0
Group	**0.67**	**0.54**

- **Absenteeism rate**

The absenteeism rate corresponds to the number of days of discontinuation of work (full day normally worked but not worked due to an event resulting in discontinuation of work other than due to a workplace accident with discontinuation, occupational disease or authorised absence) expressed as a percentage of the total number of working hours initially intended for operational employees over the same period.

The absenteeism rate at Group level remained stable in 2011 relative to 2010:

Absenteeism rate (%)	2010	2011
Germany	9.4	9.5
France	3.3	2.1
Belgium	7.3	6.7
Group	**8.6**	**8.5**

1.9.7. Dialogue with associations, partnerships and sponsorship

In 2011, the majority of Group companies supported charitable, sporting or cultural associations, as well as universities within the framework of research and development programmes, by means of donations or assistance in preparing for conferences or seminars.

Some Group companies hand out brochures and offer sites visits to help the local population, and particularly educational establishments, to gain a better understanding of their activity and to build relationships of trust. Relations with universities in Germany are also maintained in order to ensure the sharing of information concerning technical, environmental and workplace safety issues in particular.

In Germany, "metal industry open days" sponsored by Recylex GmbH are held every two years. The Group participates in these, seeking to establish links between the industry and the broader population. Group companies also participate in a number of national and international trade shows and are members of a variety of professional associations in order to improve their expertise and develop relations with parties involved in their business sector.

2. RECYLEX SA

2.1. Situation and activities of the Company

Recylex SA, the parent company of the Recylex Group, conducts two activities: that of a holding company and an operational business processing used lead-acid batteries on two sites in Escaudoeuvres (Nord) and Villefranche-sur-Saône (Rhône).

Lead prices were subject to a very high level of volatility in 2011. In January and April 2011, lead prices topped €2,000 per tonne, nearing €1,600 per tonne in May 2011 before bottoming out in October 2011 at less than €1,300 per tonne. At December 31, 2011, the price was €1,530 per tonne. The average lead price in 2011 was €1,722 per tonne, nevertheless above the 2010 level of €1,615 per tonne.

In the lead segment, the Group's battery processing plants handled much the same volume of batteries in 2011 (around 99,300 tonnes) as in 2010 (around 103,200 tonnes).

Despite volatile lead prices in 2011, the purchase price of used batteries rose further as a result of very brisk demand from the recycling sector. This development continued to have a significant impact on the Company's margins.

During 2011, a total of €1.8 million was invested in the two sites operated directly by Recylex SA.

The activities of Group companies in 2011 are discussed in Section 1.2 of this Report.

2.2. Key developments and major events

By shareholder's decision of May 27, 2011, subsidiary Delot Metal SAS, which does not have any production activities, was wound up early without liquidation. All of its assets and liabilities were transferred to the Company, its sole shareholder, with effect from June 30, 2011.

The other key developments and major events at the Company are set out in section 1.3 of this Report.

2.3. Results and financial position of the Company

The parent company financial statements for the year ended December 31, 2011, were prepared in accordance with French GAAP and are comparable with the previous year.

In the period to December 31, 2011, Recylex SA generated net income of €6,526,609.19 compared with a net loss of €10,584,516.96 in 2010. This improvement was partly due to the booking of provisions for liabilities of €9.96 million in 2010, relating to new claims for damages from 192 former employees of Metaleurop Nord SAS *(see Section 1.3.1.1 of this Report)*, as well as the increase in dividends received in 2011 by the Company relative to 2010.

At the Shareholders' Meeting to approve the full-year financial statements for the year ended December 31, 2011, the allocation of income of €6,526,609.19 to "retained earnings" will be proposed. The remainder after allocation will amount to a debit of €7,904,702.60.

We would remind you that no dividend has been paid for the past three years.

The battery recycling business generated revenues of €87.9 million and operating income of €1.2 million in 2011. In 2010, this business had revenues of €72.7 million and operating income of €4 million.

Holding activities and the rehabilitation of old mining sites generated an operating loss of €3 million. Recylex SA's activities therefore sustained an overall operating loss of €1.8 million.

2.3.1. Financial debt

No new financial borrowings were taken out by the Company during the financial year.

The Company paid the sixth instalment under the continuation plan on November 24, 2011, in the amount of €4.5 million (before elimination of intra-Group payments) to its creditors, including €1.6 million relating to damages granted by the Douai Appeal Court to certain former employees of Metaleurop Nord SAS (*see Section 1.3.1.1. of this Report*). Debts frozen under the continuation plan do not bear interest.

At December 31, 2011, financial and operating liabilities stood at €32.9 million (compared with €37 million in 2010). *(see Note 8 of the parent company's financial statements)*

2.3.2. Supplier payment terms

The analysis at end-2011 of trade payables by due date, in accordance with articles L. 441-6-1 and D. 441-4 of the French Commercial Code was as follows:

Trade payables [1] *€ thousands*	***At 31/12/2011***	***At 31/12/2010***
Balance at 31/12	3,003	3,495
Due	1,890	2,176
Due within 30 days	279	244
Due in 31 to 60 days	76	167
Due in 61 to 90 days	8	2
Due in 91 to 120 days	0	0
Due in more than 120 days[2]	751	905

(1) Excluding charges payable
(2) This represents trade payables recognised as liabilities under the Recylex SA continuation plan

Recylex SA settles invoices received on the agreed terms. The only invoices not settled by the due date given on the invoice are those subject to a dispute which are classified as pending receipt of a credit note, and those which are received late. The unpaid balance of invoices due at December 31, 2011 was around €1,890 thousand including around €1,683 thousand in invoices falling due between December 15 and December 31, 2011, which were paid in early January 2012.

2.3.3. Table of results

A table showing earnings at Recylex SA over the past five years is provided in section 2.11 of this report.

2.3.4. Non-deductible expense

In accordance with the requirements of article 223 quarter and 223 quinquies of the General Tax Code, we hereby inform you that expenses that were not tax deductible, as defined in article 39-4 of the above code, were €20,767 in 2011.

2.3.5. Research and Development

The Company incurred no significant research and development expense in 2011.

2.4. Description of the main risks and uncertainties to which the Company is exposed

The specific risks to which the Company and its French sites in particular are exposed are detailed in Section 1.8 of the Chairman's Report.

2.5. Significant post-closure events

No significant events other than those mentioned in Section 1.3 of this report occurred between the closure of accounts for 2011 and the date of this Report.

2.6. Company outlook and prospects

The outlook and prospects of the Group are described in Section 1.6 of this Report.

The Company is continuing with its business strategy of accessing new markets in order to increase the volume of battery recycling. Investments are also planned for 2012, primarily in order to improve health and safety conditions for the Company's production employees.

2.7. Acquisitions of equity stakes and controlling stakes

No equity stake or controlling stake as defined in article L.233-6 of the French Commercial Code was acquired by the Company over the course of 2011.

2.8. Information regarding the Company's share capital

For more information concerning the share capital of Recylex SA, please see note 12 of the notes to the parent company financial statements.

2.8.1. Distribution of share capital

- **Distribution of nominal share capital and voting rights**

The Company's share capital is held as follows:

	Number of shares	% of nominal capital	Number of shares	% of nominal capital
	At December 31, 2011		*At December 31, 2010*	
Glencore Finance Bermuda Ltd	7,703,877	32.1*	7,703,877	32.1*
Treasury stock	42,939**	0.2	42,939**	0.2
Free float	16,228,166	67.7	16,228,166	67.7
Total	***23,974,982***	***100***	***23,974,982***	***100***

** representing 32.09% of exercisable voting rights (excluding suspended voting rights resulting from treasury shares)*

***including 19,000 free shares allocated to German resident employee beneficiaries, to be vested on September 26, 2012*

There were no changes in share capital in 2011.

At December 31, 2011, share capital stood at €47,949,964, comprising 23,974,982 shares with a nominal value of €2, fully paid up and of a single class.

Under the Company's articles of association, double voting rights are assigned to fully paid up registered shares that have been owned by the same shareholder for at least two years. At December 31, 2011, 71,930 Recylex SA shares carried double voting rights. With the exception of double voting rights, there are no shares carrying different voting rights.

- **Major registered shareholders**

Based on declarations received at December 31, 2011, under regulations regarding ownership thresholds and the notification of significant shareholdings, no shareholders, other than Glencore Finance Bermuda Ltd, hold more than 5% of the share capital or voting rights in the Company either directly or indirectly.

Following the changes in applicable regulations concerning declarations of shareholdings in accordance with regulations governing takeover bids (Article 243-11-1 of the AMF General Regulations), Glencore Finance Bermuda Ltd notified the AMF in a letter received on April 4, 2011, of its shareholding of:
- At January 1, 2010: 7,703,857 Recylex shares representing the same amount of voting rights, equal to 32.15% of share capital and 32.11% of voting rights in the Company.
- At February 1, 2011: 7,703,877 Recylex shares representing the same amount of voting rights, equal to 32.13% of share capital and 32.04% of voting rights in the Company.

- **Crossing of ownership thresholds**

The company was not informed of any shareholder crossing an ownership threshold during 2011.

2.8.2. *Current delegation of authority and powers approved by the Shareholders' Meeting to the Board of Directors related to capital increases*

The table below summarises the delegation of powers current in 2011, as approved by the Shareholders' Meeting to the Board of Directors related to capital increases and the use of these powers made during 2011.

Nature of the delegation	AGM (resolution number)	Period (expiry date)	Maximum allowed amount	Use made in 2011
Repurchase by the Company of its own shares	May 6, 2011 (n° 9)	18 months (November 6, 2012)	10% of the Company's capital at the date of the AGM	None
Reserved rights issue for employee members of PEE scheme	May 6, 2011 (n° 10)	18 months (November 6, 2012)	Nominal value of €100,000	None
Reduction of share capital by cancellation of shares	May 6, 2011 (n° 11)	18 months (November 6, 2012)	10% of share capital in any 24-month period	None
Free allocation of existing shares	May 7, 2010 (n° 8)	38 months (July 7, 2013)	Number of treasury shares held by Recylex at the date of the meeting, i.e. 73,939* shares, provided certain conditions are met	None
Allocation of stock options	May 7, 2010 (n° 9)	38 months (July 7, 2013)	Maximum of 3% of nominal share capital at the date of the meeting	None

** This number is decreased to 42,939 as a result of the vesting of 31,000 shares on September 27, 2010 by the beneficiaries concerned within the framework of the free allocation of shares implemented by the Board of Directors on September 26, 2008. Of these 42,939 shares, 19,000 free shares were allocated to German resident beneficiaries and will be vested on September 26, 2012. (For more information about treasury shares, see Section 2.8.4 "Treasury stock transactions and holdings").*

No delegations granted by the Shareholders' Meeting were used in 2011.

2.8.3. *Employee share ownership*

For the purposes of this paragraph, the term "Group" means the Company and its subsidiaries within the meaning of article L. 225-180 of the French Commercial Code.

At December 31, 2011, Group employees did not own any Recylex SA shares through employee share ownership programmes or other similar plans as detailed in article L.225-102 of the French Commercial Code.

The Shareholders' Meeting of May 7, 2010 granted the Board of Directors authorisation to make free allocations of existing shares and of stock options. The Company did not introduce any stock option or free share allocation plans during 2011.

2.8.4. *Treasury stock transactions and holdings*

Following the acquisition by the Company of 73,939 of its own shares as part of the share buy-back programme authorised by the Combined General Meeting of March 30, 2000, the Ordinary Shareholders' Meeting of September 26, 2005 approved the allocation of these treasury shares to the purpose of allocating shares to Group employees, and particularly through the use of a stock option scheme for employees and company officers, or some of them.

In accordance with the authorisation granted by the Shareholders' Meetings of July 16, 2007 and May 6, 2008, on September 26, 2008 the Board of Directors of Recylex SA voted to implement a plan to allocate 50,000 free shares, of the 73,939 existing shares held in treasury by the Company, with a view to allowing the beneficiaries to share in the performance of the Group through the increase in value of Recylex shares.

The 31,000 free shares allocated to beneficiaries residing in France were vested after a two-year period (i.e. on September 27, 2010 as September 26, 2010 was not a trading day) whilst the 19,000 free shares allocated to beneficiaries residing in Germany will vest after a four-year period (i.e. on September 26, 2012), subject to their being employed by a Group company on the vesting date, unless otherwise provided for by the plan. Vested shares held by beneficiaries residing in France must be held for a minimum period of two years after vesting (ending on September 26, 2012).

At December 31, 2011, Recylex SA held 42,939 treasury shares (including 19,000 free shares allocated by the Board of Directors to German resident beneficiaries on September 26, 2008 and that will vest on September 26, 2012), representing 0.2% of share capital. The number of treasury shares remained unchanged relative to December 31, 2010. The 23,939 shares held by the company and not yet allocated are earmarked for a distribution to Group employees, and particularly through the use of a stock option scheme for employees and company officers.

The Shareholders' Meeting of May 6, 2011 authorised a share buy-back programme, for a new period of eighteen months, up to a maximum of 10% of existing share capital at the date of the Meeting. The Board of Directors did not implement this share buy-back programme during 2011.

The Shareholders' Meeting of May 9, 2012 will consider a resolution to cancel the previous authorisation and to grant authorisation for a new period of eighteen months of a share buy-back programme, details of which are attached to this Report, up to a maximum of 10% of existing share capital at the date of the Meeting.

2.9. Information regarding company officers

2.9.1. Composition of the Board of Directors

The Board of Directors had six directors at December 31, 2011.

The Company's articles of association stipulate that each Director be elected for three years and must hold at least 20 shares.

At December 31, 2011, the Board of Directors was as follows:

Name	**Position**	**Age at 31/12/2011**	**Date of first appointment/ latest renewal**	**Date appointment expires**	**Number of shares in the Company** at 31/12/2011
Mr Yves Roche	Chairman and Chief Executive Officer	42 years	04/21/2005 - 05/06/2011	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2013	15,540 shares[1]
Mr Aristotelis Mistakidis	Director	50 years	09/20/2002 - 05/06/2011	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2013	100 shares
Mr Mathias Pfeiffer	Director	66 years	07/28/2006 - 05/12/2009	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2011	319 shares
Mr Richard Robinson	Director	58 years	04/08/2003 - 05/12/2009	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2011	1,000 shares
Ms Laetitia Seta	Director	37 years	05/06/2011	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2013	20 shares
Mr Jean-Pierre Thomas	Director	54 years	05/12/2009	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2011	20 shares

[1]*of which 15,000 shares vested on September 27, 2010 and subject to a two-year retention period as part of the free share allocation plan introduced by the Board of Directors on September 26, 2008*

The appointments of Mr Mathias Pfeiffer, Mr Richard Robinson and Mr Jean-Pierre Thomas will expire immediately after the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2011, and the renewal of their appointment for three years will therefore be proposed to the meeting.

The list of other directorships and posts held in other companies by members of the Board of Directors during 2011 is as follows:

Mr Yves Roche	*French companies:*	- Director of Recytech SA - Supervisor of Recylex Commercial SAS
	Foreign companies:	- Director of FMM SA - Chairman of the Board of Directors of Eco-Recyclage SPA
Mr Aristotelis Mistakidis	*Foreign companies:*	- Chairman of Portovesme Srl - Director of Mopani Copper Mines PLC - Director of Katanga Mining Limited* - Director and employee of Glencore AG
Mr Mathias Pfeiffer		None
Mr Richard Robinson	*French company:*	- Director of Recytech SA
	Foreign companies:	- Director of Greystar Resources Ltd* - Manager of HRI BVBA
Ms Laetitia Seta	*Foreign companies:*	- Member of the Board of Directors of Philippines Associated Smelting and Refining Corporation (Philippines) - Employee of Glencore AG
Mr Jean-Pierre Thomas	*French companies:*	- Director of Generali France - Director and Partner of Lazard France

* *Listed companies*

2.9.2. Remuneration of members of the Board of Directors

- **Directors' fees**

In accordance with current law, the maximum amount of directors' fees to be paid each year to the directors is set by the Shareholders' Meeting.

Taking account of the appointing of an additional director, the Shareholders' Meeting of May 6, 2011 (seventh resolution) set the annual amount of directors' fees at €170,000 thousand for 2011 and subsequent years until the Shareholders' Meeting reaches a new decision.

In addition to an equal portion of directors' fees, the Board decided to allocate members of the Board of Directors an additional proportion related to their specific functions on the Board or Committees, in view of the additional workload and responsibilities resulting from these specific functions.

At its meeting of December 2, 2011, the Board of Directors decided, on the recommendation of the Remuneration and Nomination Committee, to distribute the €170,000 in directors' fees for 2011 as follows:

- €20,000 to each member of the Board of Directors;
- €20,000 in additional remuneration for the Chairman of the Board of Directors, it being specified that he also benefits from separate annual remuneration comprising a fixed and variable portion in his capacity as Chief Executive Officer of the Company, as well as for the Chairman of the Audit Committee, giving a total of €40,000 each;
- €10,000 in additional remuneration for the Chairman of the Remuneration and Nomination Committee, giving a total of €30,000.

Total fees received by Directors in 2011 were €170,000 thousand in accordance with the allocation given above.

- **Remuneration and other benefits paid to non-executive company officers**

The table below shows the total remuneration, and all other benefits, paid by the Company and Group companies to each of the non-executive company officers in 2010 and 2011.

Directors' fees and other remuneration paid to non-executive company officers		
Non-executive Directors	Payments in 2010	Payments in 2011
Mr Aristotelis Mistakidis (Director)		
Attendance fees	€20,000	€20,000
Mr Mathias Pfeiffer (Director)		
Attendance fees	€20,000	€20,000
Other[1]	€120,000	€120,000
Mr Richard Robinson (Director and Chairman of the Remuneration and Nomination Committee)		
Attendance fees	€30,000	€30,000
Other[2]	€166,429	€127,040.67
Ms Laetitia Seta (director)		
Attendance fees	N/A	€20,000
Mr Jean-Pierre Thomas (Director and Chairman of the Audit Committee)		
Attendance fees	€40,000	€40,000
TOTAL	**€396,429**	**€377,040.67**
of which attendance fees	*€110,000*	*€130,000*
of which other remuneration	*€286,429*	*€247,040.67*

[1]*Sums paid by Recylex GmbH under a service provision agreement dated 2007 between Recylex GmbH and Mr Mathias Pfeiffer.*
[2]*Sums paid under a service provision agreement between Recylex SA and HRI BVBA of which Mr Richard Robinson is the manager. The terms of this agreement are described in the Auditors' special report on regulated agreements relative to the year to December 31, 2011.*

- **Remuneration of Executive Directors**

The Board of Directors, acting on a proposal by the Remuneration and Nomination Committee, has set the fixed part of gross annual remuneration to be paid to Mr Yves Roche, in his role as the Company's Chief Executive Officer, at €220,000 thousand from January 1, 2010.

Concerning the variable part of the remuneration paid to Mr Yves Roche, the amount of the variable part is set annually by the Board of Directors in the light of progress in achieving, over the course of the year, the qualitative objectives set in advance each year upon recommendation of the Remuneration and Nomination Committee.

Total remuneration, including bonuses and payments in kind, paid by Recylex SA and the companies it controls (including those registered outside France) to each Executive Director in 2011 is shown in the table below.

Summary of remuneration, stock options and shares allocated to each Executive Director		
Mr Yves Roche	**2010**	**2011**
Remuneration due for the financial year (details in table 2)	€368,028	€358,028
Valuation of options allocated over the course of the year (details in table 4)	N/A	N/A
Valuation of performance-related share allocations over the year (details in table 6)	N/A	N/A
TOTAL	**€368,028**	**€358,028**

Summary of remuneration paid to each Executive Director				
Mr Yves Roche	**2010**		**2011**	
	Amounts due	Amounts paid	Amounts due	Amounts paid
- fixed remuneration (gross)	€220,000	€220,000	€220,000	€220,000
- variable remuneration	€100,000	€100,000*	€90,000	€100,000*
- exceptional remuneration	N/A	N/A	N/A	N/A
- attendance fees	€40,000	€40,000	€40,000	€40,000
- benefits in kind (company car)	€8,028	€8,028	€8,028	€8,028
TOTAL	**€368,028**	**€368,028**	**€358,028**	**€368,028**

** due from prior financial year*

Options to subscribe for or purchase shares allocated during the year to each company officer by the issuer and any other Group company						
Company officer	Number and date of plan	Type of option (purchase or subscription)	Valuation of options under method used for consolidated financial statements	Number of options allocated during the year	Exercise price	Exercise period
Mr Yves Roche	NONE	NONE	NONE	NONE	NONE	NONE

Options to subscribe for or purchase shares exercised during the year by each company officer			
Company officer	Number and date of plan	Number of options exercised during the year	Exercise price
Mr Yves Roche	NONE	NONE	NONE

Performance-related share allocations to each company officer						
Performance-related share allocations by the Shareholders' Meeting made during the year to each company officer by the issuer or any other Group company (nominative list)	Number and date of plan	Number of shares allocated during the year	Valuation of shares under method used for consolidated financial statements	Date of acquisition	Date of availability	Performance conditions
Mr Yves Roche	NONE	NONE	NONE	NONE	NONE	NONE

Performance-related shares becoming available during the year to each company officer				
Performance-related shares becoming available during the year to each company officer (nominative list)	Number and date of plan	Number of shares becoming available during the year	Acquisition conditions	Year of allocation
Mr Yves Roche	NONE	NONE	NONE	NONE

Under the free share allocation programme introduced by the Board of Directors on September 26, 2008, on September 27, 2010, 15,000 shares were vested in Mr Yves Roche, Chairman and Chief Executive Officer of the Company, which are subject to a retention period in accordance with the terms and conditions of the programme.

Past allocations of stock options		
Information on subscription options		
Date of Shareholders' Meeting	**AGM 30/03/2000**	**AGM 28/07/2006**
Date of Board of Directors or Executive Board meeting	20/09/2002	26/09/2008
Total number of shares available for subscription, of which the number available to:		
Mr Yves Roche	4,000	60,000[1]
Date from which options may be exercised	20/09/2006	50% 26/09/2012 50% 26/09/2013
Expiry date	20/09/2012	26/09/2018
Subscription price	€2.21	€5.70
Exercise details (where plan has several phases)	-	50% 26/09/2012 50% 26/09/2013
Number of stock-options exercised at 31/12/2011	4,000	-
Cumulative number of options cancelled or expired	-	-
Outstanding stock options at year-end	-	60,000

[1]*The Board of Directors has set at 10% the number of shares obtained under each exercise of options that Mr Yves Roche is required to retain as registered shares until the termination of his functions as a company officer.*

Options to subscribe for shares allocated to the ten employees other than company officers receiving most options, and options exercised by these individuals during the year to December 31, 2011	**Total number of options granted / number of shares acquired during the year to December 31, 2011**	**Weighted average price**	**Plan no.**
Options granted during the year by the issuer and by any other company included in the scope of allocation of options to the ten employees of the issuer and any company included in this scope receiving the largest number of options (aggregate information)	NONE	NONE	-
Options granted by the issuer and abovementioned companies during the year by the ten employees of the issuer and abovementioned companies for whom the number of options so acquired or subscribed for is the highest (aggregate information)	NONE	NONE	-

Executive Directors	**Employment contract**		**Supplementary pension scheme**		**Compensation or benefits due, or liable to fall due, on termination or change of function**		**Compensation relating to non-compete clauses**	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Name: Yves Roche Function: Chairman and Chief Executive Officer Start of term: 21/04/2005 End of term: Shareholders' Meeting to approve accounts for year to 31/12/2013	X[1]			X	X			X

[1]The Board of Directors has decided to terminate Mr Yves Roche's employment contract, currently suspended, when a system of social security coverage has been introduced for him, bearing in mind the specific rules that apply to a company for which a continuation plan has been adopted.

Mr Yves Roche would be paid severance pay should he be dismissed from his position as Chief Executive Officer following a significant change in the shareholding structure of Recylex SA that would be supported by the Board of Directors, provided Mr Yves Roche helps carry out this change and the transition with the new reference shareholder. The compensation would be equivalent to double the total gross remuneration he received as a corporate officer in the financial year before he stepped down and would not be paid until the Board had ensured that these performance targets had been met.

On March 21, 2011, the Company's Board of Directors decided to renew the above provision, as decided by the Board at its meeting of March 18, 2008, and approved by the Shareholders' Meeting of May 6, 2008. The renewal of the Company's commitment to pay this compensation was approved by shareholders at the Shareholders' Meeting of May 6, 2011, and is subject to a report by the Statutory Auditors.

2.9.3 Directors' transactions in Recylex shares

During the course of 2011, no transactions in Recylex shares were due to be declared by the Directors.

2.10. Elements liable to have an impact on the outcome of a takeover bid (Article L.225-100-3 of the French Commercial Code)

1° Information regarding the structure and ownership of share capital and voting rights is given at point 2.8.1 of this Report.

2° There are no restrictions in the Company's articles of association on the exercise of voting rights or transfer of shares nor any agreements notified to the company under article L. 233-11 of the French Commercial Code that would be liable to have an impact on the outcome of a takeover bid.

3° The main identified shareholders of the Company are listed under note 2.8.1 of this report.

4° Under the Company's articles of association, double voting rights are assigned to fully paid up registered shares that have been owned by the same shareholder for at least two years.

5° The Company did not have employee shareholding schemes in place on December 31, 2011.

6° The Company is not aware of any agreements between shareholders that could result in a restriction on the transfer of shares or the exercise of voting rights.

7° The rules applicable to the appointment and replacement of Directors and the modification of the articles of association are not liable to have an impact in the event of a takeover bid.

8° Under the Board of Directors' rules, prior discussion by the Board of Directors is required in the event of total or partial disposal of equity stakes held by the Company, or of acquisitions or disposals of assets with a value of more than €1,000,000 per transaction.

9° The Company has not entered into any agreements that would be modified or cancelled in the event of a change of control of the Company.

10° In the event that Mr Yves Roche's position is terminated following a significant change in the shareholder structure at Recylex SA supported by the Board of Directors, Mr Roche will receive compensation equivalent to double the gross compensation paid to him under his mandate as a company officer in the most recent year prior to such termination, provided that Mr Roche has facilitated such change and the transition to the new core shareholder. This compensation would be paid only after the Board of Directors has confirmed that these performance targets have been met.

2.11 SHARE CAPITAL, OTHER EQUITY INSTRUMENTS, RESULTS AND OTHER INFORMATION FOR THE PAST FIVE FINANCIAL YEARS

Amounts in thousand euros	**2007**	**2008**	**2009**	**2010**	**2011**
I. SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS AT THE YEAR END					
Share capital…………………………………………………	47,823,964	47,915,964	47,919,964	47,949,964	47,949,964
Number of ordinary shares in issue…………………..	23,911,982	23,957,982	23,959,982	23,974,982	23,974,982
Number of preferred shares in issue…………………					
Maximum number of shares that may be issued in the future					
. By conversion of bonds…………………………………					
. By exercise of stock options……………………....	333,200	791,800	665,800	600,900	600,900
II. OPERATIONS AND RESULTS FOR THE YEAR					
Sales excl. tax…………………………………...	83,296,157	58,603,854	48,308,050	74,298,422	89,222,068
Earnings before tax, employee profit-sharing, depreciation, amortisation and provisions……………..	20,298,869	4,785,636	(10,607,942)	(760,017)	7,680,954
Tax……………………………………..	(155,714)	(153,114)		(139,124)	(287,140)
Employee profit-sharing in respect of the financial year………..					
Earnings after tax, employee profit-sharing, depreciation, amortisation and provisions……………..	25,377,093	(22,888,446)	2,416,217	(10,584,517)	6,526,609
Dividend payout………………………………………………					
III. EARNINGS PER SHARE					
Earnings after tax, employee profit-sharing, but before depreciation, amortisation and provisions....	0.86	0.21	(0.44)	(0.03)	0.33
Earnings after tax, employee profit-sharing, depreciation, amortisation and provisions……………..	1.06	(0.96)	0.10	(0.44)	0.27
Net dividend per share……………………					
IV. EMPLOYEES					
Average number of employees during the year………………………………………………	30	36	34	38	46
Total payroll for the year………………	1,730,192	1,912,275	1,901,833	2,249,959	2,304,258
Amount of benefits paid in the year (social security, social welfare etc.) ……………………………………………	695,416	849,867	901,765	1,024,663	1,075,764

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2011

STATEMENT OF FINANCIAL POSITION
Year to December 31, 2011

(in thousands of euros)	*Notes*	*12/31/2011*	*12/31/2010*
Assets			
Non-current assets			
Property, plant and equipment	**3 and 5**	71,504	72,697
Intangible assets	**4 and 5**	1,747	1,958
Financial assets	**6**	1,552	455
Derivatives	**36**	-	-
Other non-current assets	**7**	4,733	5,004
Investments in associates		143	-
Deferred tax assets	**28**	6,730	7,559
		86,408	**87,673**
Current assets			
Inventories	**8**	82,404	71,847
Trade receivables	**9**	21,063	34,389
Current income tax assets		635	419
Other current assets	**10**	4,122	5,030
Derivatives	**36**	51	91
Cash and cash equivalents	**11**	41,534	63,666
		149,809	**175,442**
Non-current assets held for sale		-	-
		149,809	**175,442**
TOTAL ASSETS		**236,217**	**263,115**
Equity and liabilities			
Issued capital	**12**	47,950	47,950
Issue Premium	**12**	866	866
Reserves attributable to equity holders of the parent	**12**	49,880	53,912
Hedging reserves	**12**	-	(434)
Net income attributable to equity holders of the parent	**12**	48	(4,250)
Translation adjustments	**12**	1,452	1,452
Share premiums and reserves attributable to equity holders of the parent		**100,196**	**99,496**
Minority interests		-	-
Total equity		**100,196**	**99,496**
Non-current liabilities			
Interest-bearing borrowings	**13**	1,771	7,175
Provisions	**14**	33,933	32,395
Pension liabilities	**15**	23,069	24,170
Other non-current liabilities	**18**	19,463	22,170
Deferred tax liabilities	**28**	3,110	2,748
		81,346	**88,658**
Current liabilities			
Interest-bearing borrowings	**13**	5,635	6,036
Provisions	**14**	6,874	11,024
Pension liabilities	**15**	2,210	2,044
Trade payables	**16**	21,591	35,968
Income tax payable		605	3,092
Derivatives	**36**	-	865
Other current liabilities	**17**	17,760	15,932
		54,675	**74,961**
Liabilities associated with non-current assets held for sale		-	-
Total liabilities		**136,021**	**163,619**
Total equity and liabilities		**236,217**	**263,115**

CONSOLIDATED INCOME STATEMENT
Financial year ended December 31, 2011

(in thousands of euros)

	Notes	***12/31/2011***	***12/31/2010***
Sales of goods and services		457,586	403,612
Total sales	**19**	**457,586**	**403,612**
Purchases used		(340,271)	(285,437)
Staff costs	**21**	(44,133)	(42,548)
External costs	**20**	(53,893)	(55,135)
Taxes other than on income		(2,334)	(2,295)
Depreciation, amortisation and impairment losses	**23**	(12,836)	(10,142)
Goodwill impairment losses		-	-
Changes in work-in-progress and finished goods		2,186	4,716
Other operating income and expense	**24**	1,249	1,337
Operating income before non-recurring items		**7,553**	**14,108**
Other non-recurring operating income and expense	**25**	(2,039)	(9,838)
Operating income		**5,514**	**4,270**
Interest income from cash and cash equivalents		574	351
Gross interest expense		(1,288)	(1,139)
Net interest expense	**26**	**(714)**	**(788)**
Other financial income and expense	**27**	**(1,580)**	**(3,774)**
Income tax expense	**28**	(3,315)	(3,753)
Share in income from equity affiliates		143	(205)
Net income before minority interests		**48**	**(4,250)**
Minority interests			
Net income attributable to equity holders of the parent		48	(4,250)
Earnings per share:		*(in euros)*	*(in euros)*
- basic	**29**	0.00	(0.18)
- diluted	**29**	0.00	(0.17)

STATEMENT OF COMPREHENSIVE INCOME
At December 31, 2011

(in thousands of euros)	*12/31/2011*	*12/31/2010*
Net income……………………………………………………………………	**48**	**(4,250)**
Translation adjustments…………………………………………………	5	(6)
Cash flow hedges..	613	275
Deferred tax on cash flow hedges...	(179)	(79)
Income and expenses recognised directly in equity.............................	-	-
Total other comprehensive income..	**439**	**190**
Comprehensive income...	**487**	**(4,060)**
Of which:		
Attributable to equity holders of the parent...	487	(4,060)
Minority interests..	-	-

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT DECEMBER 31, 2011

(in thousands of euros, except per share data)	***Number of shares***	***Share capital***	***Share premiums***	***Hedging reserves***	***Consolidated reserves***	***Total equity, attributable to eq. holders of parent***	***Total equity***
Equity at January 1, 2010	**23,959,982**	**47,920**	**783**	**(630)**	**55,122**	**103,195**	**103,195**
Net income for the year	-	-	-	-	(4,250)	(4,250)	(4,250)
Other comprehensive income	-	-	-	-	(6)	(6)	(6)
Change in hedging reserves net of tax (1)	-	-	-	196	-	196	196
Total other comprehensive income	-	-	-	196	(6)	190	190
Comprehensive income for the period							**(4,060)**
Share-based payment	-	-	-	-	249	249	249
Issue of shares/reduction in capital (2)	15,000	30	83	-	-	113	113
Equity at December 31, 2010	**23,974,982**	**47,950**	**866**	**(434)**	**51,115**	**99,496**	**99,496**
Equity at January 1, 2011	**23,974,982**	**47,950**	**866**	**(434)**	**51,115**	**99,496**	**99,496**
Net income for the year	-	-	-	-	48	48	48
Other comprehensive income							
Change in hedging reserves net of tax (1)	-	-	-	434	-	434	434
Changes in translation adjustments	-	-	-	-	5	5	5
Total other comprehensive income	-	-	-	-	5	439	439
Comprehensive income for the period							**487**
Share-based payment	-	-	-	-	213	213	213
Issue of shares/reduction in capital (2)	-	-	-	-	-	-	-
Equity at December 31, 2011	**23,974,982**	**47,950**	**866**	**-**	**51,380**	**100,196**	**100,196**

(1) These are hedging reserves (Note 36) net of deferred tax liabilities

Changes in the share capital are detailed in note 12.

CONSOLIDATED CASH FLOW STATEMENT
Financial year ended December 31, 2011

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Net income of consolidated companies	48	(4,250)
Net income from associates	(143)	205
Non-cash income and expenses	9,445	17,938
- Depreciation - property, plant and equipment	*10,127*	*9,813*
- Amortisation - intangible assets	*377*	*326*
- Impairment losses/reversals on intangible assets and property, plant and equipment	-	*(90)*
- Changes in provisions	*(2,634)*	*3,979*
- Elimination of stock option impacts	*213*	*249*
Non-cash eliminations[2]	*1,053*	*3,511*
- Gains and losses on disposals of non-current assets	*309*	*150*
Cash flow after net interest and tax expense	**9,349**	**13,894**
- Elimination of interest expense	*715*	*833*
- Income tax expense	*3,315*	*3,753*
Cash flow before net interest and tax expense	**13,379**	**18,479**
Change in current working capital requirement	(11,349)	10,327
- Inventories	*(12,756)*	*(13,794)*
- Trade receivables	*13,103*	*(688)*
- Trade payables	*(14,357)*	*16,258*
- Other current assets and liabilities	*2,660*	*8,551*
Change in liabilities under the continuation plan	(3,747)	(7,708)
Change in non-current working capital requirement	(491)	(298)
Impact of changes in provisions on the working capital requirement	2,125	(946)
Income tax expense	(5,001)	(446)
Cash flow from operating activities	**(5,084)**	**19,409**
Changes in the scope of consolidation	-	-
Purchases of property, plant and equipment, and intangible assets	(9,446)	(8,976)
Disposals of property, plant and equipment, and intangible assets	-	49
Changes in financial assets	(1,094)	192
Cash flow from investment activities	**(10,540)**	**(8,735)**
Increases in borrowings	312	-
Repayment of borrowings	(3,105)	(2,785)
Interest income/(expense) on financial assets	(715)	(833)
Other movements in the share capital	-	112
Cash flow from financing activities	**(3,508)**	**(3,506)**
Changes in cash and cash equivalents	**(19,132)**	**7,168**
Opening cash and cash equivalents	60,666	53,498
Closing cash and cash equivalents	41,534	60,666
Changes in cash and cash equivalents	**(19,132)**	**7,168**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended December 31, 2011

Note 1. Presentation of the business and significant events

- **Details of the company**

On March 21, 2012, the Board of Directors approved and authorised publication of Recylex SA's consolidated financial statements for the year ended December 31, 2011. These consolidated financial statements are subject to the approval of shareholders at the May 9, 2012 Shareholders' Meeting.

Recylex SA is a société anonyme (joint-stock corporation) registered in France and listed on the Paris Stock Exchange (ISIN code: FR0000120388).

- ***Business description***

Recylex operates mainly in France, Germany and Belgium, employing more than 627 staff (excluding Recytech SA, which is 50%-owned) across eleven production facilities.

It specialises in recycling lead and plastic (from automobile and industrial batteries), recycling zinc from particles from electric arc-furnace steel mills, producing zinc oxides from zinc-bearing waste and special metals, most notably for the electronics industry.

- **Significant events in the 2011 financial year**

Lead prices were subject to a very high level of volatility in 2011. In January and April 2011, the price of lead topped the €2,000 per tonne mark, and came close to €1,600 in May 2011, bottoming out in October 2011 at less than €1,300 per tonne. At December 31, 2011, the price was €1,530 per tonne. The average lead price in 2011 was €1,722 per tonne, nevertheless above the 2010 level of €1,615 per tonne.

Zinc prices were also highly volatile, rising during the first four months of 2011 before stabilising in June to August 2011 and falling during the last quarter of the year. At December 31, 2011, the price of zinc was €1,413 per tonne. The average price of zinc in 2011 was €1,574 per tonne, below the average for 2010 of €1,624 per tonne.

- ***Lead***

In the lead segment, the Group's battery processing plants handled much the same volume of batteries in 2011 (around 148,600 tonnes) as in 2010 (around 148,500 tonnes).

Despite volatile lead prices, the purchase price of used batteries rose further as a result of very brisk demand from the recycling sector. This trend also continued to have a significant effect on margins in the lead business.

The Group’s lead production at its two smelters (Weser-Metall GmbH in Nordenham, Germany and FMM SA in Anderlecht, Belgium) amounted to 126,412 tonnes in 2011, compared to 122,115 tonnes in 2010. The 2010 figure included the effects of two shut-downs, one of which was an unplanned shut-down relating to the incident that occurred during the fourth quarter of that year.

Commercial conditions, particularly premiums on lead sales and treatment charges for lead concentrates, were similar to the level in 2010. Silver prices (a by-product from the Nordenham smelter) rose sharply and were also highly volatile during 2011 relative to 2010. The fall in silver prices in December 2011 nevertheless resulted in write-downs of silver inventories to December 31, 2011.

The market price of sulphuric acid, another by-product of the Nordenham lead smelter, also increased in 2011 relative to the previous year, which also contributed to the rise in revenues for the segment in 2011.

- ***Zinc***

In the zinc segment, the Group’s two Waelz oxide production facilities (Harz-Metall GmbH in Germany and Recytech SA (50%-owned) in France) processed 182,404 tonnes of electric arc-furnace steel mill dust, allowing the production of 75,459 tonnes of Waelz oxides in 2011 (compared to 182,174 tonnes of dust processed and 73,734 tonnes of Waelz oxides produced in 2010).

In the zinc recycling sub-segment (Norzinco GmbH) the production of zinc oxides totalled 24,762 tonnes in 2011, from 25,880 tonnes in 2010. This decrease in production relates primarily to more extensive planned shut-downs for maintenance in 2011 than during the previous year, as well as a fall in demand in 2011, mainly in the tyre industry.

- ***Plastics***

In the plastics recycling segment (polypropylene), the Group's two subsidiaries - C2P SAS (Villefranche-sur-Saône, France) and C2P GmbH (Oker, Germany) - increased their polypropylene production by 15% in 2011 relative to 2010, producing a volume of 12,721 tonnes. The higher sales volume of polypropylene in Germany and the enlarged client portfolio in France allowed each of these subsidiaries to achieve considerable revenue growth in 2011 relative to 2010.

- **Special metals**

The special metals segment saw revenue growth of 12% in 2011 to €29.2 million compared with €26 million in 2010. This was thanks to a sharp rise in selling prices of germanium and an increase in sales volumes for arsenic, driven by growth in mobile telephone applications and opto-electronic devices (LEDs).

This business segment falls in the Group's German subsidiaries, PPM Pure Metals GmbH ("PPM") and Reinstmetalle Osterwieck GmbH ("RMO") in 2011.

On December 5, 2011, the Group announced its intention to refocus on its core business of recycling, and appointed Berenberg Bank as financial advisor with a view to exploring the best strategic opportunities for its special metals division. The production assets and staff of its two German subsidiaries PPM and RMO were merged into the same entity with effect from January 1, 2012.

Ongoing litigation relating to Metaleurop Nord SAS

The legal claims lodged against Recylex SA in 2005 by former employees of Metaleurop Nord SAS - a Recylex SA subsidiary in liquidation - and by the liquidators of Metaleurop Nord SAS are still ongoing:

- **Former employees of Metaleurop Nord SAS**

Former non-managerial employees

On June 27, 2008, the Lens labour tribunal industry section found that Recylex SA was the co-employer of 493 former non-managerial employees of Metaleurop Nord SAS, and awarded each claimant €30,000 in compensation and €300 in expenses. The tribunal decided, however, to include these sums, for a total of €14.9 million, in the liabilities to be paid over time by Recylex SA, in accordance with the terms of its continuation plan approved by the Paris Commercial Court on 24 November 2005. The Company appealed against these decisions.

On December 18, 2009 (460 rulings given) and December 17, 2010 (eight rulings given), the Douai Appeal Court partially upheld the labour tribunal's decisions and granted damages of a total of approximately €12.6 million to 468 unprotected former employees, ordering that these sums be included in Recylex SA's liabilities, payable in instalments within the framework of its continuation plan. In accordance with the Company's continuation plan, 44% of these damages, or approximately €5.5 million, corresponding to the first six instalments of the plan (November 2006 to November 2011) have been paid to date. The balance, totalling approximately €7.1 million, will be paid in instalments in accordance with the Company's continuation plan until November 2015.

On September 28, 2011, the employment division of the Cour de Cassation decided to reject the appeals lodged by the Company against the 460 rulings of the Douai Appeal Court given on December 18, 2009. The trial concerning appeals lodged with the Cour de Cassation by the Company against the eight rulings given by the Douai Appeal Court on December 17, 2010 is still ongoing.

In its rulings of December 18, 2009, the Douai Appeal Court also rejected the claims of 22 protected former employees (staff representatives, works council members and trade union delegates). On September 28, 2011, the employment division of the Cour de Cassation decided to reject the appeals lodged by these former employees against these decisions.

Lastly, the deliberation of the Douai Appeal Court concerning the claims from three other unprotected former employees made redundant before Metaleurop Nord SAS went into liquidation has been set for March 30, 2012.

Former managerial employees

On September 15 and 30, 2009 and February 26, 2010, the Management section of the Lens labour tribunal awarded each of the 91 former managerial employees of Metaleurop Nord SAS an identical sum of €30,000 in damages and €300 in costs, ruling that Recylex SA had been their co-employer, and ordered that the sums should be included in the liabilities of Recylex SA, payable in instalments under its continuation plan. The Company appealed against these decisions.

On December 17, 2010, the Douai Appeal Court partially upheld the Lens labour tribunal's decisions, ruling that Recylex SA was a co-employer of the former managerial employees of Metaleurop Nord SAS. The Appeal Court granted 84 unprotected former managerial employees damages of between €20,000 and €50,000 and €500 in costs, totalling approximately €3.6 million, and ruled that these sums should be included in the liabilities of Recylex SA to be paid in instalments under its continuation plan. Recylex SA decided to appeal against these decisions in the Cour de Cassation. In accordance with the terms of the plan, 44% of these damages, or a total of around €1.6 million, corresponding to the first six instalments of the plan (November 2006 to November 2011) have been paid to date. The remaining €2 million will be paid in instalments in accordance with the Company's continuation plan until November 2015, subject to the rulings of the Cour de Cassation.

In addition, on December 17, 2010, the Douai Appeal Court rejected the claims for damages of six former protected managerial employees. The case concerning the appeals lodged by these parties against these rulings is still ongoing before the employment division of the Cour de Cassation.

Lastly, the case concerning an unprotected former managerial employee made redundant before Metaleurop Nord SAS went into liquidation has been adjourned to the Douai Appeal Court's hearing of April 13, 2012.

Other claims from former managerial and non-managerial employees

The forthcoming hearings of the industry and management sections of the Lens labour tribunal concerning claims for damages submitted in late 2010 by 137 former non-managerial employees and 55 former managerial employees of Metaleurop Nord SAS who had not been party to the claims made in 2005, have been set for June 12, 2012. Each claimant is requesting an amount of between €30,000 and €50,000 and €300 in costs, representing a total of around €9.96 million.

- **The liquidators of Metaleurop Nord SAS:**

The lawsuit brought by the liquidators of Metaleurop Nord SAS, claiming the repayment by Recylex SA of Metaleurop Nord SAS's liabilities up to €50 million, was rejected on February 27, 2007 by the Béthune Regional Court, which found that Recylex SA was not the de facto manager of Metaleurop Nord SAS.
The liquidators have appealed against the ruling. 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'Etat for a judgement on a point of law, with Recylex SA having raised an objection of inadmissibility.

On May 20, 2011, the Conseil d'État ruled that the exception of illegality raised by Recylex SA before the Douai Appeal Court was unfounded and consequently rejected its request for an assessment of legality.

The hearing before the Douai Appeal Court has been set for April 12, 2012.

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

Recylex SA's continuation plan

The Group continues to give the highest priority to meeting the commitments made by Recylex SA under its continuation plan, approved by the Paris Commercial Court on November 24, 2005, with objectives of equal importance being the continuation of its businesses with the maintenance of its 627 employees (at December 31, 2011), assumption of its environmental responsibilities and the repayment of outstanding frozen liabilities of some €22 million (€25.6 million before elimination of intra-Group debts) on a four-year schedule until 2015. To this end, the sixth instalment under the plan was paid on November 24, 2011, for a sum of approximately €3.8 million (€4.5 million before elimination of intra-Group debts).

It should be noted that the sums claimed with respect to Metaleurop Nord SAS's liabilities are not included in the continuation plan approved by the Paris Commercial Court on November 24, 2005, and that, should the final outcome of this procedure go against Recylex SA, resulting in a significant increase in its liabilities, the enforcement of the continuation plan could be jeopardised.

Note 2. Significant accounting methods

Use of estimates

2011 saw considerable volatility in lead and zinc prices and in the euro-dollar exchange rate. Market conditions in 2012 remain uncertain and it is extremely difficult to forecast the key parameters on which all financial planning is based.

Management of Recylex SA has used certain estimates and assumptions in drawing up financial statements in accordance with IFRS. These estimates and assumptions may affect the amounts shown in respect of assets and liabilities, contingent liabilities at the preparation date of the financial statements, and the amounts shown in respect of income and expense during the financial year.

These estimates are based on the going concern principle and prepared using the information available when they were produced. They are continuously assessed based on past experience, as well as various other factors deemed to be reasonable that represent the basis for the assessments of the carrying amount of assets and liabilities. Estimates may be revised if the assumptions on which they were based change or upon receipt of additional information. Actual results may differ significantly from those estimates depending on various assumptions or conditions.

In the currently highly volatile market and given the difficulty in assessing economic prospects, the financial estimates used in the preparation of consolidated financial statements for the year to December 31, 2011 are based on the best current estimates of the Group's Directors regarding the foreseeable future.

The principal estimates made by the Group's management relate notably to depreciation and amortisation, losses for impairment in the value of intangible assets and property, plant and equipment and additions to provisions for the remediation of mining sites, post-retirement benefit obligations, deferred taxes and derivatives.

Disclosures concerning contingent assets and liabilities at the preparation date of the consolidated financial statements are also based on estimates. The estimates used are described in the corresponding notes to the financial statements.

Basis of preparation

The consolidated financial statements have been prepared in euros, and all amounts have been rounded off to the nearest thousand euros, unless stated otherwise.

Compliance with accounting standards

Pursuant to EC Regulation no. 1126/2008 adopted on November 3, 2008, the Recylex Group has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union at the preparation date of these financial statements.

International accounting standards include IFRS, IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee) and IFRICs (International Financial Reporting Interpretations Committee).

All standards and interpretations adopted by the European Union are available on the European Commission's website at:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm

New standards

The following standards are applicable as of January 1, 2011 but do not have any material impact on the financial statements.

- Revised IAS 24 “Related Party Disclosures”;
- Amendments to IAS 32 “Classification of Rights Issues”;
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", applicable to financial years starting on or after July 1, 2010;
- Amendment to IFRS 8 subsequent to revisions to IAS 24, applicable to financial years starting on or after January 1, 2011. This standard was adopted by the European Union on July 19, 2010;
- Amendment to IFRS 1 subsequent to IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", applicable to financial years starting on or after July 1, 2010. This standard was adopted by the European Union on July 23, 2010;
- Amendment to IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" applicable to financial years starting on or after January 1, 2011. This standard was adopted by the European Union on July 19, 2010;
- Amendment to IFRS 1 relative to the limited exemption to the requirement to provide comparative information in accordance with IFRS 7 for first-time adopters applicable to financial years starting on or after July 1, 2010. This standard was adopted by the European Union on July 30, 2010.

The following new standards, amendments to existing standards and interpretations had been published but were not applicable at December 31, 2011, and have not been adopted early by the Group:

- IFRS 9* “Financial Instruments” applicable from January 1, 2015 and not yet adopted by the European Union;

- Amendments to IFRS 7 “Disclosures of Transfers of Financial Assets” effective from July 1, 2011. This standard was adopted by the European Union on November 23, 2011.
- Amendments to IAS 12* “Deferred Tax: Recovery of Underlying Assets.” These amendments introduce the presumption that recovery of the carrying amount of an underlying asset will be through its sale unless the entity can prove that recovery will take a different form. These amendments are applicable for financial years beginning on or after January 1, 2012;
- IAS 27* “Consolidated and Separate Financial Statements” applicable from January 1, 2013;
- IAS 28* “Investments in Associates”. IAS 28 has been modified to bring it into line with changes made following the publication of IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”. The new standard comes into force on January 1, 2013;
- IFRS 10* “Consolidated Financial Statements”. The new standard comes into force on January 1, 2013;
- IFRS 11* “Joint Arrangements” supersedes IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”. The new standard comes into force on January 1, 2013;
- IFRS 12* “Disclosure of Interests in Other Entities”. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the basis of control, restrictions on consolidated assets and liabilities, risk exposure resulting from interests in unconsolidated structured entities and the involvement of minority interests in the activity of consolidated entities. IFRS 12 is applicable from January 1, 2013;
- IFRS 13* “Fair Value Measurement”. The effective date set by the IASB covers financial reporting periods starting on or after January 1, 2013. This standard has not yet been adopted by the European Union.
- Amendments to IFRS 1* “Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters” applicable from July 1, 2011;
- Amendments to IAS 1* “Presentation of Other Comprehensive Income Items” applicable from July 1, 2012;
- Amendments to IAS 19* “Defined Benefit Plans” applicable from January 1, 2013.

* standards not yet adopted by the European Union

Going concern

The annual financial statements have been prepared based on the going concern principle, since the continuation plan presented to the Paris Commercial Court was accepted on November 24, 2005 (*see note 32*).

Scope and methods of consolidation

Basis of consolidation

The consolidated financial statements include the financial statements of Recylex SA, all the companies directly or indirectly controlled by the Group, companies jointly controlled by the Group and those over which the Group exerts significant influence at December 31 each year.

Consolidation methods

Subsidiaries' financial statements are prepared for the same reference period as those for the parent company using consistent accounting methods.

All inter-company transactions and balances, as well as income, expense and unrealised gains and losses arising from internal transactions included in the carrying amount of assets, are eliminated in full.

Companies over which the Group exercises exclusive control directly or indirectly are fully consolidated.

Investments in joint ventures are proportionally consolidated, which entails the Group's share in the joint venture's assets, liabilities, income and expenses being consolidated line-by-line under the relevant headings of the consolidated financial statements.

Investments in associates are accounted for under the equity method. An associate is a company over which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Summary of significant accounting methods

Balance sheet

Pursuant to IAS 1, the Group has applied a balance sheet format with a distinction between current and non-current assets and liabilities.

The distinction between current and non-current items is based on the following rules:

- assets and liabilities comprising components of the working capital requirement in the normal business cycle are classified as current;

- assets and liabilities that are not part of the normal business cycle are shown either under current or non-current assets and liabilities, depending on whether they have a maturity of more or less than one year.

Foreign currency translation

The consolidated financial statements have been prepared in euros, the functional currency of all Group companies.

Translation of foreign currency transactions

Transactions denominated in currencies other than the euro are recorded at the exchange rate ruling at the transaction date. At the balance sheet date, foreign currency assets and liabilities are translated at the closing rate, and unrealised currency gains and losses are taken to income.

Property, plant and equipment

Property, plant and equipment is stated at cost, excluding recurring maintenance expenses, less accumulated depreciation and impairment losses. Cost includes purchase and production cost, as well as any costs directly attributable to bringing the asset into service in its location for normal operation.

Depreciation is calculated under the straight-line method over the following estimated useful lives:

Buildings	20 to 50 years
Plant, equipment and tools	5 to 30 years
Other property, plant and equipment	3 to 15 years

The carrying amount of property, plant and equipment is tested for impairment when there is an indication that the assets may be impaired.

Property, plant and equipment is derecognised upon its retirement or when no future economic benefits are expected to flow from its use or its disposal. Any gains or losses resulting from derecognition of an asset (difference between the net proceeds upon disposal and carrying amount of the asset) are recognised in income when the asset is derecognised.

The residual value, useful life and depreciation schedule of assets are reviewed and adjusted, if necessary, at each balance sheet date. Any such changes are treated as changes in estimates in accordance with IAS 8.

Depreciation of property, plant and equipment is recognised under depreciation and amortisation on the income statement.

Borrowing costs

Borrowing costs are expensed as incurred.

Subsidies

Subsidies are recognised as a reduction in the gross value of the relevant item of property, plant and equipment and are written back to income as it is depreciated.

Goodwill

Goodwill arising on a business combination is initially stated at cost and represents the excess of the Group's interest in identifiable net assets acquired, and liabilities and contingent liabilities assumed over the cost of the business combination. After its initial recognition, goodwill is stated at cost less any impairment losses. Goodwill must undergo impairment testing each year or more frequently whenever events or changing circumstances indicate impairment.

Intangible assets

Intangible assets are stated at their purchase cost.

Where they have a defined useful life, intangible assets are amortised over the useful life anticipated by the Group. This useful life is determined by the Group on a case-by-case basis based on the nature of the items included in each category.

Where they have an indefinite useful life, intangible assets are not amortised, but systematically undergo annual impairment testing.

A summary of the estimated useful lives generally applied to the Group's intangible assets is shown below:

Software	Straight-line amortisation over periods of 1 to 10 years
Patents, etc.	Straight-line amortisation over periods of 10 to 20 years

Impairment of assets

- *Impairment testing of intangible assets and goodwill*

Goodwill and intangible assets with an indefinite useful life are tested for impairment in accordance with IAS 36 "Impairment of Assets" at least once each year or more frequently where there is evidence of impairment. Other non-current assets are also tested for impairment whenever events or changing circumstances indicate that they may be impaired.

When tests indicate that the recoverable amount of an asset (or group of assets) has fallen below its net carrying amount, an impairment loss equal to the difference is recognised in income and allocated first to goodwill.

A previously recognised impairment loss is reversed where there is a change in the estimates used to determine the recoverable amount of the asset. In this case, the carrying amount of the asset is increased to its recoverable amount. However, impairment losses recognised for goodwill may not be reversed. Impairment losses, and conversely reversals of impairment losses, are recognised in income. Accumulated amortisation may be adjusted so that the revised carrying amount of the asset is spread over the remainder of its useful life.

- *Impairment testing of property, plant and equipment*

Property, plant and equipment is tested for impairment whenever there is evidence of impairment.

Since most of the Group's property, plant and equipment does not generate cash flows largely independent of the cash flows generated by other assets or groups of assets, the Group estimates the recoverable amount of the cash-generating unit that operates it, where there is evidence of impairment.

An impairment loss is recognised in respect of a cash-generating unit (CGU) if and only if the recoverable amount of the CGU has fallen below its carrying amount.

CGUs are defined in accordance with IAS 36. Management has defined operational CGUs based on the Group's legal entities, taking into account both activities of Harz-Metall GmbH (zinc and lead).

Cash flow projections were drawn up for a five-year period, with a terminal value, to which a growth rate of 1.5% was applied. Terminal value is computed using the Gordon-Shapiro method. The discount rate is calculated using the Weighted Average Cost of Capital (WACC) method.

Impairment testing consists in comparing the net carrying amount of the asset to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Value in use is obtained by adding together the discounted value of the cash flows anticipated from the asset (or group of assets) and its ultimate disposal. Fair value less costs to sell reflects the amount that could be obtained from selling the asset (or group of assets) in an arm's length transaction less any costs directly attributable to the disposal.

Financial assets

Non-current financial assets consist of investments in unconsolidated subsidiaries, loans and receivables due from investments, as well as advances and guarantee deposits granted to third parties.

In accordance with IAS 39, investments in controlled, unlisted companies that are not consolidated are treated as available-for-sale securities and stated at fair value. Any gains and losses are recorded as a separate component of equity. Where there is objective evidence of impairment in a financial asset (notably a significant or prolonged diminution in value), an impairment loss that may not be reversed is recognised in income. Changes in fair value recognised in equity are recycled in income when the relevant assets are derecognised or sold.

Where there is no active market, the Group employs commonly used measurement methods. When fair value cannot be estimated reliably using generally accepted methods, the securities are stated at acquisition cost, less accumulated impairment.

Advances and guarantee deposits are non-derivative financial assets with pre-determined or determinable payments that are not listed on an active market. Such assets are recognised at amortised cost using the effective interest rate method. Any gains or losses are recognised in income when the loans or receivables are derecognised or impaired.

Acquisitions and disposals of financial assets are generally recognised on the transaction date.

Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average unit cost method. This includes raw materials and direct labour costs, as well as a portion of indirect production costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade receivables

Trade receivables, which generally have a maturity of between zero and sixty days, are recognised at the initial invoice amount less any write-downs for unrecoverable amounts and then stated subsequently at amortised cost. A provision is set aside when there is objective evidence that the Group will not be able to recover the receivable. Unrecoverable receivables are recorded as a loss as soon as they are identified as such.

For the Group's two German subsidiaries, factoring agreements are accounted for according to their legal terms. The trade receivables are sold to the factoring company at their face value. The cash received from the sale is paid into the Company's bank accounts. The retentions provided for contractually by the factoring companies are recognised as other receivables. The general terms and conditions of the factoring agreements provide for a guarantee against the risk of customer insolvency under which the factoring company has "no recourse". Receivables sold under these agreements meet the criteria set out in IAS 39 and have therefore been derecognised, which has had a material impact on trade receivables and on borrowings and liabilities.

For agreements which do not meet the derecognition criteria set out in IAS 39, the factoring transactions are restated. Trade receivables are adjusted for the receivables sold and the liability to the financial institution is recognised under short-term financial liabilities.

Non-current assets held for sale and related liabilities

In accordance with IFRS 5, non-current assets available for sale, the sale of which is highly probable and in respect of which an active programme to locate a buyer and complete the plan has been initiated, are classified as assets held for sale. Non-current assets classified as held for sale are measured and recognised at the lower of their net carrying amount and their fair value less costs to sell. Depreciation of those assets is discontinued.

Hedging derivatives

The Group is exposed to fluctuations in metals prices, particularly lead and zinc. This exposure derives from sales of metals for which production is based on secondary materials (lead produced from battery recycling), the price of which is not directly linked to market prices, and on surplus metals recovered from the materials to be processed. The Group uses derivatives traded on the London Metal Exchange to protect itself against these risks. These derivatives are deemed to be cash flow hedges.

The Group is also exposed to two main trading risks related to metals prices:

1) Risk of fluctuations in metal prices relative to its firm commitments under sale contracts which are not recognised on the balance sheet;

2) Risk of fluctuations in prices of metals contained in commercial inventories.[3]

Most transactions related to metals use London Metal Exchange (LME) prices. If metal prices were constant, the price paid by the Group for these raw materials would be passed on to the clients in the product price. However, during the transformation of the raw materials into the product, fluctuations in metal prices result in differences between the price paid for the metal contained in the raw materials and the price received for the metal contained in the products sold to the client. A trading risk therefore exists concerning changes in metal prices between the time when the price of the raw material purchased is determined and the time when the price of the finished product is determined.

The Group's policy is to hedge its trading risk as far as possible mainly using futures contracts. These derivatives are recognised as fair value hedges if they meet the criteria for hedge accounting.

If they do not meet the criteria for hedge accounting set out in IAS 39, they are measured at fair value through profit or loss both at inception and subsequently. Changes in fair value are recognised through profit or loss under "Other financial income" or "Other financial expenses".

The Group primarily uses futures and options.

Recognition of hedging transactions

The Group applies the accounting principles specific to hedge accounting insofar as it can be demonstrated that hedging relationships between derivatives and the risks hedged satisfy the requisite conditions to qualify for hedge accounting.

The hedging relationship satisfies the conditions for the application of hedge accounting if it is designated as such and documented formally when the hedge is put in place and if it is demonstrated that the hedge is effective at inception and continuously throughout the entire period for which it was initially implemented. Hedges are considered to be effective when the hedging instrument offsets between 80% and 125% of changes in fair value in and cash flows from the hedged item. Both retrospective and prospective hedge effectiveness tests must be passed.

The Group identifies the hedging item and the hedged item as soon as the hedging is arranged, and formally documents the hedging relationship by identifying the hedging strategy, the risk hedged and the method used to assess the effectiveness of the hedge:

- **fair value hedges:**

  The hedged item is re-measured with respect to the risk hedged, and the hedging instrument is measured and recognised at its fair value. Changes in these two items are recorded simultaneously under operating income;

- **cash flow hedges:**

  The hedged item is not re-measured, and only the hedging instrument is re-measured at fair value. As the counterpart to this re-measurement, the effective portion of the change in fair value attributable to the hedged risk is recognised net of tax in equity. Amounts accumulated in equity are taken back to income when the hedged item affects the income statement. The ineffective portion is kept in income for the period.

Cash and cash equivalents

Cash and short-term deposits recognised on the balance sheet include bank balances, cash and short-term deposits with an initial maturity of less than three months.

For the purposes of the cash flow statement, cash and cash equivalents include cash and cash equivalents as defined above, net of short-term bank overdrafts.

[3] *Lead inventories at the Group's main smelter are divided into: a) permanent inventories; b) commercial inventories. The Group is exposed to risks relating to the prices of metals in its inventories. This risk relates to the market value of the metal, which could fall below the carrying value of inventories. The Group's policy is not to hedge the risk relating to permanent inventories and to hedge the risk relating to commercial inventories.*

Interest-bearing borrowings

All borrowings are initially recognised at the fair value of the amount received less any directly attributable transaction costs. Following initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method.

In accordance with IAS 32, any commitment to buy back shares must give rise to the recognition of a financial liability through a deduction against equity in an amount equal to the discounted repurchase price. Once the repurchase price is set, only the impact of unwinding the discounting effect affects future earnings.

IAS 27 "Consolidated and Separate Financial Statements" and IAS 32 "Financial Instruments: Disclosures and Presentation" have prompted the Group, based on the regulations as they currently stand, to recognise firm and conditional commitments to buy out minority interests under debt, with a corresponding adjustment to minority interests. When the value of the commitment exceeds the amount of minority interests, the balance is recognised as a reduction in equity attributable to Recylex SA's shareholders. The fair value of commitments to buy out minority interests is reviewed at each balance sheet date. The corresponding debt is adjusted through a balancing entry under financial income or expense. Any commitment of this type gives rise to the recognition of a debt equal to the discounted value of the purchase price.

The portion of debt due in less than one year is shown under current liabilities.

Provisions

Provisions are set aside when the Group has legal, contractual or implied obligation to a third party arising as a result of a past event and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation, without any equivalent benefit being anticipated and where the amount of the obligation may be estimated reliably.

Where the Group anticipates partial or full repayment of the provision, for instance under an insurance contract, the repayment is recognised as a separate asset, but only if the repayment is almost assured. The expense associated with the provision is shown on the income statement net of any repayment.

If the effect of time value is material, provisions are discounted at a pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where the provision is discounted, the increase in the provision linked to the passage of time is recognised as a borrowing cost.

When the provision is used, the provision is reversed through a credit to the expense account in which the expense covered by the provision was recorded. When the reversal of the provision reflects the extinguishment of the risk factor without any related outlay, the reversal takes place through a credit to the allowances for provisions account.

The provisions set aside by the Group primarily cover site remediation and pollution abatement.

Provisions are set aside to cover risks identified at sites in operation wherever a legal or regulatory obligation arises.

In the case of provisions for remediation of operational storage areas for end-of-process waste (slag), the group recognises provisions for its remediation undertakings which are set against non-current asset elements that reflect the expected date of expenditure (present value). This asset is depreciated as it is consumed.

In addition, provisions for site remediation are recognised in accordance with the legal requirements.

The provisions set aside to cover these risks are assessed on the basis of a forecast budget prepared with the help of specialist consultancies, depending on legal and technical factors known at the time the estimates are made. The Group then consults contractors in order to refine its forecasts.

Provisions arising during the normal business cycle are classified under current provisions.

Employee benefits

The Group sets aside two types of provision:

- *Provisions for long-service awards*

These provisions are set aside where local rules (law, internal procedures, etc.) give rise to a liability for the Group.

- *Provisions for post-retirement benefit obligations*

Pursuant to the law and customary practice in each country, the Group provides its employees with pension plans. In France, each Group employee receives a lump-sum payment upon retirement. In Germany, certain employees receive supplementary pension payments.

Aside from the statutory plans, pension plans may be either defined contribution or defined benefit plans.

Statutory pension plans

In some countries, most notably in France, the Group contributes to the statutory social security plan, whereby the expense incurred during a period matches the contributions payable to government agencies.

Defined contribution plans

Benefits paid depend solely on total contributions into the plan and the return achieved on investments of these amounts. The Group's obligation is limited to the contributions paid, which are expensed as incurred.

Defined benefit plans

The Group's obligation under these pension plans is calculated on an annual basis by independent actuaries using the projected unit credit method. These obligations are assessed based on assumptions concerning mortality, staff turnover and estimated future salaries.

Projected future benefits are discounted to net present value using appropriate rates for each country. Discount rates are determined by reference to the rates of return on bonds issued by prime corporate borrowers.

There are two different types of pension plan in this category:

- annuity plans: beneficiaries receive pension payments throughout their retirement (German retirement plan);
- lump-sum payments upon retirement or departure from the Company (lump-sum end-of-career payments in France).

Actuarial gains and losses arise when differences are observed between actual figures and previous estimates, or following changes in actuarial assumptions. For post-employment benefit obligations, these gains or losses are accounted for using the corridor method: gains and losses resulting from changes in actuarial assumptions or experience adjustments are recognised only when they exceed 10% of the value of the obligation. The portion in excess of 10% is then amortised over the average residual service life of the relevant employees.

Share-based payments

The Group uses share-based remuneration methods.

Stock options and free share plans have been granted to certain senior managers and employees of the Group.

- <u>Stock options:</u>

The fair value of services received in return for the grant of these options is measured definitively with reference to the fair value of those options at the grant date and to the number of options for which the vesting conditions will be met at the end of the vesting period. In carrying out this measurement, the Group uses a Black-Scholes mathematical valuation model. During the vesting period, the total fair value is charged on a straight-line basis over the whole vesting period for the plan in question, and the number of options for which the vesting conditions will be met is reviewed at each balance sheet date. The expense is recognised in staff costs, and its balancing entry is an increase in equity. When options are exercised, the exercise price received by the Group is recognised in cash and cash equivalents, with a balancing entry in equity.

- <u>Free shares:</u>

Free shares are measured at fair value on the grant date. This amount is recognised under staff costs on a straight-line basis over the vesting period of the rights (period between the date of grant and the maturity date of the plan).

Only stock option plans granted after November 7, 2002 under which rights had not vested by January 1, 2005 are stated and recognised in accordance with IFRS 2.

Leases

Finance leases, which transfer substantially all the risks and rewards of ownership incidental to ownership of the leased asset, are recognised on the face of the balance sheet from the inception of the lease. They are recorded under property, plant and equipment at the lower of the fair value of the leased asset and the present value of minimum lease payments. A financial liability of the same amount is recognised under liabilities. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charge calculated on the liability is recognised directly in income.

Leased assets are depreciated over their estimated useful life.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Revenue recognition

Revenue is recognised when it is probable that future economic benefits will accrue to the company and those benefits can be reliably measured.

Presentation of the income statement and principal financial indicators

As permitted under IAS 1 "Presentation of Financial Statements", the Group presents its income statement using the nature of expense method.

Operating income before non-recurring items

Operating income before non-recurring items includes all recurring income and expense arising directly from the Group's business activities, excluding income and expense resulting from one-off decisions and transactions, such as the effects of the continuation plan on corporate liabilities, an issue covered in detail in note 18 to the consolidated financial statements.

***Operating expenses - Contribution Économique Territoriale* tax**

The 2010 finance act, passed on December 30, 2009, abolished the French business tax (*taxe professionnelle*) as of 2010 and replaced it with the *Contribution Économique Territoriale* (CET) tax, which includes two new contributions:

- The *Cotisation Foncière des Entreprises* (CFE), based on the property rental values currently used to calculate the *taxe professionnelle*;
- The *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE), based on the value added reported in the parent company financial statements.

The two new contributions will therefore be recognised by the Group as operating expenses in the same way as the current *taxe professionnelle*.

Other non-recurring operating income and expense

This heading is used where a major event that occurred during the accounting period is liable to skew analysis of the Group's performance.

It includes a very limited number of income and expense items, which are unusual by virtue of their frequency, nature or amount.

Operating income

Operating income reflects all income and expense items arising directly from the Group's business activities, irrespective of whether these items are recurring or whether they are the result of one-off decisions and transactions.

Income tax

Income tax assets and liabilities falling due in the current or in previous financial years are stated at the amount expected to be collected from or paid to the taxation authorities. The tax rates and tax regulations used to determine these amounts are those enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised using the liability method in respect of all temporary differences existing at the balance sheet date between the tax base of assets and liabilities and their carrying amount in the balance sheet, as well as on tax loss carryforwards.

Deferred taxes are measured at the tax rates that have been enacted at the balance sheet publication date.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each balance sheet date and are written down, where the risk of non-recovery exists.

Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

Note 3. Property, plant and equipment

Property, plant and equipment, excluding assets held for sale, break down as follows:

a) Property, plant and equipment at December 31, 2010 and December 31, 2011

12/31/2010 *(in thousands of euros)*	***Gross***	***Accumulated depreciation***	***Impairment losses***	***Net***
Land	5,394	(471)	-	4,923
Buildings	112,079	(90,181)	-	21,898
Plant and tools	215,967	(173,977)	(5,193)	36,797
Assets in progress	5,001	(94)	-	4,906
Other	22,325	(18,154)	-	4,172
Total	**360,766**	**(282,877)**	**(5,193)**	**72,697**

12/31/2011 *(in thousands of euros)*	***Gross***	***Accumulated depreciation***	***Impairment losses***	***Net***
Land	5,394	(475)	-	4,919
Buildings	115,949	(92,628)	-	23,321
Plant and tools	216,392	(177,435)	(5,193)	33,764
Assets in progress	5,306	(94)	-	5,212
Other	22,590	(18,302)	-	4,288
Total	**365,631**	**(288,934)**	**(5,193)**	**71,504**

b) Change in property, plant and equipment between January 1, 2011 and December 31, 2011

(in thousands of euros)	***Net***
Net carrying amount after amortisation and impairment losses at January 1, 2010	**72,866**
Additions	8,826
Remediation works	928
Amortisation expense for the year	(9,813)
Impairment losses	-
Disposals and retirements	(200)
Reversals of depreciation during the period	90
Other	-
Net carrying amount after amortisation and impairment losses at December 31, 2010	**72,697**
Additions	9,345
Amortisation expense for the year	(10,127)
Impairment losses	-
Disposals and retirements	(311)
Reversals of depreciation during the period	-
Other*(1)*	(100)
Net carrying amount after amortisation and before impairment losses at December 31, 2011	**71,504**

Additions include €1.4 million for replacing and upgrading the production facilities at the main lead smelter in Nordenham, Germany (Weser-Metall GmbH) and €1.8 million for improvements to Recylex SA's battery breaker facility. €0.4 million was invested in PPM. In the zinc segment additions included €5 million for replacing equipment and improving productivity at the three zinc recycling plants in Germany and France.

(1) Including €59 thousand relating to investment subsidies reclassified as a reduction in the value of assets and €41 thousand from intangible assets.

c) Subsidies related to property, plant and equipment

Subsidies related to property, plant and equipment are presented on the face of the balance sheet as a reduction in the value of the relevant assets and accordingly give rise to a reduction in annual depreciation expense.

The subsidies obtained originate from regional development funds in Germany and were granted subject to certain recruitment or investment conditions. At the balance sheet date, all the subsidies recognised satisfy the conditions of grant, and so there is no risk that they will have to be repaid.

d) Property, plant and equipment acquired under finance leases

(in thousands of euros)	***Gross***	***Amortisation and depreciation***	***Net***
12/31/2011	1,656	(454)	1,202
12/31/2010………………………………………………	1,656	(320)	1,336
12/31/2009………………………………………………	1,656	(157)	1,499
12/31/2008………………………………………………	2,661	(1,816)	845
12/31/2007………………………………………………	2,661	(1,571)	1,090

Assets held under finance leases mainly comprise production equipment.

Note 4. Intangible assets and goodwill

Goodwill and intangible assets, excluding assets held for sale, break down as follows:

a) Goodwill and intangible assets at December 31, 2010 and December 31, 2011

12/31/2010 *(in thousands of euros)*	***Gross***	***Accumulated depreciation***	***Impairment losses***	***Net***
Goodwill	792	-	(792)	-
Concessions, patents, licences, etc. ..	9,291	(7,333)	-	1,958
Total	**10,084**	**(7,333)**	**(792)**	**1,958**

12/31/2011 *(in thousands of euros)*	***Gross***	***Accumulated depreciation***	***Impairment losses***	***Net***
Goodwill	-	-	-	-
Concessions, patents, licences, etc. ..	9,455	(7,708)	-	1,747
Total	**9,455**	**(7,708)**	**-**	**1,747**

b) Change in intangible assets between January 1, 2011 and December 31, 2011

(in thousands of euros)	***Net***
Net carrying amount after amortisation and impairment losses at January 1, 2010	**1,857**
Additions	431
Goodwill	-
Amortisation expense for the year	(326)
Disposals	-
Other	(4)
Net carrying amount after amortisation and impairment losses at December 31, 2010	**1,958**
Additions	125
Goodwill	-
Amortisation expense for the year	(377)
Disposals	-
Other	41
Net carrying amount after amortisation and impairment losses at December 31, 2011	**1,747**

Note 5. Impairment tests

Evidence of impairment

At December 31, 2011, the Group observed evidence of impairment at the following cash-generating units (CGUs):

- **Zinc business**

- Harz-Metall GmbH CGU

In the zinc business, the two Waelz oxide production facilities (Harz-Metall GmbH in Germany and Recytech SA (50%-owned) in France) processed 182,404 tonnes of dust, allowing the production of 75,459 tonnes of Waelz oxides in 2011 (compared to 182,174 tonnes of dust processed and 73,734 tonnes of Waelz oxides produced in 2010). The average zinc price in 2011 of €1,574 per tonne was lower than the average of €1,624 per tonne recorded in 2010. The Harz-Metall GmbH CGU processed less dust in 2011 than in 2010 and was unable to generate positive operating income.

- **Lead business**

- Weser-Metall GmbH CGU

In the lead business, the operating performance of the Group's main smelter in Germany (Weser-Metall GmbH), was better than in 2010. The smelter produced approximately 118,000 tonnes of lead in 2011, compared to approximately 114,000 tonnes in 2010.

Despite a slight improvement in commercial conditions (premiums on lead sales) relative to 2010 and an average lead price in 2011 of €1,722 per tonne (higher than the 2010 average of €1,615 per tonne) the entity was unable to generate positive operating income (LIFO).

The Group performed an impairment test on these two CGUs.

Impairment testing

As part of this test, the Group compared the carrying amount of each CGU with its recoverable amount, which is defined as the higher of its value in use and fair value less costs to sell.

To determine value in use, the Group discounts estimated future cash flows over a period of five years, and calculates a terminal value. The terminal value is based on a perpetual growth rate of 1.5%.

The discount rate used to calculate value in use is the Group's after-tax weighted average cost of capital, which is 10.88%.

The weighted average cost of capital is calculated on the following basis:

- cost of equity: a risk-free rate, equal to the average ten-year Bund yield over a five-year period, a sector beta, a 6.49% market risk premium and a 2% specific risk premium;
- cost of debt: a spread of 3.17%;
- and a sector-average gearing figure for weighting the two components.

The key assumptions underpinning the Group's cash flow projections are:

Lead and zinc businesses: Metal prices based on the latest available forecasts for the period 2012-2016 and for calculating the terminal value. The euro-dollar exchange rate used to calculate cash flow projections has been set at $1.35 per euro for the whole of the forecast period (5 years) and for the normalised cash flow used to calculate terminal value.

Test results and impairment recognised

The results of these tests revealed no need for any additional impairment of these CGUs or for any reversal of existing impairment.

Furthermore, there was no evidence of any fall in the recoverable value of individual assets below their carrying amount.

An impairment loss of €2.6 million was taken against the property, plant and equipment of the Harz-Metall GmbH CGU (Zinc) at December 31, 2008. The results of the tests indicated that this impairment could be reversed. However, due to the strong sensitivity of this CGU to changes in zinc prices, the highly volatile nature of prices and the difficulties involved in forecasting future levels, the Group has decided not to reverse this impairment.

For the Weser-Metall GmbH CGU (Lead) the impairment test indicates a value in use equal to the carrying value and which remains highly sensitive to changes in the price of lead and in the euro-dollar exchange rate.

As regards the C2P GmbH CGU, the remaining amount of impairment loss provisions relating to the Group's industrial property, plant and equipment totals €2.6 million. At December 31, 2011, there was no evidence prompting the reversal of this impairment loss.

At December 31, 2011, the net carrying amount of the relevant production assets after impairment losses breaks down as follows:

12/31/2011 *(in millions of euros)*	***CGU Harz-Metall GmbH***	***CGU Weser-Metall GmbH***	***CGU C2P SAS***	***CGU* C2P GmbH**	**CGU PPM GmbH**	**CGU *RMO GmbH***
Gross value of production assets	44.5	111.7	6.8	5.7	60.1	3.4
Accumulated depreciation	(34.1)	(82.7)	(4.4)	(3.1)	(54.8)	(0.9)
Impairment losses	(2.6)	0	0	(2.6)	0	0
Net value of production assets	**7.8**	**29.0**	**2.4**	**0**	**5.3**	**2.5**
Activity	Zinc	Lead	Plastics	Plastics	Special Metals	Special Metals
Valuation method	Discounted cash flow	Discounted cash flow	EBITDA multiple	EBITDA multiple	EBITDA multiple	EBITDA multiple

At December 31, 2010, the net carrying amount of the relevant production assets after impairment losses breaks down as follows:

12/31/2010 *(in millions of euros)*	***CGU Harz-Metall GmbH***	***CGU Weser-Metall GmbH***	***CGU C2P SAS***	***CGU* C2P GmbH**	**CGU PPM GmbH**	**CGU *RMO GmbH***
Gross value of production assets	42.3	110.8	6.7	5.7	62.2	3.3
Accumulated depreciation	(32.8)	(78.8)	(4.2)	(3.1)	(56.7)	(0.7)
Impairment losses	(2.6)	0	0	(2.6)	0	0
Net value of production assets	**6.9**	**32.0**	**2.5**	**0**	**5.5**	**2.6**
Activity	Zinc	Lead	Plastics	Plastics	Special Metals	Special Metals
Valuation method	Discounted cash flow	Discounted cash flow	EBITDA multiple	EBITDA multiple	EBITDA multiple	EBITDA multiple

Sensitivity analysis

The Group has tested the sensitivity of the value in use of the two main CGUs to the key assumptions affecting the calculation of terminal value. These key assumptions are metal prices (zinc and lead), the euro-dollar exchange rate used in calculating the terminal value and the discount rate used.

Zinc business (Harz-Metall GmbH CGU)

- The value in use of the Harz-Metall GmbH CGU exceeds its net carrying amount[4];
- Over the cash flow projection period, an average zinc price of $2,258 per tonne and an average euro-dollar exchange rate of 1.35 over the same period were used. For calculating the terminal value, a zinc price of $2,250 a tonne and a euro-dollar exchange rate of $1.35/€ were used;
- For the value in use to be equal to the carrying amount, the average price used to calculate the terminal value would have to be $2,117 a tonne at a euro-dollar exchange rate of $1.35/€;
- For the value in use to be equal to the carrying amount, the euro-dollar exchange rate used to calculate the terminal value would have to be $1.44/€ at a constant zinc price of $2,250 a tonne;
- For the value in use to be equal to the carrying amount, a discount rate of 16.58%, rather than 10.88%, would have to be applied.

Lead business (Weser-Metall GmbH CGU):

- The value in use of the Weser-Metall GmbH CGU is equal to its net carrying amount;
- Over the cash flow projection period, an average lead price of USD 2,240 a tonne and an average euro-dollar exchange rate of 1.35 over the same period were used. For calculating the terminal value, a lead price of $2,200 per tonne and a euro-dollar exchange rate of 1.35 were used;
- A reduction in the lead price used in the calculation of the terminal value of $200 per tonne with a euro-dollar exchange rate of $1.35/€ results in a €4.5 million reduction in the value in use;
- At constant lead prices, a fall of 10 cents in the value of the US dollar used in the calculation of the terminal value (giving a euro-dollar exchange rate of $1.45/€ instead of 1.35) results in a €4.0 million reduction in the value in use;
- An increase of 1 percentage point in the discount rate (from 10.88% to 11.88%) results in a €4.3 million reduction in the value in use.

[4] *Net carrying amount of all CGU assets including property, plant and equipment and intangible assets after deduction of impairment losses and normalised working capital requirements.*

Note 6. Non-current financial assets

The Group believes that the amortised cost of non-current financial assets represents a reasonable estimate of their fair value. The Group's non-current financial assets can be broken down as follows:

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Available-for-sale financial assets	93,700	93,700
Loans and advances to investee companies	150,608	150,608
Loans	1,541	442
Other financial assets	126	128
Financial assets before impairment	245,975	244,878
Impairment	(244,423)	(244,423)
Non-current financial assets	**1,552**	**455**

Available-for-sale financial assets primarily comprise investments in unconsolidated subsidiaries in which the Group owns an interest of over 50%. The primary characteristics of unconsolidated subsidiaries over 50%-owned by the Group are shown in the following table:

(in thousands of euros)	***Registered offices***	***Net carrying amount of securities at 12/31/2011***	***Net carrying amount of securities at 12/31/2010***
Metaleurop Nord	Paris	59,510	59,510
Metaleurop International Finance	Amsterdam	253	253
Penarroya Espagne	Cartagena	33,872	33,872
ME Trade Espana	Madrid	64	64
Penarroya Utah	Utah, USA	1	1
Gross value of available-for-sale financial assets		93,700	93,700
Less: Impairment losses		(93,700)	(93,700)
Net value of available-for-sale financial assets		**0**	**0**

Metaleurop Nord SAS and Peñarroya Espagne are in court-ordered liquidation, and were not consolidated at December 31, 2011 in accordance with IAS 27-21. The corresponding shares were fully written down.

Loans and advances to these investments, in an amount of €150,608 thousand, were written off in full.

Note 7. Other non-current assets

Other non-current financial assets (€4,733 thousand) mainly comprise funds received by Harz-Metall GmbH in the amount of €4.5 million following the agreement reached with TUI AG in 2009. These funds are dedicated to the future rehabilitation of certain sites in Germany (*see notes 1 and 25*), the cost of which has been provisioned.

Note 8. Inventories

Inventories held by the Group break down as follows:

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Raw materials	38,031	27,587
Work in progress	32,263	35,126
Finished and semi-finished goods	14,856	9,682
Subtotal	85,150	72,395
Less: Impairment losses	(2,746)	(548)
Net value of inventories and work in progress	**82,404**	**71,847**

The net value of the Group's inventories has increased significantly since December 31, 2010 as a result of a sharp rise in volumes of raw materials at the Group's main lead smelter operated by subsidiary Weser-Metall GmbH in Germany, following the planned shut-down for maintenance in December 2011.

The increase in the provision for impairment losses relates mainly to inventories of silver at the main smelter at Nordenham in Germany, which was written down following the fall in the price of silver in December 2011.

Note 9. Trade receivables

Trade receivables break down as follows:

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Trade receivables*(1)*	26,008	39,422
Less: Impairment losses	(4,945)	(5,033)
Net value of trade receivables	**21,063**	**34,389**

(1) At December 31, 2011, only receivables not yet due on the balance sheet date under recourse factoring agreements were recognised as trade receivables in accordance with IAS 39. The amount derecognised, corresponding to non-recourse factoring agreements, was €15,312 thousand. At December 31, 2010, the amount derecognised, corresponding to non-recourse factoring agreements, was €13,739 thousand.

The reduction in trade receivables relates primarily to the decline in sales in the lead and zinc segments in the fourth quarter of 2011 relative to the fourth quarter of 2010.

Trade receivables do not bear interest and are generally payable in zero to sixty days.

Note 10. Other current assets

Other current assets break down as follows:

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Advances and downpayments on orders in progress	1,291	1,285
Social security receivables	160	184
Tax receivables	1,125	2,586
Other receivables	1,287	762
Prepaid expenses	259	213
Total other current assets	**4,122**	**5,030**

The fall in current assets is due primarily to the reductions in VAT payments on account for the German entities and in VAT credits for French entities.

Note 11. Cash and cash equivalents

The Group's cash and cash equivalents include:

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Cash at bank and in hand	37,808	56,750
Other short-term investments	3,726	6,916
Gross cash assets	**41,534**	**63,666**
Bank overdraft facilities	-	(3,000)
Total net cash and cash equivalents on cash flow statement	**41,534**	**60,666**

Other short-term investments comprise shares in money-market mutual funds.

At December 31, 2011, the Group had €8,550 thousand of available credit lines (of which €8,147 thousand are undrawn) for which drawdown conditions were satisfied.

Regarding changes in the cash and cash equivalent position at the Recylex SA parent company, please see Note 32 on liquidity risk.

Note 12. Issued capital and reserves

Share capital and share premiums

The share capital comprised 23,974,982 fully paid-up shares with par value of €2 each at December 31, 2011.

Ordinary shares in issue and fully paid-up	*Number of shares*	*Par value* (in euros)	*Share capital* (in thousands of euros)	*Issue Premium* (in thousands of euros)
At January 1, 2011	**23,974,982**	**2.00**	**47,950**	**866**
Issuance of shares following exercise of stock options between January 1, 2011 and December 31, 2011	-	-	-	-
At December 31, 2011	**23,974,982**	**2.00**	**47,950**	**866**

Treasury shares

At December 31, 2011, the Group held 42,939 treasury shares, as it did at December 31, 2010. These treasury shares were bought by the Company between September 2000 and June 2001 as part of a share buy-back programme authorised by shareholders at the March 30, 2000 Shareholders' Meeting. Their average purchase price was €6.81. Treasury shares are deducted from equity.

	12/31/2011	*12/31/2010*
Number of treasury shares	42,939	42,939
Value of treasury shares (in thousands of euros)	292	292

Stock options and free share allocations

Stock options

The Shareholders' Meeting of March 30, 2000, authorised the introduction of stock option plans. Under this authorisation the Management Board granted stock options on September 20, 2002.

On September 26, 2008, Recylex SA's Board of Directors also granted stock options under the authorisation given by the Shareholders' Meeting of July 28, 2006.

The options granted are equity-settled share-based payment transactions within the meaning of IFRS 2.

The main characteristics of stock option plans in force at December 31, 2011 and likely to give rise to the creation of shares through the exercise of options are as follows:

Date of grant (date of Management Board/Board of Directors meeting)	***09/20/2002***	***09/26/2008***
Number of options granted	275,650	540,000
Subscription price (in euros).........	2.21	5.70
Vesting period	4 years	4/5 years (1)
Life of options...............................	10 years	10 years

(1)50% of options vest after a period lasting four years from the date of the relevant Board meeting, and the remaining 50% after a period lasting five years from the Board meeting.

The vesting of options depends on the beneficiary still being employed at a Group company (i.e. at Recylex SA or a company or group in which it owns at least 50% of the voting rights or capital) on the vesting date, unless otherwise provided for by the plan.

Changes in the number of options outstanding in 2011 break down as follows:

Date of grant	Number of options outstanding at 12/31/2010	Number of options reintegrated during the period	Number of options exercised during the period	Number of options lapsed during the period	Number of options outstanding at 12/31/2011	Exercise price (in euros)	Plan expiry
09/20/2002	65,900				65,900	2.21	09/20/2012
09/26/2008	535,000(1)				535,000(1)	5.7	09/26/2018
Total	***600,900***				**600,900**	**5.3**	

1) 50% of these options will not vest and cannot be exercised until September 26, 2012 and 50% until September 26, 2013.

The Shareholders' Meeting of May 7, 2010 granted the Board of Directors authorisation to allocate stock options to employees and corporate officers of the Company and of related companies. The Company did not introduce any stock option plans during 2011.

a) *Free shares*

The Shareholders' Meetings of July 16, 2007 and May 6, 2008 authorised the Board of Directors to allocate, in one or more sections, existing treasury shares held by the Company up to a total not exceeding 73,939 shares, to the benefit of all or some of the employees and/or company officers of the Company and/or related companies as defined in article L. 225-197-2 of the French Commercial Code.

In accordance with the authorisation granted by the above Shareholders' Meetings, on September 26, 2008 the Board of Directors of Recylex SA voted to implement a plan to allocate 50,000 free shares to the Group's employees and corporate officers. The 31,000 free shares allocated to beneficiaries residing in France were vested after a two-year period (i.e. on September 27, 2010 as September 26, 2010 was not a trading day) whilst the 19,000 free shares allocated to beneficiaries residing in Germany will vest after a four-year period (i.e. on September 26, 2012), subject to their being employed by a Group company on the vesting date, unless otherwise provided for by the plan. Vested shares held by beneficiaries residing in France must be held for a minimum period of two years after vesting (ending on September 26, 2012).

The Shareholders' Meeting of May 7, 2010 granted the Board of Directors authorisation to allocate existing shares held in treasury on that date as free shares to employees and corporate officers of the Company and of related companies. The Company did not introduce any free allocations of shares during 2011 under this authorisation.

Number of instruments in circulation and/or in the vesting period

Transactions in 2011 involving share-based payment instruments can be summarised as follows:

	Stock options		Free shares		
	Number of options	Contractual residual life	Number of shares	Contractual residual life	
		Total		France	Germany
Balance at 31/12/2010	**600,900**	7.08	19,000	-	1.77
- reintegrated	-	-	-	-	-
- cancelled/lapsed	-	-	-	-	-
- exercised/vested	-	-	-	-	-
Balance at 12/31/2011	**600,900**	**6.08**	**19,000**	**-**	**0.77**

Accounting impact of instruments allotted in 2008

In accordance with IFRS 2, share-based payment instruments are recognised as staff costs to the extent of the fair value of instruments allotted, measured at the allotment date. This expense is spread over the vesting period. The total expense amounts to €846 thousand for stock options and €221 thousand for free shares.
The expense amount for 2011 is €186 thousand for stock options and €27 thousand for free shares.

Note 13. Interest-bearing borrowings

Analysis of borrowings

a) Current portion of borrowings and other debts

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Portion due in less than one year	5,635	6,036
Discounted receivables	-	-
Total	**5,635**	**6,036**

b) Non-current borrowings and debt

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Portion due in more than one year	1,771	7,175
Total	**1,771**	**7,175**

Repayment schedule of non-current borrowings

(in thousands of euros)	***12/31/2011***			***12/31/2010***
	One to five years	***Over five years***	***Total***	
Bank borrowings	1,771	-	1,771	7,175
Interest-bearing borrowings	**1,771**	**-**	**1,771**	**7,175**

Note 14. Provisions

Current and non-current provisions can be analysed as follows:

a) Provisions at December 31, 2011 and December 31, 2010

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Current provisions		
Environmental provisions	6,826	10,784
Litigation	-	160
Restructuring	40	-
Other risks and charges	8	80
	6,874	11,024
Non-current provisions		
Environmental provisions	23,034	21,442
Litigation	10,419	10,377
Restructuring	208	308
Other risks and charges	272	268
	33,933	32,395
Total provisions	**40,807**	**43,419**

Environmental provisions are described in detail in note 38 and pension liabilities in note 15.

b) Changes in provisions at December 31, 2010 and December 31, 2011

(in thousands of euros)	***Balance at 31/12/2010***	*Additions during the period*	*Discounting*	Reclassification *(1)*	*Release of provisions used*	*Release of provisions not used*	***Balance at 12/31/2011***
Environmental provisions (*note 38*)	32,226	1,162	(707)	-	(2,821)	-	29,860
Litigation	10,537	61	(18)	-	-	(160)	10,419
Restructuring	308	44	-	-	(104)	-	248
Other risks and charges	348	21	-	(6)	(83)	-	280
Total provisions	**43,419**	**1,288**	**(725)**	**(6)**	**(3,008)**	**(160)**	**40,807**

Additions for the year mainly comprise the recognition of recurring costs for the Estaque site following the extension of the end date of the programme of works to December 31, 2015 in accordance with the supplementary Prefect's order together with the recognition of the costs of additional works on a number of mines (*note 38*).

Note 15. Pension and post-retirement obligations

Provisions for pension and other post-retirement benefits break down into non-current and current portions as follows:

a) Provisions at December 31, 2010 and December 31, 2011

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Post employment benefits - current obligations	2,210	2,044
Post employment benefits - non-current obligations	23,069	24,170
Post employment benefits - total obligations	25,279	26,213

b) Changes in provisions at December 31, 2010 and December 31, 2011

(in thousands of euros)	***Provisions at 12/31/2010***	***Charge for the period***	***Reversals during the period***	***Provisions at 12/31/2011***
Post employment benefits - pension liabilities	26,213	1,650	(2,584)	25,279

Changes in defined benefit plan obligations during the period break down as follows:

	Germany		France		Total	
(in thousands of euros)	***12/31/2011***	***12/31/2010***	***12/31/2011***	***12/31/2010***	***12/31/2011***	***12/31/2010***
Change in benefit obligations						
Total current value of benefit obligations at the beginning of the financial year	32,899	33,515	376	365	33,275	33,880
Current service cost during the financial year	207	203	19	18	226	221
Interest expense	1,429	1,458	16	14	1,445	1,472
Actuarial gains/(losses)	3,584	(187)	36	87	3,620	(100)
Plan amendments	-	-	(3)	23	(3)	23
Benefits paid	(2,181)	(2,090)	(96)	(130)	(2,277)	(2,220)
Total current value of benefit obligations at the end of the financial year	**35,938**	**32,899**	**348**	**376**	**36,286**	**33,275**
Change in plan assets						
Fair value of plan assets at the beginning of the financial year	(3,406)	(2,992)	-	-	(3,406)	(2,992)
Expected return on plan assets	(136)	(120)	-	-	(136)	(120)
Actuarial gains/(losses)	50	124	-	-	50	124
Benefits reimbursed	70	-	-	-	70	-
Contributions paid	(376)	(419)	-	-	(376)	(419)
Fair value of plan assets at the end of the financial year	**(3,798)**	**(3,406)**	**-**	**-**	**(3,798)**	**(3,406)**
Total current value of benefit obligations at the end of the financial year	35,938	32,899	348	376	36,286	33,275
Plan assets	(3,798)	(3,406)	-	-	(3,798)	(3,406)
Unrecognised actuarial gains and losses	(7,183)	(3,663)	(10)	28	(7,192)	(3,635)
Unrecognised past service costs	-	-	(16)	(22)	(16)	(22)
Liabilities recognised on the balance sheet	**24,957**	**25,830**	**322**	**382**	**25,279**	**26,212**

Experience adjustments arising from benefit obligations amounted to €855 thousand of gains in Germany at December 31, 2011. At December 31, 2010, the figure was €187 thousand of gains. The amounts are amortised using the corridor method: only actuarial gains and losses exceeding 10% of the higher of debt and assets at the start of the period are recognised over the average remaining working lives of employees covered by the plan.

	Germany		France		Total	
(in thousands of euros)	***12/31/2011***	***12/31/2010***	***12/31/2011***	***12/31/2010***	***12/31/2011***	***12/31/2010***
Analysis of actuarial gains/(losses)						
Losses/(gains) resulting from changes in actuarial assumptions	2,729	-	17	-	2,746	-
(in %)	11%	-	5%	-	11%	-
Experience losses/(gains)	855	(187)	19	87	875	(100)
(in %)	3%	(1%)	6%	23%	3%	0%
Actuarial losses/(gains) generated on obligations	3,584	(187)	37	87	3,621	(100)
Actuarial losses/(gains) generated on assets	50	124	-	-	50	124
Actuarial losses/(gains) generated for the period	**3,634**	**(63)**	**37**	**87**	**3,671**	**24**

Plan assets in Germany are wholly invested in bonds.

Estimated contributions to be paid in 2012 amount to approximately €400 thousand.

Pension costs recognised break down as follows:

	Germany		France		Total	
(in thousands of euros)	***12/31/2011***	***12/31/2010***	***12/31/2011***	***12/31/2010***	***12/31/2011***	***12/31/2010***
Current service cost during the financial year	207	203	19	18	226	221
Interest expense	1,429	1,458	16	14	1,445	1,472
Expected return on plan assets	(136)	(120)	-	-	(136)	(120)
Amortisation of actuarial gains and losses	115	124	(2)	(16)	113	108
Amortisation of past service costs	-	-	3	1	3	1
Net cost for the period	**1,615**	**1,665**	**36**	**17**	**1,651**	**1,682**

Amounts recognised on the balance sheet changed as follows:

	Germany		France		Total	
(in thousands of euros)	***12/31/2011***	***12/31/2010***	***12/31/2011***	***12/31/2010***	***12/31/2011***	***12/31/2010***
Amount (provisioned)/recognised as an asset at the beginning of the financial year	25,830	26,673	382	496	26,212	27,169
Net cost for the period	1,615	1,665	36	17	1,651	1,682
Benefits paid	(2,111)	(2,090)	(96)	(130)	(2,207)	(2,220)
Contributions paid	(376)	(419)			(376)	(419)
Amount (provisioned)/recognised as an asset at the end of the financial year	**24,957**	**25,830**	**322**	**382**	**25,279**	**26,212**

The benefit obligation and plan assets at the end of the past five financial years are shown below:

Germany:

			Germany		
(in thousands of euros)	***12/31/2007***	***12/31/2008***	***12/31/2009***	***12/31/2010***	***12/31/2011***
Total current value of benefit obligations at the end of the financial year	30,803	30,471	33,515	32,899	35,938
Fair value of plan assets at the end of the financial year	-	-	(2,992)	(3,406)	(3,798)
Coverage of benefit obligations	**30,803**	**30,471**	**30,523**	**29,493**	**32,140**

France:

			France		
(in thousands of euros)	***12/31/2007***	***12/31/2008***	***12/31/2009***	***12/31/2010***	***12/31/2011***
Total current value of benefit obligations at the end of the financial year	560	504	365	376	348
Market value of plan assets at the end of the financial year	-	-	-	-	-
Coverage of benefit obligations	**560**	**504**	**365**	**376**	**348**

Actuarial assumptions

The assumptions underpinning measurements at the 2010 and 2011 balance sheet dates are presented below:

	Germany		France	
(in thousands of euros)	***12/31/2011***	***12/31/2010***	***12/31/2011***	***12/31/2010***
Discount rate	3.80%	4.50%	3.80%	4.50%
Assumed rate of salary increase	2.25%	2.25%	2.00%	2.00%
Return on plan assets	4.00%	4.00%	N/A	N/A

The expected return on plan assets is based on the generally expected return for this type of fund invested in bonds.

The following table presents a study of the sensitivity of actuarial obligations to changes in the discount rate applied. For France, sensitivity was calculated only for the end-of-career payment plan:

(in thousands of euros)	**Germany**	**France**
0.25% increase in discount rate	(1,016)	(6)
0.25% decrease in discount rate	1,075	6
1% increase in discount rate	(3,785)	(21)
1% decrease in discount rate	4,652	24

Since Recylex SA has chosen to use the corridor method for recognising actuarial gains and losses, a reduction or an increase in the discount rate would not alter the amount of its benefit obligations at December 31, 2011.

c) Defined contribution plans

The Group's obligation is limited to the contributions paid, which are expensed as incurred. The contributions expensed under the Company's own plans (excluding statutory and social security-type plans) amounted to €33.1 thousand during 2011 and related solely to FMM SA (Belgium). The contributions expensed in prior years for the supplementary pensions break down as follows:

Years	Contribution (€ thousands)
2011	33.1
2010	28.4
2009	20.1
2008	14.0
2007	7.1

d) Legal right to continuous training (DIF) at French companies

The total number of theoretical training hours corresponding to vested rights stood at around 9,861 hours. The actual amount of activations requested stood at 483 during 2011. In accordance with opinion no. 2004-F issued by the Comité d'Urgence (interpretations committee) of the Conseil National de la Comptabilité (national standards-setter) on October 13, 2004, no provision for individual training rights was set aside in the consolidated financial statements.

Note 16. TRADE PAYABLES

The Group's trade payables break down as follows:

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Trade payables	21,591	35,968
Total trade payables..	**21,591**	**35,968**

Trade payables do not bear interest and are generally payable within zero to ninety days.

The reduction in trade payables at December 31, 2011 was mainly due to the difference in the timing of mining concentrates shipments for the main smelter in Germany in 2011 relative to 2010.

Note 17. Other current liabilities

Other current liabilities break down as follows:

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Liabilities rescheduled under the continuation plan (*note 18*).........................	4,459	3,721
Tax and employee-related liabilities...	8,263	8,627
Liabilities related to non-current assets...	421	402
Other liabilities..	3,865	2,505
Prepaid income	703	586
Fair value of underlying hedged risk	49	91
Total..	**17,760**	**15,932**

Note 18. Other non-current liabilities

Other non-current liabilities break down as follows:

(in thousands of euros)	***12/31/2011***	***12/31/2010***
Liabilities rescheduled under the continuation plan..	15,563	19,770
Other financial liabilities (under clawback provision)[1]	3,900	2,400
Total..	**19,463**	**22,170**

1) *See Section 18.2*

18.1 Liabilities rescheduled under the continuation plan

Following the declaration of cessation of payments by Metaleurop SA (now Recylex SA) on October 21, 2003 and the commencement of administration proceedings on November 13, 2003, the Company's outstanding liabilities were frozen at that date.

In 2005, following the continuation plan agreed by the Paris Commercial Court, these liabilities were rescheduled in accordance with the two options set out in the continuation plan:

- Option 1: Repayment of 50% of the liability, without interest, over a two-year period, with 25% due on the first anniversary date of the court's approval of the continuation plan and 25% on the second anniversary date. Waiver of the remainder of the liability subject to a clawback provision (*see "Other financial liabilities" section of note 18*). Liabilities waived under Option 1 represent €19,210 thousand (*see "Other financial liabilities under the clawback provision" section of note 18*).

- Option 2: Repayment of 100% of the liability, without interest, over a ten-year period:
    - 4% of the liability on the first anniversary date of the approval of the continuation plan;
    - 4% of the liability on the second anniversary date of the approval of the continuation plan;
    - 8% of the liability on the third anniversary date of the approval of the continuation plan;
    - 8% of the liability on the fourth anniversary date of the approval of the continuation plan;
    - 10% of the liability on the fifth anniversary date of the approval of the continuation plan;
    - 10% of the liability on the sixth anniversary date of the approval of the continuation plan;
    - 12% of the liability on the seventh anniversary date of the approval of the continuation plan;
    - 12% of the liability on the eighth anniversary date of the approval of the continuation plan;
    - 16% of the liability on the ninth anniversary date of the approval of the continuation plan;
    - 16% of the liability on the tenth anniversary date of the approval of the continuation plan.

In accordance with section 40 of IAS 39, upon an exchange between an existing borrower and lender of debt instruments, it is established whether the terms of the original financial liability and the new financial liability are substantially different.

The discounted value of cash flows under the new borrowing terms provided for in the continuation plan discounted at the original effective interest rate differs by over 10% from the amortised cost of the original financial liability. Accordingly, the Group believes that this renegotiation of debt should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the redemption cost (fair value of the new borrowings) and the amortised cost of the original liability has thus been recognised in income at the date on which the continuation plan was agreed.

The fair value of the new liability is equal to the discounted value of the cash flows provided for in the continuation plan. The discount rate adopted is a risk-free interest rate of 2.41% (five-year BTAN yield) to take time value into account.

The liabilities rescheduled under the continuation plan are recorded under other current liabilities and other non-current liabilities.

Nature of current rescheduled liabilities *(in thousands of euros)*	***12/31/2011***	***12/31/2010***
Bank borrowings	19	15
Miscellaneous financial liabilities (including accrued interest)	1,617	1,348
Trade payables	129	107
Tax and employee-related liabilities	113	94
Miscellaneous liabilities	2,680	2,226
Current rescheduled liabilities under the continuation plan prior to discounting	4,558	3,790
Impact of discounting cash flows	(99)	(69)
Current rescheduled liabilities under the continuation plan after discounting	**4,459**	**3,721**

Nature of non-current rescheduled liabilities *(in thousands of euros)*	***12/31/2011***	***12/31/2010***
Bank borrowings	68	87
Miscellaneous financial liabilities (including accrued interest)	5,930	7,546
Trade payables	476	606
Miscellaneous financial liabilities	415	527
Miscellaneous liabilities	9,827	12,464
Non-current rescheduled liabilities under the continuation plan prior to discounting	16,716	21,230
Impact of discounting cash flows	(1,153)	(1,460)
Non-current rescheduled liabilities under the continuation plan after discounting	**15,563**	**19,770**

Non-current rescheduled liabilities (by maturity)	***12/31/2011***		
(in thousands of euros)	***One to five years***	***Over five years***	***Total***
Non-current rescheduled liabilities before discounting	15,563	-	15,563
Clawback clause	-	3,900	3,900
Total	**15,563**	**3,900**	**19,463**

18.2 *Other financial liabilities - clawback clause (Option 1 of the continuation plan)*

The Company's continuation plan, approved by the Paris Commercial Court on November 24, 2005, makes provision for creditors choosing option 1 of the continuation plan, which entails the abandonment of 50% of their claim (*see Section 18.1 of this note*), to benefit from a clawback clause provided (i) that they informed the Company by recommended letter within six months of the judgement approving the plan and (ii) that the plan is not reformulated prior to its expiry (on November 24, 2015.

This clause provides, under the conditions mentioned above, that from and including December 31, 2015, Recylex SA will allocate 20% of its cash at December 31 of each financial year to repayment of the waived debt on a pari passu basis between the creditors who have requested the clawback provision, with no limit on the duration of such repayments; Three creditors expressed their desire to take up this clawback provision within the timeframe set out, with a total liability covered by the clause of €19,210 thousand.

The volatility of metal prices and the difficulty in predicting trends in both prices and the economic outlook makes all medium-term and long-term forecasting extremely difficult.

During 2011, the Company reviewed the fair value of its liabilities relating to the clawback provision. These liabilities were valued at €3,900 thousand at December 31, 2011 (€2,400 thousand at December 31, 2010).

The methodology used at December 31, 2011 was identical to that used for the valuation conducted at December 31, 2010.

That is to say that the fair value of the liabilities under the clawback clause corresponds to the discounted present value of probable future repayments under the clause. On the view that the risk stemming from these flows is closer to that borne by shareholders than that borne by creditors, the discounting rate was set on the basis of the Company's cost of equity.

Probable repayments under the clawback clause from December 31, 2015 have been calculated on the basis of the 2012-2016 Business Plan drawn up by the Company and normalised cash flows thereafter.

In addition to cash flow from operations, the 2012-2016 Business Plan and subsequent normalised cash flows include:

- the repayment of liabilities to former employees of Metaleurop Nord SAS, which have been incorporated in the liabilities of the Company's continuation plan, pending judgement by the Cour de Cassation (*see note 32*);
- repayment of debts to those creditors who elected Option 2;
- liabilities relating to the rehabilitation of former mining sites and the Estaque site (*see notes 14 and 38*).

Cash flow from operations depends primarily on trends in the price of lead in euro terms. Given that the long-term performance of this market parameter cannot be forecast and cannot be hedged in an economically justifiable manner through the use of derivative instruments, the use of a DCF model based on a single scenario for future cash flow appears not appropriate for modelling cash flow from operations.

As a result, the Company has adopted a multi-scenario model to determine the value of liabilities under the clawback clause. Starting on the assumption that trends in lead prices follow a normal distribution a large number of scenarios for lead prices in euro terms were modelled.

Each scenario:
- represents a repayment profile and a value of the liability under the clawback clause; and
- is assumed to be equally likely.

The clawback clause provision (nominal value of €19,210,000) results from the average value of different scenarios. At December 31, 2011 the provision stood at €3,900,000. The standard deviation was €1,200,000 reflecting the very wide statistical distribution of the values produced.

This clawback clause provision is recognised in the balance sheet under 'Other non-current liabilities', balancing its recognition as other financial expense (see Note 27). This provision is recalculated at each balance sheet date to take account of possible adjustments to the Business Plan and reflect the time effect.

Note 19. Operating segments

IFRS 8 (Operating segments)

The Group opted for early application as of December 31, 2008 of IFRS 8 (Operating segments), as published by the IASB and adopted by the European Union on November 22, 2007.

The information presented is based on internal reporting used by management to assess the performance of the various segments. Reported segment income consists of operating income before non-recurring items.

The Group has five main segments:

- The "**Lead**" segment, which includes the French and German battery breaking activities and the primary smelting (Nordenham, Germany) and secondary smelting (FMM, Belgium) activities;
- The "**Zinc**" segment, including the recycling of steelwork particles (production of Waelz oxides at the Harz-Metall GmbH plant in Germany and the Recytech plant in France) and the recycling of zinc-bearing waste (production of zinc oxide by Norzinco GmbH in Germany);
- The "**Special metals**" segment, which combines the activities of PPM GmbH and RMO GmbH in Germany (custom production of very-high-purity metals);
- The "**Plastics**" segment, which combines the activities of C2P SAS in France and C2P GmbH in Germany (recycling of plastic materials);
- The "**Other businesses**" segment, which includes the activities of parent company Recylex SA, the activities of the Group's other commercial and administrative entities and the activities related to the rehabilitation of former industrial and mining sites in France and

Germany.

To assess the performance of its "**Lead**" operating segment, in its internal reporting the group uses the LIFO (last in first out) method to measure inventories for its main smelter in Germany (Nordenham). At this plant, the Recylex Group holds lead inventories in the form of raw materials, semi-finished goods and finished goods. These inventories are essential to the plant's operations. They are turned over continuously and remain relatively stable in volume. The measurement of the aforementioned inventories at Nordenham using the average weighted cost (AWC) method[5] introduces an economic factor that, because of the high volatility of lead prices, may make it hard to assess the performance of the plant, and therefore of the Group's Lead operating segment.
As a result, in its internal reporting, the Recylex Group analyses its Lead operating segment using the LIFO method for the measurement of inventories at Nordenham, and reconciles these data with accounts prepared in accordance with IFRS, in which the AWC method is used.

Operating segments

The tables below set out, for each operating segment, revenue, IFRS-compliant operating income before non-recurring items (for the Lead segment, operating income before non-recurring items using the LIFO method), net financial items, tax expenses and net income for 2011 and 2010.

Each column of the table below contains figures specific to each segment, which is analysed as an independent entity. The "Eliminations" column shows eliminations of intra-group transactions, allowing reconciliation of segment data with the Group's financial statements.

All inter-segment commercial relationships are conducted on a market basis, on identical terms and conditions to those prevailing for the provision of goods and services to external customers.

Financial year ended December 31, 2011

(in thousands of euros)	**Lead**	**Zinc**	**Special metals**	**Plastics**	**Other businesses (*)**	***Eliminations***	***Total***
Sales to external customers	332,281	83,795	29,172	12,338	-	-	457,586
Inter-segment sales	5,601	-	22	1,520	-	(7,143)	-
Income from ordinary activities	**337,882**	**83,795**	**29,194**	**13,858**	**-**	**(7,143)**	**457,586**
Operating income before non-recurring items (LIFO)	**1,652**	**7,033**	**2,735**	**916**	**(4,022)**	**-**	**8,314**
LIFO -> AWC adjustment	(762)	**-**	**-**	**-**	**-**	**-**	(762)
Reported operating income before non-recurring items (IFRS)	**890**	**7,033**	**2,735**	**916**	**(4,022)**	**-**	**7,553**
Other non-recurring operating income/(expense)	73	25	(705)	-	(1,432)	-	**(2,039)**
Net financial income	(1,748)	(32)	5	(21)	(499)	-	**(2,294)**
Share in income from equity affiliates	143	-	-	-	-	-	**143**
Income tax benefit / (expense)	838	(2,193)	(1,399)	(372)	(189)	-	**(3,315)**
Reported net income (IFRS)	**198**	**4,833**	**636**	**523**	**(6,142)**	**-**	**48**

[5] *IAS 2 requires inventories to be measured using the average weighted unit cost method or the first in, first out (FIFO) method.*

(in thousands of euros)	**Lead**	**Zinc**	**Special metals**	**Plastics**	**Other businesses**	**Total**
Intangible assets	350	506	887	-	4	1,747
Property, plant and equipment	40,987	17,218	7,777	2,397	3,125	71,504
Inventories[6]	58,557	7,445	14,637	1,766	-	82,405
Trade receivables	11,542	5,712	2,310	1,498	1	21,063
Total segment assets	**111,436**	**30,881**	**25,611**	**5,661**	**3,130**	**176,719**
Provisions and pension liabilities	16,482	2,527	1,563	60	45,454	66,086
Trade payables	14,092	5,274	1,486	541	198	21,591
Other current liabilities	4,128	4,175	1,215	567	7,675	17,760
Total segment liabilities	**34,702**	**11,976**	**4,264**	**1,168**	**53,327**	**105,437**
Property, plant and equipment	3,793	4,822	455	176	99	9,345
Intangible assets	120	5	-	-	-	125
Investments	**3,913**	**4,827**	**455**	**176**	**99**	**9,470**
Property plant and equipment	(5,830)	(3,115)	(772)	(275)	(135)	(10,127)
Intangible assets	(252)	(75)	(44)	-	(6)	(377)
Other non-cash expenses	(2,107)	(652)	71	11	(214)	(2,891)
Amortisation, depreciation and additions to provisions	**(8,189)**	**(3,842)**	**(745)**	**(264)**	**(355)**	**(13,395)**

Financial year ended December 31, 2010

(in thousands of euros)	***Lead***	***Zinc***	***Special metals***	***Plastics***	***Other businesses***	***Eliminations***	***Total***
Sales to external customers	282,043	86,044	26,025	9,463	37	-	403,612
Inter-segment sales	7,434	-	7	1,750	-	(9,191)	-
Income from ordinary activities	**289,477**	**86,044**	**26,032**	**11,213**	**37**	**(9,191)**	**403,612**
Operating income before non-recurring items (LIFO)	**3,839**	**9,029**	**1,426**	**454**	**(4,640)**	**-**	**10,108**
LIFO -> AWC adjustment	4,000	**-**	**-**	**-**	**-**	**-**	4,000
Reported operating income before non-recurring items (IFRS)	**7,839**	**9,029**	**1,426**	**454**	**(4,640)**	**-**	**14,108**
Other non-recurring operating income/(expense)	162	1,102	-	(72)	(11,029)	-	(9,838)
Net financial income	(1,261)	(268)	(38)	(45)	(2,950)	-	(4,562)
Share in income from equity affiliates	(205)	-	-	-	-	-	(205)
Income tax benefit/(expense)	(1,592)	(2,162)	39	(209)	171	-	(3,753)
Reported net income (IFRS)	**4,942**	**7,702**	**1,427**	**127**	**(18,448)**	**-**	**(4,250)**

[6] *Inventories in the Lead segment, measured using the LIFO method, totalled €42,764 thousand at December 31, 2010.*

(in thousands of euros)	Lead	Zinc	Special metals	Plastics	Other businesses	Total
Intangible assets	462	564	931	-	1	1,958
Property, plant and equipment	43,119	15,809	8,098	2,496	3,174	72,697
Inventories[7]	54,174	6,709	9,886	1,078	-	71,847
Trade receivables................................	21,599	8,161	3,612	1,012	6	34,389
Total segment assets	**119,353**	**31,243**	**22,527**	**4,586**	**3,181**	**180,890**
Provisions and pension liabilities	17,344	1,707	1,639	59	48,883	69,632
Trade payables....................................	27,155	6,891	1,287	521	113	35,968
Other current liabilities	7,237	3,728	1,222	610	3,135	15,932
Total segment liabilities	**51,737**	**12,326**	**4,149**	**1,191**	**52,131**	**121,533**
Property, plant and equipment	3,493	4,785	292	181	75	8,826
Intangible assets	431	-	-	-	-	431
Investments	**3,924**	**4,785**	**292**	**181**	**75**	**9,257**
Property plant and equipment	(5,904)	(2,695)	(801)	(277)	(137)	(9,813)
Intangible assets	(208)	(73)	(44)	-	-	(326)
Other non-cash expenses	(621)	502	496	137	(10,101)	(9,587)
Amortisation, depreciation and additions to provisions	**(6,733)**	**(2,266)**	**(349)**	**(140)**	**(10,238)**	**(19,726)**

Geographical zones

The items below are broken down as follows: sales are broken down by customer marketing area, while investments and assets are broken down according to the countries in which consolidated companies are based.

In accordance with IFRS 8, non-current assets broken down by geographical zone are non-current assets other than financial instruments, deferred tax assets and pension plan assets.

Financial year ended December 31, 2011:

(in thousands of euros)	***Western Europe***	***Rest of Europe***	***Americas***	***Rest of the world***	***Total***
Total sales	369,164	71,394	3,785	13,244	457,587

(in thousands of euros)	***France***	***Germany***	***Belgium***	***Total***
Investment (property, plant and equipment and intangible assets)	2,970	6,024	476	9,470
Non-current assets excluding tax and financial assets	-	-	-	-

Financial year ended December 31, 2010:

(in thousands of euros)	***Western Europe***	***Rest of Europe***	***Americas***	***Rest of the world***	***Total***
Total sales	293,893	81,754	4,405	23,560	403,612

(in thousands of euros)	***France***	***Germany***	***Belgium***	***Total***
Investment (property, plant and equipment and intangible assets)	1,986	6,983	289	9,257
Non-current assets excluding tax and financial assets	-	-	-	-

[7] *Inventories in the Lead segment, measured using the LIFO method, totalled €37,619 thousand at December 31, 2010.*

Structure of sales

Sales in the Lead segment come from a limited number of customers. In 2011, 61% of the Group's consolidated sales were to ten customers. Two of these customers each accounted for slightly more than 10% of the Group's total sales in 2011.

Sales in the other operating segments, particularly Zinc, where the customer base is highly fragmented, come from a large number of customers.

Note 20. External costs

External costs break down as follows:

(in thousands of euros)	***December 31 2011***	***December 31 2010***
General sub-contracting	(13,480)	(13,824)
Maintenance and repairs	(11,187)	(11,661)
Insurance premiums	(1,599)	(1,579)
Goods transportation and public transportation	(17,587)	(19,015)
Leasing, rental and service charges	(2,119)	(2,121)
Fees and external labour costs	(4,262)	(4,060)
Travel and entertainment expenses	(786)	(741)
Other external expenses	(2,873)	(2,136)
Total external costs	**(53,893)**	**(55,135)**

Note 21. Staff costs

The calculation of average headcount has been changed as a result of the application of the Grenelle II law in France. As a result, the table showing the average Group headcount on a full-time equivalent (FTE) basis differs from that presented for the financial year to December 31, 2010. The average headcount on an FTE basis for the financial year to December 31, 2010, as published in the 2010 Annual Report, was 665.

The average Group headcount on an FTE basis was as follows:

	December 31 2011	***December 31 2010***
Belgium	23	24
France	85	84
Germany	537	523
Total FTE employees	**645**	**631**

Staff costs break down as follows:

(in thousands of euros)	***December 31 2011***	***December 31 2010 (Restated)(1)***	***December 31 2010 (Published)***
Wages and benefits	(33,794)	(32,390)	(34,709)
Payroll (employer and employee) costs	(10,339)	(10,158)	(7,839)
Total staff costs	**(44,133)**	**(42,548)**	**(42,548)**

(1) Certain items of wages and benefits in 2010 have been reclassified as payroll costs in order to conform with the presentation used for 2011.

Note 22. Research and development costs

Research and development costs expensed directly in income amounted to:

(in thousands of euros)	***December 31 2011***	***December 31 2010***
Research and development costs	(831)	(806)

Note 23. Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses recognised in 2011 and 2010 break down as follows:

(in thousands of euros)	***December 31 2011***	***December 31 2010***
Depreciation of property, plant and equipment	(10,127)	(9,723)
Amortisation of intangible assets	(377)	(326)
Provisions and impairment losses	(2,332)	(94)
Total depreciation, amortisation and impairment losses	**(12,836)**	**(10,142)**

The increase in the provision for impairment losses relates mainly to inventories of silver at the main smelter at Nordenham in Germany, which was written down following the fall in the price of silver in December 2011 (*see note 8)*.

Note 24. Other operating income and expense

Other operating income and expense breaks down as follows:

(in thousands of euros)	***December 31 2011***	***December 31 2010***
Operating subsidies	13	16
Other non-recurring operating income and expense	1,236	1,321
Other operating income and expense	**1,249**	**1,337**

Note 25. Other non-recurring operating income and expense

This item includes income and expense that is unusual in frequency, nature or amount.

(in thousands of euros)	***December 31 2011***	***December 31 2010***
Additions to provisions and additional costs incurred at the L'Estaque plant, former mines and other closed sites	(1,325)	(1,777)
Additions to provisions/reversals of provisions against labour tribunal rulings*1)*.	(61)	(9,958) 1)
Expenses relating to labour tribunal rulings	(85)	(1,193)
Additions to provisions/reversals of provisions relating to the discontinuation of Norzinco SA's activities	-	906
Expenses incurred in the restructuring of PPM Pure Metals GmbH and Reinstmettalle Osterwieck GmbH (*see note 1)*	(699)	
Settlement of a dispute	-	1,500
Other income and expenses	131	436
Impact of the continuation plan	-	248
Other non-recurring operating income and expense	**(2,039)**	**(9,838)**

1) On December 17, 2010, the Company was summoned to a hearing on March 8, 2011, before the conciliation panels of the industry and management sections of the Lens labour tribunal, following claims for damages from 137 former non-managerial employees and 55 former managerial employees of Metaleurop Nord SAS who had not been party to the claims made in 2005. Each petitioner is claiming damages of between €30,000 and €50,000 plus €300 in costs, for a total amount of approximately €9,958 thousand. The Company made provision for the entirety of these claims in its accounts to December 31, 2010 and intends to contest both the admissibility and grounds of the claims. The next hearings in this case are set for June 12, 2012.

Other non-recurring operating income and expense related to the continuation plan breaks down as follows:

(in thousands of euros)	***December 31 2011***	***December 31 2010***
Waiver of debt granted to the Recylex Group		
Liabilities extinguished based on the terms agreed under the continuation plan	-	248
Impact of debt waivers and extinguishments following acceptance of the continuation plan	***-***	***248***
Liabilities declared during the financial year		
Additions to and reversals of provisions for litigation on disputed claims under the plan		
Total	**-**	**248**

Note 26. Net interest expense

Interest expense on net debt breaks down as follows:

(in thousands of euros)	***December 31 2011***	***December 31 2010***
Interest income from cash and cash equivalents	574	351
Interest expense on bank and non-bank borrowings and bank overdrafts	(1,288)	(1,139)
Net cost of borrowing	**(714)**	**(788)**

Note 27. Other financial income and expense

(in thousands of euros)	***December 31 2011***	***December 31 2010***
Net foreign exchange gains and losses	449	(555)
Impact of discounting provisions and liabilities	446	(845)
Factoring costs	(722)	(799)
Clawback clause (*note 18.2*)	(1,500)	(2,400)
Other financial income and expense	(253)	826
Other financial income and expense	**(1,580)**	**(3,774)**

Note 28. Income taxes

Income tax expense for the financial years ended December 31, 2011 and December 31, 2010 principally comprises the following items:

(in thousands of euros)	***December 31 2011***	***December 31 2010***
Current income tax benefit/(expense)	(2,298)	(2,555)
Current income tax benefit/(expense)	**(2,298)**	**(2,555)**
Arising from the creation and reversal of temporary differences	(418)	(1,932)
Related to tax loss carryforwards	(599)	733
Deferred income tax benefit/(expense)	**(1,017)**	**(1,199)**
Consolidated income tax expense	**(3,315)**	**(3,753)**

The deferred income tax expense is mainly due to the following:

- the decrease in the stock of deferred tax assets in relation to tax losses within the German companies for €599 thousand;
- a deferred tax expense of €418 thousand relating mainly to differences between German accounting standards and IFRS in the valuations of inventories and provisions for risks and charges.

The reconciliation between the actual tax expense and the theoretical tax expense is as follows for 2011 and 2010:

Reconciliation between actual and theoretical tax charges:

(in thousands of euros)	***December 31 2011***	***December 31 2010***
Net income before tax	3,220	(292)
Group tax rate	33.33%	33.33%
Theoretical tax charge	**(1,073)**	**97**
Increase or decrease in income tax expense resulting from:		
- use of previously unrecognised tax loss carryforwards and recognition of losses on tax loss carryforwards as assets	(1,414)	(221)
- taxes at reduced rates	(87)	284
- limitations on deferred tax assets	(520)	(4,158)
- reimbursement of taxes following tax audits	-	-
- other differences	(221)	244
Actual tax expense	**(3,315)**	**(3,753)**

As the Group could not reasonably plan to make further use of deferred tax assets over the following three years, it decided to make provision against €4.6 million of the deferred tax assets, resulting in an addition to provisions of €0.5 million in the financial year ended December 31, 2011.

Deferred tax assets and liabilities

(in thousands of euros)	***December 31 2011***	***December 31 2010 (Restated) (1)***	***December 31, 2010 Reported***
Deferred tax assets			
Provisions added back for tax purposes	7,350	8,024	9,672
Additional provision for employee benefits	2,092	1,846	445
Additional provision for impairment of non-current assets	1,237	1,325	1,325
Deferred tax on hedge accounting	37	26	26
Other temporary differences	560	480	480
Tax loss carryforwards	3,734	4,333	4,333
Offset of deferred tax assets and liabilities at the same taxable entity	(8,280)	(8,476)	(8,723)
Total	**6,730**	**7,559**	**7,559**
Deferred tax liabilities			
Restatement of expected useful life of non-current assets	(4,775)	(5,388)	(5,388)
Change in inventory valuation method at German units	(5,138)	(4,967)	(4,967)
Discounting of provisions and liabilities	(1,065)	(609)	(856)
Deferred tax on hedge accounting	(1)	-	-
Other temporary differences	(411)	(260)	(260)
Offset of deferred tax assets and liabilities at the same taxable entity	8,280	8,476	8,723
Total	**(3,110)**	**(2,748)**	**(2,748)**
Net deferred taxes	**3,620**	**4,811**	**4,811**

(1) The basis of deferred tax items at December 31, 2010 has been reviewed and reclassified to ensure conformity with the 2011 presentation.

For the financial years ended December 31, 2011 and December 31, 2010, the Group opted to limit the amount of deferred tax assets recognised in respect of tax losses to the forecast tax calculated for the following three years. The deferred tax assets arising on tax loss carryforwards recognised by the group amounted to €3.7 million at December 31, 2011 and €4.3 million at December 31, 2010.

The Group holds tax losses that may be carried forward indefinitely against the future taxable income of companies that generated these losses.

These tax losses amounted to €171 million, i.e.:

- €126 million at French units
- €45 million at German units

Note 29. Earnings per share

The following table shows details about the earnings and numbers of shares used to calculate basic and diluted earnings per share for all operations.

Earnings per share for all operations

	December 31 2011	*December 31 2010*
Net income attributable to equity holders of the parent (in thousands of euros)	48	(4,250)
Weighted average number of ordinary shares used to calculate basic earnings per share	23,932,043	23,905,498
Earnings per share in euros	**0.00**	**(0.18)**

	December 31 2011	*December 31 2010*
Net income attributable to equity holders of the parent (in thousands of euros)	48	(4,250)
Weighted average number of ordinary shares used to calculate basic earnings per share	23,932,043	23,905,498
Impact of dilution:		
Stock options (with dilutive impact)	619,900	663,209
Weighted average number of ordinary shares adjusted for diluted earnings per share	24,551,943	24,568,707
Diluted earnings per share in euros	**0.00**	**(0.17)**

In 2010, all stock option and free share allocation plans were excluded from the calculation of diluted earnings per share due to a net loss being reported for the year.

Note 30. Commitments and contingencies

Commitments under operating leases

The Group has entered into operating leases covering certain motor vehicles, machinery and buildings. The minimum future rental payments due under these operating leases, which may not be terminated, are as follows:

	December 31, 2011			*December 31, 2010*		
(in thousands of euros)	*Less than 1 year*	*1 to 5 years*	*Over five years*	*Less than 1 year*	*1 to 5 years*	*Over five years*
Buildings	259	158	-	238	137	-
Other	810	1,216	-	925	1,384	11
Total	**1,069**	**1,374**	**-**	**1,163**	**1,521**	**11**

Commitments under finance leases

The Group holds finance leases that are accounted for in accordance with IAS 17.

The net carrying amount of property, plant and equipment held as assets under finance leases amounted to €1,201 thousand at December 31, 2011 and €1,336 thousand at December 31, 2010.

Future minimum payments under finance leases and leases with a purchase option can be reconciled with the present value of net future minimum lease payments as follows:

(in thousands of euros)	***December 31, 2011***	***December 31, 2010***
Minimum payments due in less than one year	151	87
Minimum payments due in more than one year but less than five years	449	601
Minimum payments due in more than five years	-	151
Total minimum payments under finance leases	600	839
Less amounts representing interest expense		
Present value of minimum payments under leases	**600**	**839**

Investment commitments

At December 31, 2011, the Group's investment commitments totalled €2.7 million.

Commitments arising from the purchase and sale of futures

At December 31, 2011, the Group had no commitments arising from the forward sale or purchase of currencies.
Commitments arising from the forward sale or purchase of metals are presented in note 36.

Commitments given

- The pledge of Recylex GmbH shares to the banks was transferred to Glencore following the latter's purchase of bank debt on August 4, 2005.
- Weser-Metall GmbH has granted a mortgage over its land as security for a loan currently amounting to €0.3 million.
- Reinstmetalle Osterwieck GmbH has pledged its inventories, trade receivables and land as collateral for a loan currently amounting to €1.7 million.
- Harz-Metall GmbH, Weser-Metall GmbH, PPM GmbH and C2P GmbH have also entered into a guarantee contract in accordance with article 328/1 of the German Civil Code to guarantee a Recylex GmbH loan amounting to €4 million.
- FMM has granted a mortgage security on buildings in an amount of €0.8 million and pledged its business as collateral in an amount of €0.3 million.
- Recylex SA has granted a mortgage security interest to the French water agency amounting to €2.3 million covering the land at the L'Estaque site.

Litigation and contingent liabilities

See the notes concerning significant events for the 2011 financial year (*note 1*).

Note 31. Information concerning related parties and benefits granted to administrative and management bodies

Information concerning related parties

(in thousands of euros)	*Expenses*		*Income*		*Receivables*		*Liabilities*	
	2011	*2010*	*2011*	*2010*	*2011*	*2010*	2011	2010
Glencore	83,898	42,173	59,064	74,213	1,193	5,790	6,427	18,664
Recytech	-	-	24	10	-	3	-	-
Maturity								
Less than 1 year.......................	-	-	-	-	1,193	5,793	-	12,237
1 to 5 years	-	-	-	-	-	-	-	6,427
More than 5 years	-	-	-	-	-	-		
Impairment of doubtful receivables	-	-	-	-	-	-		

There are no material transactions with related parties that have not been concluded under normal market conditions.

Disclosures of the compensation and benefits of all types granted to the Group's administrative and management bodies

Related party transactions comprise the compensation and benefits granted to the Group's senior executives and members of Recylex SA's Board of Directors.
The compensation and benefits of all types paid to members of Recylex SA's Board of Directors break down as follows:

(in thousands of euros)	***December 31 2011***	***December 31 2010***
Short-term benefits	745	752
Total compensation and benefits (*)...	**745**	**752**

(*) See section 2.9.2 of the Management Report of the Board of Directors

Mr. Yves Roche was awarded severance pay that would be paid to him should he be dismissed from his position as Chief Executive Officer following a significant change in the shareholding structure of Recylex SA that is supported by the Board of Directors, provided Mr. Yves Roche helps carry out this change and the transition with the new reference shareholder. The compensation would be equivalent to double the total gross remuneration he received as a corporate officer in the financial year before he stepped down and would not be paid until the Board had ensured that these performance targets had been met.
No other post-employment or long-term benefits have been granted to senior executives.

Note 32. Financial risk management

Specialising in zinc, lead and plastic recycling and special metals, the Group is exposed to currency and interest-rate risk and the risk of fluctuations in commodity prices. It is also exposed to other risks, like counterparty and liquidity risk.

The Group has defined a policy and created a procedural manual in order to measure, manage and control its market risk exposure. This policy prohibits any speculative positions from being established in the market and consists in using derivatives to hedge part of the Group's exposure to risks arising from the fluctuation in commodity prices. Procedures have been put in place at Group companies where risks have been identified.

Financial instruments are traded on the over-the-counter market with a highly rated counterparty. The Group primarily uses futures and options.

Derivatives cover existing and anticipated financial and commercial exposure. Derivative positions are tracked on a fair-value basis.

Exposure to currency and commodity risks are managed locally, at the level of the Group companies affected, under the overall surveillance of the Group’s General Management.

Interest rate risk

Most of the Group's long-term debt is in Recylex SA, the holding company, and its subsidiaries Recylex GmbH, Weser-Metall GmbH and RMO GmbH. Given the Group's situation, debt consists mainly of liabilities covered by the repayment schedule of Recylex SA's continuation plan, and the four loans taken out by Recylex GmbH, Weser-Metall GmbH, C2P GmbH and RMO GmbH. The loans taken out by Recylex GmbH and C2P GmbH are fixed-rate, and those taken out by Weser-Metall GmbH and RMO GmbH are floating-rate.

The debt resulting from the continuation plan does not bear interest. The Group uses interest-rate derivatives to hedge the interest rate risk on the two floating-rate loans.

Currency risk

The Group is exposed to currency risk arising from transactions carried out by its subsidiaries in currencies other than their operating currency, with certain supply contracts, most notably, being denominated in dollars. The Group's policy is not to hedge this currency risk.

At December 31, 2011, the Group had no dollar-denominated commodity derivatives hedging euro-denominated sales. All commodity derivatives are now denominated in euros.

Commodity risk

The Group is exposed to the risk of fluctuations in metal prices, especially lead and zinc, as well as silver (a by-product mainly from the processing of lead at the Group's main smelter in Germany). Lead and zinc prices are quoted in US dollars on the London Metal Exchange and silver prices on the London Bullion Market Association (LBMA). The group has no influence over the price of these metals and is thus exposed to fluctuations in their value. Exposure results from sales of metals for which production is based on primary and secondary raw materials (such as used lead-acid batteries), the price of which was set at a different time. For that reason, hedges are taken out for any time lag between purchase and sale and for commercial stocks.

From time to time, it uses hedging instruments to protect its margins.

Hedges for lead and silver were taken out in 2011.

Counterparty risk

The Group is exposed to credit risk in the event that a counterparty fails. The Group's credit risk policy varies from segment to segment.

- *Credit risk linked to trade receivables*

On the basis of the information available to it, the Group does not expect any third-party insolvency that could have a significant impact on the Group's financial statements. However, given the current economic and financial situation, which remains particularly difficult and uncertain, failures among Group customers cannot be ruled out.

In the lead segment, the Group maintains commercial relations with a limited number of customers proven to be financially sound, to which the payment terms granted are very short. However, for the reasons outlined above relating to the exceptional current economic and financial conditions, the Group cannot fully rule out the risk relating to the potential insolvency of its clients.

In the lead and zinc segments, the Group can hedge some of its accounts receivable by selling receivables to a factoring company under non-recourse factoring contracts. At December 31, 2011, the Group had sold €15.3 million of receivables to a factoring company, compared with €13.7 million in 2010.

- *Credit risk linked to cash and cash equivalents and derivatives*

Currency and commodity hedges and cash investments are made with prime financial institutions benefiting from a long-term rating of AA- and A+ from Standard & Poor's as at December 31, 2011. However, in view of the current financial context in the banking sector, which remains difficult and uncertain, the failure of financial institutions cannot be entirely ruled out.

Liquidity risk

The Company has prepared cash forecasts for 2012 based on the information available to it, notably including outlays linked to the outstanding instalments due to creditors under the continuation plan during the 2012 financial year and expenditure relating to its commitments for the remediation of former mining sites and the Estaque site. The Group’s subsidiaries have also submitted their cash flow projections (by cash pool) for 2012. These projections are based on metal prices below the average for 2011.

These forecasts show a reduction in cash over the course of 2012, mainly because of environmental charges and liabilities to be repaid, but do not give rise to any short-term financing requirement. However, it is very difficult to make medium-term projections given the volatility of metal prices and the difficulty in predicting trends in both prices and the economic outlook.

As regards the cash flow of parent company Recylex SA, it should be noted that:

- there is no centralisation of Group cash at the level of Recylex SA;
- any dividends paid to Recylex SA may be severely limited due to the tax consolidation system for the Group's German subsidiaries. Within the context of the tax consolidation system concerning corporation tax and business tax in Germany, agreements providing for the transfer of losses and income ("Ergebnisabführungsvertrag") have been signed between some of the Group's German subsidiaries. This has resulted in offsetting of losses and income at the level of the parent company of the Group's German subsidiaries, Recylex GmbH, a wholly-owned subsidiary of Recylex SA. According to this system, all tax-consolidated companies must transfer all of their income to the tax-consolidating company, Recylex GmbH. However, if a loss is recognised, the consolidated company is entitled to compensation from the consolidating company. Any payments of dividends by Recylex GmbH to Recylex SA therefore depend on the financial situation of all of the German subsidiaries tax-consolidated by Recylex GmbH and not just on the latter's situation;

- bank loans taken out by certain subsidiaries in Germany are subject to bank covenants limiting the payment of dividends to Recylex SA according to cash flow generated by all of the Group's German subsidiaries.

Following the adoption of the continuation plan by the Paris Commercial Court on November 24, 2005, Recylex SA's debt was rescheduled (*see note 18*).

Following the Douai Appeal Court's rulings of December 18, 2009 and December 17, 2010, the damages awarded to the former employees of Metaleurop Nord SAS, totalling €16.2 million (€12.6 million for former non-managerial employees and €3.6 million for former managerial employees), have been included in the continuation plan. On September 28, 2011, the Cour de Cassation rejected the appeals submitted by Recylex SA against the Douai Appeal Court's 460 rulings of December 18, 2009. The case before the Cour de Cassation concerning the appeals lodged by Recylex SA against the Douai Appeal Court's rulings of December 17, 2010 relating to 92 former employees of Metaleurop Nord SAS (including 84 former managerial employees) is still ongoing.

In accordance with its continuation plan, the Company has paid the first six instalments to repay its creditors, representing a total of €39.9 million at December 31, 2011.

Non-discounted rescheduled debt, together with the repayment calendar (before elimination of intra-group items) is as follows:

(in millions of euros)	***Liabilities 12/31/2010***	***Additions to liabilities 2011***	***2011 payments***	***Liabilities 12/31/2011***	***2012 payments***	***2013 payments***	***2014 payments***	***2015 payments***
Initial plan[1]	19.3	0.1	(2.8)	16.6	(3.4)	(3.4)	(4.5)	(5.2)
Compensation to former Metaleurop Nord non-managerial employees[2]	8.4		(1.3)	7.1	(1.5)	(1.5)	(2.0)	(2.0)
Compensation to former Metaleurop Nord managerial employees[3]	2.4		(0.4)	2.0	(0.4)	(0.4)	(0.6)	(0.6)
Total rescheduled debt	**30.0**	**0.1**	**(4.5)**	**25.6**	**(5.3)**	**(5.3)**	**(7.1)**	**(7.8)**

[1]Initial debt under the continuation plan as approved by the Paris Commercial Court on November 24, 2005.

[2][3]Following the Douai Appeal Court's rulings of December 18, 2009 and December 17, 2010 (see note 1), the damages awarded to 552 former employees of Metaleurop Nord SAS, totalling €16.2 million (€12.6 million for former non-managerial employees and €3.6 million for former managerial employees), have been included in the continuation plan. The total amount paid to date to these former employees is €7.2 million, pending rulings from the Cour de Cassation concerning the appeals lodged by Recylex SA against the Douai Appeal Court's rulings of December 17, 2010 relating to 92 former employees of Metaleurop Nord SAS (including 84 former managerial employees).

At December 31, 2011, total liabilities under the Company's continuation plan, after inclusion of damages awarded by the Douai Appeal Court to former Metaleurop Nord SAS employees, was €25.6 million (€22.0 million after elimination of intra-group items), compared with €16.6 million excluding these damages payments (€12.9 million after elimination of intra-group items).

Furthermore, in 2010, 192 former managerial and non-managerial employees of Metaleurop Nord SAS who were not party to the proceedings brought in 2005 made claims for damages of a total of €9.96 million. Following a lack of reconciliation on March 8, 2011, the industry and management sections of the Lens labour tribunal decided to adjourn these cases to their hearings of June 12, 2012. The damages claimed have been fully provisioned in the Company's accounts (*see notes 1 and 14*). The Company intends to challenge both the admissibility and the merits of these applications. If a final award were to be made against the Company, the damages would be added to the Company's rescheduled debt under the continuation plan and would cause the Company's cash position to deteriorate by the same amount.

Such an increase in scheduled payments under the continuation plan could generate an external medium-term financing requirement, depending on developments in market conditions.

It is important to note that no provision has been recognised in Recylex SA's accounts for the amount claimed by the liquidators of Metaleurop Nord SAS for repayment of the liabilities of Metaleurop Nord SAS up to €50 million (see *note 1*) and the amount is not included in the Group's five-year cash flow forecast (2012-2016) in the light of the Tribunal de Grande Instance de Béthune's rejection of this claim on February 27, 2007.

Should this case, which is currently under appeal, result in an unfavourable outcome for Recylex SA causing a significant increase in its liabilities, the Company's available cash would no longer be compatible with the instalments to repay creditors under the continuation plan or with the Company's commitments to rehabilitate former mining sites and the former L'Estaque site (*see note 38*).

Note 33. Financial instruments on the balance sheet

Analysis of financial instruments by type of instrument

12/31/2011	***Available-for-sale assets***	***Loans and receivables***	***Fair value through income***	***Hedging derivatives***	***Debt at amortised cost***	***Balance sheet value***	***Fair value***
(in thousands of euros)							
Assets							
Non-current assets							
Non-current financial assets		1,552				1,552	1,552
Non-current derivatives							
Other non-current assets		4,733				4,733	4,733
Current assets							
Trade receivables		21,063				21,063	21,063
Current derivatives(3)			2	49		51	51
Cash and cash equivalents		41,534				41,534	41,534
Liabilities							
Non-current liabilities							
Non-current interest-bearing borrowings					1,771	1,771	1,771
Other non-current liabilities(1).............					19,463	19,463	19,463
Current liabilities							
Current interest-bearing borrowings ..					5,635	5,635	5,635
Trade payables..................................					21,591	21,591	21,591
Current derivatives(3)							
Other current financial liabilities(2)			1,024		4,930	5,954	5,954

12/31/2010	Available-for-sale assets	Loans and receivables	Fair value through income	Hedging derivatives	Debt at amortised cost	Balance sheet value	Fair value
(in thousands of euros)							
Assets							
Non-current assets							
Non-current financial assets		455				455	455
Non-current derivatives							
Other non-current assets		5,004				5,004	5,004
Current assets							
Trade receivables		34,389				34,389	34,389
Current derivatives(3)			91			91	91
Cash and cash equivalents		63,666				63,666	63,666
Liabilities							
Non-current liabilities							
Non-current interest-bearing borrowings					7,175	7,175	7,191
Other non-current liabilities(1)					22,170	22,170	22,170
Current liabilities							
Current interest-bearing borrowings					6,036	6,036	6,036
Trade payables					35,968	35,968	35,968
Current derivatives(3)			252	613		865	865
Other current financial liabilities(2)			531		4,214	4,745	4,745

(1)Other non-current liabilities solely include liabilities rescheduled under the continuation plan.
(2)Other current financial liabilities include rescheduled liabilities, amounts due on non-current assets and other current liabilities (notes 17 and 18), including the fair value of two interest-rate swaps.

(3)Comprises only commodity derivatives.

The fair value of bond issues is calculated by discounting the contractually agreed cash flows at the market interest rate adjusted by the Group's credit spread. The net carrying amount of trade payables and receivables represents a reasonable estimate of their fair value given the Group's short payment periods.

Classification of financial instruments measured at fair value at December 31, 2011

Financial instruments at fair value through profit or loss are classified as follows:

Level 1: financial instruments which are quoted in an active market;
Level 2: financial instruments which are measured using valuation techniques based on observable data;
Level 3: financial instruments which are measured using valuation techniques based partly or fully on non-observable data.

(in thousands of euros)	*Level 1*	*Level 2*	*Level 3*
Current derivatives	-	51	-
Cash and cash equivalents	-	-	-
Total assets	**-**	**51**	**-**
Current derivatives	-	-	-
Other financial liabilities	-	1,024	
Total liabilities	**-**	**1,075**	**-**

Net gains and losses by category of instrument and impact on equity

(in thousands of euros)	*Recognised in income* *12/31/2011*	*12/31/2010*
Income/expense relating to loans and receivables recognised at amortised cost	3	2
Foreign exchange gains/(losses) on loans and receivables (*note 27*)	287	(289)
Impairment loss/reversal of impairment loss on loans and receivables	72	(263)
Foreign exchange gains/(losses) on cash and cash equivalents (*note 27*)	-	(210)
Factoring costs	(722)	(799)
Total loans and receivables	**(360)**	**(1,558)**
Income from investments held at fair value	116	50
Investments at fair value through profit or loss*(1)*	**116**	**50**
Interest expense on borrowings stated at amortised cost	(1,288)	(1,139)
Impact of discounting frozen liabilities *(note 18)*	(279)	(702)
Foreign exchange losses on borrowings at amortised cost	162	(57)
Financial expense relating to recognition of liabilities under clawback clause as debt *(note 18.2)*	(1,500)	(2,400)
Total borrowings and debt at amortised cost	**(2,904)**	**(4,299)**
Cash flow hedges: inefficiency recognised in income	0	0
Total hedging derivatives	**0**	**0**
Derivatives measured at fair value	(255)	837
Total	**(3,404)**	**(4,970)**

(in thousands of euros)	*Recognised in equity* ***12/31/2011***	***12/31/2010***
Cash flow hedges: change in fair value reflecting the effective portion of the hedge	-	(613)

(1) Relates solely to short-term investments.

Instruments pledged as collateral

The Group has provided the following financial assets as collateral for existing borrowings and credit lines:

- Reinstmetalle Osterwieck GmbH has pledged its trade receivables as collateral for a loan currently amounting to €1.7 million.

Note 34. Information concerning credit risk

Unpaid receivables

At December 31, 2011	***Balance sheet value***	***Financial assets neither due nor written down at the balance sheet date***	***Financial assets due but not written down at the balance sheet date***			***Financial assets written down***
(in thousands of euros)			0-3 months	3-6 months	Over 6 months	
Loans	9	9	-	-	-	-
Trade receivables	26,008	18,390	2,319	316	38	4,945
Other receivables	1,639	1,309	130	-	-	200
Other financial assets (1)	150,608	-	-	-	-	150,608
Total	**178,264**	**19,708**	**2,449**	**316**	**38**	**155,753**

At December 31, 2010	*Balance sheet value*	*Financial assets neither due nor written down at the balance sheet date*	*Financial assets due but not written down at the balance sheet date*			*Financial assets written down*
(in thousands of euros)			0-3 months	3-6 months	Over 6 months	
Loans	10	10	-	-	-	-
Trade receivables	39,422	25,997	8,212	171	9	5,033
Other receivables	1,121	936	-	-	-	185
Other financial assets *(1)*	150,608	-	-	-	-	150,608
Total	**191,161**	**26,943**	**8,212**	**171**	**9**	**155,826**

(1) These represent loans and advances granted to Metaleurop Nord SAS and Peñarroya Espagne (see note 6).

Credit risk exposure breaks down as follows:

At December 31, 2011, €2.7 million in trade receivables remained unpaid but were not written down. Of the total, 74% were less than sixty days past due.

Currency and commodity hedges and cash investments are made exclusively with prime financial institutions benefiting from a long-term rating of AA- and A+ from Standard & Poor's as at December 31, 2011.

Impairment of loans and receivables

	December 31, 2011			***December 31, 2010***		
(in thousands of euros)	***Loans and other non-current financial assets***	***Trade receivables***	***Other current assets***	***Loans and other non-current financial assets***	***Trade receivables***	***Other current assets***
Total impairment losses at January 1	**244,423**	**5,033**	**185**	**244,422**	**5,469**	**487**
Increases	-	46	15	-	259	5
Uses	-	(134)	-	-	(694)	(307)
Reversals	-	-	-	-	(3)	-
Total impairment losses at December 31	**244,423**	**4,945**	**200**	**244,422**	**5,033**	**185**

Impairment losses are recognised only on a case-by-case basis.

Note 35. Liquidity risks: outstanding financial liabilities by maturity date

At December 31, 2011, undiscounted contractual cash flows (principal and interest) arising from outstanding financial liabilities break down by maturity date as follows:

(in thousands of euros)	***Balance sheet value***	***Contractual cash flows***	***2012***	***2013***	***2014***	***2015***	***2016***	***>5 years***
Borrowings	6,805	7,156	5,910	635	611	-	-	-
Liabilities rescheduled under the continuation plan	20,022	21,274	4,558	4,558	6,078	6,080	-	-
Clawback clause*(1)*	3,900	19,210						19,210
Trade payables	21,591	21,591	21,591	-	-	-	-	-
Commitments under operating leases and finance leases	-	3,029	1,222	1,221	440	147	-	-
Other current liabilities*(2)*	422	422	422	-	-	-	-	-
Total	**52,740**	**72,682**	**33,703**	**6,414**	**7,129**	**6,227**	**-**	**19,210**

(1) The figures relating to the clawback clause include the nominal value of this debt and do not take account of the effect of discounting. This clause provides that from and including December 31, 2015, Recylex SA will allocate 20% of its cash at December 31 of each financial year to repayment of the waived debt on a pari passu basis between the creditors who have requested the clawback provision, with no limit on the duration of such repayments; The total liability covered by the clawback clause is €19,210 thousand. Its fair value (note 18.2) was €3,900 thousand.

(2) Other current liabilities mainly comprise liabilities related to non-current assets. The current portion of the continuation plan is classified under "Rescheduled liabilities".

The above table shows all the outstanding liabilities at December 31, 2011, for which cash flows have been contractually agreed. It does not include future forecasts or new liabilities.

Note 36. Exposure to market risk and derivatives

Commodity risk

The Group is exposed to fluctuations in metals prices, particularly lead, zinc and silver (structural risk). This exposure derives from sales of metals for which production is based on secondary materials (lead produced from battery recycling), the price of which is not directly linked to market prices, and on surplus metals recovered from the materials to be processed. The Group may use derivatives traded on the London Metal Exchange to protect itself partially against these risks. These derivatives are deemed to be cash flow hedges.

The Group is also exposed to two main trading risks related to metals prices:

- Risk of fluctuations in metal prices relative to its firm commitments under sale contracts which are not recognised on the balance sheet;
- Risk of fluctuations in prices of metals contained in commercial inventories:[8]

  Most transactions related to metals use London Metal Exchange (LME) prices. If metal prices were constant, the price paid by the Group for these raw materials would be passed on to the clients in the product price. However, during the transformation of the raw materials into the product, fluctuations in metal prices result in differences between the price paid for the metal contained in the raw materials and the price received for the metal contained in the products sold to the client. A trading risk therefore exists concerning changes in metal prices between the time when the price of the raw material purchased is determined and the time when the price of the finished product is determined.

The Group's policy is to hedge its trading risk as far as possible mainly using futures contracts.

[8] Lead inventories at the Group's main smelter are divided into: a) permanent inventories; b) commercial inventories. The Group is exposed to risks relating to the prices of metals in its inventories. This risk relates to the market value of the metal, which could fall below the carrying value of inventories. The Group's policy is not to hedge the risk relating to permanent inventories and to hedge the risk relating to commercial inventories.

In the case of trading risks relating to firm commitments (point 1), the hedging derivatives used to cover the risk are deemed to be fair value hedges.

In the case of trading risks relating to fluctuations in metal prices between the time of its purchase and the time of its sale (point 2), the hedging derivatives used to hedge against trading risks on metal prices are recognised at fair value through profit or loss. These derivatives do not meet the criteria for hedge accounting set out in IAS 39. The hedge accounting defined in IAS 39 cannot, therefore, be applied.

Fair value	***12/31/2011***			***12/31/2010***
(in thousands of euros)	*Current*	*Non-current*	*Total*	*Total*
Other financial instruments (assets - liabilities).......	2		2	(865)
Assets..				
Derivatives (cash flow hedges)..............................				
Derivatives (fair value hedges)	49		49	91
Derivatives (other)	2		2	-
Liabilities...				
Derivatives (cash flow hedges)..............................				613
Fair value of underlying hedged risk	49		49	91
Derivatives (other)	-		-	252

Fair value hedges

At December 31, 2011, the fair value of derivatives treated as fair value hedges amounted to €49 thousand, which is offset symmetrically in the income statement by the fair value of the hedged risk (firm commitments under sale contracts), also in an amount of €49 thousand.

Derivatives used to hedge a recognised asset or liability or a firm commitment are documented as fair value hedges. The effective portion of the change in fair value of derivatives documented as hedges is recognised in the income statement and offset symmetrically by the change in fair value of the hedged risk.

The maturity of metal derivatives used for fair value hedging purposes is as follows:

(in thousands of euros)	**Market value of derivatives by maturity date**	**Nominal**
2012 financial year	49	928
2013 financial year	-	-
Total	**49**	**928**

Cash flow hedges

At December 31, 2011, the Group did not have any derivative instruments qualified as cash flow hedges.

Changes in hedging reserves are shown in the following table:

(in thousands of euros)	**December 31, 2011**	**December 31, 2010**
At January 1, 2011	(613)	(888)
Amount recycled from equity to income	613	888
Amounts recognised directly in equity	-	(613)
Total before deferred taxes	**-**	**(613)**
Deferred taxes	-	179
Amount net of taxes at the period end	**-**	**(434)**

Derivatives measured at fair value

The Group uses derivative financial instruments to hedge the trading risk arising from the change in metal prices between the time when the price of the raw material purchased is determined and the time when the price of the finished product is determined.

IFRS do not allow these financial instruments to be classified as hedges and they have therefore been classified as "Held-for-trading financial instruments".

The maturity of these financial instruments, which are measured at fair value through profit or loss, is as follows:

(in thousands of euros)	**Market value of derivatives by maturity date**	**Nominal**
2012 financial year (trading risk hedges)	2	10,725
2013 financial year (trading risk hedges)	-	-
Total	**2**	**10,725**

Sensitivity analysis

The sensitivity analysis was performed based on the status of derivatives at the balance sheet date. A +/- 33% change in the lead price compared with the closing price would have a +/- €3.2 million impact on income at December 31, 2011.

Currency risk

The Group is exposed to a limited currency risk arising from the transactions conducted by its subsidiaries in various currencies other than their functional currency. The principal currency to which the Group is exposed is the US dollar. The Group is also exposed to currency risk on commodity derivatives traded in US dollars that are used to hedge sales denominated in euros. The Group's policy is not to hedge this currency risk.

At December 31, 2010, the Group's exposure to currency risk was as follows:

12/31/2011	*In thousands of US dollars*	*In thousands of euros*
Non-current financial assets		
Other non-current assets		
Trade receivables	4,853	3,960
Current derivatives		
Other current assets		
Other current financial assets		
Cash and cash equivalents		
Assets	**4,853**	**3,960**
Non-current interest-bearing borrowings		
Other non-current liabilities		
Current interest-bearing borrowings		
Trade payables	943	709
Derivatives		
Other current financial liabilities		
Liabilities	**943**	**709**

At the balance sheet date, the sensitivity analysis was performed based on the assets and liabilities denominated in US dollars and commodity derivatives denominated in US dollars.

For currency risk, sensitivity reflects the impact of a +/-10% change in the euro-dollar exchange rate from its level at the balance sheet date.

The impact on income is based on the nominal amount of the assets and liabilities (stated in euros), to which a +10% or -10% change in the exchange rate is applied.

At December 31, 2011, a +/-10% change in the euro-dollar exchange rate would have an impact on income of €361 thousand should the US dollar appreciate or (€296) thousand if it were to depreciate.

Interest-rate risk

The Group's debt mainly consists of rescheduled liabilities resulting from the Recylex SA continuation plan (non-interest-bearing) and floating-rate and fixed-rate debt. To hedge against higher interest charges on floating-rate debt arising from higher interest rates, the Group has taken out two swaps paying fixed rate and receiving floating rate. These derivatives are recognised on the balance sheet at fair value, with changes in fair value taken to income for (€508) thousand.

At December 31, 2011, as the Group's debt was mainly fixed-rate, the impact of a change in interest rates relates mainly to interest-rate derivatives and is not deemed to be material.

Note 37. List of consolidated entities at December 31, 2011

The following changes in the scope of consolidation occurred in 2011:

- In a decision of May 27, 2011, subsidiary Delot Metal SAS was wound up early without liquidation and all of its assets and liabilities were transferred to the Company, its sole shareholder, with effect from June 30, 2011.

	Registered office	Consolidation method	% interest	% control	% interest at 12/31/2011
Recylex SA	**Paris**	**Parent company**	**100.00**	**100.00**	**100.00**
France					
Recylex Commercial SAS	Paris	FC	100.00	100.00	100.00
C2P SAS	Villefranche-sur-Saône	FC	100.00	100.00	100.00
Delot Métal SAS (absorbed by Recylex SA)	Paris	FC	-	-	100.00
Recytech SA	Fouquières-lès-Lens	PC	50.00	50.00	50.00
Belgium					
Fonderie et Manufacture de Métaux SA	Brussels	FC	100.00	100.00	100.00
Germany					
Recylex GmbH	Langelsheim	FC	100.00	100.00	100.00
Weser-Metall GmbH	Nordenham	FC	100.00	100.00	100.00
Harz-Metall GmbH	Goslar	FC	100.00	100.00	100.00
C2P GmbH	Goslar	FC	100.00	100.00	100.00
PPM Pure Metals GmbH	Langelsheim	FC	100.00	100.00	100.00
RMO Reinstmetalle Osterwieck Gmbh	Osterwieck	FC	100.00	100.00	100.00
Norzinco GmbH	Goslar	FC	100.00	100.00	100.00
Algeria					
Eco Recyclage SPA	Algiers	EM	33.33	33.33	33.33
FC = full consolidation	EM = equity method	PC = proportional consolidation			

Note 38. Environment-related provisions and contingent liabilities

1. Background and context of environment-related provisions and contingent liabilities

The Group's operating sites are described in detail in Section 1 of the Management Report.

Recylex SA's activities are subject to local, national and international regulations relating to the environment and industrial safety. These regulations are constantly changing and impose numerous requirements. As a result, these activities carry a risk that Recylex will be held liable for matters including site clean-up and industrial safety.

In accordance with IFRSs, provisions can only be booked where the Group has a legal, regulatory or contractual obligation to a third party resulting from past events. This obligation can also arise from public commitments or practices of the Group that have created a legitimate expectation from the relevant third parties that the Group will assume certain liability, where it is likely or certain that this obligation will give rise to an outflow of resources to such third party, and the amount can be reliably estimated and corresponds to the best possible estimate of the commitment.

At end-2011, environmental provisions recognised by the Group totalled €29,860 thousand, covering the present value of all forecastable expenditure based on the required remediation timeframe.

The amounts recognised represent the best estimates based on reports and technical studies by independent experts.

The Group cannot rule out the possibility that assumptions used to calculate these provisions will have to be revised. As a result, the Company monitors these provisions to take into account changes in regulations, the interpretation and application of regulations by the authorities, technical, hydrological and geological constraints relating to environmental remediation issues, and the discovery of pollution not currently identified.

In accordance with IFRS, a contingent liability is identified when:

- a possible obligation arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

- a present obligation arises from past events but is not recognised because:
    - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
    - the amount of the obligation cannot be measured with sufficient reliability.

Environmental provisions recorded (before discounting) are summarised in the table below:

(in thousands of euros)	**2011**	**2010**
France		
Active sites	-	-
Closed sites	17,130	17,343
Mines	4,157	5,171
Germany		
Active sites	1,116	1,116
Closed sites	9,439	9,871
Belgium		
Active sites	742	742
Total provisions	**32,584**	**34,243**

Environmental provisions and contingent liabilities identified by the Group are discussed below.

2. Provisions and monitoring of contingent liabilities relating to mining concessions (France)

2.1 Provisions recognised under the procedure of giving up rights to operate mining concessions

Recylex SA still holds mining concessions on which operations have ceased. Work to rehabilitate these former mining sites and make them safe is taking place under a multi-year plan approved and revised in conjunction with local authorities and government organisations.

In 2011, assessment of additional work required at several mines led to €231 thousand in additional provisions.

The aggregate amount of provisions (before discounting) covering the entire former mining site rehabilitation programme came to €4,157 thousand at December 31, 2011.

(in thousands of euros)	**2011**	**2010**
Total provisions	4,157	5,171

At the end of 2011, Recylex SA had mining rights at eleven concessions, after giving up sixteen concessions since 2005, including two in 2011, namely the concessions at Peyrebrune in the Tarn and Villeneuve-Minervois in the Aude.

2.2 Monitoring of contingent liabilities relating to former mining sites

Regarding the former Saint-Laurent-le-Minier site in the Gard, a Prefect's order for works was issued on July 11, 2011, making the Agence de l'Environnement et de la Maîtrise de l'Energie (ADEME) responsible for conducting technical studies to produce a management programme for site risks.

3. Provisions and monitoring of contingent liabilities relating to closed sites and former landfill sites

The table below sets out provisions (before discounting) for remediation of closed sites and former landfill sites of the Recylex Group.

(in thousands of euros)	**2011**	**2010**
France		
Closed sites	17,130	17,343
Germany		
Closed sites	9,439	9,871
Total	**26,569**	**27,214**

3.1 Provisions recognised on sites in France

(i) L'Estaque

Following the discontinuation of operations at the L'Estaque facility in February 2001, a Prefect's order supplementary to the order issued on December 23, 2002 defining the programme to rehabilitate the site was issued by the Prefect in January 2012, extending the timetable for works to December 31, 2015. In 2011, an additional provision of €808 thousand was booked to take account of the 24 additional months required to carry out the work.

The aggregate amount of provisions (before discounting) covering the L'Estaque site rehabilitation programme came to €16,882 thousand at December 31, 2011. These amounts are the best available estimates, based on the technical reports of independent experts.

(ii) Rieux

Recylex SA owns an industrial site at Rieux (Oise) which was leased to Penox SA. This company ceased operations on the site in 2006, returning it with vacant possession. In 2010, Recylex SA decided to demolish the buildings in order to be able to offer a clear site. Provisions of €660 thousand have been created to cover this work. Demolition work began in 2011, resulting in €413 thousand of these provisions being used. Given the planned completion of the works in 2012, a balance of provisions of €248 thousand remained at December 31, 2011.

3.2 Provisions relating to sites in Germany

Most industrial sites and landfill sites in Germany ceased operations before the merger between Preussag GmbH and Peñarroya SA in 1988. Under German law, an operator remains liable for all the damage caused by an operator, even if it has sold the land to third parties. During the second quarter of 2009, an agreement was reached between two of the Group's German subsidiaries Harz-Metall GmbH and PPM GmbH, and the TUI Group on the rehabilitation of certain sites in Germany belonging to these subsidiaries.

The provisions set aside for the German sites correspond to ground and water rehabilitation obligations, particularly relating to former slag heaps and landfill sites for which the Group's German subsidiaries remain responsible, taking account of the agreement with TUI. The Group has been notified of these obligations by the local authorities.

The total amount of provisions (before discounting) for German sites stood at €9,439 thousand at December 31, 2011, including €7,964 thousand for the Harz-Metall GmbH site in Goslar-Oker and €1,373 thousand for the Weser-Metall GmbH site. These amounts are the best available estimates, based on the technical reports of independent experts.

(i) Harz-Metall GmbH site: former slag heaps

For the Harz-Metall GmbH site, the Group is responsible in particular for rehabilitating former slag heaps (estimated cost: €6,023 thousand), site surveillance (estimated cost: €1,150 thousand) and rehabilitating abandoned industrial facilities (estimated cost: €610 thousand).

(ii) Weser-Metall GmbH site: former lead facility and other landfill sites

At the Weser-Metall GmbH site in Nordenham, the €237 thousand provision covers the cost of rehabilitating the former lead facility.

Close to the Weser-Metall GmbH site are two landfills that ceased operations in 1977 (Rahden) and 1995 (Galing I) respectively. At the Rahden landfill, the local authorities have requested a reduction in the zinc levels in the ground before vegetation can be reintroduced. The Group has arranged monitoring of zinc levels, with an estimated duration of ten years. The total provision, including monitoring costs, was €600 thousand at December 31, 2011.

At the Galing landfill, a €500 thousand provision has been booked to cover monitoring costs, also expected to last ten years.

3.3 Monitoring of contingent liabilities in France and Germany

At the PPM Pure Metals GmbH site in Langelsheim, Germany, work to ensure the safety of the former slag heap has been completed by the new road. However, the Group cannot rule out the possibility of the local authority requiring additional work. The additional work for which the Group could then be responsible has an estimated cost of €1,100 thousand, but is not provisioned because there is no present obligation.

4. Active sites

In 2010, Harz-Metall GmbH created on its own site an authorised landfill site for the final storage of slag from the Waelz oxide manufacturing process. This facility has a capacity of 360,000 tonnes.

Concerning provisions for remediation of operational storage areas for end-of-process waste (slag), the group recognises provisions for its remediation undertakings which are set against non-current asset elements that reflect the expected date of expenditure (present value). This asset is depreciated as it is consumed. Remediation costs that will arise on the closure of this waste storage site have been calculated on the basis of full use of storage capacity. The total cost has been assessed at €1,116 thousand. The provision made reflects the date that this expense will be incurred and is therefore discounted to present value. An asset of equal value has been created to balance this provision. The provision thus calculated is €948 thousand at December 31, 2011. This asset will be depreciated as the storage capacity is filled. In 2011 the depreciation charge on this asset was €186 thousand, corresponding to 60,000 tonnes of slag dumped.

In Belgium, where the Group operates a lead smelter via its FMM SA subsidiary, a site restoration guarantee in the event of closure is being gradually introduced to meet the requirements of the environmental protection authorities. The total value of the guarantee is €742 thousand. The full amount has been provided for in the consolidated financial statements.

In the absence of regulatory obligations, no provisions are set aside for the cost of site remediation work that the Group would bear on the closure of active sites.

Note 39. Subsequent events

Recent trends and outlook

Lead and zinc prices were still below USD 2,000 per tonne (€1,560 per tonne) at the start of 2012. In the battery collection market, continuing very brisk demand from the recycling sector kept prices of materials for recycling up.

As part of the refocusing of its activities on its core business of recycling, the Group continued at the start of 2012 with technical trials at its two lead smelters in order to improve their availability. The Group has given priority to continually looking for ways of diversifying the regions from which it sources supplies, in order to process more recycled materials.

In addition, subsidiary HMG has invested in a process allowing it to process more zinc contained in electric steel mill dust.

At the start of 2012, processing volumes in the lead segment remained in line with the trend seen at the end of 2011. The volume of electric arc furnace dust processed in the zinc division was satisfactory, with the Group's plants starting 2012 at full capacity. The upward trend in sales volumes observed in the plastics business at the end of 2011 was confirmed at the beginning of 2012.

Lastly, the Douai Appeal Court's deliberation concerning the appeal against the Tribunal de Grande Instance de Béthune's rejection of the claim for repayment of liabilities initiated by the liquidators of Metaleurop Nord SAS (see Section 1.3.1.2 of this Report) should be given in 2012. The hearings have been set for April 12, 2012. Information about the development of legal proceedings against the Company can be found on the Company's website (www.recylex.fr – News – Legal proceedings schedule).

Post-closure events

There are no material events to note.

FEES PAID TO STATUTORY AUDITORS

	Deloitte				KPMG			
In euros	**Amount**		**%**		**Amount**		**%**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Audit								
Recylex SA	145,500	156,000	32%	35%	145,500	156,000	92%	89%
Subsidiaries	311,709	292,940	68%	65%	12,000	18,430	8%	11%
TOTAL	457,209	448,940	100%	100%	157,500	174,430	100%	100%
Sub-total	***457,209***	***448,940***	***100%***	***100%***	***157,500***	***174,430***	***100%***	***100%***
Other services								
Recylex SA	**-**	**-**	**0%**	**0%**	**-**	**-**	**0%**	**0%**
	-	**-**	**0%**	**0%**	**-**	**-**	**0%**	**0%**
Sub-total	***-***	***-***	***0%***	***0%***	***-***	***-***	***0%***	***0%***
TOTAL	***457,209***	***448,940***	***100%***	***100%***	***157,500***	***174,430***	***100%***	***100%***

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

This is a free translation into English of the statutory auditor's report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the Group's management report.
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 Annual General Meeting, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying consolidated financial statements of Recylex S.A. ;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying the opinion expressed above, we draw attention to the uncertainty set out in note 1 to the consolidated financial statements concerning the lawsuit, brought in 2006 by the liquidators of Metaleurop Nord SAS claiming the repayment by Recylex SA of €50 million of Metaleurop Nord SAS' liabilities. This lawsuit is pending before the commercial division of the Douai Appeal Court, following the liquidators' appeal against the decision delivered on 27 February 2007 by the Béthune Regional Court, which ruled that Recylex SA was not a de facto manager of Metaleurop Nord SAS. The Douai Appeal Court issued a stay of proceedings on 18 November 2008 and invited the parties to bring the matter before the "Conseil d'Etat". On 20 May 2011, the "Conseil d'Etat" gave its ruling and held that the request on illegality raised by Recylex S.A. before the Douai Appeal Court was unfounded and therefore rejected its request. The next hearing before the Douai Appeal Court is planned on 12 April 2012.

Based on the ruling in favour of Recylex S.A. of the Tribunal de Grande Instance de Béthune, the company did not deem it necessary to set aside any provision in the financial statements as at 31 December 2011.

Should the outcome of this lawsuit be unfavourable to Recylex S.A., execution of the continuation and going concern plan could be called into question.

2. JUSTIFICATION OF OUR ASSESSMENTS

The accounting estimates used in the preparation of the financial statements as of 31 December 2011 were made in a context of an extreme volatility of lead and zinc prices and euro / US dollar exchange rate and of a lack of visibility concerning economic prospects. These conditions are described in note 2 - §"Use of estimates" to the consolidated financial statements.. Such is the context in which we made our own assessments that we bring to your attention in accordance with the requirements of article L.823-9 of the French Commercial Code (« Code de commerce »).

- **Going concern**

Based on our work and the information you have communicated to date, and as part of our assessment of the accounting policies adopted by your company, we believe that the notes to the consolidated financial statements provide appropriate information regarding the aforementioned uncertainty over the group's ability to continue as a going concern.

- **Accounting treatment of debt rescheduling as part of the continuity plan**

As part of our assessment of the accounting policies adopted by your company, we verified the appropriateness of the accounting treatment applied to the debt rescheduling with respect to the continuity plan described in Note 18 to the consolidated financial statements and the related disclosures.

- **Provisions**

As specified in notes 2 - § "Summary of significant accounting methods" and 14 to the consolidated financial statements, your company books provisions to cover risks. Based on the information available at the time of our audit, we assessed the data and assumptions used; we examined the methods applied in implementing these provisions, as well as the management approval process of these estimates. We ensured that the disclosures relating to the said provisions provided in the notes to the consolidated financial statements at 31 December 2011 were appropriate.

- **Employee benefits**

The methodologies applied for assessing employee benefits are set out in notes 2 – "Summary of significant accounting methods" and 15 to the consolidated financial statements. These benefit obligations were reviewed by external actuaries. Our work consisted of assessing the data and assumptions used and verifying that the information disclosed in notes to the consolidated financial statements is appropriate.

- **Fixed assets depreciation**

The methodologies applied for assessing fixed assets depreciation are set out in notes 2 - § "Summary of significant accounting methods" and 5 to the consolidated financial statements. Our work consisted in assessing the data and assumptions used and verifying that the information disclosed in notes to the consolidated financial statements is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information relative to the group, given in the parent company's management report.

Except for the potential effect of the above mentioned information, we have no other matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The Statutory Auditors

Paris La Défense and Neuilly-sur-Seine, March 21, 2012

KPMG Audit *A division of KPMG S.*A.	Deloitte & Associés
Laurent Genin *Partner*	Frédéric Neige *Partner*

PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2011

Balance sheet at December 31, 2011

ASSETS (in thousands of euros)	Dec. 31, 2011	Dec. 31, 2010
Non-current assets		
Intangible assets	3,464	3,455
Amortisation	(3,459)	(3,452)
Sub-total	**5**	**3**
Property, plant, and equipment	25,286	23,906
Depreciation	(15,424)	(14,766)
Sub-total	**9,863**	**9,140**
Financial assets		
Equity investments	159,409	208,594
• Impairment provisions	(93,840)	(142,931)
Loans and advances to investee companies	150,608	152,083
• Impairment provisions	(150,608)	(151,833)
Loans	0	
• Impairment provisions		
Other	1,502	472
• Impairment provisions	(114)	(114)
Sub-total	**66,956**	**66,271**
I - TOTAL NON-CURRENT ASSETS	**76,824**	**75,414**
Current assets		
Inventories and work-in-progress	5,510	11,516
Impairment provisions	(86)	
Sub-total	**5,425**	**11,516**
Advance payments on orders	268	206
Trade receivables	9,582	8,057
• Impairment provisions	(3,088)	(3,412)
Other receivables	1,096	2,756
• Impairment provisions	(195)	(2,067)
Marketable securities	293	293
• Impairment provisions	(144)	(64)
Cash and cash equivalents	23,588	18,318
Sub-total	**31,401**	**24,087**
II - TOTAL CURRENT ASSETS	**36,825**	**35,602**
Prepaid expenses & deferred charges	36	35
Unrealised foreign exchange losses		
III – TOTAL	**113,685**	**111,051**

EQUITY & LIABILITIES (in thousands of euros)	Dec. 31, 2011	Dec. 31, 2010
Equity		
Share capital	47,950	47,950
Share premiums	866	866
Revaluation reserves	1,480	1,480
Statutory reserve	875	875
Regulated reserves		
Other reserves	660	660
Retained earnings	(14,431)	(3,847)
Special tax-allowance provisions	344	391
Net income/(loss) for the period	**6,527**	**(10,585)**
I - TOTAL EQUITY	**44,270**	**37,790**
Provisions for contingencies and charges		
Provisions for contingencies	14,804	13,244
Provisions for charges	21,723	23,019
II - TOTAL PROVISIONS	**36,527**	**36,262**
Liabilities		
Financial liabilities		
Bank borrowings	87	103
Other financial liabilities	7,546	8,893
Sub-total	**7,633**	**8,996**
Operating liabilities		
Trade payables	7,138	7,055
Tax and employee-related liabilities	1,791	1,801
Liabilities to suppliers of non-current assets		
Other liabilities	16,326	19,147
Sub-total	**25,255**	**28,003**
III - TOTAL LIABILITIES	**32,888**	**36,998**
Prepaid income		
Unrealised foreign exchange gains		
IV - TOTAL EQUITY & LIABILITIES	**113,685**	**111,051**

Income statement at December 31, 2011

(in thousands of euros)	Dec. 31, 2011	Dec. 31, 2010
Sales of goods and services	89,222	74,298
Provision reversals	1,835	1,505
Other revenue and change in inventories	(5,834)	4,111
Total revenue	**85,224**	**79,915**
Purchases and change in inventories	(69,441)	(61,949)
Other purchases and external charges	(12,067)	(11,894)
Taxes other than on income	(661)	(586)
Staff costs	(3,380)	(3,275)
Amortisation, depreciation, and provisions	(1,453)	(2,584)
Operating expenses	**(87,002)**	**(80,287)**
OPERATING INCOME/(LOSS)	**(1,778)**	**(373)**
Interest and similar income	10,604	1,362
Provision reversals & expense transfers		68
Foreign exchange gains		
Financial income	**10,604**	**1,431**
Interest and similar expenses	(34)	
Provisions charge	(111)	(733)
Foreign exchange losses		
Financial expenses	**(145)**	**(733)**
NET FINANCIAL INCOME/(EXPENSE)	**10,458**	**697**
INCOME/(EXPENSE) BEFORE EXCEPTIONAL ITEMS	**8,680**	**325**
Net exceptional gains/(losses) on operating activities	(729)	(2,604)
Capital gains/(losses)	0	(225)
Net provision reversal/(charge)	(1,712)	(8,220)
NET EXCEPTIONAL INCOME/(EXPENSE)	**(2,441)**	**(11,048)**
Income before tax	**6,239**	**(10,724)**
Income tax expense	287	139
NET INCOME/(LOSS)	**6,527**	**(10,585)**

Cash flow statement

(in thousands of euros)	Dec. 31, 2011	Dec. 31, 2010
Net income excluding dividends	(3,723)	(11,694)
Amortisation and depreciation	1,081	1,036
Change in provisions	361	8,927
Gains and losses on disposals of non-current assets	(0)	14
OPERATING CASH FLOW	**(2,282)**	**(1,717)**
Change in inventories	6,006	(4,704)
Change in trade receivables and payables	(4,870)	246
NET CASH FROM OPERATING ACTIVITIES (A)	**(1,146)**	**(6,176)**
Purchases of non-current assets and increase in related receivables		
• Property, plant, and equipment and intangible assets	(1,806)	(1,000)
• Financial assets	(1,050)	(761)
Disposals of non-current assets and decrease in related receivables		
• Property, plant, and equipment and intangible assets	1	
• Financial assets	257	377
Investment grants		
NET CASH FROM INVESTING ACTIVITIES (B)	**(2,598)**	**(1,383)**
OPERATING FREE CASH FLOW (C=A+B)	**(3,744)**	**(7,559)**
Capital contributions		113
Dividends paid		
Dividends received	10,249	1,110
Change in financial liabilities	(1,363)	(1,600)
Change in non-operating assets and liabilities	128	
NET CASH FROM FINANCING ACTIVITIES (D)	**9,015**	**(377)**
CHANGE IN CASH AND CASH EQUIVALENTS (C+D)	**5,271**	**(7,937)**

Intermediate income statement balances

(in thousands of euros)	Dec. 31, 2011	Dec. 31, 2010
Sales of goods		
Cost of goods sold		
Gross margin on sales		
Production sold	89,222	74,298
Production held in inventory	(5,901)	3,975
Non-current assets produced for own use		
Total production	**83,321**	**78,274**
Expense transfers	57	93
Purchases of raw materials, consumables, and sub-contracted services	(70,375)	(63,655)
Change in inventories of raw materials and consumables	(104)	729
Other expenses	(10,787)	(10,553)
External charges	**(81,266)**	**(73,386)**
ADDED VALUE	**2,111**	**4,888**
Operating subsidies		
Taxes other than on income	(661)	(586)
Staff costs	(3,380)	(3,275)
EBITDA	**(1,930)**	**1,027**
Provision reversals	1,835	1,505
Other income	11	43
Amortisation, depreciation, and provisions	(1,453)	(2,584)
Other expenses	(242)	(364)
OPERATING INCOME	**(1,778)**	**(373)**
Financial income	10,604	1,431
Financial expense	(145)	(733)
NET FINANCIAL INCOME/(EXPENSE)	**10,458**	**697**
INCOME/(EXPENSE) BEFORE EXCEPTIONAL ITEMS	**8,680**	**325**
Exceptional income	674	6,740
Exceptional expense	(3,115)	(17,789)
NET EXCEPTIONAL INCOME/(EXPENSE)	**(2,441)**	**(11,048)**
Employee profit-sharing		
Income tax	(287)	139
NET INCOME/(LOSS)	**6,527**	**(10,585)**
Gains or losses on asset disposals included in exceptional items:		
Proceeds from asset disposals	1	0
Net book value of disposed assets	(1)	(14)
Capital gain or loss	0	(14)

Significant events in 2011 and post-balance sheet events

Significant events in 2011

Lead prices were subject to a very high level of volatility in 2011. In January and April 2011, the price of lead topped the €2,000 per tonne mark, and came close to €1,600 in May 2011, bottoming out in October 2011 at less than €1,300 per tonne. At December 31, 2011, the price was €1,530 per tonne. The average lead price in 2011 was €1,722 per tonne, nevertheless above the 2010 level of €1,615 per tonne.

In the lead segment, the Group's battery processing plants handled much the same volume of batteries in 2011 as in 2010 (99,328 tonnes in 2011 vs. 103,232 tonnes in 2010).

Despite volatile lead prices, the purchase price of used batteries rose further as a result of very brisk demand from the recycling sector. This trend also continued to have a significant effect on margins in the lead business.

In a decision of May 27, 2011, subsidiary Delot Metal SAS, which does not have any production activities, was wound up early without liquidation. All of its assets and liabilities were transferred to the Company, its sole shareholder, with effect from June 30, 2011.

Ongoing litigation

The legal claims lodged against Recylex SA in 2005 by former employees of Metaleurop Nord SAS - a Recylex SA subsidiary in liquidation - and by the liquidators of Metaleurop Nord SAS are still ongoing:

- **Former employees of Metaleurop Nord SAS**

(i) Former non-managerial employees

On June 27, 2008, the Lens labour tribunal industry section found that Recylex SA was the co-employer of 493 former non-managerial employees of Metaleurop Nord SAS, and awarded each claimant €30,000 in compensation and €300 in expenses. The tribunal decided, however, to include these sums, for a total of €14.9 million, in the liabilities to be paid over time by Recylex SA, in accordance with the terms of its continuation plan approved by the Paris Commercial Court on 24 November 2005. The Company appealed against these decisions.

On December 18, 2009 (460 rulings given) and December 17, 2010 (eight rulings given), the Douai Appeal Court partially upheld the labour tribunal's decisions and granted damages of a total of approximately €12.6 million to 468 unprotected former employees, ordering that these sums be included in Recylex SA's liabilities, payable in instalments within the framework of its continuation plan. In accordance with the Company's continuation plan, 44% of these damages, or approximately €5.5 million, corresponding to the first six instalments of the plan (November 2006 to November 2011) have been paid to date. The remaining €7.1 million will be paid in instalments in accordance with the Company's continuation plan until November 2015. On September 28, 2011, the employment division of the Cour de Cassation decided to reject the appeals lodged by the Company against the 460 rulings of the Douai Appeal Court given on December 18, 2009. The trial concerning appeals lodged with the Cour de Cassation by the Company against the eight rulings given by the Douai Appeal Court on December 17, 2010 is still ongoing.

In it rulings of December 18, 2009, the Douai Appeal Court also rejected the claims of 22 protected former employees (staff representatives, works council members, trade union delegates). On September 28, 2011, the employment division of the Cour de Cassation decided to reject the appeals lodged by former employees against these decisions.

Lastly, the deliberation of the Douai Appeal Court concerning the claims of three other unprotected former employees made redundant before Metaleurop Nord SAS went into liquidation has been set for March 30, 2012.

(ii) Former managerial employees

On September 15 and 30, 2009 and February 26, 2010, the Management section of the Lens labour tribunal awarded each of the 91 former managerial employees of Metaleurop Nord SAS an identical sum of €30,000 in damages and €300 in costs, ruling that Recylex SA had been their co-employer, and ordered that the sums should be included in the liabilities of Recylex SA, payable in instalments under its continuation plan. The Company appealed against these decisions.

On December 17, 2010, the Douai Appeal Court partially upheld the Lens labour tribunal's decisions, ruling that Recylex SA was a co-employer of the former managerial employees of Metaleurop Nord SAS. The Appeal Court granted 84 unprotected former managerial employees damages of between €20,000 and €50,000 and €500 in costs, totalling approximately €3.6 million, and ruled that these sums should be included to the liabilities of Recylex SA paid in instalments under its continuation plan. Recylex SA decided to appeal these decisions in the Cour de Cassation. In accordance with the terms of the plan, 44% of these damages, totalling approximately €1.6 million, corresponding to the first six instalments of the plan (November 2006 to November 2011) have been paid to date. The remaining €2 million will be paid in instalments in accordance with the Company's continuation plan until November 2015, subject to the rulings of the Cour de Cassation.

In addition, on December 17, 2010, the Douai Appeal Court also rejected the claims for damages of six former protected managerial employees. The case concerning the appeals lodged by these parties against these rulings is still ongoing before the employment division of the Cour de Cassation.

Lastly, the case concerning an unprotected former managerial employee made redundant before Metaleurop Nord SAS went into liquidation has been adjourned to the Douai Appeal Court's hearing of April 13, 2012.

(iii) Other claims from former managerial and non-managerial employees

The forthcoming hearings of the industry and management sections of the Lens labour tribunal concerning claims for damages submitted in late 2010 by 137 former non-managerial employees and 55 former managerial employees of Metaleurop Nord SAS who had not been party to the claims made in 2005, have been set for June 12, 2012. Each claimant is requesting an amount of between €30,000 and €50,000 and €300 in costs, representing a total of around €9.96 million.

- **The liquidators of Metaleurop Nord SAS**

The lawsuit brought by the liquidators of Metaleurop Nord SAS, claiming the repayment by Recylex SA of Metaleurop Nord SAS's liabilities up to €50 million, was rejected on February 27, 2007 by the Béthune Regional Court, which found that Recylex SA was not the de facto manager of Metaleurop Nord SAS. The liquidators have appealed against the ruling. 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, with Recylex SA having raised an objection of inadmissibility.

On May 20, 2011, the *Conseil d'État* ruled that Recylex SA's argument that the claim brought by Metaleurop Nord SAS' liquidators was inadmissible is unfounded. The hearing before the Douai Appeal Court has been set for April 12, 2012.

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

Recylex SA's continuation plan

The Group continues to give the highest priority to meeting the commitments made by Recylex SA under its continuation plan approved by the Paris Commercial Court on November 24, 2005. Under this plan the Company still needs to pay out €25.6 million in liabilities over the next four years (i.e., until 2015). The Company paid the sixth instalment under this plan on November 24, 2011, in the amount of €4.5 million. The seventh instalment, which is due to be paid in November 2012, is approximately €5.5 million.

It should be noted that the sums claimed with respect to Metaleurop Nord SAS's liabilities are not included in the continuation plan approved by the Paris Commercial Court on November 24, 2005, and that, should the final outcome of this procedure go against Recylex SA, resulting in a significant increase in its liabilities, the enforcement of the continuation plan could be jeopardised.

Post-balance sheet events

No significant events have occurred since the balance sheet date.

Notes to the Recylex SA financial statements

These notes refer to the balance sheet for the year ended December 31, 2011, which shows total assets of €113,684,869.70, and to the income statement for the same financial year, which shows a net income of €6,526,609.19. These notes and the tables they include form an integral part of the Company's financial statements for the financial year running from January 1 to December 31, 2011. All amounts shown in the tables of these notes are expressed in thousands of euros.

Accounting rules and methods

The Company's full-year financial statements have been prepared in accordance with French generally accepted accounting principles (as set forth in the 1999 *Plan Comptable Général*), and with the provisions of French law. These accounting principles require that the financial statements be prepared prudently using the accrual basis of accounting, and on the assumption that the entity is a going concern.

In the currently highly volatile market and given the difficulty in assessing economic prospects, the financial estimates used in the preparation of consolidated financial statements for the year to December 31, 2011 are based on the best current estimates of the Group's Directors regarding the foreseeable future.

Intangible assets

Software is amortised over its estimated useful life (one to five years).

Property, plant, and equipment

Property, plant, and equipment is measured at cost (purchase price plus transaction costs), with the exception of property, plant, and equipment purchased before December 31, 1976, which has been revalued. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

- Industrial buildings: 20 years;
- Residential buildings: 25 or 30 years;
- Plant, equipment, and tools: 5 to 20 years;
- Vehicles: 4 or 5 years;
- Furniture and furnishings: 5 to 10 years;
- Office and IT equipment: 3 to 5 years.

Non-current financial assets

Non-current financial assets are measured at cost. If their fair value falls below cost, the Company recognises an impairment provision for the difference. The fair value of equity investments is estimated on the basis of several criteria including the Company's share of the underlying net assets, the operational risks of the entity invested in, and the strategic interest of the investment to the Company. The Company also recognises impairment provisions for receivables due from investee companies and loans, based on the probability of non-recovery.

Inventories and work-in-progress

Inventories and work-in-progress are measured at average weighted cost (excluding interest on borrowings). The Company recognises an impairment provision for inventories if their year-end net realisable value − based mainly on metal prices − is lower than their average weighted cost.

Receivables

Receivables are measured at face value. The Company recognises an impairment provision for receivables if their book value falls below their carrying amount.

Marketable securities

Marketable securities comprise treasury shares measured at cost and short-term investments of excess cash. The Company recognises an impairment provision for treasury shares not allocated to a share allotment plan if their market price falls below their acquisition cost. For treasury shares allocated to a share allotment plan, the Company recognises an impairment provision if their market price falls below their acquisition cost before the plan is concluded.

Free shares

For free shares, the Company applies CRC (French Accounting Regulation Committee) Regulation 2008-15 of December 4, 2008 relating to the accounting treatment of employee stock option and free share plans. This Regulation states that the Company has an obligation to allocate shares to its employees as soon as it decides to allot free shares or stock options. This obligation may generate a liability or contingent liability depending on the procedure for allotting the stock options or free shares. For instance, if the obligation is likely or certain to generate an outflow of resources that is not matched by at least an equivalent consideration, the Company must recognise a liability. However if an outflow of resources is not likely, then the obligation must be recognised as a contingent liability.

The Company recognises a provision for free share allotments based on the probable cost of buying the shares, the number of shares to be allotted (taking staff turnover into account), and changes in the value of the shares and of the services provided by employees. The corresponding provision allocations and reversals, as well as the related charges, are included in staff costs. The application of this Regulation has no effect on prior periods.

Provisions for contingencies and charges

The Company measures provisions for contingencies and charges in accordance with CRC Regulation 2000-06 of December 7, 2000 relating to liabilities. Such provisions mainly concern site remediation work, severance pay and benefits payable to employees under the mining industry's early retirement plan, pensions, end-of-career allowances, long-service awards, and other miscellaneous contingencies. If the outflow of resources is expected to be over the long-term (in general more than 5 years), the provision is discounted accordingly. This applies to provisions for end-of-career allowances and the provision related to the clawback clause (see Note 21).

Provisions for end-of-career allowances and long-service awards are determined based on employee seniority and the probability that an employee will be employed by the Company at his or her retirement date. They are calculated using the projected unit credit method, factoring in projected future wages and benefits. The Company uses a discounting rate of 3.80%, based on the 10-year Bloomberg Corporate AA index at December 31, 2011. The discounting rate was 4.50% at December 31, 2010.

The Company recognises a provision for risks at its operational sites whenever there is a legal or regulatory obligation. Provisions for site remediation are recognised for abandoned sites as required by law. These provisions are determined based on the Company's mining and metalworking experience and on external cost estimates, whenever such estimates are available.

Translation adjustments

Expenses and income denominated in a foreign currency are translated into euros at the prevailing exchange rate on the transaction date. Liabilities, assets, and cash amounts given on the balance sheet are translated at the period-end exchange rate. The Company recognises any resulting foreign exchange differences in the balance sheet under the 'Translation adjustments' line item. Unrealised foreign exchange losses are fully provisioned for.

Notes to the balance sheet

Note 1. Property, plant and equipment and intangible assets

The carrying amount of these assets rose by €725,000 in 2011. Capital expenditures at the Villefranche and Escaudoeuvres sites amounted to €1,786,000 during the year, while asset disposals and retirements totalled €416,000 on assets that had been fully depreciated.

Gross values

(in thousands of euros)	Gross value at Jan. 1, 2011	Increases Acquisitions & production	Decreases Disposals & retirements	Inter-item transfers	Gross value at Dec. 31, 2011
Intangible assets	3,455	9			3,464
Land	3,223	58			3,280
Buildings	9,492	385	10		9,867
Plant, equipment, and tools	7,808	306	198		7,915
Other	3,355	489	208		3,635
Property, plant, and equipment in-progress	29	559			589
Advance payments					
TOTAL	**27,361**	**1,806**	**416**		**28,751**

Amortisation, depreciation, and provisions

(in thousands of euros)	Cumulative amortisation, depreciation and impairment provisions at Jan. 1, 2011	Amortisation and depreciation Increases Straight-line charge for the period	Amortisation and depreciation Decreases Disposals & retirements	Amortisation and depreciation Inter-item transfers	Impairment provisions Increases Charges	Impairment provisions Decreases Reversals	Cumulative amortisation, depreciation and impairment provisions at Dec. 31, 2011
Intangible assets	3,452	7					3,459
Land	834	21					855
Buildings	6,821	362	10				7,173
Plant, equipment, and tools	5,438	366	198				5,606
Other	1,673	325	208				1,790
TOTAL	**18,218**	**1,081**	**416**				**18,883**

Note 2. Financial assets

The net value of financial assets increased by €686,000 in 2011, reflecting €1,037,000 of deposits and guarantees paid and €250,000 of repayments of loans and advances to investee companies.
In a decision of May 27, 2011, subsidiary Delot Metal SAS was wound up early without liquidation. All of its assets and liabilities were transferred to the Company, its sole shareholder, with effect from June 30, 2011. This resulted in a €49,185,000 reduction in the Company's equity investments and a €1,237,000 reduction in the Company's loans and advances to investee companies.
Therefore these line items were written down by €49,091,000 and €1,237,000, respectively.

Gross values

(in thousands of euros)	Gross value at Jan. 1, 2011	Increases	Decreases	Inter-item transfers	Gross value at Dec. 31, 2011	Maturity	
		Acquisitions	Disposals			Under one year	Over one year
Equity investments	208,594			(49,185)	159,409		159,409
Loans and advances to investee companies	152,083	12	250	(1,237)	150,608		150,608
Other long-term securities	126		2		124		124
Loans		1	1		0	0	
Other	345	1,037	5		1,378		1,378
TOTAL	**361,149**	**1,050**	**257**	**(50,422)**	**311,519**	**0**	**311,519**

Impairment provisions

(in thousands of euros)	Provisions at Jan. 1, 2011	Increases		Decreases		Inter-item transfers	Provisions at Dec. 31, 2011
		Charge to financial provisions in the period	Charge to exceptional provisions in the period	Financial provision reversals in the period	Exceptional provision reversals in the period		
Equity investments	142,931	1				(49,091)	93,840
Loans and advances to investee companies	151,833	12				(1,237)	150,608
Other long-term securities	114						114
TOTAL	**294,878**	**13**				**(50,329)**	**244,562**

Value of property, plant, and equipment and financial assets revalued in 1976

(in thousands of euros)	Revalued non-current assets		Revalued depreciation at Dec. 31, 2011			Special provision or revaluation reserve at Dec. 31, 2011	Depreciation margin for assets disposed of during the period
			Amount	Depreciation margin used			
	Gross value	Of which increase in value		During the period	Cumulative		
I- Property, plant and equipment							
1) Depreciable							
Revalued							
Land	121	29	121		29		
Buildings	3,506	1,220	3,506		1,220		
Plant, equipment, and tools	380	64	380		64		
Other	14	3	14		3		
Sub-total	**4,022**	**1,316**	**4,022**		**1,316**		
Not revalued	19,019		11,402				
Impairment provisions							
2) Non-depreciable							
Revalued land	1,793	1,480				1,480	
Not revalued	453						
TOTAL	**25,286**	**2,795**	**15,424**		**1,316**	**1,480**	
II- Non-current financial assets							
Equity investments							
Revalued	33,872	9,940			9,940		
Not revalued	125,537						
Sub-total	**159,409**	**9,940**			**9,940**		
Other long-term securities							
Not revalued	124						
TOTAL	**159,533**	**9,940**			**9,940**		

Note 3. Inventories & work-in-progress

(in thousands of euros)	Dec. 31, 2011	Dec. 31, 2010
Raw materials and other supplies	1,513	1,617
Finished and semi-finished goods	3,997	9,899
TOTAL	**5,510**	**11,516**
Impairment provisions	86	
NET TOTAL	**5,425**	**11,516**

The reduction in the value of raw materials inventories in 2011 can be attributed primarily to a decline in battery prices on the back of a fall in lead prices, which tumbled from €1,825/tonne in December 2010 to €1,532/tonne in December 2011. The decrease in the value of finished and semi-finished goods reflects the fall in lead prices as well as the early-2011 reduction of inventories built up in late 2010 when the Weser-Metall GmbH smelter − Recylex SA's largest customer − shut down for three weeks. Finished goods inventories have been written down to their realisable value.

Note 4. Current assets and prepaid expenses

(in thousands of euros)	Dec. 31, 2010	Dec. 31, 2011	Degree of asset liquidity	
	Gross amount	Gross amount	Maturities of less than one year	Maturities of more than a year
Current asset claims				
Trade receivables	8,057	9,582	9,582	
Other receivables (1)	2,961	1,364	1,364	
Prepaid expenses	35	36	36	
TOTAL	**11,053**	**10,982**	**10,982**	

(1) Including €268,000 of advance payments on orders.

Note 5. Loans and advances to company officers and directors

None.

Note 6. Share capital

Share capital and share premiums

At December 31, 2011, the Company's share capital comprised 23,974,982 fully paid-up shares with a par value of €2 per share. The Company had no employee share ownership plans in effect on this date, neither under a company savings scheme nor as part of an employee investment fund.

	Shares outstanding	Par value (in euros)
Ordinary shares at December 31, 2010	23,974,982	2.00
Ordinary shares at December 31, 2011	23,974,982	2.00

Ordinary shares in issue and fully paid-up	Shares outstanding	Par value (in euros)	Share capital (in thousand euros)	Share premiums (in thousand euros)
At January 1, 2011	23,974,982	2.00	47,950	866
Shares issued following stock option exercises between January 1st, 2011 and December 31st, 2011				
AT DECEMBER 31, 2011	**23,974,982**	**2.00**	**47,950**	**866**

There were no changes to the Company's share capital between Jan. 1, 2011 and Dec. 31, 2011.

Treasury shares

	Dec. 31, 2011	Dec. 31, 2010
Number of treasury shares	42,939	42,939
Value of treasury shares (in thousand euros)	149	228

At December 31, 2011 the Company held 42,939 treasury shares bought between September 2000 and June 2001 under a share buy-back programme authorised by the Shareholders' Meeting on March 30, 2000. The average purchase price of these shares was €6.81 per share.

The Company has recognised a €52,489 impairment provision for the 19,000 shares granted under the free share plan of September 26, 2008, and a €91,269 impairment provision for the 23,939 treasury shares not granted under a free share plan (based on the average Recylex share price in December 2011 of €3.00).

Free shares

The Shareholders' Meetings of July 16, 2007 and May 6, 2008 authorised the Board of Directors to allocate, in one or more sections, existing treasury shares held by the Company up to a total not exceeding 73,939 shares, to the benefit of all or some of the employees and/or company officers of the Company and/or related companies as defined in article L. 225-197-2 of the French Commercial Code.

In accordance with the authorisation granted by the above Shareholders' Meetings, on September 26, 2008 the Board of Directors of Recylex SA voted to implement a plan to allocate 50,000 free shares to the Group's employees and corporate officers. The 31,000 free shares allocated to beneficiaries residing in France were vested after a two-year period (i.e. on September 27, 2010 as September 26, 2010 was not a trading day) whilst the 19,000 free shares allocated to beneficiaries residing in Germany will vest after a four-year period (i.e. on September 26, 2012), subject to their being employed by a Group company on the vesting date, unless otherwise provided for by the plan. Vested shares held by beneficiaries residing in France must be held for a minimum period of two years after vesting (ending on September 26, 2012).

The Shareholders' Meeting of May 7, 2010 granted the Board of Directors authorisation to allocate existing shares held in treasury on that date as free shares to employees and corporate officers of the Company and of related companies. The Company did not introduce any free allocations of shares during 2011 under this authorisation.

		Contractual residual life	
	Number of shares	France	Germany
At Dec. 31, 2010	**19,000**		**1.77**
- Vested			
- Cancelled			
- Exercised			
At Dec. 31, 2011	**19,000**		**0.77**

Stock options

Existing stock option plans

The Shareholders' Meetings on June 26, 1995 and March 30, 2000 authorised the Company to introduce stock option plans covering 5% and 6% of the Company's share capital, respectively. The Company's Management Board granted stock options under these authorisations between 1998 and 2002. On September 26, 2008, the Board of Directors granted stock options to certain Recylex employees under the authorisation given by the Shareholders' Meeting on July 28, 2006 covering 3% of the Company's share capital.

Stock option grant date by the Management Board or Board of Directors	Sept. 20, 2002	Sept. 26, 2008	Total
Number of options initially granted	275,650	540,000	815,650
Number of options outstanding at Dec. 31, 2010	65,900	535,000	600,900
Options re-included in 2011			
Options exercised in 2011			
Options lapsed at Dec. 31, 2011			
Options maintained at Dec. 31, 2011 (totalling 2.51% of the Company's share capital)	65,900	535,000	600,900
Number of options outstanding at Dec. 31, 2011	65,900	-	65,900
Number of beneficiaries at Dec. 31, 2011	27	46	
Share subscription price (euros)	2.21	5.70	
Exercise date of options			
No earlier than	Sept. 20, 2006	Sept. 26, 2012 (50%) Sept. 26, 2013 (50%)	
No later than	Sept. 20, 2012	Sept. 26, 2018	

The maximum number of new shares that could be issued under these stock options was 65,900 at December 31, 2011, not including unvested options.

Changes in equity

The following table shows the changes in the Company's equity in 2011.

(in thousands of euros)	Dec. 31, 2011	Dec. 31, 2010
Equity at previous year-end, before appropriation of earnings	48,375	45,886
Retained earnings from prior years (as voted by the Shareholders' Meeting)	(10,585)	2,416
Opening equity	**37,790**	**48,302**
Changes during the period :		
Change in share capital		30
Change in share premiums, reserves, and retained earnings		
- Reduction		
- Increase		83
Provision charge/reversal for excess tax depreciation	(47)	(40)
Investment grants		
Reversal of revaluation reserve		
Reversal of special revaluation provision		
Closing equity before net income/(loss)	**37,743**	**48,375**
NET INCOME/(LOSS) FOR THE PERIOD	**6,527**	**(10,585)**
Closing equity including net income/(loss), before earnings appropriation	**44,270**	**37,790**

Diluted earnings per share

	Dec. 31, 2011	Dec. 31, 2010
Net income attributable to holders of ordinary shares	6,526,609	(10,584,517)
Weighted average number of ordinary shares for EPS calculation	23,974,982	23,974,982
Impact of dilution:		
Stock options	600,900	600,900
Weighted average number of ordinary shares adjusted to calculate diluted EPS	24,575,882	24,575,882
DILUTED EARNINGS PER SHARE (EUROS)	**0.27**	**(0.44)**

In 2010, all stock option and free share allocation plans were excluded from the calculation of diluted earnings per share due to a net loss being reported for the year.

Shareholding structure

As required by Article L 233-13 of the French Commercial Code, the following table lists the shareholders who own more than 5% of the Company's shares, as well as the number of voting rights attached to these shares, at December 31, 2011.

	At Dec. 31, 2011	
	Shares	Exercisable voting rights
Glencore Finance Bermuda Ltd	32.13%	32.09%
Free float	67.69%	67.91%
Treasury shares	0.18%	

Share performance

	2011	2010
High	8.25	9.80
Low	2.16	6.00
Closing	3.00	6.52
MARKET CAPITALISATION AT YEAR-END (in million euros)	**71.9**	**156.3**

In 2011, the Recylex share price fell to a low of €2.16 on November 23, 2011 and hit a high of €8.25 on February 14, 2011.

Note 7. Provisions (other than those on non-current assets)

Provisions for contingencies and charges rose by €265,000 in 2011, while impairment provisions fell by €2,030,000.

Provisions statement

		Increases	Decreases			
			Reversals during the period			
(in thousands of euros)	Provisions at Dec. 31, 2010	Charges during the period	Used provisions	Unused provisions	Reclassifications during the period	Provisions at Dec. 31, 2011
Provisions for contingencies and charges						
Environmental costs	22,515	1,038	2,267			21,287
Restructuring of industrial sites	86	2	25			63
Pension liabilities	312	10	74			248
Other	13,349	1,593	13			14,929
Sub-total	**36,262**	**2,643**	**2,378**			**36,527**
Impairment provisions						
Trade receivables	3,412	2	66		(258)	3,088
Other	2,131	194			(1,901)	424
Sub-total	**5,543**	**196**	**66**		**(2,159)**	**3,513**
TOTAL	**41,805**	**2,839**	**2,444**		**(2,159)**	**40,040**
Provision charges and reversals						
- Operating provisions		372	1,835			
- Financial provisions		98				
- Exceptional provisions		2,368	609			

The increase in the provisions for contingencies and charges in 2011 can be attributed mainly to:

- Reversals of provisions for upgrading work on:

* Old mining sites, in the amount of: €1,014,000

* Old production plants (at Estaque and Rieux), in the amount of: €214,000

- The recognition of a €1,500,000 provision related to a change in the fair value of the clawback clause (see Note 21).

The decrease in provisions on other current assets reflects the cancelling of receivables related to Delot Metal SAS, since in a decision of May 27, 2011, subsidiary Delot Metal SAS was wound up early without liquidation. All of its assets and liabilities were transferred to the Company, its sole shareholder, with effect from June 30, 2011. This resulted in a €309,000 reduction in the Company's trade receivables and a €1,901,000 reduction in the Company's current account receivables. These line items were therefore written down by €258,000 and €1,901,000, respectively.

To the best of our knowledge, as of December 31, 2011 Recylex SA was not involved in any other legal proceedings whose potential effects have not been assessed.

Note 8. Liabilities

Financial liabilities fell by €1,363,000 in 2011 following the payment of the sixth instalment under the continuation plan. Operating liabilities shrank by €2,747,000, also largely due to the payment of the sixth instalment (totalling €3,125,000) under the continuation plan.

Liabilities statement

	Maturity schedule							
			Due date					
(in thousands of euros)	Total at Dec. 31, 2010	Total at Dec. 31, 2011	Under one year	One to five years	Over five years	Of which collateralised liabilities (1)	Of which accrued expenses	Of which liabilities due under the continuation plan
Financial liabilities								
Bank borrowings								
- Under two years at inception								
- Over two years at inception	103	87	19	69				87
Other borrowings and financial liabilities	8,893	7,546	1,617	5,929		1,309		7,546
TOTAL	**8,996**	**7,633**	**1,635**	**5,997**		**1,309**		**7,633**
Operating liabilities								
Trade payables	7,055	7,138	6,547	591			4,135	752
Tax and employee-related liabilities	1,801	1,791	1,376	415			990	528
Liabilities to suppliers of non-current assets								
Other liabilities	19,147	16,326	3,691	12,635				16,081
TOTAL	**28,002**	**25,255**	**11,614**	**13,641**			**5,124**	**17,360**

(1) See Note 16 for more information about collateralised liabilities.

The 'Other liabilities' line item did not include any prepaid income at December 31, 2011.

Note 9. Information relating to several balance sheet line items

(in thousands of euros)	TOTAL	Of which concerning related companies	Of which liabilities and assets represented by trade bills
Assets (net of any recognised provisions)			
Equity investments	65,568	60,704	
Loans and advances to investee companies (1)			
Loans			
Other long-term securities	10		
Other non-current financial assets	1,378		
Advance payments on orders	268		
Trade receivables (1)	6,494	6,316	
Other receivables	901	147	
Marketable securities	149		
Cash and cash equivalents	23,588		
Liabilities			
Bond issues			
Bank borrowings	87		
Other financial liabilities	7,546		
Trade payables	7,138	930	
Tax and employee-related liabilities	1,791		
Liabilities to suppliers of non-current assets			
Other liabilities (2)	16,326	3,571	

(1) Including accrued income: zero. *(2) Including prepaid income: zero.*

Notes to the income statement

Note 10. Revenue

The following tables give the Company's revenue breakdown by business segment and geographical market.

(in thousands of euros)	2011	2010
By business segment		
Production plants	87,937	73,100
Wholesaling	-	-
Other	1,285	1,198
TOTAL	**89,222**	**74,298**

(in thousands of euros)	2011	2010
By geographical market		
France	2,677	2,814
International	86,545	71,485
TOTAL	**89,222**	**74,298**

Note 11. Directors' fees

The Company paid a total of €498,028 of directors' fees in 2011 to the members of its Board of Directors.

Mr. Yves Roche was awarded severance pay that would be paid to him should he be dismissed from his position as Chief Executive Officer following a significant change in the shareholding structure of Recylex SA that is supported by the Board of Directors, provided Mr. Yves Roche helps carry out this change and the transition with the new reference shareholder. The compensation would be equivalent to double the total gross remuneration he received as a corporate officer in the financial year before he stepped down and would not be paid until the Board had ensured that these performance targets had been met.

On March 21, 2011, the Company's Board of Directors decided to renew the above provision, as decided by the Board at its meeting of March 18, 2008, and approved by the Shareholders' Meeting of May 6, 2008. The renewal of the Company's commitment paying this compensation was approved by shareholders at the Shareholders' Meeting of May 6, 2011.

Note 12. Exceptional income and expenses

The net exceptional loss of €2,441,000 in 2011 is due primarily to:
- The recognition of a €1,500,000 provision related to a change in the fair value of the clawback clause (see Note 21).
- The recognition of an additional €808,000 provision for upgrading work at the Estaque site.

(in thousands of euros)	2011	2010
Net exceptional gain/(loss) on operating activities	(729)	(2,604)
TOTAL	**(729)**	**(2,604)**
Capital gains/(losses)		
- Disposal of equity investments and other long-term securities	(1)	(0)
- Disposal of property, plant, and equipment and intangible assets	1	(13)
- Miscellaneous		(211)
TOTAL	**0**	**(225)**
Net provision charges/reversals		
- Excess tax depreciation, special provision, and revaluation reserve	47	40
- Provisions for securities and other contingencies	(1,759)	(8,259)
- Impairment provisions on advances and trade receivables		
TOTAL	**(1,712)**	**(8,220)**
NET EXCEPTIONAL INCOME/(EXPENSE)	**(2,441)**	**(11,048)**

Note 13. Transaction costs included in purchase prices

The Company's purchases of raw materials in 2011 included €2,622,000 of transaction costs (transportation, transportation insurance, and freight commissions).

Note 14. Financial income and expenses concerning related companies

(in thousands of euros)	Total	Of which concerning related companies
Financial income		
From equity investments	10,249	1,400
From other marketable securities and receivables on non-current assets	34	31
Other interest and similar income	320	2
Foreign exchange gains		
Provision reversals		
TOTAL	**10,604**	**1,433**
Financial expenses		
Charges to provisions	111	32
Interest and similar expenses	34	34
Foreign exchange losses		
TOTAL	**145**	**66**

Other information

Note 15. Average headcount

	Workers	Clerical, technical, and supervisory staff	Managers	Total 2011	Total 2010
Employees					
- Full presence throughout the year	8	10	14	32	36
- Presence for less than the full year	1	12	1	14	2
TOTAL	**9**	**22**	**15**	**46**	**38**

At January 1, 2012, Recylex SA employees had 2,921 hours of accumulated vocational training rights under France's *Droit Individuel de Formation* scheme. They requested a 17-hour training course under these rights in 2011.

Note 16. Other off-balance sheet commitments

Commitments given

(in thousands of euros)	Dec. 31, 2011	Dec. 31, 2010
Guarantees and similar commitments	1,309	1,543
Forward currency purchases and sales		
TOTAL	**1,309**	**1,543**

Commitments received

(in thousands of euros)	Dec. 31, 2011	Dec. 31, 2010
Guarantees and similar commitments		
Forward currency purchases and sales		
TOTAL	**-**	**-**

The Company's continuation plan maintains the mortgage granted to the French Water Agency for land at the Estaque site.

Note 17. Finance leases

The Company had no finance leases outstanding at the end of the financial year.

Note 18. Deferred tax assets and liabilities

The following table gives the nature of temporary differences between the tax and accounting treatment of deferred tax assets and liabilities.

(in thousands of euros)	Amount
- Deferred tax liabilities	
Excess tax depreciation on property, plant, and equipment and intangible assets	(344)
- Deferred tax assets	
Provisions not deductible in the year of recognition	
- Provision for long-service awards	58
- Provision for severance pay and retirement allowances	213
- Provision for various charges	19,235
- Provision for free share allocations	68
- Provision for various risks	14,318
- Provision for impairment of non-current financial assets	
- Provision for receivables from investee companies and other non-current financial assets	244,562
- Provision for Company account receivables	
Accrued expenses not deductible in the year of recognition	152
TOTAL	**278,262**

Recylex SA tax loss carryforwards	
33.33% tax rate - Deferred depreciation allowances	
At a lower tax rate - Net long-term capital losses	

Liabilities of the entire tax consolidation group	
33.33% tax rate - Evergreen tax loss carryforwards	125,882
At a lower tax rate - Net long-term capital losses	

Note 19. Group tax relief

On October 1, 1994, the Company chose the French tax consolidation group tax regime. The scope of tax consolidation for 2011 included the following subsidiaries: Recylex Commercial SAS and C2P SAS. The tax expense for each subsidiary is calculated at the standard tax rate to ensure that the tax consolidation rules are neutral for the individual subsidiaries. Delot Metal SAS withdrew from the Recylex tax consolidation group effective January 1, 2011, following the transfer of all of Delot Metal SAS' assets and liabilities to Recylex SA in 2011. Delot Metal SAS' taxable earnings were added to those of Recylex SA for the 2011 financial year.

Note 20. List of Recylex SA subsidiaries and equity investments at December 31, 2011

(in thousands of euros)				Book value of securities held		Loans and advances granted by the Company					
	Share capital	Other equity	%Interest	Gross	Net	Gross	Net	Guarantees given by the Company	Revenue for the last financial year	Income/(loss) for the last financial year	Dividends received by the Company
1 – Subsidiaries (over 50% equity interest)											
Metaleurop Nord SAS, France (in liquidation)	16,769	N/A	100	59,511		130,254			N/A	N/A	
Recylex Commercial SAS, France	152	29	100	152	152				1	(1)	100
C2P SAS, France	900	2,887	100	1,708	1,708				8,747	563	200
Recylex GmbH, Germany	25,565	19,022	100	56,976	56,976				2,142	(1,176)	1,100
Fonderie et Manufacture de Métaux SA, Belgium	475	3,231	100	1,867	1,867				30,959	541	
2 – Equity investments (less than 50% equity interest)											
Recytech SA, France	6,240	9,230	50	4,865	4,865				32,230	8,389	8,849
Eco Recyclage SPA, Algeria	608	(180)	33.33	205					5,502	430	
3 – Aggregate data for subsidiaries and equity investments											
. Subsidiaries				34,125		20,354					
. Equity investments											

Note 21. Liabilities rescheduled under the continuation plan

Following the declaration of cessation of payments by Recylex SA on October 21, 2003 and the beginning of administration proceedings on November 13, 2003, the Company's outstanding liabilities were frozen at that date.
In 2005, following the continuation plan agreed by the Paris Commercial Court, these liabilities were rescheduled in accordance with the two options set out in the continuation plan:

- **Option 1** − Repayment of 50% of the liability, without interest, over a two-year period, with 25% due on the first anniversary date of the court's approval of the continuation plan and 25% on the second anniversary date. The remaining liabilities would initially be waived subject to a clawback clause under which, starting on December 31, 2015, the Company would allocate 20% of its cash at December 31 of each financial year to paying the liabilities that had initially been waived, on a *pari passu* basis among the creditors opting for the clawback clause, with no limit on the duration of such payments.

- **Option 2** − Repayment of 100% of the liabilities, without interest, over a ten-year period:

    - 4 % of the liability on the first anniversary date of the approval of the continuation plan;
    - 4% of the liability on the second anniversary date of the approval of the continuation plan;
    - 8% of the liability on the third anniversary date of the approval of the continuation plan;
    - 8% of the liability on the fourth anniversary date of the approval of the continuation plan;
    - 10% of the liability on the fifth anniversary date of the approval of the continuation plan;
    - 10% of the liability on the sixth anniversary date of the approval of the continuation plan;
    - 12% of the liability on the seventh anniversary date of the approval of the continuation plan;
    - 12% of the liability on the eighth anniversary date of the approval of the continuation plan;
    - 16% of the liability on the ninth anniversary date of the approval of the continuation plan;
    - 16% of the liability on the tenth anniversary date of the approval of the continuation plan.

Balance sheet presentation of liabilities rescheduled under the continuation plan

Rescheduled liabilities (in thousands of euros)	Dec. 31, 2011	Dec. 31, 2010
Provisions for contingencies and charges	587	587
Bank borrowings	87	103
Miscellaneous financial liabilities (including accrued interest)	7,546	8,893
Trade payables	752	902
Tax and employee-related liabilities	528	622
Miscellaneous liabilities	16,081	18,901
Total rescheduled liabilities	25,579	30,007

Maturity schedule of liabilities rescheduled under the continuation plan

Rescheduled liabilities (*in thousands of euros)*	Dec. 31, 2011			
	Under one year	*One to five years*	*Over five years*	*Total*
Rescheduled liabilities	5,355	20,225		25,579

CLAWBACK CLAUSE (Option 1 of the continuation plan)

The Company's continuation plan, approved by the Paris Commercial Court on November 24, 2005, makes provision for creditors choosing option 1 of the continuation plan, which entails the abandonment of 50% of their claim (*see Note 18.2 to the consolidated financial statements*), to benefit from a clawback clause provided (i) that they informed the Company by recommended letter within six months of the judgement approving the plan and (ii) that the plan is not reformulated prior to its expiry on November 24, 2015.

This clause provides, under the conditions mentioned above, that from and including December 31, 2015, Recylex SA will allocate 20% of its cash at December 31 of each financial year to repayment of the waived debt on a pari passu basis between the creditors who have requested the clawback provision, with no limit on the duration of such repayments; Three creditors expressed their desire to take up this clawback provision within the timeframe set out, with a total liability covered by the clause of €19,210 thousand.

The volatility of metal prices and the difficulty in predicting trends in both prices and the economic outlook makes all medium-term and long-term forecasting extremely difficult.

In 2010 the Company made an initial estimation of the amount that would have to be paid under the clawback clause, and recognised a corresponding €2,400,000 liability in its financial statements at December 31, 2010. This estimation was recalculated at December 31, 2011 (using the same estimation method) and will be recalculated at each balance sheet date to account for the time effect as well as any changes in the Company’s business plan.

The provision recognised for the clawback clause equals the discounted value of the future payments that would likely be made under the clause. On the view that the risk stemming from these flows is closer to that borne by shareholders than that borne by creditors, the discounting rate was set on the basis of the Company's cost of equity.

Probable repayments under the clawback clause from December 31, 2015 have been calculated on the basis of the 2012-2016 Business Plan drawn up by the Company and normalised cash flows thereafter.

In addition to cash flow from operations, the 2012-2016 Business Plan and subsequent normalised cash flows include:

- the repayment of liabilities to former employees of Metaleurop Nord SAS, which have been incorporated in the liabilities of the Company’s continuation plan, pending judgement by the Cour de Cassation
- repayment of debts to those creditors who elected Option 2;
- liabilities relating to the rehabilitation of former mining sites and the Estaque site.

Cash flow from operations depends primarily on trends in the price of lead in euro terms. Given that the long-term performance of this market parameter cannot be forecast and cannot be hedged in an economically justifiable manner through the use of derivative instruments, the use of a DCF model based on a single scenario for future cash flow appears not appropriate for modelling cash flow from operations.

As a result, the Company has adopted a multi-scenario model to determine the value of liabilities under the clawback clause. Starting on the assumption that trends in lead prices follow a normal distribution a large number of scenarios for lead prices in euro terms were modelled.

Each scenario represents a repayment profile and a value of the liability under the clawback clause and is assumed to be equally likely.

The clawback clause provision (nominal value of €19,210,000) results from the average value of different scenarios. At December 31, 2011 the provision stood at €3,900,000. The standard deviation was €1,200,000 reflecting the very wide statistical distribution of the values produced.

This clawback clause provision is recognised in the balance sheet under ‘Other provisions for contingencies and charges’ (Note 7), with an offsetting entry under ‘Exceptional charges’ (Note 12). This provision is recalculated at each balance sheet date to take account of possible adjustments to the Business Plan and reflect the time effect.

Note 22. Environmental information

BACKGROUND

Recylex SA directly manages two operational sites in France − one in Villefranche-sur-Saône (in the Rhône department) and one in Escaudoeuvres (in the Nord department) − and a discontinued site in Estaque-Marseille (in the Bouches-du-Rhône department). The Company also indirectly manages two sites through its subsidiaries − one at Villefranche-sur-Saône, managed by C2P SAS, and one at Fouquières-lès-Lens (Pas-de-Calais department), managed by Recytech SA (50%-owned by Recylex SA).

Recylex SA was created in 1988 from the merger between Société Minière and Métallurgique de Penarroya (SMMP) and the non-ferrous metals division of Germany-based Preussag, and took over around thirty mining concessions in France, two of which were still being operated at the time. Recylex SA defined a programme of securing its mining concessions, which was validated and kept updated with the French industry and ecology ministry and local authorities. Recylex SA was still responsible for safety at eleven mining concessions at December 31, 2011.

Environment-related provisions and contingent liabilities

Recylex SA's activities are subject to local, national and international regulations relating to the environment and industrial safety. These regulations are constantly changing and impose numerous requirements. As a result, these activities carry a risk that Recylex will be held liable for matters including site clean-up and industrial safety.

The Company recognises a provision for risks at its operational sites whenever there is a legal or regulatory obligation. Provisions for site remediation are recognised for abandoned sites as required by law. These provisions are determined based on the Company's mining and metalworking experience and on external cost estimates, whenever such estimates are available.

The Company's environmental provisions totalled €21,287,000 at December 31, 2011, covering the present value of all foreseeable expenditures under the required remediation timeframe, which could extend until 2015.

The amounts recognised represent the best estimates based on reports and technical studies by independent experts.

Expenditure recognised in 2011 amounted to around €2,551,000 covering the cost of surveys and of work to minimise environmental impacts and restore sites, along with the cost of operating long-standing pollution treatment facilities.

Recylex SA cannot rule out the possibility that assumptions used to calculate these provisions will have to be revised. As a result, the Company monitors these provisions to take into account changes in regulations, the interpretation and application of regulations by the authorities, technical, hydrological and geological constraints relating to environmental remediation issues, and the discovery of pollution not currently identified.

The following paragraphs give more details about Recylex SA's environmental provisions and contingent liabilities.

Mining concessions

Provisions recognised under the procedure of giving up rights to operate mining concessions

Recylex SA still holds mining concessions on which operations have ceased. Work to rehabilitate these former mining sites and make them safe is taking place under a multi-year plan approved and revised in conjunction with local authorities and government organisations. In 2011, assessment of additional work required at several mines led to €231 thousand in additional provisions. The aggregate amount of provisions covering the entire former mining site rehabilitation programme came to €4,157 thousand at December 31, 2011.

At the end of 2011, Recylex SA had mining rights at eleven concessions, after giving up sixteen concessions since 2005, including two in 2011, namely the concessions at Peyrebrune in the Tarn and Villeneuve-Minervois in the Aude.

Monitoring of contingent liabilities relating to former mining sites

Regarding the former Saint-Laurent-le-Minier site in the Gard, a prefect's order for works was issued on July 11, 2011, making the Agence de l'Environnement et de la Maîtrise de l'Energie (ADEME) responsible for conducting technical studies to produce a management programme for site risks.

Discontinued sites

Estaque

Following the discontinuation of operations at the L'Estaque facility in February 2001, a Prefect's order supplementary to the order issued on December 23, 2002 defining the programme to rehabilitate the site was issued by the Prefect in January 2012, extending the timetable for works to December 31, 2005. In 2011, an additional provision of €808 thousand was booked to take account of the 24 additional months required to carry out the work. The aggregate amount of provisions covering the L'Estaque site rehabilitation programme came to €16,882 thousand at December 31, 2011. These amounts are the best available estimates, based on the technical reports of independent experts.

Rieux

Recylex SA owns an industrial site at Rieux (Oise) which was leased to Penox SA. This company ceased operations on the site in 2006, returning it with vacant possession. In 2010, Recylex SA decided to demolish the buildings in order to be able to offer a clear site. Provisions of €660 thousand have been created to cover this work. Demolition work began in 2011, resulting in €413 thousand of these provisions being used. Given the planned completion of the works in 2012, a balance of provisions of €248 thousand remained at December 31, 2011.

Sites in operation

In the absence of regulatory obligations, no provisions are set aside for the cost of site remediation work that the Company would bear on the closure of active sites.

Other information

In 2011 Recylex SA was not involved in any legal proceedings that could lead to fines for non-compliance with regulatory requirements. Recylex SA was not granted any subsidies or environmental funds from a government body in 2011.

Inventory of Securities at December 31, 2011

Long-term investments and investment securities

(in thousands of euros)

Issuing company	Book value in balance sheet
I – Subsidiaries and equity investments	
A) Foreign	
Recylex GmbH	56,976
Fonderie et Manufacture de Métaux SA	1,867
Other securities	
Sub-total	**58,843**
B) French	
Metaleurop Nord SAS	
Recylex Commercial SAS	152
Recytech SA	4,865
C2P SAS	1,708
Other securities	
Sub-total	**6,725**
TOTAL SUBSIDIARIES AND EQUITY INVESTMENTS	**65,568**
II – Long-term investment securities	
Long-term investments	10
Treasury shares	149
Other marketable securities	
TOTAL LONG-TERM INVESTMENTS & INVESTMENT SECURITIES	**159**
TOTAL MARKETABLE SECURITIES	**65,727**

Table of appropriation of net income

(in thousands of euros)

Appropriation of net income

1. Net income/(loss) for the period	6,527
- including after-tax income from operations of:	8,967
2. Appropriation to retained earnings	6,527
3. Charge to the statutory reserve	

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

Year ended 31 December 2011

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

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 Annual General Meeting, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying financial statements of Recylex S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying the opinion expressed above, we draw attention to the uncertainty set out in note "Significant events in 2011 and subsequent events - § Ongoing litigations relating to Metaleurop Nord S.A.S." to the financial statements concerning the lawsuit, brought in 2006 by the liquidators of Metaleurop Nord SAS claiming the repayment by Recylex SA of €50 million of Metaleurop Nord SAS' liabilities. This lawsuit is pending before the commercial division of the Douai Appeal Court, following the liquidators' appeal against the decision delivered on 27 February 2007 by the Béthune Regional Court, which ruled that Recylex SA was not a de facto manager of Metaleurop Nord SAS. The Douai Appeal Court issued a stay of proceedings on 18 November 2008 and invited the parties to bring the matter before the "Conseil d'Etat". On 20 May 2011, the "Conseil d'Etat" gave its ruling and held that the request on illegality raised by Recylex S.A. before the Douai Appeal Court was unfounded and therefore rejected its request. The next hearing before the Douai Appeal Court is planned on 12 April 2012.

Based on the ruling in favour of Recylex S.A. of the Tribunal de Grande Instance de Béthune, the company did not deem it necessary to set aside any provision in the financial statements as at 31 December 2011.

Should the outcome of this lawsuit be unfavourable to Recylex S.A., execution of the continuation and going concern plan could be called into question.

2. JUSTIFICATION OF OUR ASSESSMENTS

The accounting estimates used in the preparation of the financial statements as of 31 December 2011 were made in a context of an extreme volatility of lead and zinc prices and euro / US dollar exchange rate and of a lack of visibility concerning economic prospects. These conditions are described in note “Accounting rules and methods” to the financial statements. Such is the context in which we made our own assessments that we bring to your attention in accordance with the requirements of article L.823-9 of the French Commercial Code (« Code de commerce »).

- **Going concern**

Based on our work and the information you have communicated to date, and as part of our assessment of the accounting policies adopted by your company, we believe that the notes to the financial statements provide appropriate information regarding the aforementioned uncertainty over the group’s ability to continue as a going concern.

- **Provisions**

As specified in notes “Accounting rules and methods” and 7 to the financial statements, your company books provisions to cover various risks. Based on the information available at the time of our audit, we assessed the data and assumptions made; we examined the methods applied in implementing these provisions, as well as the management approval process of these estimates. We ensured that the disclosures relating to the said provisions provided in the notes to the financial statements at 31 December 2011 were appropriate.

- **Financial assets**

As described in the note “Accounting rules and methods” to the financial statements, the Company estimates the value of its financial assets on a yearly basis. We assessed the data and assumptions used and we examined the management approval process of these estimates. On theses bases, we ensured that the estimates made by the Company were reasonable.
The assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

3. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.
Except for the potential effect of the above mentioned information, we have no others matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.
Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ("Code de commerce") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.
In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris La Défense and Neuilly-sur-Seine, March 21, 2012

The Statutory Auditors

KPMG Audit
A division of KPMG S.A.

Laurent Genin
Partner

Deloitte & Associés

Frédéric Neige
Partner

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS FOR 2011

(pursuant to Article L. 225-37 of the French Commercial Code)

Ladies and Gentlemen,

Pursuant to the provisions of Article L. 225-37 of the French Commercial Code, the purpose of this Report of the Chairman of the Board of Directors (hereinafter, the "Chairman's Report") is to report to you on:

- the membership of the Board of Directors of Recylex SA ("the Company"), application of the principle of balanced representation of men and women on the Board, and the conditions under which the Company's work was prepared and organised in the year ended 31 December 2011,
- the restrictions placed by the Board of Directors on the powers of the Company's Chief Executive Officer,
- application of the recommendations relating to the MiddleNext corporate governance code for small and midcaps published in December 2009 (the "MiddleNext Code"), the provisions that have not been applied and the reasons why they were not applied,
- the principles and rules decided by the Board of Directors to determine the remuneration and benefits in kind awarded to corporate officers,
- the internal control and risk management procedures implemented by the Company, in particular procedures relating to the preparation and processing of accounting and financial information for the parent company and consolidated financial statements.

Information liable to have an influence during a tender offer is contained in Section 2.10 of the Management Report[1], in accordance with article L. 225-100-3 of the French Commercial Code.

This Chairman's Report was reviewed and approved by the Board of Directors at its meeting on March 21, 2012 and may be consulted on the Company's website[2] in accordance with Article L. 225-37 of the French Commercial Code and Article 221-3 of the General Regulation of the Autorité des Marchés Financiers.

The Company's auditors have issued a special report setting out their observations on this Chairman's Report, in particular concerning internal control procedures relating to the preparation and processing of accounting and financial information.

In the context of the Chairman's Report, except where otherwise specified, the term "Group" means the Company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code.

1. RECOMMENDATIONS OF THE MIDDLENEXT CORPORATE GOVERNANCE CODE

The Company wishes to have best practice in corporate governance as its benchmark. The Board of Directors considered that the MiddleNext Code offered an alternative for small and midcaps and was better suited to the size and structure of the Company than the AFEP/MEDEF Corporate Governance Code. Consequently, having apprised itself of the contents of the MiddleNext Code, as of 2010, the Board of Directors decided, within the meaning of Article L. 225-37 of the French Commercial Code, to refer to the MiddleNext Code in place of the AFEP/MEDEF Corporate Governance Code to which it had referred hitherto.

At its meeting on March 21, 2011, the Board of Directors apprised itself of the points to be watched set out in the MiddleNext Code. As such, it decided to keep its attention on these points, based on the recommendations from the Remuneration and Nomination Committee, to analyse all points to be watched as set out in the MiddleNext Code, and to review the Company's situation in relation to these points on a regular basis, and in particular when the Board conducts self-assessments. The MiddleNext Code may be consulted on the Company's website[3].

[1] *The 2011 Management Report may be consulted on the Company's website (www.recylex.fr (English version) - Shareholders / Investors - Regulated Information - 2011 Financial Annual Report*

[2] *(www.recylex.fr (English version) - Shareholders / Investors - Regulated Information - 2011 Financial Annual Report)*

[3] *(www.recylex.fr (French version) - Actionnaires / Investisseurs - Gouvernement d'entreprise - Code de Gouvernement d'entreprise)*

2. PREPARATION AND ORGANISATION OF THE BOARD'S WORK

2.1. Membership, organisation and operation of the Board

2.1.1. Membership of the Board

The Board of Directors had six directors at 31 December 2011. Their profiles are presented below *(see also Section 2.9 of the Management Report)*:

- ✓ **Mr Aristotelis Mistakidis** has been a director of the Company since September 20, 2000. His term of office was last renewed on May 6, 2011 for a period of three years. Mr Mistakidis is also a member of the Company's Remuneration and Nomination Committee.

Since 1993, he has been a senior executive of the Glencore Group, a leader in natural resources. Mr Mistakidis also serves as Chairman of Portovesme Srl and as a director of Glencore AG, Katanga Mining Limited and Mopani Copper Mines PLC.

He was born in Greece in 1961 and is a British citizen. He is a graduate of the London School of Economics and holds a BSc (Bachelor of Science) degree.

- ✓ **Mr Mathias Pfeiffer** has been a director of the Company since July 28, 2006. His term of office was last renewed on May 12, 2009 for a period of three years. He is also a member of the Company's Audit Committee and of its Remuneration and Nomination Committee.

Mathias Pfeiffer was born in Germany in 1945 and spent his entire career with the Deutsche Bank AG Group in various countries. He held the position of Managing Director with regional responsibilities before retiring in 2006.

- ✓ **Mr Richard Robinson** has been a director of the Company since April 8, 2003. His term of office was last renewed on May 12, 2009 for a period of three years. He is chairman of the Company's Remuneration and Nomination Committee and a member of its Audit Committee.

Mr Robinson has over 35 years' experience in the metals and mining industry and has held directorships and senior executive positions in a number of companies operating in the gold, base metal, coal and platinum industries.

Mr Robinson was an executive director of Gold Fields of South Africa Ltd before becoming CEO of Gold Fields Limited and then La Source SAS (France) in 1998. As former Chairman of Tsumeb Corporation and The Zinc Corporation of South Africa, he acquired specific experience in the sectors of lead and zinc smelting. He was the South Africa business sector coordinator and representative to the United Nations Lead and Zinc Study Group and a board member of the International Lead and Zinc Research Organisation.

Richard Robinson was born in South Africa in 1953 and has British and South African nationality. He holds an MSc in Mineral Economics from Queens University (Canada).

- ✓ **Mr Yves Roche** has been the Company's Chairman and CEO since 2005. His term of office was last renewed on May 6, 2011 for a period of three years.

Yves Roche was born in Bergerac (France) in 1969. He began his career with the Group in 1995, when it was named Metaleurop, in the commodity risk management department. In 2003, he was appointed as Treasurer then served as Chief Financial Officer until 2005.

In early 2005, he took over the reins of the Company, which was then under receivership, and devised the continuation plan that brought the company back from the brink of bankruptcy. When he was appointed Chief Executive Officer of the Company and Chairman of the Board in 2005, Mr Roche brought in a new management team and shifted the group's strategic focus, turning it into a European recycling specialist.

Mr Roche's employment contract was suspended on account of his appointment as the Company's Chairman and CEO. The Board of Directors decided that his employment contract would be terminated when a system of social security coverage had been introduced for him, bearing in mind the specific rules that apply to a company for which a continuation plan has been adopted, and thereby complying with Recommendation 1 of the MiddleNext Code concerning the Board's assessment of whether it is appropriate for a corporate officer to be covered by an employment contract.

✓ **Ms Laetitia Seta** has served as a Director since May 6, 2011.

She is Asset Manager and Trader with the Glencore Group.

Ms Seta began her career as a consultant with the audit firm PriceWaterhouseCoopers in Paris before joining the Glencore Group, where she has held several positions. She has served as head of Internal Control and of the Price Risk Management Department for the metallurgists Portovesme Sri (Italy) and Philippines Associated Smelting and Refining Corporation (Philippines).

Ms Seta also served as Project Controller and Administrator of the new copper smelter construction project at Mopani Copper Mines (Zambia) and project controller for mining investments at Sinchi Wayra SA (Bolivia).

In 2008, Ms Seta joined Glencore International AG in Switzerland as Asset Manager and Trader within the Zinc-Lead-Copper Department. She is also a member of the Board of Philippines Associated Smelting and Refining Corporation (Philippines).

Ms Seta is a French citizen. She holds an Engineering Degree in Energy Technologies (Electricity and Nuclear) from Ecole Polytechnique Feminine de Sceaux (France) and a Master in Management and Financial Techniques from the University of Paris-Dauphine (France).

✓ **Mr Jean-Pierre Thomas** has been a director of the Company since May 12, 2009 and is also chairman of the Company's Audit Committee.

Mr Thomas has been managing partner of the investment bank Lazard since 2000, advising on mergers and acquisitions, private equity and asset management.

Before joining Lazard in 1998, Mr Thomas was a member of the Lorraine Regional Council, Vice-Chairman then Chairman of the Lorraine Regional Council Finance Committee, Member of Parliament for the Vosges region, Deputy Treasurer of the UDF group at the National Assembly, Economic Affairs and Budget spokesman for the UDF group, Chairman of the UDF Departmental Federation in the Vosges region and National Treasurer of the Parti Républicain. During his political career, Mr Thomas sponsored the Act of 25 March 1997 creating retirement savings plans (the "Thomas Act").

He holds a seat on the Board of Directors of the Generali group and is Chairman of the Scientific Committee of Le Cercle des Epargnants, a Generali Group think-tank.

Born in Gérardmer (Vosges) in 1957, Mr Thomas has a degree in finance and management from SupDeCo and a doctorate in economics from Paris II University.

At the Combined General Meeting of May 9, 2012, the Shareholders will be asked to renew the terms of office of Messrs Mathias Pfeiffer, Richard Robinson and Jean-Pierre Thomas for a period of three years expiring at the end of the Shareholders' Meeting to be held in 2015 and called to approve the financial statements for the year ending December 31, 2014. In this respect, the term of office of three years, as provided by the Company's articles of association, is deemed to be reasonable and in keeping with the limits stipulated by law, in accordance with Recommendation 10 of the MiddleNext Code.

A separate resolution will be submitted to the Shareholders asking them to renew the terms of each of the aforesaid directors, in accordance with Recommendation 9 of the MiddleNext Code.

- **Independence of directors**

According to the MiddleNext Code, *"to qualify as independent, Board members [...] must not have any significant financial, contractual or family relationship liable to affect the independence of their judgment".*

The internal rules and regulations of the Board of directors ("Internal Rules and Regulations")[4] set out the following independence criteria:

- the director is not and has not been an employee or corporate officer of the Company or of a company in its Group during the last three years;
- the director is not a significant customer, supplier or banker of the Company or of its Group or for which the Company or its Group represents a significant share of the activity;
- the director is not a core shareholder of the Company;
- the director does not have close family ties with a corporate officer or core shareholder;

[4] *The Internal Rules and Regulations, which may be consulted on the Company's website (www.recylex.fr (English version)- Shareholders / Investors - Corporate governance – Board of Directors – Internal Rules and Regulations), may be amended by the Board of Directors.*

- the director has not been an auditor of the Company during the last three years.

The Board reviewed the situation of each of its members in relation with the aforesaid criteria and deemed that Mr Yves Roche, an executive director of the Company, and Ms Laetitia Seta and Mr Aristotelis Mistakidis, who are employees of the group to which the Company's core shareholder belongs, did not qualify as independent directors. The Board also deemed that Mr Richard Robinson and Mr Mathias Pfeiffer could not qualify as independent directors on account of services rendered, directly or indirectly, to the Company or its affiliates outside the exercise of their office as director, even though these business relationships do not affect their independence of judgment.

The Board deemed that Mr Jean-Pierre Thomas met the criteria of "independent" director as defined by the MiddleNext Code and the Board's Internal Rules and Regulations. While the Board does not comply to the letter with the MiddleNext Code, which recommends that at least two independent directors sit on the Board, it nonetheless considers that its members form a complementary whole, with a good balance between shareholder representation and expertise, and that their experience in various areas of industry and finance contribute to the Group's development while protecting the interests of all of the Company's shareholders.

In this respect, it should be emphasised that a designation as independent director does not imply a value judgment. Independent directors are not by their personal qualities supposed to be different from the other directors in a way that would make them more disposed to act in the shareholders' interests. Directors are informed individually of the essential responsibilities entrusted to them and remain sensitive to the interest of all shareholders in the Board's discussions and decisions in the Company's interests.

In the event of a conflict of interest arising after a director is appointed, the Internal Rules and Regulations state that the director shall be obliged to notify the Board of any existing or potential conflict of interest situation, to abstain from voting or from taking part in the proceedings and, if necessary, to resign. No disclosure constitutes an acknowledgement that no conflict of interest exists.

- **Application of the principle of balanced representation of women and men on the Board of Directors**

In accordance with the Act of 27 January 2011 on the balanced representation of women and men on boards of directors and supervisory boards and on professional equality, at the Combined General Meeting held on May 6, 2011 called to vote on the renewal of the terms of two directors, the Shareholders appointed a female director to the Board.

The Board considers that in addition to their ability to take into account the interests of all shareholders, the Company's directors have also been chosen for their expertise, their experience and their thorough understanding of the strategic challenges facing the Group. Given the Group's size and structure, the Board wishes to maintain a limited number of directors, as its current membership includes different and complementary technical expertise.

2.1.2. Organisation and operation of the Board

- **Conditions for the organisation and operation of the Board**

The conditions for the organisation and operation of the Board are determined in the Company's articles of association and defined in the Internal Rules and Regulations of the Board of Directors, in compliance with Recommendation 6 of the MiddleNext Code, which advocates the introduction of such rules.

At the same time, the Company complies partly with Recommendation 6 of the MiddleNext Code in that the Internal Rules and Regulations contain four out of the five sections covered by this recommendation, with the exception of rules for determining the compensation of Board members *(see section 4.1. of the present Report)*. These rules will be incorporated into the next update of the Internal Rules and Regulations.

The Internal Rules and Regulations were amended on March 21, 2011 in order to incorporate certain recommendations of the MiddleNext Code relating to the following matters:

- ethical rules for directors (Recommendation 7 of the MiddleNext Code)
- membership of the Board and the independence criteria of directors on the Board (Recommendation 8) *(see Section 2.1.1 of this report)*
- information provided to directors (Recommendation 11 of the MiddleNext Code) *(see the section "Information provided to directors" below)*

In addition, the dates of Board meetings are set in advance and reminders are issued from one meeting to the next. The auditors are called to Board meetings that examine and close the accounts. As a rule, Board meetings open with approval of the minutes of the previous meeting. Resolutions are then put to the directors in the order in which they appear on the agenda. The directors discuss each resolution before taking a vote. When the discussions have ended and there is no other business, the Chairman adjourns the meeting and reminds the directors of the date of the next meeting.

- **Board of Directors meetings and main matters considered**

During 2011, the Board of Directors met seven times, with an average attendance rate of 77%. Meetings lasted two hours on average.

During 2011, the following main matters were considered at Board meetings:

- the Group's performance,
- budgets and planned investments by the Company and its subsidiaries,
- the parent company and consolidated financial statements for the year ended December 31, 2010,
- the condensed interim financial statements at June 30, 2011,
- preparation of the Shareholders' Meeting,
- Recylex SA's policy on equality in employment and remuneration,
- implementation of a formal process for corporate, social and environmental reporting (Grenelle II Act) within the Group,
- Amendment of the Internal Rules and Regulations of the Board,
- self-assessment of the Board and the Committees.

- **Information provided to directors**

In accordance with the Internal Rules and Regulations, the Chairman ensures that all documents, technical materials and other information relating to the agenda are provided to the directors by e-mail and/or by post within a reasonable time, in compliance with Recommendation 11 of the MiddleNext Code, with which the Company complies.

In addition, in compliance with Recommendation 11 of the MiddleNext Code, the directors are regularly informed between meetings of any event or information liable to have an impact on the Company's commitments, financial situation or cash flow, when the Company's situation so warrants.

Directors are provided individually with all the information they need to perform their assignment and may ask to receive all documents they deem useful. The directors individually assess whether the information provided was sufficient and, where appropriate, they may request all additional information they deem relevant in accordance with Recommendation 11 of the MiddleNext Code.

2.2. Specialised Committees

The purpose of the specialised committees created by the Board is to prepare certain decisions to be taken by the Board by giving their opinions, recommendations or proposals to the Board in accordance with Recommendation 12 of the MiddleNext Code. The chairman of each committee regularly reports to the Board on its work.

2.2.1. The Remuneration and Nomination Committee

- **Membership at 31 December 2011**

Mr Richard Robinson	Chairman
Mr Mathias Pfeiffer	Member
Mr Aristotelis Mistakidis	Member

- **Assignment and operation**

The Remuneration and Nomination Committee was established on July 2, 2003 and, in 2007, the Board drew up terms of reference setting out the Committee's remit and operating procedures.

Its role is to examine the following matters in particular and make recommendations to the Board concerning: (i) the policy for deciding the remuneration of the Company's corporate officers and the Chief Financial Officer, (ii) the introduction of free share or stock option plans, (iii) the procedure for appointing directors, (iv) the procedure for assessment of the Board, (v) plans for the succession of the Group's corporate officers and key employees.

- **Work in 2011**

In accordance with Recommendation 13 of the MiddleNext Code, the Remuneration and Nomination Committee met four times during 2011, with an attendance rate of 91%. The main matters considered at the meetings were as follows:

- institution of a supplemental pension system,
- remuneration of the Group's executives,
- analysis of the Company's application of the recommendations contained in the MiddleNext Code,

- drawing up criteria for selecting a female candidate as director and proposals to be submitted to the Board,
- assessment of the targets and performance-related portion of the CEO's remuneration,
- analysis of the comparative study of the salaries of the Group's executives conducted in 2010.

Meetings of the Remuneration and Nomination Committee are recorded in minutes.

2.2.2. The Audit Committee

- **Membership at 31 December 2011**

Mr Jean-Pierre Thomas	Chairman (independent director)
Mr Mathias Pfeiffer	Member
Mr Richard Robinson	Member

- **Assignment and operation**

The Audit Committee was created in 2007. The Committee's operating rules are set out in the "Audit Committee's Remit" and relate primarily to its duties and responsibilities, its membership and the holding of meetings.

Under the Internal Rules and Regulations of the Board, the Audit Committee is responsible for monitoring: (i) the process for preparing accounting and financial information, (ii) the effectiveness of internal control and risk management systems, (iii) the statutory audit of the parent company and consolidated financial statements by the auditors, and (iv) the auditors' independence.

- **Work in 2011**

The Audit Committee met three times in 2011 with an attendance rate of 78%. The Audit Committee does not apply Recommendation 13 of the MiddleNext Code, which recommends holding four meetings a year, as the Board considers that owing to the Company's size, no minimum number of meetings should be set each year; rather, the number of meetings must be determined on the basis of need and of the matters to be reviewed by the Audit Committee, and that this number may therefore vary from year to year.

The main matters considered at the Audit Committee's meetings in 2011 were as follows:

- review of the financial statements for 2010, the interim financial statements for 2011 and the Company's financial reporting as a whole,
- review of the impairment tests and of valuations of the clawback provision in the Company's continuation plan and its accounting treatment,
- review of internal control and risk management systems at Group level,
- review of the statutory auditors' fee schedule.

At the meetings to consider the annual and interim accounts, the statutory auditors presented their opinion on the financial statements and the Company's accounting policies.

Before each meeting, for the Committee's information, the Chief Financial Officer prepares a presentation in which he reviews the process for preparing the financial statements, the main balance sheet items, valuation methods and the main financial risks to which the Group is exposed.

Audit Committee meetings are recorded in minutes summarising the proceedings.

2.3. Assessment of the work of the Board of Directors and the specialised committees

The Internal Rules and Regulations of the Board of Directors state that "each year, the agenda of the last Board meeting shall include an item relating to an assessment of the membership, organisation and operation of the Board of Directors and of the Committees, on the basis of any recommendations made by the Remuneration and Nomination Committee, in accordance with Recommendation 15 of the MiddleNext Code.

At its meeting on December 2, 2011, on the basis of answers to the questionnaires sent to the directors and compiled anonymously before the meeting, the Board carried out its self-assessment and the assessment of the work of the Board Committees. This questionnaire covered the membership, organisation and operation of the Board and its Committees, and assessed their capacity to meet shareholders' expectations, primarily in the light of the recommendations and points to be watched contained in the MiddleNext Code and deemed to be relevant in this assessment.

Suggestions for improvement concerned included more formal communication of the results of the work of the specialised committees to Board members, given the growing number of directors, and on the selection procedure prior to appointing a new director.

3. RESTRICTIONS PLACED BY THE BOARD OF DIRECTORS ON THE POWERS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the Company's articles of association, the Chief Executive Officer has the widest powers to act in all circumstances on the Company's behalf. He exercises his powers within the limits of the corporate purpose and without prejudice to those powers expressly vested by law in shareholders' meetings and the Board of Directors.

At its meeting of May 6, 2011, when it renewed the term of office of Mr Yves Roche as Chairman and Chief Executive Officer, the Board decided that the Chairman of the Board would also continue to serve as Chief Executive Officer and not to separate these two offices.

Under the Internal Rules and Regulations of the Board of Directors, a prior decision of the Board is required for the following matters:

- undertakings with respect to sureties, endorsements or guarantees;
- transactions liable to significantly affect or materially change the group's financial structure or results or to change the group's scope of consolidation;
- legal proceedings or agreements that have a significant impact on the group's results;
- publication of materially important information intended for the public.

4. PRINCIPLES AND RULES FOR DETERMINING THE REMUNERATION AND BENEFITS OF CORPORATE OFFICERS

The principles and rules for determining the remuneration and benefits of corporate officers are described in detail in Section 2.9.2 of the Management Report.

4.1. Directors' fees

Recommendation 14 of the MiddleNext Code recommends that the Board should decide how directors' fees are allocated according to the directors' attendance record and the time they spend on their duties.

The Board partly applies the recommendation insofar as, on the basis of recommendations from the Remuneration and Nomination Committee, it considered that it would be more appropriate to allocate directors' fees by taking into account the additional work (including the time dedicated to these duties) and specific responsibilities assumed by the directors who chair the Board and the Committees, rather than on the basis of attendance records.

The amount of directors' fees allotted for 2011 and the principles governing their allotment are described in section 2.9.2. of the Management Report.

4.2. Definition and transparency of the executive director's remuneration

A comprehensive description of the executive director's remuneration is given in Section 2.9.2. of the Management Report.

The components of the executive director's remuneration are determined in compliance with the principles set forth in Recommendation 2 of the MiddleNext Code, as regards comprehensiveness, balance, benchmarking (limited to companies of similar size but not necessarily part of the same reference market, since most of the Company's competitors are not listed), clarity, coherence, proportion and transparency.

4.3. Award of stock options and free shares

The conditions for awarding stock options and free shares under the plans introduced by the Company's Board partly comply with Recommendation 5 of the MiddleNext Code, in that they stipulate that awards of stock options and free shares should not be excessively concentrated on senior executives and that executive directors should not be awarded stock options or free shares on departure.

However, with respect to the recommended performance criteria reflecting the Company's interest in the medium to long term in Recommendation 5 of the MiddleNext Code for the exercise of stock options or the definitive award of free shares, the Board deems that setting such criteria would be particularly difficult and that it would be counter-productive in the Company's specific sector of activity, given the absence of any relevant benchmark (nearly all of the Company's competitors are not listed companies) and the number of parameters to be taken into consideration, with the attendant complexity and cost of managing criteria in a changing business environment over the term of the options.

The restrictions applying to existing stock options and free shares held by the corporate officers are described in section 2.9.2. of the Management report.

The Company did not introduce any plan to award stock options or free shares in 2011.

4.4. Compensation for termination of the executive director

The compensation payable in the event of termination of the executive director and the terms of payment are described in Section 2.9.2. of the Management Report.

The Company complies with Recommendation 3 of the MiddleNext Code, which states that the maximum amount of compensation should not exceed two years' remuneration (fixed and performance-related) and that no compensation should be paid if the executive director leaves of his or her own free will.

4.5. Supplementary pension scheme

In compliance with Recommendation 4 of the MiddleNext Code, the Management Report states that no supplementary pension scheme has been introduced for the executive director.

5. PARTICIPATION IN THE SHAREHOLDERS' MEETING

Shareholders may participate in Shareholders' Meetings under the terms and conditions stipulated by law and by Articles 25 *et seq*. of the Company's articles of association.[5].

6. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

6.1 AMF reference framework

In drawing up this report, the Company has referred to the guide for implementing the internal control reference framework for small and midcaps issued by the Autorité des Marchés Financiers on February 25, 2008, as updated and reissued on July 22, 2010.

6.2 Internal control

6.2.1 Definition, objectives and scope of internal control

- **Definition and objectives**

The Company's internal control and risk management procedures comprise a set of resources, guidelines for conduct, procedures and actions adapted to the Company's characteristics and specific situation, designed to:

(i) contribute to the control of its activities, the effectiveness of its operations and the efficient use of its resources;
(ii) enable it to take appropriate account of material risks that could prevent it from achieving the objectives it has set for itself.

More specifically, these procedures are designed to ensure the following, for the Company and its subsidiaries:

- compliance with the laws and regulations;
- implementation of the instructions and guidelines issued by senior management;
- the smooth working of internal processes, in particular those designed to safeguard the Company's assets;
- the reliability of financial information.

However, the internal control system implemented within the Group cannot provide an absolute guarantee that the Company's objectives will be achieved or that all risks will be controlled. Any internal control system has inherent limitations that may result from many internal and external factors.

- **Scope**

Within the Group, the parent company Recylex SA ensures that internal control systems are in place in its subsidiaries.

6.2.2 Components of the internal control system

- **Organisation of internal control**

The organisational principles of the Company and its subsidiaries have been based on extensive decentralisation of responsibility both for the control of operations, especially those involved in the preparation of accounting and financial information, and risk management, under close supervision by the Company's senior management. This organisation enables Group companies to respond more quickly to the different constraints associated with their businesses.

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[5] *The Company's articles of association are available upon request sent via the Company's website ("Contacts – Contact us"), by e-mail (info@recylex.fr) or by post (79, rue Jean-Jacques Rousseau, 92158 Suresnes Cedex, France)*

Control procedures are also implemented through a number of support functions provided by Group companies:

- the Company supports legal affairs, communication, management control and the consolidation of accounting and financial information.
- Recylex GmbH in Germany provides legal and financial support (local cash pooling and the control of accounting and financial information) for all German subsidiaries and provides information to the Company's senior management.

- **Internal circulation of information**

The Company's central support functions mean that management guidelines and objectives can be communicated in standardised form. All support services are governed by service agreements negotiated between Group companies.

- **Control activities**

The Group's internal control procedures are based on the following principles:

- An organisation by business area consistent with development priorities and strategic guidelines. This matrix structure determines the scope, respective powers and delegations of powers of group-wide divisions and divisions specifically responsible for strategic activities.
- A three-stage budget control system:
    1. preparation of an annual budget for each strategic activity, initially decentralised to the Group's plants then centralised at headquarters and updated on a monthly basis,
    2. preparation of a 12-month revolving forecast, updated monthly,
    3. performance tracking of the Group's activities by means of monthly reporting communicated to the Board members, enabling the Board to monitor the performance of each of the Group's activities and to ensure that it is consistent with objectives.
- Monitoring and control of the activity and performance of the Group's operating units, involving the following parties:
    1. The Company's management control unit, which tracks subsidiaries' activity in detail on a monthly basis using the budget, actual figures and regularly updated projections. The monthly reports prepared by each operating unit or subsidiary using specific software (the Magnitude package) are reviewed by the Company's management control unit and specific investigations of the subsidiary are carried out if necessary;
    2. The Chairman and CEO, the Group Chief Financial Officer and the heads of the subsidiaries and operating units, who meet monthly to analyse each unit's monthly performance, projections and their regular updates ("Business Review").
- An accounting and financial management system common to the main operating subsidiaries, running the SAP software package).

- **Permanent oversight of the internal control system**

The Audit Committee oversees the overall internal control system.

6.2.3 Parties involved in internal control

The Company's senior management is responsible for the internal control system at Group level, under the oversight of the Audit Committee, which is responsible for monitoring the effectiveness of internal control and risk management systems.

6.3 Procedures for the preparation and processing of accounting and financial information

In this section, the term "Group" means the Company and its consolidated subsidiaries within the meaning of Article L. 233-16 of the French Commercial Code.

To ensure that financial information is reliable and accurate, an integrated software application (SAP) is used to manage accounting and financial information for all Group companies with the exception of the Belgian subsidiary FMM. The application is also useful for comparing and integrating costs between subsidiaries. In terms of information flows, it ensures the use of common accounting formats and the uniform accounting treatment of transactions.

The system also allows movements of goods in all user companies to be managed in real time.

Each Group company accomplishes accounting tasks within this uniform information system, either using its own accounting staff or, in some cases, sharing the services of an independent accountant. The 2011 financial statements of individual companies in the Group were prepared by their respective accounting and finance managers under the supervision of the Group's Chief Financial Officer.

Each Group company produces monthly financial and technical reports, which are submitted to the Company's senior management. The managers of each Group company are responsible for the reliability of their accounting and financial data. The data are consolidated by the Group Management Control unit, which ensures the consistency of the data and can request any further information or clarification it deems necessary from the Group subsidiaries or establishments concerned. This reporting process thus allows the Company's senior management to track the Group's activity and the achievement of assigned objectives on a monthly basis.

The process for closing the consolidated financial statements is identical to that of the monthly reporting process, i.e. it is decentralised under the responsibility of each Group company. Technical consolidation has been outsourced since the beginning of 2006. However, subsidiaries' compliance with IFRS, asset impairment tests, the accounting treatment of derivative hedging of metal price fluctuation risk and sector-based analysis continue to be performed in-house at the Company's headquarters.

The group Finance Department is responsible for overseeing all these steps and the system for preparing financial and accounting information.

Accounting and financial information is audited by the Company's auditors as part of their statutory obligations.

Once the company and consolidated financial statements have been prepared, they are reviewed by the Audit Committee before the Board meeting that approves them.

6.4 Risk assessment and management

On the basis of the risk map drawn up by an external firm in 2008 and updated in 2010, a risk management procedure has been drawn up whereby certain priority risks were identified. Action plans were prepared, the implementation and follow-up of which were placed under the responsibility of a specific manager for each identified risk. These action plans, which are monitored on a quarterly basis, were continued and presented to the Audit Committee in 2011.

Furthermore, a procedure for monitoring major development projects within the Group was set up in 2011. This new procedure is designed to define the selection, assessment, roll-out and follow-up processes for the main Group’s development projects.

6.4.1 Financial risks

Financial risks, including notably commodity price risks, exchange rate risks, interest rate risks, counterparty risks and liquidity risks are considered in detail in Section 1.8.1 of the Management Report

6.4.2 Operational risks

Operational risks are considered in detail in Section 1.8.2 of the Management Report.

6.4.3 Legal risks

Legal risks are considered in detail in section 1.8.3. of the Management report.

6.4.4 Environmental and health and safety risks

Environmental risks are considered in detail in Section 1.8.4 of the Management Report.

6.4.5 Insurance

As part of the Group's risk management procedures, the Company and its subsidiaries have taken out insurance cover against accidental risks through insurance brokers.

Damage, operating loss and liability insurance has been taken out with prime insurers by the Company for French subsidiaries, by the subsidiary Recylex GmbH for the Group's German subsidiaries and by FMM for the Group's Belgian subsidiary.

While the Company considers that the insurance taken out at Group level is sufficient to provide satisfactory cover for risks incurred in connection with its activities, it could prove insufficient to offset certain losses resulting from exceptional damage or exceptional economic and financial circumstances, which would have a negative impact on its financial situation.

<u>CONCLUSION</u>

In 2011, internal control and risk management activities focused on strengthening the risk management policy at Group level, including a system for reporting to the Audit Committee.

Yves Roche
Chairman and Chief Executive Officer

STATUTORY AUDITOR'S REPORT ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Year ended 31 December 2011

This is a free translation into English of the statutory Auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Law ("Code de Commerce") on the report prepared by the Chairman of the Board of Directors on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information issued in French and is provided solely for the convenience of English speaking users.

This report should be read in conjunction, and is construed in accordance with, French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of RECYLEX and in accordance with Article L.225-235 of the French Commercial law ("Code de Commerce"), we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-37 of the French Commercial Law ("Code de Commerce") for the year ended 31 December 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-37 of the French Commercial Law ("Code de Commerce"), particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Law ("Code de commerce"), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Law ("Code de Commerce").

Other disclosures

We hereby attest that the Chairman's report of the Board of Directors includes the other disclosures required by Article L.225-37 of the French Commercial Law ("Code de commerce").

Paris La Défense and Neuilly-sur-Seine, March 21, 2012

The Statutory Auditors

KPMG Audit	Deloitte & Associés
Division of KPMG S.A.	
Laurent Genin	Frédéric Neige
Partner	*Partner*

ANNUAL INFORMATION DOCUMENT

(List of all the information published or made public over the previous twelve months
Article L. 451-1-1 of the French Monetary and Financial Code
and Article 222-7 of the General Regulations of the Autorité des Marchés Financiers)

1. Information published on the company's website

(available on www.recylex.fr)

- **Press releases related to Recylex SA**

Date	Press release
11/01/2012	Pleadings hearing scheduled for April 12, 2012
5/12/2011	Recylex Group to focus on its core recycling businesses
28/09/2011	Recylex takes note of the rejection by the *Cour de Cassation*
22/06/2011	Recylex takes note of the adjournment until a next hearing of the Douai Appeal Court
23/05/2011	Recylex SA takes note of the decision of the Council of State *(Conseil d'Etat)*
23/03/2011	Recylex takes not of the conclusions of the public counsellor before the Council of State *(Conseil d'Etat)*

- **Financial publication and information**

Date	Document	Website
7/02/2012 4/10/2011 4/07/2011 10/05/2011 8/04/2011	Total number of shares and voting rights	Regulated information[1]
13/02/2012	Quarterly financial information (4th quarter 2011)	Regulated information
10/11/2011	Quarterly financial information (3rd quarter 2011)	Regulated information
31/08/2011	2011 Interim Results	Press release
	Presentation 2011 Interim Results	Presentations
	2011 Interim Financial Report	Regulated information
29/07/2011	Quarterly financial information (2nd quarter 2011)	Regulated information
3/05/2011	Quarterly financial information (1st quarter 2011)	Regulated information
22/03/2011	2010 Annual Results	Press release
	Presentation 2010 Annual Results	Presentations
	2010 Annual Financial Report	Regulated information

[1] *Information filed with the Autorité des Marchés Financiers (AMF) and transmitted electronically by a primary information provider registered on the list published by the AMF*

- **Miscellaneous**

Date	Document	Rubrique du site internet
16/05/2011	Shareholders' meeting of May 6, 2011 – Votes and quorum results	Shareholders' meeting
10/05/2011	Shareholders' meeting of May 6, 2011 – Presentation	
20/04/2011	Shareholders' meeting of May 6, 2011 – BALO Convening notice	
	Convening notice Shareholders' meeting of May 6, 2011 – Convening notice	
15/04/2011	Preparatory documents to the Shareholders' Meeting	
30/03/2011	Shareholders' meeting of May 6, 2011 – BALO Convening notice	
22/03/2011	Middlenext Corporate Governance Code	Corporate Governance Code
	Internal rules and regulations of the Board of Directors updated on 21/03/2011	Board of Directors

2. **Information published by Recylex SA in *Les Echos* and the *Journal Spécial des Sociétés***

(available in French)

Date	Document	Support
1/09/2011	2011 Interim Results	*Les Echos*
17/04/2011	Convening notice to the Shareholders' meeting of May 6, 2011	*Journal Spécial des Sociétés*
30/03/2011	Convening notice to the Shareholders' meeting of May 6, 2011	*Les Echos*

3. **Information published by Recylex SA in the *Bulletin des Annonces Légales Obligatoires (BALO)***

(available in French on www.journal-officiel.gouv.fr/balo/)

Date	N°	Category
1/06/2011 (n°65)	1103071	Periodical publication (annual financial statements)
20/04/2011 (n°47)	1101452	Convening notice to the Shareholders' meeting of May 6, 2011 *(avis de convocation)*
30/03/2011 (n°38)	1100937	Convening notice to the Shareholders' meeting of May 6, 2011 *(avis de reunion)*

4. **Information filed with the *Greffe du Tribunal de Commerce de Paris***

(available in French on www.infogreffe.com)

Date	Document	Object
n° 52233 - 30/05/2011	Updated bylaws	Modifications of the Recylex bylaws
n° 52233 - 30/05/2011	Extract of minutes	Modifications of the Recylex bylaws
n° 52233 - 30/05/2011	Extract of minutes	Nomination of directors
n° 41689 - 27/04/2011	Updated bylaws	Modifications of the Recylex bylaws
n° 41689 - 27/04/2011	Extract of minutes	Share capital increase and modification of the Recylex bylaws