

10 November 2010

QUARTERLY FINANCIAL REPORTING (THIRD QUARTER 2010)

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

- **Metals prices**

During the third quarter of 2010, lead and zinc prices again moved higher.

As shown below, average lead and zinc prices during the third quarter of 2010 were higher than the average in the third quarter of 2009:

	2010 financial year			
	First quarter	Second quarter	Third quarter	Year-to-date average at end-September
<i>(€ per tonne)</i>				
Lead price	1,604	1,528	1,573	1,567
Zinc price	1,653	1,587	1,556	1,598

	2009 financial year			
	First quarter	Second quarter	Third quarter	Year-to-date average at end-September
<i>(€ per tonne)</i>				
Lead price	889	1,100	1,346	1,115
Zinc price	900	1,082	1,230	1,072

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

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

	2010 financial year			
	First quarter	Second quarter	Third quarter	Total year-to-date at end-September
<i>in thousands of euros</i>				
Lead	69,725	62,586	69,566	201,877
Zinc	20,860	22,783	20,695	64,338
Special metals	5,944	6,676	6,004	18,624
Others (including plastics)	2,093	2,934	2,231	7,258
Total sales	98,622	94,979	98,496	292,097

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	2009 financial year			
	First quarter	Second quarter	Third quarter	Total year-to-date at end-September
<i>in thousands of euros</i>				
Lead	29,433	41,702	58,878	130,013
Zinc	8,137	11,961	14,531	34,629
Special metals	3,384	4,525	4,918	12,827
Others (including plastics)	1,752	2,648	1,802	6,202
Total sales	42,706	60,836	80,129	183,671

- Lead

The rise in sales in the lead business during the third quarter of 2010 compared with the third quarter of 2009 was attributable to the rise in lead prices stated in euros over the same period. Lead prices saw a significant increase during the third quarter of 2010, lifting them to 17% above the average recorded in the third quarter of 2009. This increase in lead prices has been followed by an increase in used batteries purchase price. The positive trend in the market for sulphuric acid (a sub-product produced by the Nordenham plant) continued into the third quarter of 2010 and at the same time, sales volumes in the lead sector remained broadly stable between the third quarter of 2009 and the same period of 2010, making for an increase of 18% in this sector of activity.

- Zinc

The increase in zinc sales during the third quarter of 2010 compared with the year-earlier period was attributable to a sharp rise in Waelz oxide sales volumes recorded by Recytech SA, which is 50%-owned by Recylex SA, and a significant increase in sales of zinc oxides by Norzinco GmbH on the back of brisk demand. Coupled with a 27% increase in average zinc prices stated in euros during the third quarter of 2010 compared with the same period in the previous year, this rise in sales volumes led to a rise of 42% in third-quarter 2010 sales for the zinc business compared with the year-earlier period.

- Special metals

During the third quarter of 2010, the sales recorded by the special metals business suffered a small decline owing to the halt in production for scheduled maintenance, but were still 22% higher than in the third quarter of 2009. This sales growth was driven notably by the very significant increase in sales volumes of germanium and the higher volume of high-purity arsenic sales during the third quarter of 2010.

Conversely, the fall in cadmium telluride prices was not sufficient to take full advantage of the increase in sales volumes of this product, which was underpinned by the growth in the solar panels market. Nonetheless, sales during the third quarter of 2010 recorded an increase of 13% compared with the third quarter of 2009.

- Others (including plastics)

Business volumes in the plastics business remained stable during the third quarter of 2010 amid sluggish market conditions.

- **Parent-company sales (unaudited)**

The parent company's sales over the first nine months of 2010 totalled €57.5 million. Of this, €56.6 million came from the lead business and €0.9 million from services provided to Group companies. By comparison, the parent company's sales over the first nine months of 2009 totalled €29.7 million. Of this, €28.7 million came from the lead business and €1 million from services provided to Group companies.

- **Ongoing litigation**

- **Former employees of Metaleurop Nord SAS**

(i) In connection with the appeal against the decisions of the Industry section of the Lens labour tribunal, on June 27, 2008, the Douai Appeal Court partially upheld the labour tribunal decisions and decided on December 18, 2009:

- to reject 22 cases involving protected former employees (staff representatives, works council members, trade union delegates)
- to award damages to 460 unprotected former employees, these sums being included in the liabilities of Recylex SA's continuation plan, totalling around €12.4 million. On February 9, 2010, Recylex SA decided to appeal against these decisions, which did not suspend their enforcement. On February 18, 2010, Recylex SA paid the part of these damages, i.e. around €3 million, representing the first four instalments due in accordance with the continuation plan. The balance of these damages will be paid by instalments, in accordance with the details of the continuation plan, with the fifth payment due to be made on November 24, 2010.
- to dismiss 11 cases involving unprotected former employees. The Douai Appeal Court is due to rule on December 17, 2010 concerning eight former employees, with the cases of three former employees being adjourned to a hearing on March 30, 2011.

(ii) In connection with the proceedings concerning former management employees of Metaleurop Nord SAS, the Management section of the Lens labour tribunal awarded total compensation of around €2.7 million to 91 employees on September 15, 2009, September 30, 2009 and February 26, 2010. It ordered that these sums be included in Recylex SA's liabilities which are paid in instalments according to the continuation plan. Recylex SA has appealed against these decisions, thus suspending enforcement. The Douai Appeal Court is due to rule on December 17, 2010.

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

The Douai Appeal Court issued a stay of proceedings on November 18, 2008 and invited the parties to bring the matter before the *Conseil d'État* on the basis of a review of the legality of a regulatory provision. Recylex SA applied to the *Conseil d'État* for a preliminary ruling on legality on February 12, 2009. The

preliminary ruling from the *Conseil d'État* is awaited before the Douai Appeal Court can rule on either the admissibility or the merits of the case. To date, the schedule of hearings before the Conseil d'Etat is not known.

- **Financial communication schedule**

- Sales (4th quarter 2010) February 11, 2011

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