RECYLEX | REGULATED INFORMATION

2008 HALF-YEAR FINANCIAL REPORT

(Article L451-1-2 III of the French Monetary and Financial Code and articles 222-4 *et seq.* of the AMF's General Regulation)

Contents

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BUSINESS REVIEW FOR THE FIRST HALF OF 2008

- **2008 half-year results (consolidated financial statements):**

At its meeting of August 29, 2008, the Board of Directors of Recylex SA reviewed the Recylex Group's condensed consolidated financial statements for the six months ended June 30, 2008.

Sales for the first half of 2008 amounted to €204.0 million versus €225.6 million for the same period of 2007. The Group incurred an operating loss of €5.4 million during the first half of 2008 versus operating income of €35.6 million in the first half of 2007. The net loss attributable to equity holders of the parent was €19.6 million versus net income of €29.4 million in the first half of 2007.

In 2007 the Group benefited from exceptionally high lead prices. The loss incurred in the first half of 2008 was mainly due to a provision of €14,4 million (amount discounted to current value) set aside for a labour dispute with former employees of Metaleurop Nord SAS and to the sharp drop in lead and zinc prices in the first half of 2008. In the lead business, this sharp fall had a severe impact on the value of the Group's lead inventories which however did not affect its cash position. It also affected lead and zinc margins, particularly where prices of materials for recycling declined more slowly.

However, Plastics posted growth compared with the first half of 2007. In addition, from the first half of 2008, Special Metals benefited from the investment made in March 2007 in the arsenic tetrachloride operation in Germany.

Key figures (IFRS)[1]

€ millions	June 30, 2008 *6 months*	June 30, 2007 *6 months*
Consolidated sales	**204.0**	**225.6**
Operating income before non-recurring items	**(5.4)**	**35.6**
Net income - Group part	**(19.6)**	**29.4**
Equity - Group part	**128.8**	**105.0**

[1] The condensed consolidated financial statements for the six months ended June 30, 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as endorsed by the European Union on their preparation date. The Recylex Group has opted to provide additional information (see pages 5 to 7 of this report) on the impact of restating the lead inventories held by its main plant in Germany using the LIFO method, which is not permitted under IFRS, as it believes this provides more relevant information for assessing the actual performance of its lead business.

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

  - Market conditions in the first half of 2008

Lead prices fell from €1,780 to €1,197 per tonne during the first half of 2008. Despite this sharp fall, the average lead price in the first half of 2008 was €1,704 per tonne, compared with €1,488 per tonne in the same period of 2007. The average price for 2007 was €1,882 per tonne.

The price of zinc continued to fall throughout the first half of 2008, reaching an average of €1,486 per tonne versus an average of €2,680 per tonne in the first half of 2007.

	First half 2008	Second half 2007	First half 2007
Lead prices (euros per tonne)	1,704	2,254	1,488
Zinc prices (euros per tonne)	1,486	2,081	2,680

  - Operations of Group companies in the first half of 2008

Lead contributed 65% of Group sales, Zinc 24%, Special Metals 7% and Plastics 4%.

- Lead

The Lead business incurred an operating loss of €5.4 million. This was mainly due to the impact of valuing the Nordenham plant's lead inventory using the weighted average cost method, as described in the additional information presented at the end of this business review.

In addition, the sharp fall in lead prices was not passed on immediately by suppliers of secondary materials. Consequently, margins contracted compared with the same period of the previous year.

On January 25, 2008, the lead smelting and refining operation of subsidiary FMM (Belgium) was suspended by order of the Brussels Environmental Management Institute (IBGE) following the delivery of raw material feed accidentally containing mercury. During this period, the commercial activities continued. The plant resumed its smelting and refining operation on June 3, 2008 after implementing tighter control over raw materials and smoke emissions in close collaboration with the IBGE.

In March 2008, Nordenham shut down for three weeks for its regular major planned maintenance, which had an impact on sales and maintenance costs.

- Zinc

The steel mill dust recycling business (Harz Metall GmbH (Zinc) and Recytech SA, which is 50%-owned by the Group) were hit by the sharp fall in zinc prices.

Planned maintenance shut-downs took place in the first half of 2008. At Recytech, the resumption of operations after the maintenance shut-down led to an increase in production at the end of the second quarter of 2008.

Despite the sharp correction in zinc prices, the business posted €1.5 million in operating income before non-recurring items.

- Special Metals

Growth in sales of the Special Metals business compared with the first half of 2007 was driven by a successful start-up of the RMO plant (Reinstmetalle Osterwieck GmbH).

Special Metals posted €1.7 million in operating income before non-recurring items.

- Other businesses

Growth in sales of other businesses compared with the first half of 2007 was mainly due to the increase in polypropylene prices.

Plastics posted €0.7 million in operating income before non-recurring items.

- Lawsuits

Two lawsuits initiated in 2006 are still in progress. The first was brought against Recylex SA by former employees of Metaleurop Nord SAS and the second was brought by the liquidators of Metaleurop Nord SAS.

- In the lawsuit brought by the former employees of Metaleurop Nord SAS, the Industrial Section of the Lens Labour Court handed down its ruling on June 27, 2008 and awarded €30,000 in compensation plus €300 in expenses to each of the 493 plaintiffs in particular on the grounds that Recylex SA was the co-employer of the former employees of Metaleurop Nord SAS. However the court ruled that the compensation, which totalled €14.9 million, should be included as a liability in Recylex SA's continuation plan. Recylex SA has appealed against these rulings and their execution has therefore been suspended. The Management Section of the Lens Labour Court, which involves 91 plaintiffs and a total claim of €2.8 million, is due to deliver its ruling on September 30, 2008.

  As at June 30, 2008, the company made a provision covering the global amount, discounted to current value, of all the damages granted by the Industrial Section of the Lens Labour Court and the claims lodged before the Management Section of the same Labour Court.

- The second lawsuit, brought by the liquidators of Metaleurop Nord SAS claiming the repayment by Recylex SA of €50 million of Metaleurop Nord SAS's liabilities, is pending before the commercial division of the Douai Appeal Court, following the liquidators' appeal against the decision delivered on February 27, 2007 by the Béthune Regional Court, which ruled that Recylex SA was not a *de facto* manager of Metaleurop Nord SAS. The appeal is due to be heard on October 21, 2008.

  Based on the status of this lawsuit at the preparation date of the financial statements, the company did not deem it necessary to set aside any provisions in the financial statements at June 30, 2008.

Recylex SA continues to defend its interest in both cases, particularly given the favourable rulings delivered from 2003 to date by the commercial courts. The ruling delivered by the Industrial Section of the Lens Labour Court should not jeopardise Recylex’s continuation plan, which is scheduled to last until 2015. However, should the outcome of both lawsuits be unfavourable to Recylex, execution of the continuation plan could be called into question.

- **Description of the main risks and uncertainties for the second half of 2008**

The main risks likely to impact the Group's results in the second half of 2008 are, first, trends in lead and zinc prices relative to the purchase cost of secondary materials, and second, the outcome of the lawsuits described above.

- **Outlook – business trends**

In view of the continued fall in lead and zinc prices, the Group is taking measures to reduce its supply costs.

The used battery processing plants were shut down for maintenance in July and August 2008.

Lastly, a used battery processing plant designed by Recylex engineers is currently being built in Aïn Ouassara, 200 kilometres south of Algiers in Algeria. The plant will have a capacity of 20,000 tonnes of batteries per year and will be operated by Eco-Recyclage, an Algerian company one-third owned by the Recylex Group. The plant is due to come on stream at the end of December 2008.

- **Main transactions with related parties**

The main transactions with related parties are presented in the note 9 of the condensed consolidated financial statements as at June 30, 2008, which are attached to this report.

- **Statement of changes in consolidated equity**

The statement of changes in consolidated equity is included in the condensed consolidated financial statements as at June 30, 2008, which are attached to this report.

- **Additional information on the impacts of restating the lead inventories held by the Nordenham plant using the LIFO method, which is not permitted under IFRS (unaudited figures)**

The Recylex Group holds lead inventories at its Nordenham plant in Germany 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 but quantity remains relatively stable.

In accordance with IFRSs, these inventories are measured using the average weighted cost method. However, because lead prices are highly volatile, use of this method can make it difficult to assess the plant's performance and therefore the overall performance of the Group's lead business.

The Group believes that measuring these lead inventories using the LIFO (last-in, first-out) method provides more relevant information for assessing the lead business's actual financial performance. The following data has therefore been provided for information purposes only:

- A comparison of the consolidated income statement for the first half of 2008 prepared in accordance with IFRS with the consolidated income statement for the same period restating the Nordenham plant's lead inventories using the LIFO method;
- A comparison of the consolidated income statement for the first half of 2007 with the first half of 2008, in both cases restating the Nordenham plant's lead inventories using the LIFO method;
- Operating income before non-recurring items by business segment, restating the Nordenham plant's lead inventories using the LIFO method.

- A. Simplified comparison of IFRS-LIFO consolidated income for the first half of 2008:

€ 000s	First-half 2008 IFRS	Restatement	First-half 2008 LIFO
Sales of goods and services	204 023		204 023
Operating income before non-recurring items	(5 415)	13 385	7 970
Operating income	(22 817)	13 385	(9 432)
Net income	(19 554)	10 039	(9 516)

Based on the above table, which restates the Nordenham plant's lead inventories using the LIFO method, operating income before non-recurring items for the first half of 2008 amounts to €8.0 million compared with a loss of €5.4 million based on IFRS (a difference of €13.4 million).

- B. Simplified comparison of LIFO consolidated income for the first half of 2008 and 2007:

€ 000s	First-half 2008 LIFO	First-half 2007 LIFO	% change
Sales of goods and services	204 023	225 564	-10%
Operating income before non-recurring items	7 970	28 083	-72%
Operating income	(9 432)	28 202	-133%
Net income	(9 516)	23 764	-140%

By contrast, as shown in the above table, operating income before non-recurring items for the first half of 2007 restated on the same basis amounts to €28.1 million compared with €35.6 million based on IFRS (a decrease of €7.5 million).

- C. The following table shows operating income before non-recurring items by business segment, restated for Nordenham's lead inventories using the LIFO method:

€ 000s	**First-half 2008**	**First-half 2007**	**Change**
Lead (restated)	7 986	21 710	(13 724)
Zinc	1 480	9 180	(7 700)
Plastics	700	(18)	718
Special Metals	1 683	(229)	1 912
Unallocated	(3 879)	(2 560)	(1 319)
Total	**7 970**	**28 083**	**(20 113)**

The €13.7 million decrease in operating income before non-recurring items in the lead segment is mainly due to the timing lag between movements in lead prices and movements in the purchase cost of secondary materials. The downward spiral in lead prices during the first half of 2008 did not lead to an immediate fall in secondary material prices and this had a highly adverse impact on the Group's margins.

- D. Impact on the financial position

It should be noted that the restatement of the Nordenham plant's lead inventories using the LIFO method instead of the weighted average cost method (IFRS) does not have any impact on the Group's cash position.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2008

CONSOLIDATED BALANCE SHEET
at June 30, 2008

	Notes	June 30, 2008	December 31, 2007
		€ 000s	€ 000s
Assets			
Non-current assets			
Property, plant and equipment	6.1	77,652	77,384
Intangible assets	6.1	2,048	1,957
Financial assets		806	1,043
Derivatives		-	308
Deferred tax assets	5.6	18,006	16,878
		98,512	**97,571**
Current assets			
Inventories	6.3	67,350	78,677
Trade receivables	6.4	44,566	53,961
Current income tax assets		1,640	394
Other current assets	6.5	11,601	7,732
Other financial instruments	6.11	7,565	5,120
Cash and cash equivalents	6.6	71,709	79,162
		204,431	**225,046**
Non-current assets held for sale		-	-
		204,431	**225,046**
TOTAL ASSETS		**302,943**	**322,617**
Equity and liabilities			
Issued capital		47,916	47,824
Share premiums		783	409
Reserves attributable to equity holders of the parent		93,987	26,269
Hedging reserves	6.11	4,190	3,781
Net income attributable to equity holders of the parent		(19,554)	67,719
Translation adjustments		1,452	1,456
Share premiums and reserves attributable to equity holders of the parent		**128,774**	**147,458**
Minority interests			
Total equity		**128,774**	**147,458**
Non-current liabilities			
Interest-bearing borrowings	6.8	12,546	12,963
Provisions	6.9	38,313	22,987
Pension liabilities		29,518	29,816
Other non-current liabilities	6.10	14,855	14,853
Deferred tax liabilities	5.6	4,328	8,154
		99,560	**88,773**
Current liabilities			
Interest-bearing borrowings	6.8	6,006	8,874
Provisions	6.9	10,795	13,378
Pension liabilities		1,236	1,173
Trade payables		19,814	24,200
Income tax payable		9,457	11,259
Other financial instruments	6.11	1,653	44
Other current liabilities	6.10	25,648	27,458
		74,609	**86,386**
Liabilities associated with non-current assets held for sale		-	-
Total liabilities		**174,169**	**175,159**
TOTAL EQUITY AND LIABILITIES		**302,943**	**322,617**

INTERIM CONSOLIDATED INCOME STATEMENT
at June 30, 2008

	Notes	June 30, 2008	June 30, 2007
		€ 000s	€ 000s
Sales of goods and services		204,023	225,564
Total sales		**204,023**	**225,564**
Purchases used		(154,862)	(149,815)
Staff costs		(20,518)	(19,327)
External costs	5.1	(27,404)	(25,394)
Taxes other than on income		(1,470)	(1,320)
Depreciation, amortisation, provisions and impairment losses	5.2	(9,621)	(4,421)
Goodwill impairment losses		-	(117)
Changes in work-in-progress and finished goods		4,210	10,280
Other operating income and expense		227	114
Operating income before non-recurring items		**(5,415)**	**35,564**
Other non-recurring operating income and expense	5.3	(17,402)	119
Operating income		**(22,817)**	**35,683**
Interest income from cash & cash equivalents	5.4	1,059	575
Gross interest expense	5.4	(459)	(212)
Net interest expense (1)	5.4	**600**	**363**
Other financial income/(expense (1)	5.5	**(594)**	**(941)**
Income tax expense	5.6	3,257	(5,730)
Share in income from equity affiliates		-	-
Net income before minority interests		**(19,554)**	**29,375**
Minority interests		0	0
Net income attributable to equity holders of the parent		(19,554)	29,375
Earnings per share:		*In euros*	*In euros*
- basic	**5.7**	(0.82)	1.23

(1) The presentation of financial income and expense changed in 2007 and is explained in detail in Notes 5.4 and 5.5. The information related to the first half of 2007 has been restated accordingly.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
at June 30, 2008

(in thousands of euros)

	Number of shares	Amount of share capital	Share premiums	Hedging reserves	Consolidated reserves	Total equity, attributable to equity holders of the parent	Total equity
		€ 000s	**€ 000s**	**€ 000s**	**€ 000s**	**€ 000s**	**€ 000s**
Equity at January 1, 2007	**23,736,382**	**90,465**	**6,300**		**(21,848)**	**74,917**	**74,917**
Issue of shares/reduction in capital	130,200	496	209		0	705	705
Net income for the period					29,375	29,375	29,375
Equity at June 30, 2007	**23,866,582**	**90,961**	**6,509**		**7,527**	**104,997**	**104,997**
Net income for the period					38,344	38,344	38,344
Other movements (1)				3,781		3,781	3,781
Issue of shares/reduction in capital	45,400	(43,137)	(6,100)		49,573	336	336
Equity at December 31, 2007	**23,911,982**	**47,824**	**409**	**3,781**	**95,444**	**147,457**	**147,457**
Net income for the period					(19,554)	(19,554)	(19,554)
Other movements (1)				409	(4)	405	405
Issue of shares/reduction in capital (2)	46,000	92	374			466	466
Equity at June 30, 2008	**23,957,982**	**47,916**	**783**	**4,190**	**75,886**	**128,774**	**128,774**

(1) Other movements reflect changes in hedging reserves (see Note 6.11) less the corresponding tax liabilities.

(2) Changes in the share capital are detailed in Note 6.7.

CONSOLIDATED STATEMENT OF CASH FLOWS
at June 30, 2008

	June 30, 2008	*June 30, 2007*
	€ 000s	€ 000s
Net income of consolidated companies	(19,554)	29,375
Non-cash income and expenses	17,042	8,163
- Depreciation - property, plant and equipment	*8,178*	*4,711*
- Amortisation - intangible assets	*107*	*71*
- Changes in provisions	*12,451*	*(2,284)*
- Gains and losses on disposals of non-current assets	*48*	*(119)*
- Elimination of interest expense	*(484)*	*53*
- Income tax expense	*(3,257)*	*5,730*
Cash flow before net interest and tax expense	**(2,511)**	**37,537**
Change in the working capital requirement	3,094	(21,565)
- Inventories	*11,327*	*(15,423)*
- Trade receivables	*7,020*	*(13,861)*
- Trade payables	*(4,386)*	*886*
- Other current and non-current asset and liabilities	*(10,867)*	*6,834*
Income tax expense	(4,914)	(8,206)
Change in deferred tax assets and liabilities	5,122	(1,078)
Cash flow from operating activities	**791**	**6,689**
Changes in the scope of consolidation	-	1,000
Purchases of property, plant and equipment, and intangible assets	(8,715)	(8,676)
Disposals of property, plant and equipment, and intangible assets	1	-
Changes in financial assets	236	(23)
Cash flow from investing activities	**(8,478)**	**(7,699)**
Increases in borrowings	157	7,696
Repayment of borrowings	(1,074)	(4,228)
Interest income/(expense) on financial assets	487	(33)
Other movements in the share capital	466	705
Other financial assets	198	-
Cash flow from financing activities	**234**	**4,141**
Changes in cash and cash equivalents	**(7,453)**	**3,130**
Cash and cash equivalents at beginning of period	79,162	51,894
Cash and cash equivalents at close of period	71,709	55,024
Changes in cash and cash equivalents	**(7,453)**	**3,130**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Six months ended June 30, 2008

NOTE 1: INFORMATION ABOUT THE COMPANY AND SIGNIFICANT EVENTS OF THE FIRST HALF

Information about the company

Recylex operates in France, Germany and Belgium, and has some ten production facilities.

It specialises in recycling lead and plastic (from automobile and industrial batteries), recycling zinc from steel mill dust, and producing zinc oxides and special metals for the electronics industry.

Recylex SA is a *société anonyme* [joint-stock corporation] registered in France and listed on the Paris Stock Exchange.

On August 29, 2008, the Board of Directors approved and authorised publication of Recylex SA's interim consolidated financial statements for the six months ended 30 June 2008.

Significant events in the first half of 2008

Lead prices fell from €1,780 to €1,197 per tonne during the first half of 2008. The average lead price in the first half of 2008 was €1,704 per tonne, compared with €1,487 in the same period of 2007. The average price across 2007 was €1,882 per tonne. Meanwhile, the price of zinc continued to fall throughout the first half, reaching an average of €1,486 per tonne versus an average of €2,680 in the first half of 2007.

In line with the Group's maintenance programme, the Nordenham plant in Germany shut down for three weeks in March 2008.

On January 25, 2008, the lead smelting and refining operation of subsidiary FMM S.A. (Belgium) was suspended by order of the Brussels Environmental Management Institute (IBGE) following the delivery of raw material feed accidentally containing mercury. However, the battery collection and sale business continued during this period. The plant resumed operations on June 3, 2008 after implementing tighter control over raw materials and smoke emissions.

Two lawsuits initiated in 2006 are still in progress. The first was brought against Recylex SA by former employees of Metaleurop Nord SAS and the second was brought by the liquidators of Metaleurop Nord SAS.

- In the lawsuit brought by the former employees of Metaleurop Nord SAS, the Industrial Section of the Lens Labour Court handed down its ruling on June 27, 2008 and awarded €30,000 in compensation plus €300 in expenses to each of the 493 plaintiffs in particular on the grounds that Recylex SA was the co-employer of the former employees of Metaleurop Nord SAS. However the Industrial Section ruled that the compensation, which totalled approximately €15 million, should be included as a liability in Recylex SA's continuation plan. Recylex SA has appealed against this ruling and its execution will therefore be suspended. The Management Section of the Lens Labour Court, which involves 91 plaintiffs and a total claim of €2.8 million, is due to deliver its ruling on September 30, 2008.

  As at June 30, 2008, the company made a provision covering the global amount, discounted to current value, of all the damages granted by the Industrial Section of the Lens Labour Court and the claims lodged before the Management Section of the same Labour Court.

- The second lawsuit, brought by the liquidators of Metaleurop Nord SAS claiming the repayment by Recylex SA of €50 million of Metaleurop Nord SAS's liabilities, is pending before the commercial division of the Douai Appeal Court. This follows the liquidators' appeal against the decision delivered on February 27, 2007 by the Béthune Regional Court, which ruled that Recylex SA was not a *de facto* manager of Metaleurop Nord SAS. The appeal is due to be heard on October 21, 2008.

  Based on the status of this lawsuit at the preparation date of the financial statements, the company did not deem it necessary to set aside any provisions in the financial statements at June 30, 2008.

Should the outcome of both lawsuits be unfavourable to Recylex, execution of the continuation plan could be called into question.

NOTE 2: SIGNIFICANT ACCOUNTING METHODS

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

Pursuant to EC Regulation no. 1606/2002 adopted on July 19, 2002, the Recylex Group has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted in the European Union at the preparation date of these financial statements.

The accounting principles used to prepare the interim consolidated financial statements at June 30, 2008 are identical to those applied for the periods ended December 31, 2007 and June 30, 2007.

The interim consolidated financial statements at June 30, 2008 have been prepared in accordance with IAS 34 – Interim Financial Reporting. They are presented in condensed format and do not therefore include all the information and notes contained in a complete set of annual financial statements. Consequently, they should be read in conjunction with the Recylex Group's consolidated financial statements for the year ended December 31, 2007.

As required by IAS 34, expenses incurred by the Group are not anticipated or deferred as of the interim reporting date if anticipation or deferral would not be appropriate at the end of the financial year. Accordingly, the level of costs and revenues reported during the period in which they arise may differ from one six-month period to the next. There is a seasonal effect, particularly during the summer months when plants are shut down for several weeks for maintenance purposes.

In the absence of any material change in post-employment benefit plans or the beneficiaries thereof, the Group's post-employment benefit obligation has not been recalculated as of the interim reporting date but accounted for on pro rata basis to the projections made at the beginning of the period.

The following new standards, amendments to existing standards and interpretations had been published but were not applicable at June 30, 2008, and have not been adopted early by the Group:

- IFRIC 13* Customer Loyalty Programmes, applicable to financial years starting on or after July 1, 2008;
- IAS 1 R* Presentation of Financial Statements, applicable to financial years starting on or after January 1, 2009;
- IFRS 8 Operating Segments, applicable to financial years starting on or after January 1, 2009;
- IAS 23 R* Borrowing Costs, applicable to financial years starting on or after January 1, 2009;
- IFRS 2 Amendment* Vesting Conditions and Cancellations, applicable to financial years starting on or after January 1, 2009;
- IAS 32 Amendments* Financial Instruments Redeemable at the Option of the Holder, applicable to financial years starting on or after January 1, 2009;
- IFRS 3 R* and IAS 27* revised Business Combinations, applicable to financial years starting on or after January 1, 2009.

The following standards are applicable as of January 1, 2008 but did not have any material impact on the financial statements:

- IFRIC 11 Group and Treasury Share Transactions, applicable to financial years starting on or after March 1, 2007.
- IFRIC 12* Service Concessions, applicable to financial years starting on or after January 1, 2008.
- 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, 2008.

* Standards not yet endorsed by the European Union

NOTE 3: SCOPE OF CONSOLIDATION

There was no change in the scope of consolidation in the first half of 2008 compared with December 31, 2007.

NOTE 4: SEGMENT REPORTING

In accordance with IAS 14, Recylex publishes segment data by business segment and by geographic area.

Its primary reporting format is by business segment. Recylex has identified the following four principal business segments:

- Zinc
- Lead
- Special Metals
- Plastics

Its secondary reporting format is by geographic segment. The Group's geographic segments are based on the location of its assets:

- France
- Germany
- Belgium

Transfers between the various segments were not material.

Business segments

The following tables show revenue, operating income and certain asset and liability-related data for each business segment for the periods ended June 30, 2008 and 2007.

During 2007, the Group changed its method of calculating segment earnings to bring it into line with its internal reporting. All costs directly attributable to the business segments are now allocated to them, and Plastics has become an independent business segment.

2007 data has been restated accordingly.

The principal unallocated amounts relate to services provided by the head office, environmental provisions covering abandoned plants and rescheduled liabilities under the continuation plan.

Period ended June 30, 2008:

	Lead	*Zinc*	*Special Metals*	*Plastics and other*	*Eliminations*	*Total*
	€ 000s	***€ 000s***	***€ 000s***	***€ 000s***	***€ 000s***	***€ 000s***
Sales to external customers	132,612	48,764	14,185	8,462		204,023
Inter-segment sales	2,608	-	1	848	(3,457)	-
Total sales…	**135,220**	**48,764**	**14,186**	**9,310**	**(3,457)**	**204,023**
Segment operating income……………	**(5,399)**	**1,480**	**1,683**	**700**	**-**	**(1,536)**
Unallocated costs						(3,879)
Operating income before non-recurring items………………………						**(5,415)**
Other non-recurring operating income/(expense)…………………….						(17,402)
Net financial income						6
Income tax benefit/(expense)...................						3,257
Net income for the period………						**(19,554)**

	Lead	Zinc	Special Metals	Plastics and other	Eliminations	Total
	€ 000s	*€ 000s*	*€ 000s*	*€ 000s*	*€ 000s*	*€ 000s*
Assets and liabilities						
Intangible assets......................................	250	732	1,041	24		2,048
Property, plant and equipment..................	48,329	16,109	7,495	5,719		77,652
Inventories	44,652	9,658	10,709	2,331		67,350
Trade receivables	24,809	13,343	3,804	2,610		44,566
Total segment assets	**118,041**	**39,842**	**23,049**	**10,684**		**191,616**
Provisions and pension liabilities.............	24,619	8,635	2,162	44,446		79,862
Trade payables	10,039	6,445	854	2,474		19,812
Other current liabilities	33,480	(10,332)	7,663	(5,163)		25,648
Total segment liabilities	**68,138**	**4,748**	**10,679**	**41,757**		**125,322**
Other segment data						
Investments:						
Property, plant and equipment..................	5,846	2,087	150	553		8,636
Intangible assets......................................	191	6	-	-		197
Depreciation, amortisation and additions to provisions						
Property, plant and equipment …………	(2,787)	(1,593)	(353)	(408)		(5,142)
Intangible assets …………………………	(47)	(38)	(22)	0		(107)
Other non-cash expenses ………………	(4,210)	(2,980)	12	(14,754)		(21,932)

Period ended June 30, 2007 (restated)

	Lead	***Zinc***	***Special Metals***	***Plastics and other***	***Eliminations***	***Total***
	€ 000s	*€ 000s*	*€ 000s*	*€ 000s*	*€ 000s*	*€ 000s*
Sales to external customers	134,079	74,026	10,057	7,403		225,564
Inter-segment sales	2,444	18	-	979	(3,441)	-
Total sales……………………………….....	**136,523**	**74,044**	**10,057**	**8,382**	**(3,441)**	**225,564**
Segment operating income	**29,191**	**9,180**	**(229)**	**(18)**		**38,124**
Unallocated costs						(2,560)
Operating income before non-recurring items……………………..						**35,564**
Other non-recurring operating income/(expense)…………………						119
Net financial income …………………						(578)
Income tax benefit/(expense) ……….						(5,730)
Net income for the period…………						**29,375**

	Lead	Zinc	Special Metals	Plastics and other	Eliminations	Total
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
Assets and liabilities						
Intangible assets	85	799	1,085	24		1,993
Property, plant and equipment	43,459	18,057	7,717	5,819		75,051
Inventories	48,430	9,223	7,722	1,246		66,621
Trade receivables	28,184	18,984	2,681	3,144		52,993
Total segment assets	**120,158**	**47,063**	**19,205**	**10,233**		**196,659**
Provisions and pension liabilities	24,773	8,507	1,982	33,433		68,695
Trade payables	12,819	9,085	335	2,550		24,789
Other current liabilities	18,047	3,687	7,330	6,664		35,728
Total segment liabilities	**55,639**	**21,279**	**9,647**	**42,647**		**129,212**
Other segment data						
Investments:						
Property, plant and equipment	3,215	1,075	3,244	195		7,729
Intangible assets	9	0	1,100	0		1,109
Depreciation, amortisation and provisions						
Property, plant and equipment	(2,824)	(1,199)	(315)	(374)		(4,711)
Intangible assets	(18)	(38)	(15)	0		(71)
Other non-cash expenses	(885)	(55)	233	1,334		627

Geographic segments

The following tables show revenue, operating income, capital expenditure and certain asset-related data for each geographic segment for the periods ended June 30, 2008 and 2007.

Period ended June 30, 2008

	France	Germany	Belgium	Eliminations	Total
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
Total sales					
Sales to external customers	24,440	176,581	3,002		204,023
Inter-segment sales	35,105	905	8,021	(44,030)	-
Segment revenue	**59,545**	**177,486**	**11,023**	**(44,030)**	**204,023**
Other segment data					
Segment assets					
Intangible assets	754	1,294	0		2,048
Property, plant and equipment	15,512	60,754	1,386		77,652
Inventories	5,413	60,634	1,303		67,350
Trade receivables	7,262	36,960	344		44,566
Total segment assets	**28,941**	**159,642**	**3,033**		**191,616**
Investments:					
Property, plant and equipment	2,381	6,103	152		8,636
Intangible assets	6	191	0		197
Segment liabilities					
Provisions and pension liabilities	36,710	41,712	1,440		79,862
Trade payables	8,285	10,241	1,286		19,812
Other current liabilities	10,636	13,533	1,479		25,648
Total segment liabilities	**55,631**	**65,486**	**4,205**		**125,322**

Period ended June 30, 2007

	France	*Germany*	*Belgium*	*Eliminations*	*Total*
	€ 000s	***€ 000s***	***€ 000s***	***€ 000s***	***€ 000s***
Total sales					
Sales to external customers	33,077	179,633	12,854		225,564
Inter-segment sales	32,017	241	6,135	(38,393)	0
Segment revenue	65,094	179,874	18,989	(38,393)	225,564
Other segment data					
Segment assets					
Intangible assets	819	1,174	0		1,993
Property, plant and equipment	16,420	57,300	1,331		75,051
Inventories	2,296	62,934	1,391		66,621
Trade receivables	8,541	41,743	2,709		52,993
Total segment assets	**28,077**	**163,150**	**5,431**		**196,659**
Investments:					
Property, plant and equipment	1,534	6,150	45		7,729
Intangible assets	0	1,109	0		1,109
Segment liabilities					
Provisions and pension liabilities	25,324	41,818	1,553		68,695
Trade payables	8,652	13,544	2,593		24,789
Other current liabilities	22,209	12,262	1,257		35,728
Total segment liabilities	**56,185**	**67,625**	**5,402**		**129,212**

NOTE 5: NOTES TO THE INCOME STATEMENT

Note 5.1. External costs

External costs break down as follows:

(€ 000s)	*June 30, 2008*	*June 30, 2007*
General sub-contracting	(7,566)	(6,666)
Maintenance and repairs	(7,714)	(7,020)
Insurance premiums	(1,189)	(1,093)
Freight	(5,018)	(4,717)
Leasing, rent and service charges	(1,216)	(1,135)
Fees and external labour costs	(2,586)	(2,762)
Travel and entertainment expenses	(399)	(354)
Other external expenses	(1,716)	(1,649)
Total external costs	**(27,404)**	**(25,394)**

The increase in general sub-contracting and maintenance and repair costs was mainly due to the scheduled maintenance of the Nordenham smelter in the first quarter of 2008.

Note 5.2. Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses recognised during the periods ended June 30, 2008 and 2007 break down as follows:

(€ 000s)	*June 30, 2008*	*June 30, 2007*
Depreciation of property, plant and equipment..	(5,142)	(4,711)
Amortisation of intangible assets..	(107)	(71)
Additions to provisions and impairment losses..	(4,372)	361
Total depreciation, amortisation and impairment losses	**(9,621)**	**(4,421)**

The increase in provisions and impairment losses was due to the write-down of the Nordenham plant's inventory following the collapse in lead prices at the end of the first quarter of 2008.

Note 5.3. Other non-recurring operating income and expense

This item comprises income and expenses that are unusual in frequency, nature or amount.

(€ 000s)	*June 30, 2008*	*June 30, 2007*
Impact of the continuation plan	-	242
Other income and expense	181	(123)
Provision for labour dispute (1)	(14,545)	-
Provision for impairment of Norzinco SA assets (2).......................................	(3,038)	-
Total other non-recurring operating income and expense.....................	**(17,402)**	**119**

(1) The €14.6 million provision for labour dispute relates to the lawsuit pending before the Lens Labour Court (see Notes 1 and 6.9). In accordance with IAS 37, the provision has been discounted (see Note 6.9).

(2) Norzinco SA's property, plant & equipment was written down following the impairment test carried out as at June 30, 2008, in accordance with IAS 36 (see Note 6.2).

Note 5.4. Net interest expense

Interest expense on net debt breaks down as follows:

(€ 000s)	*June 30, 2008*	*June 30, 2007 restated*	*June 30, 2007*
Interest income from cash and cash equivalents (1)............................	1,059	575	2
Interest expense on bank and non-bank borrowings and bank overdrafts (2)	(459)	(212)	(583)
Net interest expense	**600**	**363**	**(581)**

(1) Income from short-term investments, which was previously classified under “Income from other receivables", is now accounted for under “Income from cash and cash equivalents" (see Note 5.5).
(2) Factoring costs, which were previously classified under “Interest on bank and non-bank borrowings" are now accounted for under “Other financial income and expense" (see Note 5.5).

Note 5.5. Other financial income and expense

(€ 000s)	*June 30, 2008*	*June 30, 2007 Restated*	*June 30, 2007*
Income from other receivables	-	-	528
Net foreign exchange gains and losses	(170)	(177)	(177)
Impact of discounting provisions and liabilities	(108)	(244)	(244)
Factoring costs	(475)	(489)	-
Other financial income and expense	159	(31)	(105)
Other financial income and expense	**(594)**	**(941)**	**3**

Other financial income and expense includes the net proceeds of the sale of shares in Groupement Forestier Malacan, which were classified as non-current assets held for sale at December 31, 2007.

Note 5.6. Income tax expense

Income tax expense for the periods ended June 30, 2008 and 2007 principally comprises the following items:

(€ 000s)	*June 30, 2008*	*June 30, 2007*
Income tax payable	(1,865)	(4,652)
Current income tax benefit/(expense)	**(1,865)**	**(4,652)**
Arising from the creation and reversal of temporary differences	9,845	(1,721)
Arising from tax loss carryforwards	(4,723)	643
Deferred income tax benefit/(expense)	**5,122**	**(1,078)**
Consolidated income tax benefit/(expense)	**3,257**	**(5,730)**

The €3.3 million consolidated income tax benefit is mainly due to changes in temporary differences.

The difference in measurement of the Nordenham plant inventory (LIFO under German GAAP and weighted average cost under IFRSs) reduces Weser Metall GmbH's net income by €14.5 million under IFRSs, giving rise to a deferred tax benefit of €4.2 million.

The €17.8 million provision for litigation pending (see Note 6.9) taken in Recylex SA's financial statements is not tax deductible, giving rise to a deferred tax benefit of €4.5 million.

The €4.7 million income tax expense arising from tax loss carryforwards is due to lower than anticipated use of tax loss carryforwards in the first half of 2008 and to a decrease in the amount of deferred tax assets recognised in respect of tax losses.

Reconciliation between actual income tax expense and the amount theoretically payable

(€ 000s)	*June 30, 2008*
Net income before tax	(22,811)
Group tax rate	33.33%
Theoretical income tax benefit/(expense)	**7,603**
Increase or decrease in income tax expense resulting from:	
- Use of prior tax loss carryforwards	(3,001)
- Taxes at reduced rates	(687)
- Other permanent differences	(658)
Actual tax benefit/(expense)	**3,257**

Deferred tax assets and liabilities

(€ 000s)	*June 30, 2008*	*December 31, 2007*
Deferred tax assets		
Provisions added back for tax purposes	15,294	10,677
Additional provision for employee benefits	1,989	2,017
Additional provision for impairment of non-current assets	1,803	903
Change in inventory valuation method at German units	140	142
Tax loss carryforwards	9,012	13,736
Offset of deferred tax assets and liabilities at the same taxable entity	(10,232)	(10,597)
Total	**18,006**	**16,878**
Deferred tax liabilities		
Restatement of expected useful life of non-current assets	(6,938)	(7,259)
Change in inventory valuation method at German units	(2,649)	(7,455)
Discounting of provisions and liabilities	(3,509)	(2,479)
Deferred tax on hedge accounting	(1,722)	(1,553)
Other temporary differences	255	(5)
Offset of deferred tax assets and liabilities at the same taxable entity	10,235	10,597
Total	**(4,328)**	**(8,154)**
Net deferred taxes	**13,678**	**8,724**

For the period ended June 30, 2008, 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 €9 million at June 30, 2008.

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 were estimated at €139 million at June 30, 2008, i.e.

- €97 million at French units
- €42 million at German units

Note 5.7. Earnings per share

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

Earnings per share for all operations

	June 30, 2008	*June 30, 2007*
Net income attributable to equity holders of the parent (€ 000s)	(19,554)	29,375
Weighted average number of ordinary shares used to calculate basic earnings per share	23,930,319	23,866,582
Earnings per share (€)	**(0.82)**	**1.23**

NOTE 6: NOTES TO THE BALANCE SHEET

Note 6.1. Intangible assets, property, plant & equipment and goodwill

a) Intangible assets, property, plant & equipment and goodwill at June 30, 2008 and December 31, 2007

June 30, 2008 *(€ 000s)*	*Gross*	*Depreciation and amortisation*	*Impairment losses*	*Net June 30, 2008*	*Net Dec. 31, 2007*
Intangible assets					
Goodwill..	792	-	(792)	-	-
Concessions, patents, licences, etc.	8,798	(6,750)	0	2,048	1,957
Total intangible assets ….	**9,590**	**(6,750)**	**(792)**	**2,048**	**1,957**
Property, plant & equipment					
Land	5,407	(462)	-	4,945	4,947
Buildings..	107,959	(80,406)	(1,930)	25,623	26,356
Plant and tools...	211,513	(171,676)	(3,600)	36,238	37,814
Assets in progress.....................................	5,790	100	(100)	5,790	3,713
Other……………………………………..	19,951	(14,894)	0	5,057	4,554
Total property, plant & equipment ……..	**350,620**	**(267,338)**	**(5,630)**	**77,652**	**77,384**
Total intangible assets and property, plant & equipment ………………………………	**360,210**	**(274,088)**	**(6,422)**	**79,700**	**79,341**

b) Change in intangible assets, property, plant & equipment and goodwill between January 1, 2008 and June 30, 2008

(€ 000s)	*Net*
Net carrying amount at December 31, 2007 after amortisation, depreciation and impairment losses	**79,341**
Additions	8,833
Amortisation and depreciation expense	(5,249)
Impairment losses (1)..	(3,038)
Disposals	(724)
Reversals of amortisation and depreciation during the period	537
Net carrying amount at June 30, 2008 after amortisation, depreciation and impairment losses...	**79,700**

(1) Relates to Norzinco SA's property, plant & equipment.

Note 6.2. Impairment testing

At June 30, 2008, the Group observed evidence of impairment on the Norzinco SA (France) cash-generating unit (CGU) and accordingly performed an impairment test on this CGU.

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

Value in use was estimated on the basis of the projected future cash flows expected to derive from the CGU (at the performance date of the test) and use of an after-tax discount rate of 10.57% calculated using the weighted average cost of capital method. As value in use was lower than fair value less costs to sell, the latter was used as the reference value (recoverable amount).

The tests revealed the need to write down the value of Norzinco SA's property, plant and equipment. The Group accordingly recognised an impairment loss of €3 million to reduce the value of Norzinco SA's assets to zero.

At June 30, 2008, total impairment losses taken against the Group's property, plant & equipment amounted to €5.6 million, arising on the C2P Germany GmbH and Norzinco SA cash generating units (€2.6 million and €3 million respectively).

The net carrying amount of the relevant production assets after impairment losses breaks down as follows at June 30, 2008:

June 30, 2008 (€ millions)	***C2P Germany CGU***	***Norzinco France CGU***	***RMO CGU***
Gross value of production assets	5.7	5.4	3.3
Accumulated depreciation	(2.6)	(2.4)	(0.3)
Impairment losses	(2.6)	(3.0)	-
Net value of production assets	**0.6**	**0**	**3.0**

December 31, 2007 (€ millions)	***C2P Germany CGU***	***Norzinco France CGU***	***RMO CGU***
Gross value of production assets	5.6	5.5	3.2
Accumulated depreciation	(2.4)	(2.4)	(0.1)
Impairment losses	(2.6)	-	-
Net value of production assets	**0.6**	**3.1**	**3.1**

Note 6.3. Inventories

Inventories held by the Group break down as follows:

(€ 000s)	***June 30, 2008***	***December 31, 2007***
Raw materials	28,262	39,513
Work in progress	29,234	29,369
Finished and semi-finished goods	24,298	19,952
Sub-total..	81,794	88,834
Less impairment losses	(14,444)	(10,157)
Net value of inventories and work in progress	**67,350**	**78,677**

The decrease in inventories was mainly due to:

- Lower lead prices at June 30, 2008 compared with December 31, 2007 (€1,204 versus €1,809 per tonne) affecting the Nordenham plant.
- A decrease in the value of zinc inventories held by the Oker plant in Germany following the fall in zinc prices (€1,217 per tonne at June 30, 2008 versus €1,555 at December 31, 2007).

The fall in inventory values was reflected in the income statement through:

- An increase in cost of sales (purchases used + change in inventories of finished goods and work in progress);
- An additional write-down of inventories (see Note 5.2).

Note 6.4. Trade receivables

Trade receivables break down as follows:

(€ 000s)	*June 30, 2008*	*December 31, 2007*
Trade receivables (1)	49,771	59,197
Less impairment losses	(5,205)	(5,236)
Net value of trade receivables	**44,566**	**53,961**

Trade receivables do not bear interest and are generally payable in 0 to 60 days.

The Group believes that the carrying amount of trade receivables represents a reasonable estimate of their fair value.

(1) In accordance with IAS 39, discounted receivables not yet due at the period end totalling €3,481,000 were reclassified as trade receivables at June 30, 2008. At December 31, 2007, discounted receivables not yet due amounted to €5,856,000.

Note 6.5. Other current assets

Other current assets break down as follows:

(€ 000s)	*June 30, 2008*	*December 31, 2007*
Advances and downpayments on orders in progress	1,264	1,732
Social security receivables	561	294
Tax receivables	4,419	2,001
Other receivables	4,217	3,474
Prepaid expenses	1,140	231
Total other current assets	**11,601**	**7,732**

Note 6.6. Cash and cash equivalents

Cash and cash equivalents comprise:

(€ 000s)	*June 30, 2008*	*December 31, 2007*
Cash at bank and in hand	64,631	73,484
Other short-term investments	7,078	5,678
Total cash and cash equivalents	**71,709**	**79,162**

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

At December 31, 2007, the Group had €550,000 in undrawn lines of credit available for which drawdown conditions were satisfied. At June 30, 2008, the Group had €8,350,000 in credit lines of which €7,597,000 remained undrawn.

Note 6.7. Equity

Share capital and share premiums

At June 30, 2008, the share capital comprised 23,957,982 fully paid-up shares each with a par value of €2.0.

At June 30, 2008 and December 31, 2007, the Group owned 73,939 treasury shares. Their average purchase price was €6.81. Treasury shares are deducted from equity.

Ordinary shares in issue and fully paid-up	***Number of shares***	***Share capital € 000s***	***Share premiums € 000s***
At January 1, 2008	23,911,982	47,824	409
Issuance of shares following exercise of stock options in the first half of 2008	46,000	92	374
At June 30, 2008	**23,957,982**	**47,916**	**783**

Stock options

At the Annual General Meetings of June 26, 1995 and March 30, 2000, shareholders authorised the grant of stock options over new shares. The Management Board granted stock options between 1998 and 2002. The options granted are equity-settled share-based payment transactions within the meaning of IFRS 2.

Pursuant to the transitional arrangements defined in IFRS 1, only those stock option plans granted after November 7, 2002 have to be measured and recognised in this way. Since no stock option plans have been granted since that date, no impact has been recognised.

The main characteristics of the stock option plans in effect during the first half of 2008 are as follows:

Date of grant (date of Management Board meeting)	***April 23, 1998***	***April 26, 1999***	***May 3, 2000***	***Sept. 20, 2002***
Number of options granted.............	361,000	544,500	253,900	273,650
Exercise price.................................	€10.1	€5.3	€7.5	€2.21
Vesting period	5 years	5 years	4 years	4 years
Life of options.................................	10 years	10 years	10 years	10 years

Changes in the number of options outstanding at June 30, 2008 break down as follows:

Date of grant	**Number of options outstanding at Dec. 31, 2007**	**Number of options exercised by June 30, 2008**	**Number of options lapsed at June 30, 2008**	**Number of options outstanding at June 30, 2008**	**Exercise price (€)**	**Contractual residual life**
April 23, 1998	81,400	46,000	35,400	-	10.1	0 years
April 26, 1999	119,000			119,000	5.3	0.8 years
May 3, 2000	64,900			64,900	7.5	1.8 years
Sept. 20, 2002	67,900			67,900	2.21	4.2 years
Total	**333,200**	**46,000**	**35,400**	**251,800**		

Note 6.8. Interest-bearing borrowings

Analysis of borrowings

Current financial liabilities	*June 30, 2008 € 000s*	*December 31, 2007 € 000s*
Current portion of borrowings	2,525	3,018
Discounted receivables	3,481	5,856
Total	**6,006**	**8,874**

Non-current financial liabilities	*June 30, 2008 € 000s*	*December 31, 2007 € 000s*
Non-current portion of borrowings	12,546	12,963
Total	**12,546**	**12,963**

Maturity of non-current financial liabilities

(€ 000s)	*June 30, 2008*				*Dec. 31, 2007*
	Under one year	*1 to 5 years*	*Over 5 years*	*Total*	
Bank borrowings..		11,667	879	12,546	12,963
Interest-bearing borrowings		**11,667**	**879**	**12,546**	**12,963**

Note 6.9. Provisions

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

(€ 000s)	*Environmental provisions*	*Litigation*	*Restructuring*	*Other*	*Total*
Provisions at December 31, 2007........	**31,785**	**2,152**	**385**	**2,043**	**36,365**
Expense for the period……………….....	250	17,812	37	63	18,162
Discounting...	9	(3,181)	-	-	(3,172)
Reversals – used....................................	(1,416)	(280)	(61)	(17)	(1,774)
Reversals – not used..............................	(144)	(329)	-	-	(473)
Reclassifications.....................................	(9)	-	-	9	-
Provisions at June 30, 2008.................	**30,475**	**16,174**	**361**	**2,098**	**49,108**
Of which, current portion..................	9,178	1,533	84	-	10,795
Of which, non-current portion	21,297	14,641	277	2,098	38,313

Under the case brought against Recylex SA by 493 former employees of Metaleurop Nord SAS, the Industrial Section of the Lens Labour Court ruled on June 27, 2008 that Recylex SA was the co-employer of these former employees and awarded compensation and interest to be included as a liability in the continuation plan. Recylex SA has appealed against these rulings and their execution has therefore been suspended. The Recylex Group has taken a provision for the entire amount. A provision has also been taken for the claims made before the Management Section (involving 91 employees), for which the ruling is scheduled for September 30, 2008.

In accordance with IAS 37, these provisions have been discounted. The maturity schedule used is that of the rescheduled liabilities. The discounting impact is €3,181,000.

Other risks and charges notably include €1.9 million for tax risks (Germany).

Note 6.10. Other current and non-current liabilities

Other current liabilities

(€ 000s)	*June 30, 2008*	*December 31, 2007*
Liabilities rescheduled under the continuation plan	1,735	1,714
Tax and social security liabilities	14,553	16,598
Liabilities related to non-current assets	310	193
Other liabilities	7,958	8,542
Prepaid income	1,092	410
Total	**25,648**	**27,458**

The decrease in tax and social security liabilities is mainly due to a decrease in VAT liabilities at Recylex GmbH in Germany.

Other liabilities include an option for TUI AG to sell to PPM 6% of the share capital of Metaleurop Weiterverarbeitung GmbH, previously owned by TUI AG, which was exercised on July 4, 2003 for €6 million. Settlement of this amount was deferred pending the outcome of a claim against the TUI Group AG. This claim relates to the repayment of environmental costs incurred by Harz Metall GmbH and PPM Pure Metals GmbH in respect of past pollution that occurred when TUI Group AG was the operator of the relevant sites.

Following the declaration of suspension 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 reclassified under current and non-current liabilities according to their due date.

Liabilities rescheduled under the continuation plan:

Analysis of rescheduled liabilities, current (€ 000s)	*June 30, 2008*	*December 31, 2007*
Bank borrowings	12	12
Miscellaneous financial liabilities (including accrued interest)	1,103	1,103
Trade payables	92	90
Tax and employee-related liabilities	77	77
Miscellaneous liabilities	483	499
Current rescheduled liabilities under the continuation plan prior to discounting	1,767	1,781
Impact of discounting cash flows	(32)	(67)
Current rescheduled liabilities under the continuation plan after discounting	**1,735**	**1,714**

Other non-current liabilities

Other non-current liabilities solely include liabilities rescheduled under the continuation plan:

Nature of non-current rescheduled liabilities (€ 000s)	*June 30, 2008*	*December 31, 2007*
Subsidised loans	-	-
Bank borrowings	130	130
Miscellaneous financial liabilities (including accrued interest)	11,581	11,581
Trade payables	912	912
Miscellaneous financial liabilities	813	813
Miscellaneous liabilities	5,068	5,152
Non-current rescheduled liabilities under the continuation plan prior to discounting	18,504	18,588
Impact of discounting cash flows	(3,649)	(3,736)
Non-current rescheduled liabilities under the continuation plan after discounting	**14,855**	**14,853**

Note 6.11. Other financial instruments

The Group is exposed to fluctuations in metal 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 hedges its exposure using derivatives traded on the London Metal Exchange. These derivatives are deemed to be cash flow hedges.

The Group also uses derivatives to reduce its exposure to fluctuations in metal prices related to firm commitments arising from sale contracts which are not recognised on the balance sheet. These derivatives are deemed to be fair value hedges.

Other financial instruments break down as follows.

Fair value	*June 30, 2008*			*December 31, 2007*
(€ 000s)	*Current*	*Non-current*	*Total*	*Total*
Other financial instruments	5,912	-	5,912	5,384
Assets				
Derivatives (cash flow hedges)	5,912	-	5,912	5,428
Fair value of underlying hedged risk	1,653	-	1,653	-
Liabilities				
Derivatives (cash flow hedges)	-	-	-	44
Derivatives (fair value hedges)	1,653	-	1,653	-

Depending on the type of risk hedged, the Group treats commodity derivatives either as cash flow hedges or fair value hedges.

Fair value hedges

At June 30, 2008, the fair value of derivatives treated as fair value hedges amounted to €(1,653,000), which is offset symmetrically in the income statement by the fair value of the hedged risk amounting to €1,653,000.

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 the fair value of these derivatives 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:

(€ 000s)	**Market value of derivatives by maturity date**	**Nominal**
2008 financial year	(1,653)	4,786
2009 financial year	-	-
Total	**(1,653)**	**4,786**

Cash flow hedges

The maturity of metal derivatives used for cash flow hedging purposes is as follows:

(€ 000s)	**Market value of derivatives by maturity date**	**Nominal**
2008 financial year	4,945	12,132
2009 financial year	967	2,426
Total	**5,912**	**14,558**

The hedged cash flows occur during the same periods as the cash flows from the financial instruments.

Under IAS 39, the effective portion of the change in the fair value of these derivatives is recognised directly in equity, while the ineffective portion is recognised in income for the period. Cumulative gains and losses in equity are recycled in income during the same periods that the hedged item affects income.

At June 30, 2008, the amount of unrealised gains and losses recognised in equity over the period amounted to €5,912,000 (€5,334,000 at December 31, 2007).

The following table shows changes in hedging reserves:

(€ 000s)	**June 30, 2008**	**December 31, 2007**	**December 31, 2006**
Amount at January 1……………………………………	5,334	-	-
Amount recycled from equity to income…	(3,530)	-	-
Amounts recognised directly in equity………………..	4,108	5,334	-
Amount before deferred taxes…………………………………..	**5,912**	**5,334**	
Deferred taxes………………………………………………...	(1,722)	(1,553)	-
Amount net of taxes at the period end………………	**4,190**	**3,781**	**-**

The ineffective portion of these cash flow hedges recognised in income amounted to €50,000.

NOTE 7: CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET COMMITMENTS

	June 30, 2008 *€ 000s*	*Under one year* *€ 000s*	*1 to 5 years* *€ 000s*	*Over 5 years* *€ 000s*
Certain future payments				
Commitments recognised on the balance sheet:				
Total minimum payments under finance leases ……………	1,784	614	1,165	5
Total commitments recognised on the balance sheet …	**1,784**	**614**	**1,165**	**5**
Off-balance sheet commitments:				
Payments due under operating leases……………………….	2,854	1,175	1,679	
Investment commitments………………………………………	-	-	-	
Commitments arising from the purchase and sale of currency futures..	-	-	-	
Other commitments (1)………………………………………..	8,600	1,193	7,407	
Total off-balance sheet commitments ……………………	**11,454**	**2,368**	**9,086**	**-**

(1) Other commitments given:

- The pledge of Recylex GmbH shares to the banks was transferred to Glencore following Glencore's purchase of the bank debt on August 4, 2005.
- Land owned by HMG GmbH was given as collateral for a loan arranged by C2P GmbH in a maximum amount of €1.2 million, €0.7 million of which is still outstanding.
- FMM granted a mortgage over buildings in an amount of €0.8 million and pledged its business as collateral in an amount of €0.3 million.
- Land and assets owned by Reinstmetalle Osterwieck GmbH were pledged as collateral for a loan in an amount of €4.1 million.
- Recylex SA granted the French water agency a mortgage over the land at the Estaque site in an amount of €2.2 million.

Debt waivers:

- The Recylex SA debt waived under the continuation plan of November 24, 2005, which amounted to €19.2 million, is subject to a clawback provision.

NOTE 8: LITIGATION AND CONTINGENT LIABILITIES

Apart from the information disclosed in note 1 "Significant events of the first half" concerning the lawsuits brought by the former employees of Metaleurop Nord SAS (Industrial Section), no material changes have occurred since the end of 2007.

NOTE 9: TRANSACTIONS WITH RELATED PARTIES

(€ 000s)	*Expenses in the first half*		*Income in the first half*		*Receivables*		*Liabilities*	
	2008	*2007*	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*
Glencore..............................	11,814	12,532	2,295	23,643	3,200	3,405	11,898	10,559
Recytech	20	20					5,015	16
Maturity								
Under one year......................	-	-	-	-	3,200	3,405	7,272	934
1 to 5 years...........................	-	-	-	-	-	-	4,591	4,591
Over five years......................	-	-	-	-	-	-	5,050	5,050

NOTE 10: SUBSEQUENT EVENTS

In July 2008, Recylex SA announced that a used battery processing plant designed by its engineers was currently being built in Aïn Ouassara, 200 kilometres south of Algiers in Algeria. The plant will have a capacity of 20,000 tonnes of batteries in a full year and will be operated by Eco-Recyclage, an Algerian company 33%-owned by Recylex SA. The plant is due to come on stream at the end of December 2008.

Recylex SA has appealed against the rulings delivered by the Industrial Section of the Lens Labour Court on June 27, 2008, which will have the effect of suspending their execution.

STATUTORY AUDITORS' REVIEW REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2008

This is a free translation into English of the statutory auditors' review report issued in the French language and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and is construed in accordance with, French Law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment as statutory auditors entrusted by the shareholders' meeting and in accordance with the requirements of article L. 232-7 of the French Commercial Law ("Code de commerce") and article L. 451-1-2 III of the French Monetary and Financial Law ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying (condensed) half-year consolidated financial statements of Recylex S.A. for the six-month period ended June 30, 2008,

- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – the standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw attention to the uncertainties set out in note 1 to the condensed half-year consolidated financial statements on the two lawsuits initiated in 2006 against Recylex SA by former Metaleurop Nord employees and by the liquidating attorneys of Metaleurop Nord:

- In the lawsuit brought by the former employees of Metaleurop Nord SAS, the Industrial Section of the Lens Labour Court handed down its ruling on June 27, 2008 and awarded €30,000 in compensation plus €300 in expenses to each of the 493 plaintiffs in particular on the grounds that Recylex SA was the co-employer of the former employees of Metaleurop Nord SAS. However the court ruled that the compensation, which totalled €14.9 million, should be included as a liability in Recylex SA's continuation plan. Recylex SA has appealed against these rulings and their execution has therefore been suspended. The Management Section of the Lens Labour Court, which involves 91 plaintiffs and a total claim of €2.8 million, is due to deliver its ruling on September 30, 2008.

  As at June 30, 2008, the company made a provision covering the global amount, discounted to current value, of all the damages granted by the Industrial Section of the Lens Labour Court and the claims lodged before the Management Section of the same Labour Court.

- The second lawsuit, brought by the liquidators of Metaleurop Nord SAS claiming the repayment by Recylex SA of €50 million of Metaleurop Nord SAS's liabilities, is pending before the commercial division of the Douai Appeal Court, following the liquidators' appeal against the decision delivered on February 27, 2007 by the Béthune Regional Court, which ruled that Recylex SA was not a de facto manager of Metaleurop Nord SAS. The appeal is due to be heard on October 21, 2008.

  Based on the status of this lawsuit at the preparation date of the financial statements, the company did not deem it necessary to set aside any provisions in the financial statements at June 30, 2008.

Should the outcome of both lawsuits be unfavourable to Recylex, execution of the continuation plan could be called into question.

II. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review.

Except the potential effect of the above mentioned information, we have no other matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Paris la Défense and Neuilly sur Seine, August 29, 2008

KPMG Audit
Department of KPMG S.A.

Catherine Porta
Partner

Deloitte & Associés

Albert Aïdan
Partner

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I hereby declare that, having taken all reasonable care to ensure that such is the case, the condensed financial statements for the first half of the year have been prepared in accordance with the applicable accounting standards and present fairly in all material respects the assets and liabilities, financial position and results of the company and the group of consolidated companies, and that the half-yearly business review gives a true and fair view of the significant events that occurred in the first six months of the year and their impact on the financial statements, the main transactions between related parties and the main risks and uncertainties for the remaining six months of the year.

Yves Roche

Chairman and Chief Executive Officer