2010 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

Chairman and Chief Executive Officer

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Financial year ended December 31, 2010

The shareholders of Recylex S.A (hereafter, the “Company”) have been called to an Ordinary and Special Shareholders’ Meeting to hear the report on the activities of the Company and its subsidiaries in the financial year to December 31, 2010 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 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, of which activities are spread over eleven production sites, operates mainly in France, Germany and Belgium.

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

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 global economic recovery observed at the end of 2009 strengthened throughout 2010, generating growth in industrial demand. This resulted in an increase in primary materials prices, which was amplified by investor interest in this asset class.

In consequence, base metal prices rose throughout the course of 2010.

Similarly in the lead and zinc markets the improvements in market conditions observed in the second half of 2009 continued and accelerated during 2010.

In addition, demand for special metals also recovered more rapidly than expected in 2010. Only the plastics business did not enjoy the same growth as seen in other sectors over the past year.

1.2. Key features and businesses of the Group

The key features and major events in each segment of the Group’s business over the course of 2010 are described below.

1.2.1 Lead

In 2010 lead prices rose from €1,662 a tonne at December 31, 2009, to €1,936 a tonne at December 31, 2010. The lowest prices for the year were recorded in early February 2010 and early June 2010 at €1,406 per tonne and €1,303 per tonne respectively. However the average lead price in 2010 was €1,615 per tonne, higher than the average of €1,225 per tonne recorded in 2009.

- **Battery processing**

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

In the lead segment, the rising trend in the volume of secondary materials to be processed (used batteries) seen in the first half of 2010 continued into the second half of 2010. Recylex processed 148,531 tonnes of batteries in 2010, up from 130,551 tonnes in 2009.

However, the increase in volumes processed came alongside an increase in the purchase price for used batteries, thus putting pressure on margins.

- **Smelting and refining**

Lead-bearing materials produced by the used-batteries processing plants are sent to the Group's smelters operated by Weser-Metall GmbH ("WMG") in Nordenham (Lower Saxony, Germany) 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, for the production of lead and alloy ingots.

During 2010, the operating performance of the Group's main smelter, in Nordenham, Germany ("WMG"), was significantly affected by its temporay shut-down for three weeks in November/December 2010 following a technical incident that damaged part of the furnace. The financial impact of this temporay shut-down on current consolidated operating income for 2010 was approximately €4.3 million. Total lead production from the Group's smelters in 2010 was 122,115 tonnes, from 119,757 tonnes in 2009.

Commercial conditions, particularly premiums on lead sales, were weaker as a whole in 2010 than in 2009. However, the positive trend in the market for sulphuric acid, a by-product of the lead smelter at Nordenham, continued throughout 2010. At the same time, silver prices (silver is another by-product from Nordenham) saw a significant rise in 2010 compared to 2009.

1.2.2. Zinc

Zinc prices also rose, climbing from €1,783 per tonne on December 31, 2009, to €1,820 per tonne on December 31, 2010. The average price of zinc in 2010, at €1,624 per tonne was higher than the €1,179 per tonne in 2009.

- **Zinc oxides**

The Group's zinc oxides production activity is operated by its Norzinco GmbH subsidiary in Germany.

The zinc recycling activity grew during 2010, particularly thanks to strong orders from the chemicals industry. Zinc oxides production totalled 25,800 tonnes in 2010, from 22,000 in 2009.

- **Zinc dust recycling**

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

The resumption of activity by zinc producers and the increase in output by steel makers over the course of 2010, albeit not marking a return to pre-recession levels, allowed the Group to increase its production of Waelz oxides significantly. The Group's two entities were therefore able to process 182,174 tonnes of dust, producing 73,863 tonnes of Waelz oxides during 2010 (compared to 123,000 tonnes of dust, producing 43,000 tonnes of Waelz oxides in 2009).

1.2.3 Plastics recycling

In the plastics segment, the Group's two subsidiaries C2P SAS (Villefranche-sur-Saône, France) and C2P GmbH (Oker, Germany) focused their strategy on the diversification of their client portfolios, the control of production costs and the reduction of their working capital. Revenues rose 16% in 2010 relative to 2009.

1.2.4 Special metals

The Group's special metals activity is operated by PPM Pure Metals GmbH ("PPM"), in Langelsheim, Germany, and Reinstmetalle Osterwieck GmbH ("RMO") in Osterwieck, Germany.

The special metals segment saw significant growth in sales volumes in the three main business sectors, namely high-purity arsenic, germanium and cadmium telluride. The high-purity arsenic sector benefited from growth in demand from the mobile phone industry, for smart phones, the germanium sector benefited from growth in optic fibres industry, whilst the cadmium telluride business benefited from growth in the photo-voltaic industry.

1.3. Other key developments and major events

The other key developments and major events for the Group in 2010 concerned primarily developments in legal procedures and the implementation of the Company's continuation plan.

1.3.1. Main on-going litigation involving Recylex SA

The legal claims lodged against Recylex SA in 2006 by former employees of Metaleurop Nord SAS on the one hand and by the liquidators of Metaleurop Nord SAS on the other hand are still ongoing, with new claims laid by other former employees of Metaleurop Nord SAS in 2010:

- **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 damages and €300 in expenses. The tribunal decided, however, to include these sums, for a total of €14.9 million, in the liabilities payable in instalments by Recylex SA, in accordance with the terms of its continuation plan approved by the Paris *Tribunal de Commerce* on 24 November 2005. The Company appealed against these decisions.

On December 18, 2009, the Douai Appeal Court partially upheld the labour tribunal's decisions, ruling as follows:

- damages were awarded to 460 unprotected former employees and these sums, totalling approximately €12.4 million, were included in the liabilities of Recylex SA's continuation plan payable in instalments. On February 9, 2010, the Company decided to appeal against these 460 decisions before the *Cour de Cassation*, which does not suspend their inforcement. In accordance with the continuation plan, 24% of these sums, or approximately €3 million, corresponding to the first four instalments of the plan (payable from 2006 to 2009) were paid in February 2010, and the balance will be paid, pending the decisions of the *Cour de Cassation*, in instalments in accordance with the terms and conditions of the continuation plan. On November 24, 2010, the fifth instalment of the Company's continuation plan, equivalent to 10% of the liabilities recognised under the plan, was paid by the Company.

- 22 cases involving protected former employees (staff representatives, works council members, trade union delegates) were rejected.

- 11 cases involving unprotected former employees were adjourned for various reasons (death of claimant, lack of documentation, employee made redundant before Metaleurop Nord SAS's liquidation). On December 17, 2010, the Douai Appeal Court granted to 8 former employees €30,000 in damages and €100 in costs, totalling approximately €240,000 and ruled that these sums should be included in the liabilities of Recylex SA payable in instalments under its continuation plan. On December 23, 2010, the Company decided to appeal against these eight decisions before the *Cour de Cassation* and paid 34% of the damages awarded by the Douai Appeal Court, or a total of €82,000, corresponding to the first five instalments under the Company's continuation plan (November 2006 to November 2010), pending the rulings from the *Cour de Cassation*. The balance of these sums, pending the rulings by the *Cour de Cassation*, will be paid in instalments according to the details of the Company's continuation plan. The Douai Appeal Court further decided to adjourn the claims of the 3 former employees to hearings set for March 23, 2011.

(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 amounts 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 €15,000 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 payable in instalments under its continuation plan. On December 23, 2010, the Company decided to appeal against these decisions before the *Cour de Cassation*, which does not suspend their inforcement.

In accordance with Recylex SA's continuation plan, 34% of the damages awarded by the Douai Appeal Court to 84 unprotected former managerial employees, or totalling approximately €1.2 million, corresponding to the first five instalments under the Company's continuation plan (November 2006 to November 2010) was paid to the former employees' lawyer on December 23, 2010. The balance of these sums, in the amount of approximately €2.4 million, will be paid in instalments, pending the rulings by the *Cour de Cassation*, according to the details of the Company's continuation plan.

In addition, the Douai Appeal Court rejected the claims for damages of six former protected managerial employees and adjourned the case of a former unprotected managerial employee to its hearing on March 23, 2011.

(iii) New claims from former managerial and non-managerial employees

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 new claims 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 2006. Each former employee is claiming damages between €30,000 and €50,000 plus €300 in costs, for a total amount of approximately €9.96 million. The Company has booked 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 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.

Recylex SA had argued that the claim brought by the liquidators of Metaleurop Nord SAS was inadmissible on the grounds that the liquidators had failed to state their claim in accordance with the law in the context of the Company court-supervised recovery procedure begun on November 13, 2003. The liquidators claimed that there is a regulatory provision that exempted them from this requirement. Recylex SA submitted an appeal to the Conseil d'Etat for a judgement on this point of law on February 12, 2009. The Conseil d'État must make its decision before the Douai Appeal Court can rule on either the admissibility or the merits of the case.

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.

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, the inforcement of the continuation plan could be jeopardized.

- **Liability action against the creditors' representative**

Under the court-supervised recovery procedure of Recylex SA, which resulted in the continuation plan adopted on November 24, 2005, the creditors' representative erroneously included amongst uncontested debts a debt which was subject to an on-going case before the Paris Commercial Court. This debt having been definitively included, Recylex SA was obliged to pay it under its continuation plan, without any ruling on the dispute having been made. The Company therefore decided to take a liability action against the creditors' representative.

In a ruling on January 20, 2010, the Paris Regional Court ordered the creditors' representative to pay Recylex SA the sum of €3 million in damages, with interim enforcement of €1 million. On February 22, 2010, the creditors' representative appealed against the decision.

On June 15, 2010, given the uncertainty relating to the outcome of the appeal procedure, Recylex SA reached an agreement with the creditors' representative under which the latter would drop the appeal procedure and make immediate payment to Recylex SA of the sum of €1.5 million in settlement.

1.3.2. Recylex SA's continuation plan

Recylex SA's continuation plan is described in detail in note 18 to the consolidated financial statements and note 21 to the parent company financial statements.

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 690 posts, assumption of its environmental responsibilities and the repayment of outstanding frozen liabilities of some €25.7 million (€30 million before elimination of intra-Group debts) on a 5-year schedule. To this end, the fifth instalment under the plan, for a sum of approximately €4.1m, was made in November 2010.

Total payments under the Company's continuation plan in 2010 were €7.7 million (€8.4 million before elimination of intragroup payments), of which more than half, or €5.5 million, represented damages payments to former employees of Metaleurop Nord SAS under the decisions made by the Douai appeal court on December 18, 2009 and December 17, 2010, mentioned above, pending the decisions from the Cour de Cassation.

The sixth instalment under the continuation plan, which is due to be paid in November 2011, is approximately €4.5 million, of which €1.6 million represents damages awarded by the Douai appeal court to former employees of Metaleurop Nord SAS, pending the decisions from the Cour de Cassation.

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, 2010 in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

The scope of consolidation changed in 2010 relative to December 31, 2009, in that the Norzinco SA subsidiary was wound up with total transfer of its assets and liabilities to the Delot Metal SAS subsidiary, completed with effect on December 31, 2010, whilst Eco-Recyclage (Algeria), in which the Group holds a 33.33% stake, began trading in the first half of 2010. Eco-Recyclage has been treated as an associated undertaking in the Group's financial statements at December 31, 2010.

Consolidated revenues at the Recylex Group were €403 million in 2010, an increase of 44% on 2009.

The growth in revenues in the lead division was due primarily to a 32% rise in the average price of lead, in euro terms, in 2010 compared to 2009.

The growth in revenues in the zinc division in 2010 was due primarily to a 38% rise in the average price of zinc, in euro terms, in 2010 compared to 2009 coupled with an increase in business levels in this segment.

The Group reported a consolidated net loss of €4.3 million in 2010, compared to a consolidated net profit of €9.1 million in 2009.

The net result for 2010 consisted primarily of the following items:

- Operating income before non-recurring items: €14.1 million

- Other operating income and expenses: - €9.8 million
  This net charge includes, on the one hand, a €9.9 million contingency provision against the new labour tribunal claims described in section 1.3.1 of this Report and the recognition of a €1.2 million charge relating to the inclusion in liabilities under the continuation plan of the damages awarded to former employees of Metaleurop Nord SAS under the December 17, 2010 rulings by the Douai appeal court (section 1.3.1 of this Report) and, on the other hand, the recognition of a €1.5 million payment following the settlement agreement reached with the creditors' representative for the Recylex SA continuation plan under which the latter dropped its appeal procedure and paid Recylex SA in settlement (section 1.3.1 of this report).

- Other financial expense: -€4.6 million (*see Notes 26 and 27 to the consolidated financial statements*)
- Tax: - €3.7 million
- Result from consolidation as an associated undertaking of Eco Recyclage, in Algeria: €0.2 million loss

The main changes in the balance sheet between 2009 and 2010 were as follows:

- **Inventories: + €14.0 million**

The net value of inventories has risen significantly since December 31, 2009, due to a substantial rise in the prices of lead and zinc.

The temporary shut-down of the Group's main smelter operated by Weser-Metall GmbH in Germany in the fourth quarter of 2010, following a technical incident that damaged part of the furnace, resulted in a sharp increase in inventories of intermediate products in the Group's batteries processing plants over the course of 2010 relative to the previous year. Inventory volumes at the Group's main smelter operated by Weser-Metall GmbH in Germany remained virtually constant.

- **Current tax assets and other current assets: -€4.3 million**

The fall in current assets is due primarily to the reduction in advance payments to suppliers and the reduction in tax and VAT payments on account.

- **Cash and cash equivalents : +10.2 million euros**

The increase in cash and cash equivalents at December 31, 2010 was due mainly to growth in revenues whilst the working capital requirement dropped temporarily at the end of the year 2010 due to a single commercial transaction, but remained stable over the course of 2010. The use of factoring by the Group's German subsidiaries, together with the use of a €3 million credit line by a German subsidiary, also contributed to the increase in the Group's cash at December 31, 2010.

- **Trade payables : + €16.3 million**

The increase in trade payables at December 31, 2010 was due to rises in metal prices since December 31, 2009, and an increase in supplies of raw materials in the lead division following the suspension of production at the Group's main smelter operated by WMG in Germany for 3 weeks in November and December 2010.

- **Non-current provisions : + €6.3 million**

The increase in non-current provisions at December 31, 2010 is due mainly to the creation of a contingency provision following the claims against the Company to be heard on March 8, 2011, before the conciliation panels of the industry and management sections of the Lens labour tribunal, representing claims for damages from 137 former non-managerial employees and 55 former managerial employees of Metaleurop Nord SAS who were not party to the claims initiated in 2006. Each former employee is claiming damages of between €30,000 and €50,000 plus €300 in costs, for a total amount of approximately €9.96 million. The Company intends to contest both the admissibility and grounds of the claims. *(See Notes 1 and 14 to the consolidated financial statements for more information on non-current provisions relating to these claims)*

- **Capital expenditure**

In 2010, the Recylex Group made capital expenditure of €9.2 million, primarily for the maintenance and improvement of industrial facilities.

The distribution of this investment by business area was as follows:

- Lead: €3.9 million,
- Zinc: €4.8 million,
- Special metals €0.3 million,
- Plastics and infrastructure: €0.2 million.

- **Financial debt**

At December 31, 2010, the Group's total financial debt was €13.2 million, of which €6.0 million was current and €7.2 million non-current (of which €7.0 million falling due in between 1 and 5 years).

In addition to the Group's financial debt, there are the rescheduled debts under the continuation plan introduced in November 2005 (*for more information regarding the continuation plan, see section 1.3.2 of this report*).

Total debt under the continuation plan stood at €25.7 million on December 31, 2010 (excluding intragroup debts and before discounting) to be paid over five years. In this context, the fifth instalment under the continuation plan, for a sum of approximately €4.1m, was made in November 2010.

Total payments under the Company's continuation plan in 2010 were €7.7 million (€8.4 million before elimination of intragroup payments), of which more than half, or €5.5 million, represented compensation payments to former employees of Metaleurop Nord SAS under the decisions made by the Douai appeal court on December 18, 2009 and December 17, 2010, mentioned above, pending the decisions from the Cour de Cassation.

The sixth instalment under the continuation plan, which is due to be paid in November 2011, is approximately €4.5 million, of which €1.6 million represents damages awarded by the Douai appeal court to former employees of Metaleurop Nord SAS, pending the decisions from the Cour de Cassation.

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 25, 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 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, 2010 at €2.4 million, recording this amount on the balance sheet at December 31, 2010 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>Post-closure events</u>

No significant event has occurred between the closure of accounts for 2010 and the date of this Report.

1.6. <u>Outlook</u>

The high lead and zinc prices observed at the end of 2010 continued into the early part of 2011, with prices of more than $2,300 per tonne, or €1,700 per tonne. However, any future increase in interest rates, notably in China, could increase concern over a slowdown in demand and thus a correction in metal prices.

Given the cold winter in Europe, the volume of batteries recycled over the first few months of 2011 was higher than expected. The zinc and special metals businesses also saw satisfactory volumes at the beginning of the year.

1.7. <u>Research & Development</u>

Research and development activities in recycling of cadmium telluride and lithium ion batteries continued throughout 2010. However, the group incurred no significant research and development expense in 2010.

1.8. <u>Description of the main risks and uncertainties to which the Group is exposed</u>

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 in the Chairman's Report.

1.8.1. 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 6.4.1 of the Chairman's Report.

1.8.2. Operational risks

Operational risks are considered in detail in Section 6.4.4 of the Chairman's Report.

1.8.3. Legal risks

The legal risks faced by the Group are detailed in section 1.3.1 of this Report and relate primarily to the claims against Recylex SA submitted by former employees of Metaleurop Nord SAS and by the liquidators of Metaleurop Nord SAS.

1.8.4. Environmental risks

Environmental risks are considered in detail in Section 6.4.2 of the Chairman's Report.

1.9. Sustainable development

1.9.1. Overview

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.

1.9.1.1. Group history and structure

Over the past ten years, 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.

The Group's 11 operating sites are listed in Section 1.2 of this Report.

All of the plants operated by the Group require operating permit as they engage in industrial activities liable to have an impact on the environment. Only the WMG site in Nordenham, Germany is classified Seveso II.

1.9.1.2. Sustainable development charter

Under the Group's sustainable development charter, which was updated in 2010, the Group's undertakings in the area of environmental protection 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.

1.9.1.3. Environmental reporting

This report includes, for the first time, an environmental report covering all 11 operating plants within the Group (including Recytech SA, in which Recylex SA holds a 50% stake, for which the data have been wholly taken account), all of which are located in Europe. However, as the environmental impacts of two special metals production plants in Langelsheim and Osterwieck in Germany are not significant, their emissions are not included in the table of results given in Section 1.9.3 below. Health, Safety and Environmental information is consolidated at the Group level on a quarterly basis, and covers resource and energy consumption, air-borne and water-borne emissions, accident rates and blood lead levels. A more complete review, including waste management, is conducted annually.

1.9.1.4. Environmental Management System within the Group

The Group's sustainable development charter is applicable to all Group entities and subsidiaries and conforms to the ISO14001 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.

1.9.1.5. Certifications

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 and are set out on a plant-by-plant basis in the table below:

Operating plants	Business segment	Certification
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	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 plants, Osterwieck	Special metals	ISO 9001: 2008

1.9.2. Group environmental strategy

1.9.2.1 Recylex Lab: commitment to continuous improvement

In 2008, an external consultancy 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 the favourable reception and positive results in response to the implementation of the action plan, the process continued into 2010 at the Recylex SA plant in Escaudœuvres.

1.9.2.2 Group actions for the environment

- **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. The Group thus establishes sustainable recycling loops: 80% of the materials in used batteries are used to produce new batteries.

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.

- **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).*

- <u>France</u>

At the time of its creation in 1988, the Group assumed responsibility for thirty or so mining concessions in France, 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, 2010, Recylex SA held 15 mining concessions, having successfully obtained the Ministerial decree for 14 concessions since 2004.

The Group also remains responsible for the rehabilitation of industrial sites in France, which are no longer in active use. The main such site is in Estaque near Marseille.

- <u>Germany</u>

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.

- **Measures taken to limit impact on the natural environment**

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.

In 2010, 44% of capital expenditures was devoted to improving environmental and/or health and safety protection.

- **Contribution to the development of renewable energy**

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 are widely used for the temporary storage of energy in the solar and wind generation sectors.

1.9.3. Group environmental data

The Group's operational plants have a potential impact on their environment due to atmospheric and waste water emissions, particularly with respect to lead and cadmium. In addition to targets regarding compliance with local regulations, the Group's sustainable development charter requires all subsidiaries to reduce their impact on the natural environment.

The relevant values, as measured or calculated for the Group's operating sites, 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.

1.9.3.1 Water consumption and waste water emissions

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

The table below shows the performance over the past two years:

Water consumption measured at the Group level	**2009**	**2010**
River water for cooling	5,598,047m3	5,710,128m3
Drinking water	208,602m3	219,119m3

Waste water emissions by Group sites	**2009**	**2010**
Lead (measured discharges)	16.5kg/year	18.8kg/year
Cadmium (measured discharges)	20.4kg/year	9.6kg/year*

* *mainly from operational plants and former slagheaps of the HMG subsidiary*

1.9.3.2 Air-borne emissions

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 where necessary, such plants are fitted with filtration systems. Over the course of 2010, Recytech SA invested in new filters to absorb mercury.

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

Air-borne emissions (chimney gases)	**2009**	**2010**
Lead (measured discharges)	827.6kg/year	782.5kg/year
Cadmium (measured discharges)	16.2kg/year	11.9kg/year

1.9.3.3 Industrial waste

The table below shows the Group's performance in industrial waste over the past two years:

Industrial waste	**2009**	**2010***
Non-hazardous waste treated in approved storage facility	444 tonnes/year	26,475 tonnes/year
Non-hazardous industrial waste reprocessed	84,897 tonnes/year	104,337 tonnes/year
Hazardous waste treated in approved storage facility	6,571 tonnes/year	8,990 tonnes/year

The bulk of waste generated corresponds to slag from the production of Waelz oxides in the process of recycling zinc-bearing dust from steel mills. Up until 2010 the majority of this slag was processed for use in road building or coverage of slag heaps. In 2010, a proportion of this slag was stored in an internal storage facility created on the HMG site.

The Decree n° 2010-15-79 of December 17, 2010, implementing into French law EC Directive 2008/98/CE of November 18, 2008 on waste management, considers lead-bearing materials from lead-acid battery processing facilities as waste materials until specific criteria defining the ending of waste material status for these materials are defined. As a result, the transfer of such materials between battery processing plants in France and the Group's Belgian and German subsidiaries has to be conducted in accordance with EC Regulation n° 1013/2006 of June 14, 2006 regarding the procedures governing the cross-border transfer of waste.

1.9.3.4 Energy consumption

The Group's energy requirements are covered by the consumption of natural gas and electricity, which came to 226,054MWh and 84,424MWh respectively for the Group as a whole in 2010.

Although no Group plant is subject to CO_2 emissions quotas, the Group takes account of the widespread awareness of global warming. European proposals for a carbon tax on energy are a growing concern for the Group, three of whose subsidiaries (WMG, HMG and C2P SAS) drew up carbon assessments in 2010.

The Group's energy saving measures form part of a long-term strategy to reduce consumption per tonne produced, through production process optimisation.

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

Measured energy consumption	**2009**	**2010**
Gas	213,657MWh	226,054MWh
Electricity	82,108MWh	84,424MWh
CO_2 (greenhouse gas, calculated)	42,731 tonnes	45,210 tonnes

The noticeable increase in CO_2 emissions during 2010 should be seen in relation to the volume of primary material processed, which was also sharply higher in 2010 than in 2009 (see Section 1.9.3.5 of this Report). The reduction in production in the zinc segment in 2009, following the economic crisis, resulted in a substantial drop in emissions in that year.

1.9.3.5 Raw material consumption

2010 was a year of strong business levels relative to 2009 which was affected by the temporary suspension of production in the zinc sector.

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

Raw material consumption	**2009**	**2010**
Raw materials from recycling	335,213 tonnes	418,198 tonnes
Primary raw materials (metal concentrates)	51,481 tonnes	56,129 tonnes
Total	***386,694 tonnes***	***474,327 tonnes***

In 2010, the volume of used batteries and lead residues processed by the Group was 197,664 tonnes. In the zinc segment, the volume of steel mill dust and other residues reached a total of 208,537 tonnes.

1.9.3.6 Soil contamination

Soil contamination by the Group's operating sites is the consequence of atmospheric emissions for areas external to plants (see Section 1.9.3.2 of this Report) and to the storage and handling of material within the 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.

In 2010, WMG tested the introduction of a speed limit of 10km/h for vehicle movements within its site, which had a beneficial effect on dust volumes both within the site and in the surrounding area.

1.9.3.7 Noise and olfactory pollution

The Group regularly tests the noise impact of the activities of its establishments and subsidiaries on their surrounding area. These tests have not revealed any noise pollution above authorised levels. However, during the course of 2010, the Company received a complaint from a neighbour regarding noise pollution from its Escaudoeuvres site.

No complaints regarding olfactory pollution were received by the Group in 2010.

1.9.4. Environmental expenditure and provisions at Group sites

1.9.4.1 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.

- **Environmental investment in Group operational sites**

		2009	**2010**
Environmental investment in operational sites	France	€762 Keuros	€618 Keuros
	Belgium	€394 Keuros	€63 Keuros
	Germany	€867 Keuros	€3,407 Keuros
	Total	***€2,023*** Keuros	***€4,088*** Keuros

In 2010, the HMG subsidiary began the creation of an internal storage facility for the slag from the Waelz oxide production process at a cost of €2,172 thousand.

- **Expenditure relating to former industrial sites and waste heaps**

		2009	2010
Expenditure relating to former industrial sites	France	€1,099 Keuros	€538 Keuros
	Germany	0	0
	Total	***€1,099*** Keuros	***€538*** Keuros
Expenditure relating to waste heaps	France	0	0
	Germany	€949,000	€387 Keuros
	Total	***€949*** Keuros	***€387*** Keuros
Total expenditure		***€2,048*** Keuros	***€925*** Keuros

Total expenditure in 2010 was €925 thousand, covering engineering and implementation of rehabilitation measures and the costs of operating pollution treatment facilities on former sites.

Two former industrial sites in France were subject to engineering design and remediation works during 2010.

- Estaque

Operation of the l'Estaque facility was halted in February 2001. Its impact on the local environment was caused by metal mining waste and demolition waste, which is to be stored in underground storage cells built on-site.

A prefectoral order of 2002 defines the remediation programme for this site and sets targets for soil quality after treatment. In 2010, the Company submitted a proposal for the construction of enclosed storage cells which will be subject to review by an expert third party in early 2011.

Expenditure related to this site came to €538 thousand in 2010.

The inclusion of an additional year of recurrent costs led to an increase in forecast costs of €483 thousand.

- Rieux

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 2010, the Company elected 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.

- **Expenditure relating to mining sites, France**

	2009	**2010**
Expenditure relating to mining sites in France	€1,966 Keuros	€1,168 Keuros

Over the course of 2010, the cost of works came to €1,322 thousand for the project of remediation works at the Noailhac-Saint-Salvy (Tarn) mining installation and the management of water treatment facilities.

During the 2010 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 €627 thousand.

1.9.4.2 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).

Provision (in euros)	**2009**	**2010**
France		
Active sites	€150 Keuros	0
Closed sites	€16,706 Keuros	€17,343 Keuros
Mines	€5,558 Keuros	€5,171 Keuros
Germany		
Active sites	0	€1,116 Keuros
Closed sites	€10,210 Keuros	€9,871 Keuros
Belgium		
Active sites	€742 Keuros	€742 Keuros
Total provisions	***€33,366*** Keuros	***€34,243*** Keuros

1.9.4.3 Other information

No fines for contravention of environmental regulations on air or water pollution or waste treatment were paid in 2010.

1.9.5. Health

Management of health and safety is one of the priorities in the Group's Sustainable Development Charter, with a commitment by all staff to reduce the risk of injury in the conduct of their functions. Monitoring of compliance with health and safety measures is conducted by each Group company, with external audits also conducted from time to time. 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.

1.9.5.1. Safety

All employees on sites operated by the Group receive personalised medical supervision, particularly in relation to blood lead levels (other than at PPM and RMO), provided by an occupational health doctor. The European limits are 400 µg/l for men and 300 µg/l for women. Over and above simply meeting the applicable regulatory requirements, Group companies carry out continuous preventative and awareness-building measures to protect the health and safety of their employees.

In 2010, the Recylex Lab process, launched in 2009 and targeting better management of health, safety and environmental risk, continued at the Recylex SA site at Escaudoeuvres (see Section 1.9.2.1. of this Report).

The table below shows trends in blood lead levels in Group employees:

	2009	**2010**
Average blood lead level of Group employees	208.8 µg/l	193.8 µg/l

1.9.5.2. REACH procedure

Adopted in December 2006, EC regulation 1907/2006 REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) came into force on 1 June 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).

On November 30, 2010, the Recylex Group had registered 24 chemicals: 9 substance registrations and 15 intermediary product registrations.

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.

Over the course of 2011, Group companies will initiate the updating and adaptation of all documents affected by this new regulation (safety data sheets, instructions for people working with dangerous substances, etc.).

1.9.6. Employment policy

1.9.6.1. Recylex Group employment policy

For structural reasons, related to the difficulties faced by the Group in 2002, which resulted in the introduction of the continuation plan for the Recylex SA parent company in 2005, management of human resources within the Recylex Group is based on a decentralised structure.

For the first time, this Report contains consolidated reporting on employment at a Group level, covering employment data for all companies consolidated by the Group (including Recytech SA, in which Recylex SA has a 50% stake, for which the social data have been wholly taken account in the sections 1.9.6.2 to 1.9.6.9 of the present report).

1.9.6.2. Employment information

- **Employee numbers**

At December 31, 2010 the Group had a total of 690 staff (excluding full-time equivalents) divided between France (15.5%), Germany (81.2%) and Belgium (3.3%). This figure represented a 1.5% increase on December 31, 2009 and includes apprentices and training contracts.

The table below shows the distribution of employees by country at December 31:

	2009	**2010**
France	108	107
Germany	552	560
Belgium	25	23
Total Group employees *	**685**	**690**
Average annual Group employees	678.05	689.1

** excluding full-time equivalents*

At December 31, 2010, 4.1% of staff were on fixed-term contracts, whilst 95.9% were on permanent contracts. The table below shows the distribution of employees by type of contract:

	2009	**2010**
Employees on fixed-term contracts at December 31	37	28
Employees on permanent contracts at December 31	648	662

It is also considered appropriate to provide the distribution of employees by area of employment at December 31, as shown in the table below:

	2009	**2010**
Operations, production and manufacturing	435	435
Logistics and purchasing	46	47
Sales and marketing	25	25
Support and administration functions	179	183
Total	***685***	***690***

The Group seeks to encourage the integration of employees with disabilities on its various sites. At December 31, 2010, the Group employed 15 people with disabilities.

- **Human resources management**

The table below shows staff turnover across the Group:

	2009	**2010**
Recruitment on fixed-term contracts	20	15
Recruitment on permanent contracts	14	18
Other	0	1
Total recruitment	**34**	**34**
Dismissals	9	9
Retirement and early retirement	8	4
Resignations	4	4
Other	4	1
Total departures	**25**	**18**

No redundancy or employment protection plans were introduced by the Group in 2010.

1.9.6.3. Gender equality

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.

	2009	**2010**
Percentage of women at December 31	15,22	15,16
Percentage of men at December 31	84,78	84,84

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

1.9.6.4. External workers

In support of its own staff, the Recylex Group made use of 146 external people (either as temporary staff or employed by sub-contractors) during 2010, equivalent to around 21.1% of the Group total.

The Group sub-contracts several services including transport and handling of supplies and products, maintenance of grounds at its sites, office and workshop cleaning, some site security at night and over weekends, and maintenance of its production facilities.

1.9.6.5. Organisation of work and remuneration

- **Working time**

The details of the organisation of working hours depend on the business segment of Group establishments and subsidiaries and their country of operation.

- Thus in France, the legal weekly workingtime is 35 hours in line with agreements reached in response to legislation on reduction in working hours, with adjustment for production sites where continuous operations require the use of continuous shift working by team.

- In Germany, weekly hours for full-time workers are determined by collective agreements applicable to the business segment concerned. Collective agreements for the metals and chemicals industries set working hours for employees in the Group's German subsidiaries in a range from 35 to 38 hours per week.

- In Belgium, working hours for full-time employees of the Group's Belgian subsidiary are set at 37.5 hours per week.

Absenteeism, reflecting absences for non-work-related illness and/or work-related accidents, came to approximately 3% across the Group in 2010. Maternity and paternity leave are not included in this calculation.

Over the course of 2010, Group employees worked 19,816 overtime hours.

- **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. All of the Group's managerial staff have variable pay packages.

Total wage costs for 2010, corresponding to the gross remuneration of all Group employees for the year to December 31, 2010, was approximately €31 million.

The general increase in remuneration is reviewed each year in accordance with applicable employment law. At the Group level, there was an overall increase in remuneration of 3% in 2010 relative to 2009.

In France, bonus agreements are negotiated on a regular basis by most Group companies.

In France, employees also 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.

In addition, one of the French companies in the Group has introduced a profit sharing scheme.

1.9.6.6. Training

The Group's training effort in 2010 delivered approximately 6,673 hours of training. This volume of training hours covered primarily the training of new recruits and improving the skills of other employees.

During 2010, training of Group employees covered the following areas amongst others:

- Safety and environment, awareness of industrial risks, training on ISO14001;
- Secure vehicle operations (operator training for cherry-pickers, fork-lifts, cranes, diggers, loaders), professional technical training (for instance in electrical works and industrial automation), electrical certification;
- Fire-fighting: use of extinguishers, secondary intervention personnel, use of isolation breathing apparatus;
- Workplace first aid;
- Labour law, languages, management and teamwork, accounting and finance, IT.

1.9.6.7. Group involvement in local life and impact on its region

Group companies in France, German and Belgium, are involved in local life by supporting, and in some cases subsidising, sporting and cultural organisations as well as schools in neighbouring communities.

Some Group companies organise production 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. In particular these measures also seek to prepare young people in education for their professional future by adjusting their skill sets to the needs of industry. In Germany, “metal industry open days” are held every two years; the Group participates in these, seeking to establish links between the industry and the broader population.

Group subsidiaries also maintain close ties to local authorities in their area, with a particular focus on actions to improve the environment and to promote local recruitment. They take part in a large number of national and international exhibitions in the metallurgy and environment sectors in order to improve their expertise and develop relationships within their industries.

1.9.6.8. Relationships with regulators

One of the Group’s priorities is to develop a constructive dialogue with regulatory bodies in each of its business segments at both a national and a local level.

Thus the Group’s French companies maintain close relationships with local authorities, such as Mayoral offices, Sub-Prefectures and Directions Régionales de l'Aménagement et du Logement (DREAL).

The Group’s German subsidiaries have cooperative and regular contact and good relationships with German authorities, particularly in the environmental area (for example the agency for the transfer of special waste, the authorities with responsibility for waste transfer and management and environmental monitoring agencies), and with the local press and population.

The Group’s Belgian subsidiary maintains good relationships with the administrative authorities, such as the Brussels Institute for Environmental Management and the Brussels Regional Ministry (for economic matters).

1.9.6.9. Labour 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 (including, depending on the size of the company, staff delegates, members of the work committee, members of the Health & Safety and Working Conditions Committee and union delegates) 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.

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).

In the lead segment, the rising trend in the volume of used batteries to be processed seen in the first half of 2010 continued into the second half of 2010.

However, the increase in volumes processed came alongside an increase in the purchase price for used batteries, thus putting pressure on margins.

During 2010, a total of €1 million was invested in the two sites operated directly by Recylex SA.

The activities of Group companies in 2010 are discussed in Section 1.2 of this Report.

2.2. Key developments and major events

The 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

In the financial year to December 31, 2010, Recylex SA recorded a net loss of €10.6 million, compared to net income of €2.4 million in 2009.

A proposal will be put before the General Meeting of Shareholders held to approve accounts to December 31, 2010 to allocate the €10.6 million loss to the "retained earnings" account, which will become negative to the amount of €14.4 million after such allocation.

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

The battery recycling business generated sales of €72.7 million and operating profit of €4 million in 2010. In 2009, this business had sales of €47,1 million and operating profit of €4.1 million.

- **Borrowings**

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

In February 2010, the Company paid part of the compensation awarded to former employees of Metaleurop Nord under the December 18, 2009 rulings by the Douai Appeal Court, representing the first four payments under the continuation plan for a total of around €3 million.

The Company met the fourth annual payment commitment under its continuation plan on November 24, 2010, paying €4.1 million to its creditors. Following the Douai Appeal Court rulings on December 17, 2010, awarding compensation to 8 former non-managerial employees and 84 former managerial employees of Metaleurop Nord for a total of €3.8 million, the Company paid 34% of this amount, being the first five instalments under the continuation plan, or a total of approximately €1.3 million in December 2010.

At December 31, 2010, financial and operating debt stood at €37 million (from €41.6 million in 2009), of which €25.0 million falls due in more than one year, under the continuation plan. Debts frozen under the continuation plan do not bear interest.

- **Supplier payment terms**

The analysis at end-2010 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* *€ thousands*	*At 31/12/2010*	*At 31/12/2009*
Balance at 31/12/2010	3,495	4,315
Due	2,176	2,957
Due within 30 days	244	208
Due in 31 to 60 days	167	111
Due in 61 to 90 days	2	2
Due in 91 to 120 days	0	0
Due in more than 120 days†	905	1,037

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, 2010 was €2,176 thousand including €951 thousand in invoices falling due between December 15 and December 31, 2010, which were paid in early January 2011.

- **Table of results**

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

- **Presentation of financial statements and valuation methods**

No changes were made to the presentation of financial statements or valuation methods in 2010.

* Excluding costs due.

† This represents trade payables recognised as liabilities under the Recylex SA continuation plan

- **Non-deductible expense**

In accordance with the requirements of article 223 *quater* 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 €36,888 in 2010.

- **Research and Development**

The Company incurred no significant research and development expense in 2010.

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 are exposed are detailed in Section 1.8 of the Chairman's Report.

2.5. Significant post-closure events

No significant event has occurred between the closure of accounts for 2010 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.

2.7. Acquisitions of equity stakes and controlling stakes

No equity stake nor controlling stake as defined in article L.233-6 of the French Commercial Code was acquired by the Company over the course of 2010.

2.8. Information regarding the Company's share capital

For more information concerning the share capital of Recylex SA, please see note 6 of the notes to the parent company financial statements.

2.8.1. Distribution of share capital

2.8.1.1. 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, 2010		*At December 31, 2009*	
Glencore	7,703,877	32.1*	7,703,857	32.2
Treasury stock	42,939 **	0.2	73,939 ***	0.3
Free float	16,228,166	67.7	16,182,186	67.5
Total	**23,974,982 ********	**100**	**23,959,982**	**100**

** representing 32.09% of voting rights*
*** 31,000 were definitively vested on September 27, 2010 in the beneficiaries of the free share allocation programme introduced by the Board of Directors on September 26, 2008 (for more information on the Company's shares held in treasury, see section 2.8.4 of this Report, "Treasury stock transactions and holdings").*
**** including 50,000 free shares allocated under the free share allocation programme introduced by the Board of Directors on September 26, 2008.*
***** resulting from the 15,000 options to subscribe for shares exercised in 2010.*

Changes in share capital in 2009 and 2010 were as follows:

- At its meeting on February 9, 2010, the Board of Directors noted the increase in share capital from €47,915,964 to €47,919,964, following the exercise during 2009 of 2,000 options to subscribe for shares allocated by the Board of Directors on September 20, 2002 under the authorisation granted by the General Meeting of Shareholders of March 30, 2000.

- At its meeting on March 21, 2011, the Board of Directors noted the increase in share capital from €47,919,964 to €47,949,964, following the exercise during 2010 of 15,000 options to subscribe for shares allocated by the Management Board on May 3, 2000 under the authorisation granted by the General Meeting of Shareholders of June 26, 1995.

At December 31, 2010, share capital was €47,949,964 in 23,974,982 shares with a nominal value of €2, fully paid up and of a single class, after taking account of the 15,000 options to subscribe for shares exercised in 2010.

Under the Company's by-laws, 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, 2010, 72,126 Recylex SA shares carried double voting rights.

2.8.1.2. Major registered shareholders

Based on declarations received at December 31, 2010, under regulations regarding ownership thresholds and the notification of significant shareholdings, no shareholders, other than those indicated in the table above, hold more than 5% of the share capital or voting rights in the Company either directly or indirectly.

2.8.1.3. Crossing of ownership thresholds

The company was not informed of any shareholder crossing an ownership threshold during 2010.

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 2010, as approved by the Shareholders' Meeting to the Board of Directors related to capital increases and the use of these powers made during 2010.

Nature of the delegation	AGM: (resolution number)	Period (expiry date)	Maximum allowed amount	Use made in 2010
Reserved rights issue for employee members of PEE scheme	6 May 2008 (n° 3)	26 months (July 6, 2010)	Nominal value of €100,000	None
Repurchase by the Company of its own shares	May 7, 2010 (n° 6)	18 months (November 7, 2011)	10% of the Company's capital at the date of the AGM	None
Reduction of share capital by cancellation of shares	May 7, 2010 (n° 7)	18 months (November 7, 2011)	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 own 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

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, 2010, 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 General 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 2010.

In accordance with article L.225-129-6 of the French Commercial Code, the Board of Directors will lay before the General Meeting of May 6, 2011 a resolution delegating to the Board of Directors the power to carry out a capital increase in favour of employees of the Company and its subsidiaries within the meaning of article L. 225-180 of the French Commercial Code who are members of a company savings plan.

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 General Meeting of September 26, 2005 approved the allocation of these treasury shares to the purpose of allocating free shares to Group employees, and particularly through the use of a stock option scheme for employees and company officers.

In accordance with the authorisation granted by the General 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 Board of Directors drew up the list of beneficiaries as well as the allocation conditions and criteria. The Board of Directors set at 1,500 the minimum number of shares allocated under this allocation, which must be held by the Company Officers for a two-year period, and in registered form up to the date of termination of their function as an officer of the Company.

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, 2010, Recylex SA held 42,939 own 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 the share capital. This compares to 73,939 shares held on December 31, 2009. The 23,939 shares held by the company and not yet allocated are earmarked for a distribution to Group employees, particularly under the stock option plan offered to employees and corporate officers.

The General Meeting of May 7, 2010 authorised, 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 2010.

The General Meeting of May 6, 2011 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 five directors at December 31, 2010.

The Company by-laws stipulate that each Director be elected for three years and must hold at least 20 shares.

At 31 December 2010, the Board of Directors was as follows:

Name	Position	Age at 31.12.2010	Date of first appointment/latest renewal	Date appointment expires	Number of shares in the Company
Mr Yves Roche	Chairman and Chief Executive Officer of Recylex SA*	41 years	21.04.2005/06.05.2008	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2010	15,540 shares[1]
Mr Aristotelis Mistakidis	Director of Recylex SA*	49 years	20.09.2002/06.05.2008	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2010	100 shares
Mr Richard Robinson	Director of Recylex SA*	57 years	08.04.2003/02.05.2009	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2011	20 shares
Mr Mathias Pfeiffer	Director of Recylex SA*	65 years	28.07.2006/12.05.2009	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2011	319 shares
Mr Jean-Pierre Thomas	Director of Recylex SA*	53 years	12.05.2009	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2011	20 shares

** Listed company*
[1] *of which 15,000 shares vested on 27/09/2010 and subject to a two year retention period as part of the free share allocation plan introduced by the Board of Directors on 26/09/2008*

The appointments of Messrs Yves Roche and Aristotelis Mistakidis will expire immediately after the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2010, and the renewal of their appointment for three years will therefore be proposed to the meeting.

In accordance with the law of January 27, 2011 regarding the equal representation of men and women on boards of directors and supervisory boards and professional equality, the Board decided at its meeting on March 21st, 2011, on a proposal from the Remuneration and Nomination Committee, to ask the Shareholders' Meeting on May 6, 2011 to approve the appointment of a female director.

The list of other directorships and posts held in other companies by members of the Board of Directors during 2010 is as follows:

Mr Yves Roche	*French companies:*	- Chairman of the Board of Directors of Norzinco SA**, and Chief Executive Officer of Norzinco SA** from July 5, 2010 - Director of Recytech SA - Supervisor of Recylex Commercial SAS
	Foreign companies:	- Director of FMM SA - Director of Eco-Recyclage SPA
Mr Aristotelis Mistakidis	*Foreign companies:*	- Chairman of Portovesme Srl - Chairman of Mopani Copper Mines PLC - Director of Katanga Mining Limited* - Executive Director of Glencore International AG
Mr Richard Robinson	*French companies:*	- Director of Recytech SA - Permanent representative of Recylex SA on the Board of Directors of Norzinco SA**
	Foreign companies:	- Director of Greystar Resources Ltd* - Director of Crew Gold Corporation* to June 1, 2010
Mr Mathias Pfeiffer		None
Mr Jean-Pierre Thomas	*French companies*	- Director of Generali France - Director and Partner of Lazard France

** Listed companies*
*** Norzinco was wound up on January 17, 2011 following the total transfer of its assets to its sole shareholder, Delot Metal, on December 31, 2010*

2.9.2. Directors' remuneration

2.9.2.1. 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 General Meeting of Shareholders.

The Shareholders' Meeting on May 7, 2010 set the annual amount of directors' fees at €150 thousand for 2010 and subsequent years until the Shareholders' Meeting takes a new decision.

At its meeting of November 30, 2010, given the reduced number of Directors sitting on the Board of Directors and the high level of attendance at meetings, the Board of Directors decided to allocate an equal share of directors fees to each Director plus an additional share for those with the specific functions of Chairing the Board or Board Committees to reflect the additional work and responsibilities that these roles bring.
As a result, the Board decided to distribute the entire €150 thousand in directors fees for 2010 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 and 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 2010 were €150 thousand in accordance with the allocation given above.

Considering the appointment of an additional director, a resolution will be laid before the Shareholders’ Meeting of May 6, 2011 to set the total amount of directors fees for members of the Board of directors at €170,000 for the current year and future years pending a further resolution by the Shareholders’ Meeting.

- **Remuneration 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 2009 and 2010.

Directors fees and other remuneration paid to non-executive company officers		
Non-executive Directors	Payments in 2009	Payments in 2010
Mr Aristotelis Mistakidis		
Attendance fees	€20,000	€20,000
Other remuneration	None	None
Mr Mathias Pfeiffer		
Attendance fees	€20,000	€20,000
Other remuneration	€90,000 [1]	€120,000[1]
Mr Richard Robinson		
Attendance fees	€20,000	€30,000
Other remuneration[2+3]	€80,000	€166,429[4]
Mr Jean-Pierre Thomas		
Attendance fees	€20,000	€40,000
Other remuneration	None	None
TOTAL	**€250,000**	**€396,429**
of which attendance fees	*€80,000*	*€110,000*
of which other remuneration	*€170,000*	*€286,429*

[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 entered into during the year to December 31, 2010.
[3] Sum corresponding to the gross amount paid by Recylex SA.
[4]Sum corresponding to fees and costs charged for the period from September 9, 2009 to December 31, 2010.

2.9.2.2. Remuneration of Executive Directors

Concerning the variable part of the remuneration paid to Mr Yves Roche, the Remuneration and Nomination Committee proposed that the amount of the variable part should be 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 by the Remuneration and Nomination Committee each year. This proposal was adopted by the Board of Directors in a resolution of March 18, 2008.

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 thousand from January 1, 2010.

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 2010 is shown in the table below.

Summary of remuneration, stock options and shares allocated to each Executive Director		
Mr Yves Roche	**2009**	**2010**
Remuneration due for the financial year (details in table 2)	€337,416	€368,028
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	**€337,416**	**€368,028**

Summary of remuneration paid to each Executive Director				
Mr Yves Roche	**2009**		**2010**	
	Amounts due	Amounts paid	Amounts due	Amounts paid
- fixed remuneration (gross)	€200,000	€200,000	€220,000	€220,000
- variable remuneration	€100,000	€60,000*	€100,000	€100,000*
- exceptional remuneration	N/A	N/A	N/A	N/A
- attendance fees	€30,000	€30,000	€40,000	€40,000
- benefits in kind (company car)	€7,416	€7,416	€8,028	€8,028
TOTAL	**€337,416**	**€297,416**	**€368,028**	**€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
TOTAL						

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
TOTAL			

Performance-related share allocations to each company officer						
Performance-related share allocations by the General Meeting of Shareholders 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
TOTAL						

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
TOTAL				

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 shares 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 General Meeting	**AGM 03/30/2000**	**AGM 03/30/2000**	**AGM 07/28/2006**
Date of Board of Directors or Executive Board meeting	05/03/2000	09/20/2002	09/26/2008
Total number of shares available for subscription, of which the number available to:			
Mr Yves Roche	1,500	4,000	60,000[1]
Date from which options may be exercised	05/03/2004	09/20/2006	50% 09/26/2012 50% 09/26/2013
Expiry date	05/02/2010	09/20/2012	09/26/2018
Subscription price	€7.50	€2.21	€5.70
Exercise details (where plan has several phases)	-	-	50% 09/26/2012 50% 09/26/2013
Number of stock-options exercised at 12/31/2010	-	4,000	-
Cumulative number of options cancelled or expired	1,500	-	-
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, 2010	**Total number of options granted / number of shares acquired during the year to December 31, 2010**	**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 above-mentioned companies during the year by the ten employees of the issuer and above-mentioned 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: General Meeting to approve accounts for year to 31/12/2010[3]	X[1]			X	X[2]			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.*

2 *The renewal of the approval for the compensation to be paid to Mr Yves Roche in the event of the cessation of his functions will be put before the General Meeting of Shareholders on May 6, 2011.*

3 *The renewal of the appointment of Mr Yves Roche as Director will be put before the General Meeting of Shareholders on May 6, 2011.*

On a proposal from the Remuneration and Nomination Committee, the Board of Directors, at its meeting of March 18, 2008, decided to award Mr. Yves Roche compensation payable if he were to relinquish his position as Chief Executive Officer following a significant change in the ownership of Recylex SA supported by the Board, provided that he had facilitated the change and the transition with the new core 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. This decision was approved by the General Meeting of Shareholders on May 6, 2008 and was covered by an Auditors' report. Provided that the appointment of Mr Yves Roche as Chairman and Chief Executive Officer is confirmed, the Board of Directors, at its meeting on March 21, 2011, decided to propose that the General Meeting of Shareholders to be held on May 6, 2011 approve the renewal of this compensation in favour of Mr Yves Roche.

2.9.3. Directors' transactions in Recylex shares

During the course of 2010, no transactions in Recylex shares were 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 of this Report.

2° There are no restrictions in the Company's by-laws 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 by-laws, 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, 2010.

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 by-laws 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 €500 thousand 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	**2006**	**2007**	**2008**	**2009**	**2010**
I. SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS AT THE YEAR END					
Share capital	**90,464,703**	**47,823,964**	**47,915,964**	**47,919,964**	**47,949,964**
Number of ordinary shares in issue	**23,736,382**	**23,911,982**	**23,957,982**	**23,959,982**	**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	**435,300**	**333,200**	**791,800**	**665,800**	**600,900**
II. OPERATIONS AND RESULTS FOR THE YEAR					
Sales excluding tax	**36,878,148**	**83,296,157**	**58,603,854**	**48,308,050**	**74,298,422**
Earnings before tax, employee profit-sharing, depreciation, amortisation and provisions	**4,455,463**	**20,298,869**	**4,785,636**	**(10,607,942)**	**(760,017)**
Tax	**(248,610)**	**(155,714)**	**(153,114)**		**(139,124)**
Employee profit-sharing in respect of the financial year					
Earnings after tax, employee profit-sharing. depreciation, amortisation and provisions	**13,710,771**	**25,377,093**	**(22,888,446)**	**2,416,217**	**(10,584,517)**
Dividend payout					
III. EARNINGS PER SHARE					
Earnings after tax, employee profit-sharing, but before depreciation, amortisation and provisions	**0.19**	**0.86**	**0.21**	**(0.44)**	**(0.03)**
Earnings after tax, employee profit-sharing, depreciation, amortisation and provisions	**0.58**	**1.06**	**(0.96)**	**0.10**	**(0.44)**
Net dividend per share					
IV. EMPLOYEES					
Average number of employees during the year	**28**	**30**	**36**	**34**	**38**
Total payroll for the year	**1,507,835**	**1,730,192**	**1,912,275**	**1,901,833**	**2,249,959**
Amount of benefits paid in the year (social security, social welfare, etc.)	**657,036**	**695,416**	**849,867**	**901,765**	**1,024,663**

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2010

STATEMENT OF FINANCIAL POSITION
YEAR TO DECEMBER 31, 2010

(in thousands of euros)	***Notes***	***12/31/2010***	***12/31/2009***
Assets			
Non-current assets			
Property, plant and equipment	**3 and 5**	72,697	72,866
Intangible assets	**4 and 5**	1,958	1,857
Financial assets	**6**	455	847
Derivatives	**36**	-	-
Other non-current assets	**7**	5,004	5,303
Investments in associates		-	-
Deferred tax assets	**28**	7,559	8,506
		87,673	**89,379**
Current assets			
Inventories	**8**	71,847	57,850
Trade receivables	**9**	34,389	33,655
Current income tax assets		419	1,727
Other current assets	**10**	5,030	8,014
Derivatives	**36**	91	122
Cash and cash equivalents	**11**	63,666	53,498
		175,442	**154,866**
Non-current assets held for sale		-	-
		175,442	**154,866**
TOTAL ASSETS		**263,115**	**244,245**
Equity and liabilities			
Issued capital	**12**	47,950	47,920
Issue Premium	**12**	866	783
Reserves attributable to equity holders of the parent	**12**	53,912	44,604
Hedging reserves	**12**	(434)	(630)
Net income attributable to equity holders of the parent	**12**	(4,250)	9,065
Translation adjustments	**12**	1,452	1,452
Share premiums and reserves attributable to equity holders of the parent		**99,496**	**103,195**
Minority interests		-	-
Total equity		**99,496**	**103,195**
Non-current liabilities			
Interest-bearing borrowings	**13**	7,175	9,455
Provisions	**14**	32,395	26,144
Pension liabilities	**15**	24,170	24,955
Other non-current liabilities	**18**	22,170	20,617
Deferred tax liabilities	**28**	2,748	2,424
		88,658	**83,595**
Current liabilities			
Interest-bearing borrowings	**13**	6,036	3,932
Provisions	**14**	11,024	11,113
Pension liabilities	**15**	2,044	2,214
Trade payables	**16**	35,968	19,709
Income tax payable		3,092	2,291
Derivatives	**36**	865	2,072
Other current liabilities	**17**	15,932	16,123
		74,961	**57,454**
Liabilities associated with non-current assets held for sale		-	-
Total liabilities		**163,619**	**141,050**
Total equity and liabilities		**263,115**	**244,245**

CONSOLIDATED INCOME STATEMENT
Year to December 31, 2010

(€ thousands)	*Notes*	*12/31/2010*	*12/31/2009 restated (*)*
Sales of goods and services		403,612	280,804
Total sales	**19**	**403,612**	**280,804**
Purchases used		(285,437)	(194,874)
Staff costs	**21**	(42,548)	(40,296)
External costs	**20**	(55,135)	(44,195)
Taxes other than on income		(2,295)	(1,230)
Depreciation, amortization and impairment losses	**23**	(10,142)	(1,059)
Goodwill impairment losses		-	-
Changes in work-in-progress and finished goods		4,716	4,392
Other operating income and expense	**24**	1,337	1,287
Operating income before non-recurring items		**14,108**	**4,829**
Other non-recurring operating income and expense	**25**	(9,838)	13,789
Operating income		**4,270**	**18,618**
Interest income from cash and cash equivalents		351	807
Gross interest expense		(1,139)	(894)
Net interest expense	**26**	**(788)**	**(87)**
Other financial income and expense	**27**	**(3,774)**	**(3,790)**
Income tax expense	**28**	(3,753)	(5,676)
Share in income from equity affiliates		(205)	-
Net income before minority interests		**(4,250)**	**9,065**
Minority interests			
Net income attributable to equity holders of the parent		(4,250)	9,065
Earnings per share:		*In euros*	*In euros*
- basic	**29**	(0.18)	0.38
- diluted	**29**	(0.17)	0.37

(*) At 12/31/2010 the company reclassified charges to provisions for the remediation of former mining sites (Note 38) from “Depreciation, provisions and impairment losses” (Note 23) to “Other non-recurring operating income and expense” (Note 25) so as better to reflect the operating performance of its businesses. In the year to 12/31/2009 these charges were €867 thousand, compared to €1,287 thousand in the year to 12/31/2010. Operating income before non-recurring items was €3,962 thousand in 2009 whilst “Depreciation, provisions and impairment losses” were €(1,926 thousand) and “Other non-recurring income and expense” was €14,656 thousand.

STATEMENT OF COMPREHENSIVE INCOME
At December 31, 2010

(€ thousands)	12/31/2010	12/31/2009
Net income	**(4,250)**	**9,065**
Translation adjustments	(6)	-
Cash flow hedges	275	(3,179)
Deferred tax on cash flow hedges	(79)	926
Income and expenses recognized directly in equity	-	-
Total other comprehensive income	**190**	**(2,253)**
Comprehensive income	**(4,060)**	**6,812**
Of which:		
Attributable to equity holders of the parent	(4,060)	6,812
Minority interests	-	-

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT DECEMBER 31, 2010

(€ thousands, 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, 2009	**23,957,982**	**47,916**	**783**	**1,624**	**45,762**	**96,084**	**96,084**
Net income for the year					9,065	9,065	9,065
Other comprehensive income							
Change in hedging reserves net of tax (1)				(2,253)		(2,253)	(2,253)
Total other comprehensive income				*(2,253)*	-	*(2,253)*	*(2,253)*
Comprehensive income for the period							**6,842**
Share-based payment					295	295	295
Issue of shares/reduction in capital (2)	2,000	4				4	4
Equity at December 31, 2009	**23,959,982**	**47,920**	**783**	**(630)**	**55,122**	**103,195**	**103,195**
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							
Change in hedging reserves net of tax (1)	-	-	-	196	-	196	196
Changes in translation adjustments	-	-	-	-	(6)	(6)	(6)
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**

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

(2) Changes in the share capital are detailed in Note 12.

CONSOLIDATED CASH FLOW STATEMENT
Year to December 31, 2010

(€ thousands)	*12/31/2010*	*12/31/2009* restated*
Net income of consolidated companies	(4,250)	9,065
Net income from associates	205	-
Non-cash income and expenses	17,938	(11,876)
- Depreciation - property, plant and equipment	*9,813*	*10,257*
- Amortization - intangible assets	*326*	*280*
- Impairment losses/reversals on intangible assets and property, plant and equipment	*(90)*	*174*
- Changes in provisions	*3,979*	*(19,961)*
- Elimination of stock option impacts	*249*	*295*
- Non-cash eliminations[3]	*3,511*	*(3,032)*
- Gains and losses on disposals of non-current assets	*150*	*112*
Cash flow after net interest and tax expense	**13,894**	**(2,811)**
- Elimination of interest expense	*833*	*88*
- Income tax expense	*3,753*	*5,676*
Cash flow before net interest and tax expense	**18,479**	**2,953**
Change in current working capital requirement	10,327	(5,696)
- Inventories	*(13,794)*	*(3,763)*
- Trade receivables	*(688)*	*(11,044)*
- Trade payables	*16,258*	*3,259*
- Other current assets and liabilities	*8,551*	*5,852*
Change in liabilities under the continuation plan	(7,708)	(1,777)
Change in non-current working capital requirement	(298)	4,419
Impact of changes in provisions on the working capital requirement	(946)	(9,076)
Income tax expense	(446)	(963)
Cash flow from operating activities	**19,409**	**(10,140)**
Changes in the scope of consolidation		
Purchases of property, plant and equipment, and intangible assets	(8,976)	(7,111)
Disposals of property, plant and equipment, and intangible assets	49	39
Changes in financial assets[4]	192	(4,911)
Cash flow from investment activities	**(8,735)**	**(11,983)**
Increases in borrowings	-	654
Repayment of borrowings	(2,785)	(2,424)
Interest income/(expense) on financial assets	(833)	(63)
Other movements in the share capital	112	4
Cash flow from financing activities	**(3,506)**	**(1,829)**
Changes in cash and cash equivalents	**7,168**	**(23,952)**
Opening cash and cash equivalents	53,498	77,450
Closing cash and cash equivalents	60,666	53,498
Changes in cash and cash equivalents	**7,168**	**(23,952)**

* At 12/31/2010, the Company decided to isolate changes in debt under the continuation plan which had previously been included under the captions “Repayment of borrowings”, “Other current assets and liabilities” and “Trade payables”.

[3] In 2009, this mainly comprised a gain following a debt waiver granted to the Group (see note 25).

[4] Comprising in 2009 the recognition of a financial asset dedicated to the rehabilitation of some of the Group's sites in Germany in 2009 (see Note 7).

NOTE 1. PRESENTATION OF THE BUSINESS AND SIGNIFICANT EVENTS

Details of the company

On March 21, 2011, the Board of Directors approved and authorised publication of Recylex SA's consolidated financial statements for the year ended December 31, 2010. These consolidated financial statements are subject to the approval of shareholders at the May 6, 2011 Annual General 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, and has 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, and producing zinc oxides and special metals most notably for the electronics industry.

Significant events in the 2010 financial year

In 2010 lead prices rose from €1,662 a tonne at December 31, 2009, to €1,936 a tonne at December 31, 2010. The lowest prices for the year were recorded in early February 2010 and early June 2010 at €1,406 per tonne and €1,303 per tonne respectively. However the average lead price in 2010 was €1,615 per tonne, higher than the average of €1,225 per tonne recorded in 2009.

Zinc prices also rose, climbing from €1,783 per tonne on December 31, 2009, to €1,820 per tonne on December 31, 2010. The average price of zinc in 2010, at €1,624 per tonne, was higher than the average of €1,179 per tonne in 2009.

In the lead segment, the rising trend in the volume of secondary materials to be processed (used batteries) seen in the first half of 2010 continued into the second half of 2010. Recylex processed 148,531 tonnes of batteries in 2010, up from 130,551 tonnes in 2009.
However, the increase in volumes processed came alongside an increase in the purchase price for used batteries, thus putting pressure on margins.

Moreover, the operating performance of the Group's main smelter, in Nordenham, Germany (Weser-Metall GmbH), was significantly affected by its closure for three weeks in November/December 2010 following a technical incident that damaged part of the furnace. The financial impact of this closure on current operating income for 2010 was approximately €4.3 million.

Total lead production from the Group's smelters in 2010 was 122,115 tonnes, compared to 119,757 tonnes in 2009.

Commercial conditions, particularly premiums on lead sales, were weaker as a whole in 2010 than in 2009. However, the positive trend in the market for sulphuric acid, a by-product of the lead smelter at Nordenham, operated by the Weser-Metall GmbH subsidiary, continued throughout 2010. At the same time, silver prices (silver is another by-product from Nordenham) saw a significant rise in 2010 compared to 2009.

In the zinc segment, the resumption of activity by zinc producers and the increase in output by steel makers over the course of 2010, albeit not marking a return to pre-recession levels, allowed the Harz-Metall GmbH subsidiary in Germany and Recytech SA (50%-owned) subsidiary in France to increase significantly their production of Waelz oxides from the processing of electric arc-furnace steel mill dust. These two entities were therefore able to process approximately 182,000 tonnes of dust, producing approximately 74,000 tonnes of Waelz oxides during 2010 (compared to approximately 123,000 tonnes of dust, producing approximately 43,000 tonnes of Waelz oxides in 2009).

The zinc recycling activity (Norzinco GmbH) grew during 2010, particularly thanks to strong orders from the chemicals industry. Zinc oxide production totalled 25,800 tonnes in 2010, from 22,000 in 2009.

In the plastics segment, the C2P SAS and C2P GmbH subsidiaries focused their strategy on the diversification of their client portfolios, the control of production costs and the reduction of their working capital. Revenues rose 16% in 2010 relative to 2009.

The special metals segment saw significant growth in sales volumes in the three main business sectors, namely high-purity arsenic, germanium and cadmium telluride. The high-purity arsenic sector benefited from growth in demand from the mobile phone industry, for smart phones, whilst the cadmium telluride business benefited from growth in the photo-voltaic industry.

Ongoing litigation relating to Metaleurop Nord SAS

The legal claims lodged against Recylex SA in 2006 by former employees of Metaleurop Nord SAS on the one hand and by the liquidators of Metaleurop Nord SAS on the other hand are still ongoing, with new claims laid by other former employees of Metaleurop Nord SAS in 2010:

- **Former employees of Metaleurop Nord SAS**

(iv) 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 *Tribunal de Commerce* on 24 November 2005. The Company appealed against these decisions.

On December 18, 2009, the Douai Appeal Court partially upheld the labour tribunal's decisions, ruling as follows:

- damages were awarded to 460 unprotected former employees and Recylex SA was ordered to recognize these sums as liabilities totalling approximately €12.4 million and these sums were included in the liabilities of Recylex SA's continuation plan payable in instalments. On February 9, 2010, the Company decided to appeal against these 460 decisions at the *Cour de Cassation*, which has not suspended their inforcement. In accordance with the continuation plan, 24% of these sums, or approximately €3 million, corresponding to the first four instalments of the plan (payable from 2006 to 2009) were paid in February 2010, and the balance will be paid, pending the decisions of the *Cour de Cassation*, in instalments in accordance with the terms and conditions of the continuation plan. On November 24, 2010, the fifth instalment of the Company's continuation plan, equivalent to 10% of the liabilities recognised under the plan, was paid by the Company.

- 22 cases involving protected former employees (staff representatives, works council members, trade union delegates) were rejected.

- 11 cases involving unprotected former employees were adjourned for various reasons (death of claimant, lack of documentation, employee made redundant before Metaleurop Nord SAS's liquidation). On December 17, 2010, the Douai Appeal Court granted 8 former employees €30,000 in compensation and €100 in costs, totalling approximately €240,000 and ruled that these damages should be included in the liabilities of Recylex SA payable in instalments under its continuation plan. On December 23, 2010, the Company decided to appeal against these eight decisions to the *Cour de Cassation* and paid 34% of the compensation awarded by the Douai Appeal Court, or a total of €82,000, corresponding to the first five instalments under the Company's continuation plan (November 2006 to November 2010), pending the rulings from the *Cour de Cassation*. The balance of these sums, pending the rulings by the *Cour de Cassation*, will be paid in instalments according to the details of the Company's continuation plan. The Douai Appeal Court further decided to adjourn the claims of the 3 former employees to hearings set for March 23, 2011.

(v) 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 amounts 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 €15,000 and €50,000 and €500 in costs, for a total of approximately €3.6 million, and ruled that these sums should be included to the liabilities of Recylex SA to be paid in instalments under its continuation plan. On December 23, 2010, the Company decided to appeal against these decisions at the *Cour de Cassation*, which does not suspend their inforcement.

In accordance with Recylex SA's continuation plan, 34% of the compensation awarded by the Douai Appeal Court to 84 unprotected former managerial employees, or totalling approximately €1.2 million, corresponding to the first five instalments under the Company's continuation plan (November 2006 to November 2010) was paid on December 23, 2010. The balance of these sums, in the amount of approximately €2.4 million, will be paid in instalments, pending the rulings by the *Cour de Cassation*, according to the details of the Company's continuation plan.

In addition, the Douai Appeal Court rejected the claims for damages of six former protected managerial employees and adjourned the case of a former unprotected managerial employee to its hearing on March 23, 2011.

(vi) New claims from former managerial and non-managerial employees

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 new claims 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 2006. Each former employee is claiming damages between €30,000 and €50,000 plus €300 in costs, for a total amount of approximately €9.96 million. The Company has 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 liquidators of Metaleurop Nord SAS**

The law suit 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.

Recylex SA had argued that the claim brought by the liquidators of Metaleurop Nord SAS was inadmissible on the grounds that the liquidators had failed to state their claim in accordance with the law in the context of the Company supervised recovery procedure begun on November 13, 2003. The liquidators claimed that there is a regulatory dispensation that exempted them from this requirement. Recylex SA submitted an appeal to the Conseil d'Etat for a judgement on this point of law on February 12, 2009. The Conseil d'État must make its decision before the Douai Appeal Court can rule on either the admissibility or the merits of the case.

Recylex SA has not set aside any provisions in its parent-company or consolidated financial statements for the proceedings initiated by Metaleurop Nord SAS'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.

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, if the final decisions in these proceedings go against Recylex SA, the inforcement of the continuation plan could be jeopardized.

Liability action against the creditors' representative

Under the administration of Recylex SA, which resulted in the continuation plan adopted on November 24, 2005, the creditors' representative erroneously included amongst uncontested debts a debt which was subject to an on-going case before the Paris Commercial Court. This debt having been definitively included, Recylex SA was obliged to pay it under its continuation plan, without any ruling on the dispute having been made. The Company therefore decided to take a liability action against the creditors' representative.

In a ruling on January 20, 2010, the Paris Regional Court ordered the creditors' representative to pay the Recylex SA the sum of €3 million in damages, with interim enforcement of €1 million. On February 22, 2010, the decision was appealed by the creditors' representative.

On June 15, 2010, given the uncertainty relating to the outcome of the appeal procedure, Recylex SA reached an agreement with the creditors' representative under which the latter would drop the appeal procedure and make immediate payment to Recylex SA of the sum of €1.5 million in settlement.

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 665 employees, assumption of its environmental responsibilities and the repayment of outstanding frozen liabilities of some €25.7 million (€30 million before elimination of intra-Group debts) on a 5-year schedule. To this end, the fifth annual payment under the plan, for a sum of approximately €4.1 million, was made in November 2010.

Total payments under the Company's continuation plan in 2010 were €7.7 million (€8.4 million before elimination of intragroup payments), of which more than half, or €5.5 million, represented compensation payments to former employees of Metaleurop Nord SAS under the decisions made by the Douai appeal court on December 18, 2009 and December 17, 2010, discussed above, pending the decisions from the Cour de Cassation.

The sixth instalment under the continuation plan, which is due to be paid in November 2011, is approximately €4.5 million, of which €1.6 million represents compensation payments awarded by the Douai appeal court to former employees of Metaleurop Nord SAS, pending the decisions from the Cour de Cassation.

NOTE 2. SIGNIFICANT ACCOUNTING METHODS

Use of estimates

2010 saw considerable volatility in lead and zinc prices and in the euro-dollar exchange rate. Market conditions in 2011 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 31 December 2010 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 notably relate to depreciation and amortization, 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.

Changes in presentation

Since January 1, 2010, the company has reclassified charges to provisions for the remediation of former mining sites from "Depreciation, provisions and impairment losses" to "Other non-recurring operating income and expense" so as better to reflect the operating performance of its businesses.

This new presentation has been applied retrospectively: the amount to be reclassified was €867 thousand for the year to December 31, 2009 and €1,287 thousand for the year to December 31, 2010.

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 (IFRSs) as adopted in the European Union at the preparation date of these financial statements.

International accounting standards include the IFRSs, IASs (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/index_en.htm**

New standards

The following standards are applicable as of January 1, 2010 but do not have any material impact on the financial statements.

- IFRS 3 R and IAS 27 revised "Business Combinations", applicable to financial years starting on or after July 1, 2009. These standards were adopted by the European Union on June 3, 2009.
- IFRS 2 Amendment “Intragroup transactions settled in cash", applicable to financial years starting on or after January 1, 2010. This standard was adopted by the European Union on March 23, 2010.
- IAS 39 "Financial Instruments: Exposures Qualifying for Hedge Accounting", amended and applicable to financial years starting on or after July 1, 2009. This standard was adopted by the European Union on September 15, 2009.
- IFRIC 12 “Service Concession Arrangements”, published on November 30, 2006, applicable to financial years starting on or after the date of its adoption. This standard was adopted by the European Union on March 25, 2009.
- IFRIC 15 “Agreements for the Construction of Real Estate", published on July 3, 2008 and applicable to financial years starting on or after January 1, 2010. This standard was adopted by the European Union on July 22, 2009.
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation", published on July 3, 2008, and applicable to financial years starting on or after July 1, 2009. This standard was adopted by the European Union on June 4, 2009.
- IFRIC 17 "Distributions of Non-cash Assets to Owners", applicable to financial years starting on or after July 1, 2009. This standard was adopted by the European Union on November 26, 2009.
- IFRIC 18 "Transfers of Assets from Customers", published on January 29, 2009 and applicable to financial years starting on or after July 1, 2010. This standard was adopted by the European Union on November 27, 2009.

The following new standards, amendments to existing standards and interpretations had been published but were not applicable at December 31, 2010, and have not been adopted early by the Group:

- IAS 24 R “Related Party Disclosures", 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 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.
- IAS 32 amendment on the classification of rights issues, applicable to financial years starting on or after February 1, 2010. This standard was adopted by the European Union on December 23, 2009.
- 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 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 June 30, 2010.

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 32.5).

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 opted for 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 than 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 derecognized 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 recognized in income when the asset is derecognized.

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 recognized under depreciation and amortization on the income statement.

Borrowing costs

Borrowing costs are expensed as incurred.

Subsidies

Subsidies are recognized 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 amortized 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 amortized, 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 amortization over periods of 1 to 10 years
Patents, etc.	Straight-line amortization 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 recognized in income and allocated first to goodwill.

A previously recognized 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 recognized for goodwill may not be reversed. Impairment losses, and conversely reversals of impairment losses, are recognized in income. Accumulated amortization 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 recognized 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 recognized in income. Changes in fair value recognized in equity are recycled in income when the relevant assets are derecognized 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 recognized at amortized cost using the effective interest rate method. Any gains or losses are recognized in income when the loans or receivables are derecognized or impaired.

Acquisitions and disposals of financial assets are generally recognized 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 recognized at the initial invoice amount less any write-downs for unrecoverable amounts and then stated subsequently at amortized 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 recognized 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 derecognized, 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 recognized 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 recognized 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 recognized on the balance sheet;

2) Risk of fluctuations in prices of metals contained in commercial inventories[5]:

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 selling 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 recognized 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 recognized through profit or loss under "Other financial income" or "Other financial expenses".

The Group primarily uses futures and options.

[5] 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.

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 recognized 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 recognized 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 recognized 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.

Interest-bearing borrowings

All borrowings are initially recognized at the fair value of the amount received less any directly attributable transaction costs. Following initial recognition, interest-bearing borrowings are stated at amortized 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 recognize 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 recognized 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 outflow 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 recognized 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 recognized 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 recognizes 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 recognized 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 certain 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 recognized only when they exceed 10% of the value of the obligation. The portion in excess of 10% is then amortized 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.

Stock options:

The fair value of services received in return for the granting 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 recognized in staff costs, and its balancing entry is an increase in equity. When options are exercised, the exercise price received by the Group is recognized in cash and cash equivalents, with a balancing entry in equity.

Free shares:

Free shares are measured at fair value on the grant date. This amount is recognized 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 recognized 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 recognized 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 recognized 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 recognized directly in income.

Leased assets are depreciated over their estimated useful life.

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

Revenue recognition

Revenue is recognized 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 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 recognized by the Group as operating expenses in the same way as the *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 recognized 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 recognized 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, 2009 and December 31, 2010

12/31/2009 *(€ thousands)*	***Gross***	***Accumulated depreciation***	***Impairment losses***	***Net***
Land	5,405	(467)	-	4,938
Buildings	111,328	(86,723)	-	24,605
Plant and tools	211,283	(171,794)	(5,193)	34,296
Assets in progress	5,254	(94)	-	5,160
Other	21,095	(17,228)	-	3,867
Total	**354,365**	**(276,306)**	**(5,193)**	**72,866**

12/31/2010 *(€ thousands)*	***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**

b) Change in property, plant and equipment between January 1, 2009 and December 31, 2010

(€ thousands)	***Net***
Net carrying amount after amortization and before impairment losses at January 1, 2009	**75,401**
Additions	7,815
Amortization expense for the year	(10,431)
Disposals and retirements	(128)
Reversals of depreciation during the period	-
Other	209
Net carrying amount after amortization and before impairment losses at December 31, 2009	**72,866**
Additions	8,826
Remediation works (Notes 14.b and 38)	928
Amortization expense for the year	(9,813)
Impairment losses	-
Disposals and retirements	(200)
Reversals of depreciation during the period	90
Other	-
Net carrying amount after amortization and before impairment losses at December 31, 2010	**72,697**

Additions include €2.6 million for replacing and upgrading the production facilities at the main lead smelter in Nordenham, Germany (Weser Metall GmbH) and €0.9 million for improvements to the French battery breaker facility and the installation of specialized containers to improve battery collection in France. €0.3 million was invested in PPM. In the zinc segment additions included €4.8 million for replacing equipment improving productivity at the three zinc recycling plants in Germany and France.

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 recognized 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

(€ thousands)	***Gross***	***Amortization and depreciation***	***Net***
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, 2009 and December 31, 2010

12/31/2009 *(€ thousands)*	***Gross***	***Accumulated depreciation***	***Impairment losses***	***Net***
Goodwill	792		(792)	
Concessions, patents, licenses, etc. ..	8,860	(7,004)		1,857
Total	**9,652**	**(7,004)**	**(792)**	**1,857**

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

The impairment loss relates to the goodwill allocated to the Norzinco SA cash-generating unit (absorbed by Delot Métal SAS on December 31, 2010), which was written off in full on January 1, 2004 (€675 thousand), and to the Reinstmetalle Osterwieck GmbH CGU (€117 thousand).

b) change in intangible assets between January 1, 2009 and December 31, 2010

(€ thousands)	***Net***
Net carrying amount after amortization and impairment losses at January 1, 2009	**2,118**
Additions	32
Goodwill	-
Amortization expense for the year	(280)
Disposals	(23)
Reversals of amortization during the period	10
Net carrying amount after amortization and impairment losses at December 31, 2009	**1,857**
Additions	431
Goodwill	-
Amortization expense for the year	(326)
Disposals	-
Other	(4)
Net carrying amount after amortization and impairment losses at December 31, 2010	**1,958**

NOTE 5. IMPAIRMENT TESTS

Evidence of impairment

At December 31, 2010, the Group observed evidence of impairment at the following cash-generating units (CGUs):

- **Zinc business**
  - Harz Metall GmbH CGU

In the zinc business, the resumption of activity by zinc producers and the increase in output by steel makers over the course of 2010, albeit not marking a return to pre-recession levels, allowed the Harz-Metall GmbH subsidiary in Germany and Recytech SA (50%-owned) subsidiary in France to increase significantly their production of Waelz oxides from the processing of zinc-rich steel mill dust. The zinc price rose, reaching an average of €1,624 per tonne for the year.

It should be noted that Norzinco SA finally discontinued operations in 2009 and was absorbed by Delot Métal SAS in 2010.

- **Lead business**
  - Weser Metall GmbH CGU

In the lead business, the operating performance of the Group's main smelter, in Nordenham, Germany (Weser-Metall GmbH), was significantly affected by its closure for three weeks in November/December 2010 following a technical incident that damaged part of the furnace. Moreover, commercial conditions, particularly premiums on lead sales, were weaker as a whole in 2010 than in 2009. However, the positive trend in the market for sulphuric acid, a by-product of lead smelters, continued throughout 2010.

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 10.17%, unchanged from 2009. A specific weighted average cost of capital was calculated for the Special Metals business. The discount rate used is 10.90%, unchanged from 2009.

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 OAT yield over a one-year period, a sector beta, a 5% market risk premium and a 2% specific risk premium;
- cost of debt: a spread of 3%;
- 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 business Metal prices based on the latest available forecasts for the period 2011-2015 and for calculating the terminal value. The EUR/USD exchange rate used to calculate cash flows is based on an analysis of the historical correlation between lead prices and EUR/USD exchange rates (USD goes up when metal prices quoted in USD go down and vice-versa).

Test results and impairment recognized

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, the Group decided not to do so in view of the narrow margin of adjustment (see "sensitivity analysis" below) and the strong sensitivity of this CGU to changes in zinc prices.

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, 2010, there was no evidence prompting the reversal of this impairment loss.

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	Discounted cash flow	Discounted cash flow	Discounted cash flow	Discounted cash flow

At December 31, 2009, the net carrying amount of the relevant production assets after impairment losses breaks down as follows:

12/31/2009 (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	38.9	108.8	6.6	5.7	61.9	3.4
Accumulated depreciation	(32.2)	(74.7)	(4.0)	(3.1)	(56.1)	(0.5)
Impairment losses	(2.6)	0	0	(2.6)	0	0
Net value of production assets	**4.1**	**34.1**	**2.6**	**0**	**5.8**	**2.9**
Activity	Zinc	Lead	Plastics	Plastics	Special metals	Special metals
Valuation method	Discounted cash flow	Discounted cash flow	Discounted cash flow	Discounted cash flow	Discounted cash flow	Discounted cash flow

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) and the EUR/USD exchange rate.

Zinc business (Harz Metall GmbH CGU):

- The recoverable amount of the Harz Metall GmbH CGU exceeds its net carrying amount by €2.3 million;[6]
- Over the cash flow projection period, an average zinc price of USD 2,376 a tonne and an average EUR/USD exchange rate of 1.33 were used. For calculating the terminal value, a zinc price of USD 2,000 a tonne and a EUR/USD exchange rate of 1.30 were used;
- For the recoverable amount to be equal to the carrying amount, the average price used to calculate the terminal value would have to be USD 1,949 a tonne at a constant EUR/USD exchange rate of 1.30;
- For the recoverable amount to be equal to the carrying amount, the EUR/USD exchange rate would have to be 1.34 at a constant zinc price of USD 2,000.

Lead business (Weser Metall GmbH CGU):

- The recoverable amount of the Weser Metall GmbH CGU exceeds its net carrying amount by €1.9 million;
- Over the cash flow projection period, an average lead price of USD 2,060 a tonne and an average EUR/USD exchange rate of 1.33 were used. For calculating the terminal value, a lead price of USD 1,900 a tonne and a EUR/USD exchange rate of 1.30 were used;
- For the recoverable amount to be equal to the carrying amount, the average price used to calculate the terminal value would have to be USD 1,883 a tonne at a constant EUR/USD exchange rate of 1.30;
- For the recoverable amount to be equal to the carrying amount, the EUR/USD exchange rate would have to be 1.31 at a constant zinc price of USD 1,900.

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

NOTE 6. NON-CURRENT FINANCIAL ASSETS

The Group believes that the cost or amortized 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:

(€ thousands)	*12/31/2010*	*12/31/2009*
Available-for-sale financial assets	93,700	93,700
Loans and advances to investee companies	150,608	150,608
Loans	442	629
Other financial assets(1)	128	333
Financial assets before impairment	244,878	245,270
Impairment	(244,423)	(244,423)
Non-current financial assets	**455**	**847**

(1) Eco Recyclage SPA (Algeria) began operations during 2010. The Group will henceforth account for this investment under the equity method.

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:

(€ thousands)	*Registered offices*	*Net carrying amount of securities at 12/31/2010*	*Net carrying amount of securities at 12/31/2009*
Metaleurop Nord	Paris	59,510	59,510
Metaleurop International Finance	Amsterdam	253	253
Penarroya Espagne	Carthagena	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, 2010 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 (€5,004 thousand) mainly comprise funds received by Harz-Metall GmbH in the amount of €4,5 million following the settlement reached with TUI AG. 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:

(€ thousands)	*12/31/2010*	*12/31/2009*
Raw materials	27,587	18,482
Work in progress	35,126	27,809
Finished and semi-finished goods	9,682	12,310
Subtotal	72,395	58,601
Less: Impairment losses	(548)	(751)
Net value of inventories and work in progress	**71,847**	**57,850**

Inventories have risen substantially in value since December 31, 2009 due to the sharp rise in commodity prices (lead and zinc).

In volume terms, inventories at the Group's main smelter have remained stable. The suspension of operations at the smelter in December 2010, following a technical incident, resulted in a significant increase in stocks of work in progress and in raw materials in the Group's battery processing facilities.

NOTE 9. TRADE RECEIVABLES

Trade receivables break down as follows:

(€ thousands)	***12/31/2010***	***12/31/2009***
Trade receivables (1)	39,422	39,124
Less: Impairment losses	(5,033)	(5,469)
Net value of trade receivables	**34,389**	**33,655**

(1) At December 31, 2010, only receivables not yet due on the balance sheet date under recourse factoring agreements were recognized as trade receivables in accordance with IAS39. The amount derecognized, corresponding to non-recourse factoring agreements, was €13,739 thousand. At December 31, 2009, the amount derecognized, corresponding to non-recourse factoring agreements, was €8,715 thousand.

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:

(€ thousands)	***12/31/2010***	***12/31/2009***
Advances and downpayments on orders in progress	1,285	2,567
Social security receivables	184	504
Tax receivables	2,586	3,545
Other receivables	762	1,118
Prepaid expenses	213	280
Total other current assets	**5,030**	**8,014**

The fall in current assets is due primarily to the reduction in advance payments to suppliers and the reduction in tax and VAT payments on account for the German entities.

NOTE 11. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents include:

(€ thousands)	***12/31/2010***	***12/31/2009***
Cash at bank and in hand	56,750	45,870
Other short-term investments	6,916	7,628
Gross cash assets	**63,666**	**53,498**
Bank overdraft facilities	(3,000)	-
Total net cash and cash equivalents on cash flow statement	**60,666**	**53,498**

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

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, 2010.

The share capital increased from €47,920 thousand to €47,950 thousand through the creation of 15,000 new shares following the exercise of stock options between January 1 and December 31, 2010.

Ordinary shares in issue and fully paid-up	*Number of shares*	*Par value* (in euros)	*Share capital* (€ thousands)	*Issue Premium* (€ thousands)
At January 1, 2010	**23,957,982**	**2.00**	**47,920**	**783**
Issuance of shares following exercise of stock options between January 1, 2010 and December 31, 2010	15,000	2.00	30	83
At December 31, 2010	**23,974,982**	**2.00**	**47,950**	**866**

Treasury shares

At December 31, 2010, the Group owned 42,939 treasury shares, compared to 73,939 at December 31, 2009. These treasury shares were bought by the Company between September 2000 and June 2001 as part of a share buyback programme authorised by shareholders in the March 30, 2000 Annual General Meeting. Their average purchase price was €6.81. Treasury shares are deducted from equity.

The change in the number of treasury shares compared to the prior year was due to 31,000 free shares allocated to beneficiaries residing in France being vested on September 27, 2010, under the Company's free share allocation programme of September 26, 2008 (see Section 12.3.1.b).

	12/31/2010	*12/31/2009*
Number of treasury shares	42,939	73,939
Value of treasury shares (€ thousands)	292	504

Stock options and free share allocations

Details of existing plans

At the Annual General Meetings of June 26, 1995 and March 30, 2000, shareholders authorised the introduction of stock option plans. Between 1998 and 2002, the Management Board granted stock options under these authorisations

On September 26, 2008, Recylex SA's Board of Directors granted stock options and free shares. The Board of Directors had been authorised to make these grants of free shares by the General Meetings of July 16, 2007 and May 6, 2008, and grants of stock options by the General Meeting of July 28, 2006.

a) <u>Stock options</u>

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, 2010 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 2010 break down as follows:

Date of grant	**Number of options outstanding at 12/31/2009**	**Number of options cancelled during the period**	**Number of options exercised during the period**	**Number of options lapsed during the period**	**Number of options outstanding at 12/31/2010**	**Exercise price (euros)**	**Plan expiry**
05/03/2000	64,900	3,000	(15,000)	(52,900)	-	7.5	05/02/2010
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	***665,800***	***3,000***	**(15,000)**	**(52,900)**	**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 General 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 2010.

b) <u>Free shares</u>

The General 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.

Under the authorisations granted by the abovementioned General Meetings, on September 26, 2008, Recylex SA's Board of Directors introduced a plan to allot 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 General Meeting of May 7, 2010 granted the Board of Directors authorisation to make free allocations of existing shares. The Company did not introduce any free allocations of shares during 2010.

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

Transactions in 2010 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 12/31/2009	**665,800**	7.33	50,000	0.75	2.77
- reintegrated	3,000			-	-
- cancelled / lapsed	(52,900)				
- exercised / vested	(15,000)		(31,000)		
Balance at 12/31/2010	**600,900**	**7.08**	**19,000**	**0**	**1.77**

Accounting impact of instruments allotted in 2008

In accordance with IFRS 2, share-based payment instruments are recognized 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 2010 is €186 thousand for stock options and €63 thousand for free shares.

NOTE 13. INTEREST-BEARING BORROWINGS

Analysis of borrowings

a) current portion of borrowings and other debts

(€ thousands)	***12/31/2010***	***12/31/2009***
Portion due in less than one year	6,036	3,541
Discounted receivables	-	390
Total	**6,036**	**3,932**

b) non-current borrowings and debt

(€ thousands)	***12/31/2010***	***12/31/2009***
Portion due in more than one year	7,175	9,455
Total	**7,175**	**9,455**

Repayment schedule of non-current borrowings

(€ thousands)	***12/31/2010***			***12/31/2009***
	One to five years	***Over five years***	***Total***	
Bank borrowings	7,175	-	7,175	9,455
Interest-bearing borrowings	**7,175**	**-**	**7,175**	**9,455**

At December 31, 2010, the Group had €8,550 thousand of available credit facilities (of which €4,887 thousand are undrawn) for which drawdown conditions were satisfied.

NOTE 14. PROVISIONS

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

a) Provisions at December 31, 2010 and December 31, 2009

(€ thousands)	***12/31/2010***	***12/31/2009***
Current provisions		
Environmental provisions	10,784	9,672
Litigation	160	529
Restructuring	-	30
Other risks and charges	80	882
	11,024	11,113
Non-current provisions		
Environmental provisions	21,442	21,412
Litigation	10,377	3,347
Restructuring	308	282
Other risks and charges	268	1,104
	32,395	26,144
Total provisions	**43,419**	**37,257**

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

b) Changes in provisions at December 31, 2009 and December 31, 2010

(€ thousands)	***Balance at 12/31/2009***	*Additions during the year*	*Discounting*	*Reclassification (1) (2)*	***Release of provisions used***	***Release of provisions not used***	***Balance at 12/31/2010***
Environmental provisions (Note 38)	31,084	1,819	455	928	(1,890)	(170)	32,226
Litigation	3,876	10,312	(312)		(3,338)		10,537
Restructuring	312	32			(36)		308
Other risks and charges	1,985	61		(257)	(403)	(1,038)	348
Total provisions	**37,257**	**12,224**	**143**	**671**	**(5,667)**	**(1,208)**	**43,419**

(1) The cost of remediation of the Waelz oxide slag storage site at Harz Metal GmbH in Oker has been included in the acquisition cost of non-current assets balanced by an environmental provision of €928 thousand (€1,116 thousand before discounting) (Note 38).

Provisions for litigation

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 and non-managerial employees of Metaleurop Nord SAS (Note 1). The Appeal Court granted 84 unprotected former managerial employees and 8 former non-managerial employees damages totalling €3.8 million, and ruled that these sums should be added to the liabilities of Recylex SA payable in instalments under its continuation plan.

As the Recylex Group had provided €2,727 thousand for these claims at December 31, 2009, it reversed the entirety of this provision, added €3,803 thousand to the Recylex SA continuation plan liabilities, under “other current liabilities” (Note 17) and under “other non-current liabilities” (Note 18), after having made a payment of €1,293 thousand.[7]

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 2006. 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 has made provision for the entirety of

[7]In accordance with Recylex SA’s continuation plan, 34% of the damages awarded by the Douai Appeal Court, or a total of approximately €1.3 million, corresponding to the first five installments under the Company’s continuation plan (November 2006 to November 2010) was paid on December 23, 2010.

these claims in its accounts to December 31, 2010 and intends to contest both the admissibility and grounds of the claims.

Releases of provisions under the heading “Other risks and charges” concerned mainly the release of provisions set up at December 31, 2009 when Norzinco SA ceased its activity (Note 25).

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, 2009 and December 31, 2010

(€ thousands)	***12/31/2010***	***12/31/2009***
Post employment benefits - current obligations	2,044	2,214
Post employment benefits - non-current obligations	24,170	24,955
Post employment benefits - total obligations	26,213	27,169

b) Changes in provisions at December 31, 2009 and December 31, 2010

(€ thousands)	***Provisions at 12/31/2009***	***Charge for the period***	***Reversals during the period***	***Provisions at 12/31/2010***
Post employment benefits - pension liabilities	27,169	1,682	(2,639)	26,213

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

	Germany		**France**		**Total**	
(€ thousands)	***12/31/2010***	***12/31/2009***	***12/31/2010***	***12/31/2009***	***12/31/2010***	***12/31/2009***
Change in benefit obligations						
Total current value of benefit obligations at the beginning of the financial year	33,515	30,471	365	504	33,880	30,976
Current service cost during the financial year	203	164	18	16	221	180
Interest expense	1,458	1,617	14	19	1,472	1,636
Actuarial gains/(losses)	(187)	3,391	87	(28)	(100)	3,363
Plan amendments	-	-	23	-	23	-
Benefits paid	(2,090)	(2,129)	(130)	(147)	(2,220)	(2,276)
Total current value of benefit obligations at the end of the financial year	**32,899**	**33,515**	**376**	**365**	**33,275**	**33,880**
Change in plan assets						
Fair value of plan assets at the beginning of the financial year	(2,992)	(2,567)	-	-	(2,992)	(2,567)
Expected return on plan assets	(120)	(35)	-	-	(120)	(35)
Actuarial gains/(losses)	124	-	-	-	124	-
Benefits reimbursed	-	-	-	-	-	-
Contributions paid	(419)	(390)	-	-	(419)	(390)
Fair value of plan assets at the end of the financial year	**(3,406)**	**(2,992)**	**-**	**-**	**(3,406)**	**(2,992)**
Total current value of benefit obligations at the end of the financial year	32,899	33,515	376	365	33,275	33,880
Plan assets	(3,406)	(2,992)	-	-	(3,406)	(2,992)
Unrecognized actuarial gains and losses	(3,663)	(3,850)	28	131	(3,635)	(3,719)
Unrecognised past service costs	-	-	(22)	-	(22)	-
Liabilities recognized on the balance sheet	**25,830**	**26,673**	**382**	**496**	**26,212**	**27,169**

Experience adjustments arising from benefit obligations amounted to €187 thousand of gains in Germany at December 31, 2010. At December 31, 2009, the figure was €70 thousand of gains. The amounts are amortized 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 recognized over the average remaining working lives of employees covered by the plan.

Plan assets in Germany are wholly invested in bonds.

Pension costs recognized break down as follows:

	Germany		France		Total	
(€ thousands)	***12/31/2010***	***12/31/2009***	***12/31/2010***	***12/31/2009***	***12/31/2010***	***12/31/2009***
Current service cost during the financial year	203	164	18	16	221	180
Interest expense	1,458	1,617	14	19	1,472	1,636
Expected return on plan assets	(120)	(35)	-	-	(120)	(35)
Amortization of actuarial gains and losses	124	42	(16)	(28)	108	14
Amortization of past service costs	-	-	1	-	1	-
Net cost for the period	**1,665**	**1,789**	**17**	**7**	**1,682**	**1,796**

Amounts recognized on the balance sheet changed as follows:

	Germany		France		Total	
(€ thousands)	***12/31/2010***	***12/31/2009***	***12/31/2010***	***12/31/2009***	***12/31/2010***	***12/31/2009***
Amount (provisioned)/recognized as an asset at the beginning of the financial year	26,673	27,404	496	635	27,169	28,039
Net cost for the period	1,665	1,789	17	7	1,682	1,796
Benefits paid	(2,090)	(2,519)	(130)	(147)	(2,220)	(2,666)
Contributions paid	(419)				(419)	
Amount (provisioned)/recognized as an asset at the end of the financial year	**25,830**	**26,673**	**382**	**496**	**26,212**	**27,169**

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

Germany:

	Germany				
(€ thousands)	***12/31/2006***	***12/31/2007***	***12/31/2008***	***12/31/2009***	***12/31/2010***
Total current value of benefit obligations at the end of the financial year	32,551	30,803	30,471	33,515	32,899
Fair value of plan assets at the end of the financial year	-	-	-	(2,992)	(3,406)
Coverage of benefit obligations	**32,551**	**30,803**	**30,471**	**30,523**	**29,493**

France:

	France				
(€ thousands)	***12/31/2006***	***12/31/2007***	***12/31/2008***	***12/31/2009***	***12/31/2010***
Total current value of benefit obligations at the end of the financial year	592	560	504	365	376
Market value of plan assets at the end of the financial year	-	-	-	-	-
Coverage of benefit obligations	**592**	**560**	**504**	**365**	**376**

Actuarial assumptions

The assumptions underpinning measurements at the 2009 and 2010 balance sheet dates are presented below:

	Germany		France	
(€ thousands)	*12/31/2010*	*12/31/2009*	*12/31/2010*	*12/31/2009*
Discount rate	4.50%	4.50%	4.50%	4.50%
Assumed rate of salary increase	2.25%	2.50%	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.

(€ thousands)	Germany	France
0.25% increase in discount rate	(1,001)	(6)
0.25% decrease in discount rate	1,052	6
1% increase in discount rate	(3,709)	(21)
1% decrease in discount rate	4,565	24

Since Recylex SA has elected to use the corridor method for recognizing 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, 2010.

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 €28,400 during 2010 and related solely to FMM SA (Belgium). The contributions expensed in prior years for the supplementary pensions break down as follows:

Years	Contribution (€ thousands)
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 7,196 hours. The actual amount of activations requested stood at 30 during 2010. 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:

(€ thousands)	*12/31/2010*	*12/31/2009*
Trade payables	35,968	19,709
Total trade payables..	**35,968**	**19,709**

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

The increase in trade payables is due in part to the sharp increase in metals prices in the final quarter of 2010, and in part to an increase in inventories of work in progress at the Group's battery processing plants and of raw materials at Weser Metall GmbH following the closure of the smelter in Germany in November and December 2010.

NOTE 17. OTHER CURRENT LIABILITIES

Other current liabilities break down as follows:

(€ thousands)	***12/31/2010***	***12/31/2009***
Liabilities rescheduled under the continuation plan (Note 18)	3,721	6,293
Tax and social security liabilities	8,627	6,677
Liabilities related to non-current assets	402	67
Other liabilities	2,505	2,437
Prepaid income	586	527
Fair value of underlying hedged risk	91	122
Total	**15,932**	**16,123**

The increase in tax and social security liabilities is due primarily to an increase in VAT collected by Weser Metall GmbH.

NOTE 18. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities break down as follows:

(€ thousands)	***12/31/2010***	***12/31/2009***
Liabilities rescheduled under the continuation plan	19,770	20,617
Other financial liabilities (under clawback provision)(1)	2,400	-
Total	**22,170**	**20,617**

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 adoption 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 1st anniversary date of adoption of the continuation plan;
    - 4% of the liability on the 2nd anniversary date of adoption of the continuation plan;
    - 8% of the liability on the 3rd anniversary date of adoption of the continuation plan;
    - 8% of the liability on the 4th anniversary date of adoption of the continuation plan;
    - 10% of the liability on the 5th anniversary date of adoption of the continuation plan;
    - 10% of the liability on the 6th anniversary date of adoption of the continuation plan;
    - 12% of the liability on the 7th anniversary date of adoption of the continuation plan;
    - 12% of the liability on the 8th anniversary date of adoption of the continuation plan;
    - 16% of the liability on the 9th anniversary date of adoption of the continuation plan;
    - 16% of the liability on the 10th anniversary date of adoption 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 present 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 amortized 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 amortized cost of the original liability has thus been recognized 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 2.03% (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 *(€ thousands)*	***12/31/2010***	***12/31/2009***
Bank borrowings	15	16
Miscellaneous financial liabilities (including accrued interest)	1,348	1,379
Trade payables	107	113
Tax and social liabilities	94	94
Miscellaneous liabilities	2,226	4,826
Current rescheduled liabilities under the continuation plan prior to discounting	3,790	6,428
Impact of discounting cash flows	(69)	(135)
Current rescheduled liabilities under the continuation plan after discounting	**3,721**	**6,293**

Nature of non-current rescheduled liabilities *(€ thousands)*	***12/31/2010***	***12/31/2009***
Bank borrowings	87	102
Miscellaneous financial liabilities (including accrued interest)	7,546	9,099
Trade payables	606	712
Miscellaneous financial liabilities	527	622
Miscellaneous liabilities	12,464	12,180
Non-current rescheduled liabilities under the continuation plan prior to discounting	21,230	22,715
Impact of discounting cash flows	(1,460)	(2,098)
Non-current rescheduled liabilities under the continuation plan after discounting	**19,770**	**20,617**

Non-current rescheduled liabilities (by maturity)	***12/31/2010***		
(€ thousands)	***One to five years***	***Over five years***	***Total***
Non-current rescheduled liabilities before discounting	19,770	-	19,770
Clawback clause	-	2,400	2,400
Total	**19,770**	**2,400**	**22,170**

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 25, 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.

However, as the Company's continuation plan has now run for half of its full term, and having produced a medium-term business plan (the 2010-2015 Business Plan) the Company elected to reintegrate the liabilities relating to the above clawback clause in its financial statements to December 31, 2010.

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 attached to these repayments is closer to that borne by shareholders rather than creditors, the discount rate used has been 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 2010-2015 Business Plan drawn up by the Company and normalised cash flows thereafter.

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 ill-suited 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 fair value of the liability under the clawback clause, the nominal value of which is €19,210 thousand, corresponds to the average value under these multiple scenarios. At December 31, 2010, this fair value was €2,400 thousand. The standard deviation in fair value was €2,100 thousand, reflecting the very wide statistical distribution of the values produced.

The fair value of this debt is recognized on the balance sheet as "Other non-current liabilities", balancing its recognition as other financial expense (see Note 27). This fair value will be reviewed 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)[8] method 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 average weighted cost (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 2010 and 2009.

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.

Year to December 31, 2010: *(€ thousands)*	***Lead***	***Zinc***	***Special metals***	***Plastics***	***Other businesses***	***Adjustments and elimination***	***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)**

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

(€ thousands)	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[9]	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)**

Year to December 31, 2009 (restated*)

(€ thousands)	**Lead**	**Zinc**	**Special metals**	**Plastics**	**Other businesses (*)**	***Adjustments and elimination***	***Total***
Sales to external customers	203,547	51,659	17,177	8,169	252	-	280,804
Inter-segment sales	3,690	3	25	1,866	-	(5,584)	
Income from ordinary activities	**207,237**	**51,662**	**17,202**	**10,035**	**252**	**(5,584)**	**280,804**
Operating income before non-recurring items (LIFO)	**2,230**	**(1,674)**	**(2,048)**	**(226)**	**(5,146)**	**-**	**(6,864)**
LIFO -> AWC adjustment	11,693	**-**	**-**	**-**	**-**	**-**	**11,693**
Reported operating income before non-recurring items (IFRS)	**13,923**	**(1,674)**	**(2,048)**	**(226)**	**(5,146)**	**-**	**4,829**
Other non-recurring operating income/(expense)	4	146		(94)	13,733	-	**13,789**
Net financial items	(712)	207	(250)	(124)	(2,999)	-	**(3,877)**
Income tax benefit / (expense)	1,471	(470)	(55)	(34)	(6,588)	-	**(5,676)**
Reported net income (IFRS)	**14,686**	**(1,791)**	**(2,353)**	**(478)**	**(1,000)**	**-**	**9,065**

(*) At 12/31/2010 the Company reclassified charges to provisions for the remediation of former mining sites (Note 38) from “Depreciation, provisions and impairment losses” (Note 23) to “Other non-recurring operating income and expense” (Note 25) so as better to reflect the operating performance of its businesses. In the year to 12/31/2009 these charges were €867 thousand, compared to €1,287 thousand in the year to 12/31/2010. Operating income before non-recurring items was €3,962 thousand in 2009 whilst “Depreciation, provisions and impairment losses” were €(1,926) thousand and “Other non-recurring income and expense” was €14,656 thousand. This restatement only affected the “Other businesses” segment.

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

(€ thousands)	Lead	Zinc	Special metals	Plastics	Other businesses	Total
Intangible assets	243	637	975		1	1,857
Property, plant and equipment	45,458	12,996	8,607	2,514	3,291	72,866
Inventories[10]	39,518	6,149	10,505	1,677		57,850
Trade receivables..................................	23,485	6,606	2,125	1,266	172	33,655
Total segment assets	**108,705**	**26,388**	**22,213**	**5,457**	**3,463**	**166,228**

Provisions and pension liabilities............	17,320	3,269	1,973	60	41,804	64,426
Trade payables	13,487	4,194	451	471	1,106	19,709
Other current liabilities............................	3,417	2,838	1,296	838	7,734	16,123
Total segment liabilities	**34,224**	**10,300**	**3,720**	**1,370**	**50,645**	**100,259**

Property, plant and equipment	3,910	2,415	1,387	89	14	7,815
Intangible assets	26	6				32
Investments	**3,936**	**2,421**	**1,387**	**89**	**14**	**7,847**
Property, plant and equipment	(5,879)	(2,762)	(744)	(757)	(115)	(10,256)
Intangible assets	(163)	(72)	(44)			(280)
Other non-cash expenses	8,061	731	(77)	485	3,300	12,500
Amortisation, depreciation and additions to provisions	**2,019**	**(2,103)**	**(865)**	**(272)**	**3,185**	**1,964**

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.

Year to December 31, 2010:

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

(€ thousands)	***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	-	-	-	-

[10] Inventories in the Lead segment, measured using the LIFO method, totalled €26,964 thousand at December 31, 2009.

Financial year ended December 31, 2009

(€ thousands)	*Western Europe*	*Rest of Europe*	*Americas*	*Rest of the world*	*Total*
Total sales	235,255	33,535	3,555	8,459	280,804

(€ thousands)	*France*	*Germany*	*Belgium*	*Total*
Capital expenditure (property, plant and equipment and intangible assets)...........................	1,677	5,705	433	7,815
Non-current assets excluding tax and financial assets	5	28		32

Structure of sales

Sales in the Lead segment come from a limited number of customers. In 2010, 52% 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 2010.

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:

(€ thousands)	***December 31 2010***	***December 31 2009***
General sub-contracting	(13,824)	(12,593)
Maintenance and repairs	(11,661)	(9,119)
Insurance premiums	(1,579)	(1,480)
Goods transportation and public transportation	(19,015)	(13,218)
Leasing, rental and service charges	(2,121)	(2,037)
Fees and external labour costs	(4,060)	(3,197)
Travel and entertainment expenses	(741)	(689)
Other external expenses	(2,136)	(1,862)
Total external costs	**(55,135)**	**(44,195)**

The sharp increase in external costs was due mainly to the increase in business levels and to the fact that in the first half of 2009 the Group temporarily suspended its production of Waelz oxides at the Harz-Metall GmbH and Recytech SA factories. The increase in transport costs was due to strong growth in sales volumes and to a change in the method of invoicing transport costs for certain sulphuric acid clients at Weser Metall GmbH (effect of €2.9 million).

The increase in maintainance and repair costs was due to the maintainance and repair programmes on the Weser Metall GmbH furnace following the technical incident in December 2010.

NOTE 21. STAFF COSTS

The average Group headcount on a full-time equivalent (FTE) basis was as follows:

	December 31 2010	***December 31 2009***
Belgium	26	25
France	84	84
Germany	555	550
Total FTE employees	**665**	**659**

Staff costs break down as follows:

(€ thousands)	***December 31 2010***	***December 31 2009***
Wages and benefits	(34,709)	(32,904)
Payroll (employer and employee) costs	(7,839)	(7,392)
Total staff costs	**(42,548)**	**(40,296)**

The increase in staff costs was due primarily to the fact that in 2009 some German companies had temporary lay-offs given weak business levels.

NOTE 22. RESEARCH AND DEVELOPMENT COSTS

Research and development costs expensed directly in income amounted to:

(€ thousands)	*December 31 2010*	*December 31 2009*
Research and development costs	(806)	(714)

NOTE 23. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization and impairment losses recognized in 2010 and 2009 break down as follows:

(€ thousands)	*December 31 2010*	*December 31 2009 restated[1)]*	*December 31 2009*
Depreciation of property, plant and equipment	(9,723)	(10,256)	(10,256)
Amortization of intangible assets	(326)	(280)	(280)
Provisions and impairment losses[(1)]	(94)	9,477	8,610
Total depreciation, amortization and impairment losses	**(10,142)**	**(1,059)**	**(1,926)**

[(1)] At 12/31/2010 the Company reclassified charges to provisions for the remediation of former mining sites (Note 38) from "Depreciation, provisions and impairment losses" to "Other non-recurring operating income and expense" (Note 25) so as better to reflect the operating performance of its businesses. In the year to 12/31/2009 these charges were €867 thousand, compared to €1,287 thousand in the year to 12/31/2010.

NOTE 24. OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense breaks down as follows:

(€ thousands)	*December 31 2010*	*December 31 2009*
Operating subsidies	16	1
Other non-recurring operating income and expense	1,321	1,286
Other operating income and expense	**1,337**	**1,287**

NOTE 25. OTHER NON-RECURRING OPERATING INCOME AND EXPENSE

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

(€ thousands)	*December 31 2010*	*December 31 2009 restated[1)]*	*December 31 2009*
Gain following a waiver of debt		5,988	5,988
Sums received for the remediation of old sites		5,000	5,000
Additions to provisions and additional costs incurred at the L'Estaque plant, former mines and other closed sites (1)	(1,777)	(1,596)	(729)
Provisions/reversals against labour tribunal rulings (2)	(9,958)	2,532	2,532
Expenses relating to labour tribunal rulings (3)	(1,193)		
Additions to provisions relating to the discontinuation of Norzinco SA's activities (4)	906	(478)	(478)
Settlement of a dispute (5)	1,500	877	877
Other income and expenses	436	1,437	1,437
Impact of the continuation plan (6)	248	29	29
Other non-recurring operating income and expense	**(9,838)**	**13,789**	**14,656**

(1) At 12/31/2010 the Company reclassified charges to provisions for the remediation of former mining sites (Note 38) from “Depreciation, provisions and impairment losses” (Note 23) to “Other non-recurring operating income and expense” so as better to reflect the operating performance of its businesses. In the year to 12/31/2009 these charges were €867 thousand, compared to €1,287 thousand in the year to 12/31/2010.

(2) 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 compensation claims 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 2006 (Note 1). 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 has made provision for the entirety of these claims in its accounts to December 31, 2010 (Note 14) and intends to contest both the admissibility and foundation of the claims.

(3) 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 and non-managerial employees of Metaleurop Nord SAS (Note 1). The Appeal Court granted 84 unprotected former managerial employees and 8 former non-managerial employees damages totalling €3,803 thousand, and ruled that these sums should be added to the liabilities of Recylex SA payable in instalments under its continuation plan. As the Recylex Group had provided €2,727 thousand for these claims at December 31, 2009, it reversed the entirety of this provision, added €3,803 thousand to the Recylex SA continuation plan liabilities and made a payment of €1,292 thousand (Notes 17 and 18). These transactions resulted in a charge of €1,193 thousand.

(4) On July 2, 2010, Norzinco SA signed an agreement with the owner of the site at Anzin for the early cancellation, with effect from May 31, 2010, of the commercial lease that had been due to expire on October 1, 2011 (Note 14). The provision created to cover this eventuality at December 31, 2009 was reversed in its entirety.

(5) In its action against the creditors’ representative, Recylex SA reached an agreement with the creditors’ representative on June 15, 2010, under which the latter would drop the appeal procedure and make immediate payment to Recylex SA of the sum of €1.5 million in settlement (Note 1).

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

(€ thousands)	*December 31 2010*	*December 31 2009*
Waiver of debt granted to the Recylex group		
Liabilities extinguished based on the terms agreed under the continuation plan	248	29
Impact of debt waivers and extinguishments following acceptance of the continuation plan	***248***	***29***
Liabilities declared during the financial year		
Additions to and reversals of provisions for litigation on disputed claims under the plan		
Total	**248**	**29**

NOTE 26. NET INTEREST EXPENSE

Interest expense on net debt breaks down as follows:

(€ thousands)	*December 31 2010*	*December 31 2009*
Interest income from cash and cash equivalents	351	807
Interest expense on bank and non-bank borrowings and bank overdrafts	(1,139)	(894)
Net interest expense	**(788)**	**(87)**

NOTE 27. OTHER FINANCIAL INCOME AND EXPENSE

(€ thousands)	*December 31 2010*	*December 31 2009*
Net foreign exchange gains and losses	(555)	79
Impact of discounting provisions and liabilities	(845)	(2,782)
Factoring costs	(799)	(381)
Clawback clause (Note 18.2)	(2,400)	-
Other financial income and expense	826	(708)
Other financial income and expense	**(3,774)**	**(3,790)**

NOTE 28. INCOME TAXES

Income tax expense for the financial years ended December 31, 2010 and December 31, 2009 principally comprises the following items:

(€ thousands)	*December 31 2010*	*December 31 2009*
Current income tax benefit/(expense)	(2,555)	3,318
Current income tax benefit/(expense)	**(2,555)**	**3,318**
Arising from the creation and reversal of temporary differences	(1,932)	(7,604)
Related to tax loss carryforwards	733	(1,390)
Deferred income tax benefit/(expense)	**(1,199)**	**(8,994)**
Consolidated income tax expense	**(3,753)**	**(5,676)**

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

- The difference in measurement of the Nordenham plant inventory (LIFO under German GAAP and weighted average unit cost under IFRS) increases Weser Metall GmbH's net income by €4 million under IFRS. This gives rise to a deferred tax expense of €1.1 million.

- The income tax benefit relating to tax loss carryforwards of €733 thousand reflects the increase in the stock of deferred tax assets recognized in relation to tax losses within the German companies.

The reconciliation between the actual tax expense and the theoretical tax expense is as follows for 2010 and 2009:

Reconciliation between actual and theoretical tax charges:

(€ thousands)	*December 31 2010*	*December 31 2009*
Net income before tax	(292)	14,741
Group tax rate	33.33%	33.33%
Theoretical income tax expense	**97**	**(4,913)**
Increase or decrease in income tax expense resulting from:		
- use of previously unrecognized tax loss carryforwards and recognition of losses on tax loss carryforwards as assets	(221)	(5,742)
- taxes at reduced rates	284	743
- limitations on deferred tax assets	(4,158)	-
- reimbursement of taxes following tax audits	-	4,549
- other differences	244	(313)
Actual tax expense	**(3,753)**	**(5,676)**

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 €4.1 million of the deferred tax assets.

Deferred tax assets and liabilities

(€ thousands)	*December 31 2010*	*December 31 2009*
Deferred tax assets		
Provisions added back for tax purposes	9,672	10,218
Additional provision for employee benefits	445	1,670
Additional provision for impairment of non-current assets	1,325	1,458
Change in inventory valuation method at German units	-	-
Deferred tax on hedge accounting	26	
Other temporary differences	480	419
Tax loss carryforwards	4,333	3,600
Offset of deferred tax assets and liabilities at the same taxable entity	(8,723)	(8,859)
Total	**7,559**	**8,506**
Deferred tax liabilities		
Restatement of expected useful life of non-current assets	(5,388)	(5,947)
Change in inventory valuation method at German units	(4,967)	(3,842)
Discounting of provisions and liabilities	(856)	(1,267)
Deferred tax on hedge accounting	-	(5)
Other temporary differences	(260)	(222)
Offset of deferred tax assets and liabilities at the same taxable entity	8,723	8,859
Total	**(2,748)**	**(2,424)**
Net deferred taxes	**4,811**	**6,082**

For the financial years ended December 31, 2010 and December 31, 2009, the Group opted to limit the amount of deferred tax assets recognized in respect of tax losses to the forecast tax calculated for the following three years. The deferred tax assets arising on tax loss carryforwards recognized by the group amounted to €4.3 million at December 31, 2010 and €3,6 million at December 31, 2009.

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 €167 million, i.e.:

- €124 million at French units
- €43 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 2010	*December 31 2009*
Net income attributable to equity holders of the parent (€ thousands)	(4,250)	9,065
Weighted average number of ordinary shares used to calculate basic earnings per share	23,905,498	23,884,043
Earnings per share in euros	**(0.18)**	**0.38**

	December 31 2010	*December 31 2009*
Net income attributable to equity holders of the parent (€ thousands)	(4,250)	9,065
Weighted average number of ordinary shares used to calculate basic earnings per share	23,905,498	23,884,043
Impact of dilution:		
Stock options (with dilutive impact)	663,209	760,293
Weighted average number of ordinary shares adjusted for diluted earnings per share	24,568,707	24,644,336
Diluted earnings per share in euros	**(0.18)**	**0.37**

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, 2010			***December 31, 2009***		
(€ thousands)	*Less than 1 year*	*1 to 5 years*	*Over five years*	*Less than 1 year*	*1 to 5 years*	*Over five years*
Buildings	238	137	-	589	368	
Other	925	1,384	11	840	1,615	58
Total	**1,163**	**1,521**	**11**	**1,429**	**1,983**	**58**

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 €1,336 thousand at December 31, 2010 and €1,499 thousand at December 31, 2009.

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:

(€ thousands)	***December 31, 2010***	***December 31, 2009***
Minimum payments due in less than one year	87	287
Minimum payments due in more than one year but less than five years	601	736
Minimum payments due in more than five years	151	102
Total minimum payments under finance leases	839	1,125
Less amounts representing interest expense		
Present value of minimum payments under leases	**839**	**1,125**

Investment commitments

At December 31, 2010, the Group's investment commitments totalled €1.5 million.

Commitments arising from the purchase and sale of futures

At December 31, 2010, 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.
- Land owned by Harz-Metall GmbH has been pledged as collateral for a loan obtained by C2P GmbH in a maximum amount of €3.6 million, €0.3 million of which is still outstanding.
- Weser Metall GmbH has granted a mortgage over its land as security for a loan currently amounting to €2 million.
- RMO Reinstmetalle Osterwieck GmbH has pledged its inventories, trade receivables and land as collateral for a loan currently amounting to €2.3 million.
- C2P GmbH has pledged its facilities and inventories as collateral for a loan currently amounting to €0.3 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 €2.2 million covering the land at the L'Estaque site.

Litigation and contingent liabilities

See the notes concerning significant events for the 2010 financial year (Note 1).

NOTE 31. INFORMATION CONCERNING RELATED PARTIES AND BENEFITS GRANTED TO ADMINISTRATIVE AND MANAGEMENT BODIES

Information concerning related parties

(€ thousands)	*Expenses*		*Income*		*Receivables*		*Liabilities*	
	2010	*2009*	*2010*	*2009*	*2010*	*2009*	2010	2009
Glencore	42,173	24,148	74,213	30,266	5,790	1,437	18,664	9,702
Recytech	-	10	10	-	3	-	-	3
Maturity								
Less than one year	-	-	-	-	5,793	1,437	12,237	2,130
1 to 5 years	-	-	-	-	-	-	6,427	5,739
More than 5 years	-	-	-	-	-	-		1,836
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 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 gross compensation and benefits paid to members of Recylex SA's Board of Directors break down as follows:

(€ thousands)	***December 31 2010***	***December 31 2009***
Short-term benefits	752	547
Total compensation and benefits	**752**	**547**

Mr. Yves Roche is entitled to receive compensation should he be relieved of his duties as Chief Executive Officer following a significant change in Recylex SA's ownership structure, with the support of the Board of Directors, provided that Mr. Yves Roche has facilitated such change and the transition to the new core 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

The Group specializes in recycling lead, zinc, plastics and special metals, and is exposed to currency risk, interest rate risk and risks associated with fluctuations in raw material prices. The Group is also exposed to other risks, such as counterparty risk 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 control of the Group Finance Division.

Interest rate risk

The Group's main financial risks are borne by the Recylex SA holding company, and the Recylex GmbH, Weser Metall GmbH and RMO GmbH subsidiaries. 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 interest-rate risk on the two floating-rate loans.

Currency risk

The group is exposed to currency risk due to 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, 2010, the Group had no dollar denominated commodity derivatives hedging euro-denominated sales. All commodity derivatives are now denominated in euros.

Commodities risk

The Group is exposed to fluctuations in metals prices, particularly lead and zinc. Forward contracts for these two metals are listed in dollars on the London Metal Exchange. 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 reused raw materials (batteries), the price of which is not directly linked to market prices for metals, and on surplus metals recovered from materials to be processed. For that reason hedges are taken out for any lag between purchase and sale and for commercial stocks.

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

Hedging of lead risks was arranged in 2010.

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, 2010, the Group had sold €13.7 million to a factoring company.

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

Commodity hedges and treasury investments are handled by prime financial institutions. 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 2011 based on the information available to it, notably including outlays linked to the outstanding instalments due to creditors under the continuation plan during the 2011 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 2011. These projections are based on lower metal prices than those prevailing at end-2010.

These forecasts show a reduction in cash over the course of 2011, but do not give rise to any short-term financing requirement. This is due amongst other things to the Group's substantial cash position at December 31, 2010. 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.

Following the adoption of the continuation plan by the Paris Tribunal de Commerce on November 24, 2005, Recylex SA's debt was rescheduled (see Note 18).

Under the continuation plan, the Company paid the first five instalments to its creditors, of €11.4 million in 2006, €11 million in 2007, €2.3 million in 2008 and 2009 and €4.1 million in 2010, for a total of €31.1 million at December 31, 2010. The sixth instalment under the continuation plan, due in November 2011, will be approximately €4.5 million.

Non-discounted rescheduled debt, together with the repayment calendar (before elimination of intra-group items) is as follows:

(in millions of euros)	***Liabilities 12/31/2009***	***Additions[(4)] to liabilities***	***2010 payments[(5)]***	***Liabilities 12/31/2010***	***2011***	***2012***	***2013***	***2014***	***2015***
Initial plan[(1)]………	22.4	-0.2	-2.8	19.3	-2.8	-3.4	-3.4	-4.5	-5.1
Compensation to former Metaleurop Nord non-managerial employees[(2)]	12.4	0.2	-4.3	8.4	-1.3	-1.5	-1.5	-2.0	-2.0
Compensation to former Metaleurop Nord managerial employees[(3)]	-	3.6	-1.2	2.4	-0.4	-0.4	-0.4	-0.6	-0.6
Total rescheduled debt	**34.8**	**3.6**	**-8.4**	**30.0**	**-4.5**	**-5.3**	**-5.3**	**-7.1**	**-7.7**

[(1)] Initial debt under the continuation plan as approved by the Paris Commercial Court on November 24, 2005.

[(2) (3) and (4)] Following the Douai Appeal Court rulings on December 18, 2009 and December 17, 2010 (see Note 1), 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 liabilities, pending the decisions from the Cour de Cassation.

[(5)]In addition to the 2010 instalment due under the initial plan, 34% of the total damages due to former employees of Metaleurop Nord SAS, corresponding to the first five instalments under the continuation plan and totalling €5.5 million, was paid by the Company following the above mentioned decisions, pending the decisions from the Cour de Cassation.

Total payments under the Company’s continuation plan in 2010 were €7.7 million (€8.4 million before elimination of intragroup payments), of which more than half, or €5.5 million, represented damages payments to former employees of Metaleurop Nord SAS, pending the decisions from the Cour de Cassation.

At December 31, 2010, 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 €30 million (€25.7 million after elimination of intra-group items), against €19.3 million excluding these damages payments (€15 million after elimination of intra-group items).

It is important to note that on December 17, 2010, the Company has again been called to hearings before the conciliation panel of the Industry section and of the Management section of the Lens labour tribunal on 8 March 2011, following further applications for damages submitted in December 2010 by 192 former managerial and non-managerial employees of Metaleurop Nord SAS who were not party to the proceedings brought in 2006. The claimed damages amount to approximately €9.96 million and have been fully provisioned in the Company accounts at 31 December 2010. 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.

Including the damages already awarded to the former employees of Metaleurop Nord SAS and the damages claimed in the new proceedings brought by former employees, if the outcome of the new proceedings is unfavourable, and subject to the decisions of the Court of Cassation, Recylex SA could find itself with an estimated liability of approximately €20.8 million over the next five years. These damages plus existing liabilities under the continuation plan of €19.3 million would increase the amount Recylex SA would have to pay under the continuation plan, due to end in 2015, to over €40 million. Such an increase in scheduled payments under the continuation plan could generate a 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 (Note 1) and the amount is not included in the Group's five-year cash flow forecast (2011-2015). Should this claim come to a final outcome against Recylex SA, the available cash would no longer be compatible with the instalments to repay creditors under the continuation plan and 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

12/31/2010	***Available-for-sale assets***	***Loans and receivables***	***Fair value through income***	***Hedging derivatives***	***Debt at amortized cost***	***Balance sheet value***	***Fair value***
(€ thousands)							
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

12/31/2009	*Available-for-sale assets*	*Loans and receivables*	*Fair value through income*	*Hedging derivatives*	*Debt at amortized cost*	*Balance sheet value*	*Fair value*
(€ thousands)							
Assets							
Non-current assets							
Non-current financial assets		847				847	847
Non-current derivatives							
Other non-current assets		5,303				5,303	5,303
Current assets							
Trade receivables		33,655				33,655	33,655
Current derivatives(3)				122		122	122
Cash and cash equivalents		45,907	7,591			53,498	53,498
Liabilities							
Non-current liabilities							
Non-current interest-bearing borrowings					9,455	9,455	9,350
Other non-current liabilities(1)					20,617	20,617	20,617
Current liabilities							
Current interest-bearing borrowings ...					3,932	3,932	3,932
Trade payables					19,709	19,709	19,709
Current derivatives(3)			1,184	888		2,072	2,072
Other current financial liabilities(2)			422		6,482	6,904	6,904

(1)Other non-current liabilities solely include liabilities rescheduled under the continuation plan.
(2)Other current 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, 2010

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.

(€ thousands)	***Level 1***	***Level 2***	***Level 3***
Current derivatives	-	91	-
Cash and cash equivalents	-	-	-
Total assets	**-**	**91**	**-**
Current derivatives	-	865	-
Other financial liabilities	**-**	531	
Total liabilities	**-**	**1,396**	**-**

Net gains and losses by category of instrument and impact on equity

(€ thousands)	*Recognized in income*	
	12/31/2010	***12/31/2009***
Income/expense relating to loans and receivables recognized at amortized cost	2	(34)
Foreign exchange gains/(losses) on loans and receivables (note 27)	(289)	56
Impairment loss/reversal of impairment loss on loans and receivables	(263)	(804)
Foreign exchange gains/(losses) on cash and cash equivalents (note 27)	(210)	24
Factoring costs	(799)	(381)
Total loans and receivables	**(1,558)**	**(1,139)**
Income from investments held at fair value	50	807
Investments at fair value through profit or loss (1)	**50**	**807**
Interest expense on borrowings stated at amortized cost	(1,139)	(894)
Impact of discounting frozen liabilities (Note 18)	(702)	(311)
Foreign exchange losses on borrowings at amortized cost	(57)	-
Financial expense relating to recognition of liabilities under clawback clause as debt (Note 18.2)	(2,400)	
Total borrowings and debt at amortized cost	**(4,299)**	**(1,205)**
Cash flow hedges: inefficiency recognized in income	0	0
Total hedging derivatives	**0**	**0**
Derivatives measured at fair value	837	(1,065)
Total	**(4,970)**	**(2,602)**

(€ thousands)	*Recognized in equity*	
	12/31/2010	***12/31/2009***
Cash flow hedges: change in fair value reflecting the effective portion of the hedge	(613)	(888)

(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 €2.3 million.

NOTE 34. INFORMATION CONCERNING CREDIT RISK

Unpaid receivables

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***
(€ thousands)			0-3 Month	3-6 Month	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	**191,151**	**26,933**	**8,212**	**171**	**9**	**155,526**

At December 31, 2009	***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***
(€ thousands)			0-3 Month	3-6 Month	Over 6 months	
Loans	14	14	-	-	-	-
Trade receivables	39,124	21,890	10,988	586	192	5,469
Other receivables	2,094	1,605	-	-	2	487
Other financial assets (1)	150,608	-	-	-	-	150,608
Total	**191,840**	**23,509**	**10,988**	**586**	**194**	**156,564**

(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, 2010, €8.4 million in trade receivables remained unpaid but were not written down. Of the total, 94% were less than sixty days past due.

Treasury investments are made solely in the money markets through AAA-rated banks.

Impairment of loans and receivables

	December 31, 2010			*December 31, 2009*		
(€ thousands)	***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	**244,422**	**5,469**	**487**	**244,422**	**4,764**	**388**
Increases	-	259	5	-	842	99
Uses	-	(694)	(307)	-	-	-
Reversals	-	(3)	-	-	(136)	-
Total impairment losses at December 31	**244,422**	**5,033**	**185**	**244,422**	**5,469**	**487**

Impairment losses are recognized only on a case-by-case basis.

NOTE 35. LIQUIDITY RISKS: OUTSTANDING FINANCIAL LIABILITIES BY MATURITY DATE

At December 31, 2010, undiscounted contractual cash flows (principal and interest) arising from outstanding financial liabilities break down by maturity date as follows:

(€ thousands)	***Balance sheet value***	***Contractual cash flows***	***2011***	***2012***	***2013***	***2014***	***2015***	***>5 years***
Borrowings	12,374	13,132	6,349	5,538	635	610	-	-
Liabilities rescheduled under the continuation plan	23,491	25,020	3,790	4,548	4,548	6,065	6,069	-
Clawback clause (1)	2,400	19,210						19,210
Trade payables	35,968	35,968	35,968	-	-	-	-	-
Commitments under operating leases and finance leases	-	3,439	1,335	796	457	396	445	11
Other current liabilities (2)	402	402	402	-	-	-	-	-
Total	**74,635**	**97,171**	**47,844**	**10,882**	**5,640**	**7,071**	**6,514**	**19,221**

(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 liabilities covered by this clause is €19,210 thousand. Its fair value (Note 18.2) was €2,400 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, 2010, 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

Commodities risk

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 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 recognized on the balance sheet;
- Risk of fluctuations in prices of metals contained in commercial inventories[11]:

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 recognized 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.

Fair value		***12/31/2010***		***12/31/2009***
(€ thousands)	*Current*	*Non-current*	*Total*	*Total*
Other financial instruments (assets - liabilities).......	(865)		(865)	(2,072)
Assets..				
Derivatives (cash flow hedges)..............................				-
Derivatives (fair value hedges)	91		91	122
Liabilities...				
Derivatives (cash flow hedges)...............................	613		613	888
Fair value of underlying hedged risk	91		91	122
Derivatives (other)	252		252	1,184

Fair value hedges

At December 31, 2010, the fair value of derivatives treated as fair value hedges amounted to €91 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 €91 thousand.

Derivatives used to hedge a recognized 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 recognized in the income statement and offset symmetrically by the change in fair value of the hedged risk.

[11] 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.

The maturity of metal derivatives used for fair value hedging purposes is as follows:

(€ thousands)	Market value of derivatives by maturity date	Nominal
2011 financial year	91	862
2012 financial year	-	-
Total	**91**	**862**

Cash flow hedges

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

(€ thousands)	Market value of derivatives by maturity date	Nominal
2011 financial year	(613)	8,975
2012 financial year	-	-
Total	**(613)**	**8,975**

The hedged cash flows arise during the same periods as those affected by the hedging instruments.

Under IAS 39, the portion of the change in value on the effective portion of derivatives is recognized directly in equity, while the ineffective portion of the change in fair value is recognized 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 December 31, 2010, an unrealised loss of €613 thousand was recognized in equity over the period (unrealised loss of €888 thousand at December 31, 2009).

Changes in hedging reserves are shown in the following table:

(€ thousands)	December 31, 2010	December 31, 2009
At 1 January	(888)	2,291
Amount recycled from equity to income	888	(2,291)
Amounts recognized directly in equity	(613)	(888)
Total before deferred taxes	**(613)**	**(888)**
Deferred taxes	179	258
Amount net of taxes at the period end	**(434)**	**(630)**

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. The Group has decided not to document these derivatives as hedges, as defined in IAS 39. They have been classified as "Held-for-trading financial instruments" and are therefore measured at fair value through profit or loss.

Their maturity is as follows:

(€ thousands)		Market value of derivatives by maturity date	Nominal
2011 financial year	(trading risk hedges)	(252)	16,554
2012 financial year	(trading risk hedges)	-	-
	Total	**(252)**	**16,554**

Sensitivity analysis

The sensitivity analysis was performed based on the status of derivatives at the balance sheet date. A +/- 26% change in the lead price compared with the closing price would have a +/- €2,5 million impact on equity and a +/- €4.5 million impact on income at December 31, 2010.

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:

12/31/2010	*USD thousands*	*€ thousands*
Non-current financial assets		
Other non-current assets		
Trade receivables	14,688	10,981
Current derivatives		
Other current assets		
Other current financial assets		
Cash and cash equivalents		
Assets	**14,688**	**10,981**
Non-current interest-bearing borrowings		
Other non-current liabilities		
Current interest-bearing borrowings		
Trade payables	15,441	11,540
Derivatives		
Other current financial liabilities		
Liabilities	**15,441**	**11,540**

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, 2010, a +/-10% change in the euro-dollar exchange rate would have an impact on income of -€62 thousand should the US dollar appreciate or -€51 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 recognized on the balance sheet at fair value, with changes in fair value taken to income for -€94 thousand.

At December 31, 2010, 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, 2010

The following changes in the scope of consolidation occurred in 2010:

- Eco Recyclage (Algeria) began operations during 2010. The Recylex Group owns 33.33% of this company's capital. The Group accounts for this investment under the equity method.
- Norzinco SA, which ceased operations in 2009, was absorbed by Delot Métal SAS at the end of 2010.

	Registered office	Consolidation method	% interest	% control	% interest at 12/31/2009
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	Paris	FC	100.00	100.00	100.00
Norzinco SA (absorbed by Delot Métal SAS)	Anzin	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'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 practises 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-2010, environmental provisions recognized by the Group totalled €32,226 thousand, covering the present value of all forecastable expenditure based on the required remediation timeframe, which may last until 2022.

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 recognized 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:

(€ thousands)	2010	2009
France		
Active sites	0	150
Closed sites	17,343	16,706
Mines	5,171	5,558
Germany		
Active sites	1,116	
Closed sites	9,871	10,210
Belgium		
Active sites	742	742
Total provisions	**34,243**	**33,366**

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 set aside as part of 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 2010, the assessment of additional work required at several mines led to €627 thousand of additional provisions.

The aggregate amount of provisions (before discounting) covering the entire former mining site rehabilitation programme came to €5,171 thousand at 31 December 2010.

(€ thousands)	2010	2009
Total provisions	5,171	5,558

At the end of 2010, Recylex SA had mining rights at fifteen concessions, after giving up fourteen concessions since 2004.

2.2 Monitoring of contingent liabilities relating to former mining sites

On December 3, 2009, the Marseille Appeal Court partially overturned the Prefectoral Order of September 23, 2003 regarding the Saint-Sébastien-d'Aigrefeuille mining site in the Gard département and thus relieved Recylex SA of the requirement to bear the cost of works to secure the former mining waste storage facility. The government has not appealed against this ruling.

Regarding the former Saint-Laurent-le-Minier mining site in the Gard, a draft Prefectoral Order of required works is being drawn up to assess the health risks in the area surrounding the mining concession. The results of this study will determine the works to be carried out at the site.

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.

(€ thousands)	2010	2009
France		
Closed sites	17,343	16,706
Germany		
Closed sites	9,871	10,210
Total	**27 214**	**26,916**

3.1 Provisions relating to sites in France

(i) <u>Estaque</u>

After operations at the L'Estaque facility were discontinued in February 2001, a Prefectoral Order dated December 23, 2002 defined the programme to rehabilitate the site. In 2010, an additional provision of €483 thousand was booked given the extra one year required to complete the work. A new Prefectoral order is currently being prepared to revise the timetable.

The aggregate amount of provisions (before discounting) covering the L'Estaque site rehabilitation programme came to €16,683 thousand at December 31, 2010. These amounts are the best available estimates, based on the technical reports of independent experts.

(ii) <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 in discussions with several potential buyers. In 2010, the Company elected to demolish the buildings in order to be able to offer a clear site. Provisions of €660,000 have been created to cover this work.

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, a settlement 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 settlement 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 €9,871 thousand at December 31, 2010, including €8,326 thousand for the Harz-Metall GmbH site in Goslar-Oker and €1,437 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: €6,374 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 €337 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). 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, 2010.

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 GmbH site in Langelsheim, 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 will have a capacity of 360,000 tonnes.

Concerning provisions for remediation of operational storage areas for end-of-process waste (slag), the group recognizes 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. The provision thus calculated is €928 thousand. An asset of equal value has been created to balance this provision. This asset will be depreciated as the storage capacity is filled. In 2010 the depreciation charge on this asset was €81 thousand, corresponding to 26,000 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 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

The high lead and zinc prices observed at the end of 2010 continued into the early part of 2011, with prices of more than $2,300 per tonne. However, any future increase in interest rates, notably in China, could increase concern over a slowdown in demand and thus a correction in metal prices.

Given the cold winter in Europe, the volume of batteries recycled over the first few months of 2011 was higher than expected. The zinc and special metals businesses also saw satisfactory volumes at the beginning of the year.

Post-closure events

There are no material events to note.

NOTE 40 - FEES PAID TO STATUTORY AUDITORS

	Deloitte				KPMG			
(euros)	Amount		%		Amount		%	
	2010	2009	2010	2009	2010	2009	2010	2009
Audit								
Recylex SA	156,000	149,500	35%	29%	156,000	149,500	89%	88%
Subsidiaries	292,940	357,933	65%	71%	18,430	19,836	11%	12%
TOTAL	448,940	507,433	100%	100%	174,430	169,336	100%	100%
Sub-total	***448,940***	***507,433***	***100%***	***100%***	***174,430***	***169,336***	***100%***	***100%***
Other services								
Recylex SA	**-**	**-**	**0%**	**0%**	**-**	**-**	**0%**	**0%**
	-	**-**	**0%**	**0%**	**-**	**-**	**0%**	**0%**
Sub-total	***-***	***-***	***0%***	***0%***	***-***	***-***	***0%***	***0%***
TOTAL	***448,940***	**507,433**		**100%**	***174,430***	**169,336**		**100%**

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Year ended 31 December 2010

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 2010, 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 2010 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 following matters:

- The change in accounting presentation detailed in note 2 to the consolidated financial statements regarding the reclassification of charges to provisions for the remediation of former mining sites from "Depreciation, amortization and impairment losses" to "Other non-recurring operating income and expense"
- The uncertainty set out in note 1 to the consolidated financial statements relating to the lawsuit, brought in 2006 against the company by the liquidators of Metaleurop Nord SAS claiming the repayment by Recylex SA of €50 million of Metaleurop Nord SAS' liabilities, which 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 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". Pursuant to the judgment of Douai Appeal Court, on February 12, 2009 Recylex S.A. applied to the "Conseil d'Etat" for a preliminary ruling on legality. The preliminary ruling from the "Conseil d'Etat" is awaited before the Douai Appeal Court can rule on either the admissibility or the merits of the case.

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 2010.

Should the outcome of both lawsuits 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 financial crisis that was accompanied by an economic crisis leads to various consequences for companies and in particular regarding their activity and financing. These elements have been considered by your company to assess the going concern assumption adopted for the preparation of the financial statements for year ended 31 December 2010. The very high volatility in lead and zinc prices, in the euro-dollar exchange rate as well as uncertain market conditions on these values create specific conditions this year for financial statements' preparation, in particular regarding accounting estimates that are required in accordance with accounting standards. These conditions are described in note 2 - §"Use of estimates" to the consolidated financial statements. We have made our own assessments in this context 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 2010 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.

- **Change in accounting presentation**

As mentioned in the first part of our report, the change in accounting presentation regarding the reclassification of charges to provisions for the remediation of former mining sites made during the year is detailed in note 2 to the consolidated financial statements. Our work consisted in reviewing the appropriateness of this change in accounting presentation 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, 21 March 2011

KPMG Audit

A division of KPMG S.A.

Catherine Porta
Partner

Deloitte & Associés

Frédéric Neige
Partner

PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2010

Balance sheet at December 31, 2010

ASSETS (in thousands of euros)	Dec. 31, 2010	Dec. 31, 2009
Non current assets		
Intangible assets	3,455	3,453
Amortisation	(3,452)	(3,452)
Sub-total	**3**	**1**
Property, plant and equipment	23,906	23,036
Depreciation	(14,766)	(13,844)
Sub-total	**9,140**	**9,192**
Financial assets		
Equity investments	208,594	204,165
• Impairment provisions	(142,931)	(138,392)
Loans and advances to investee companies	152,083	156,111
• Impairment provisions	(151,833)	(156,111)
Loans		
• Impairment provisions		
Other	472,	490
• Impairment provisions	(114)	(114)
Sub-total	**66,271**	**66,149**
I – TOTAL NON-CURRENT ASSETS	**75,414**	**75,342**
Current assets		
Inventories & work-in-progress	11,516	6,812
Impairment provisions		
Sub-total	**11,516**	**6,812**
Advance payments on orders	206	271
Trade receivables	8,057	11,055
• Impairment provisions	(3,412)	(3,591)
Other receivables	2,756	2,956
• Impairment provisions	(2,067)	(1,606)
Marketable securities	293	5,225
• Impairment provisions	(64)	(117)
Cash and cash equivalents	18,318	21,322
Sub-total	**24,087**	**35,514**
II - TOTAL CURRENT ASSETS	**35,602**	**42,326**
Pre-paid expenses & deferred charges	35	23
Unrealized foreign exchange losses		
III - TOTAL	**111,051**	**117,691**

LIABILITIES (in thousands of euros)	Dec. 31, 2010	Dec. 31, 2009
Equity		
Share capital	47,950	47,920
Share premiums	866	783
Revaluation reserves	1,480	1,480
Statutory reserve	875	875
Regulated reserves		
Other reserves	660	660
Retained earnings	(3,847)	(6,263)
Special tax-allowance provisions	391	431
Net income/(loss) for the period	**(10,585)**	**2,416**
I - TOTAL EQUITY	**37,790**	**48,302**
Provisions for contingencies and charges		
Provisions for contingencies	13,244	4,811
Provisions for charges	23,019	22,974
II - TOTAL PROVISIONS	**36,262**	**27,785**
Liabilities		
Financial liabilities		
Bank borrowings	103	118
Other financial liabilities	8,893	10,478
Sub-total	**8,996**	**10,596**
Operating liabilities		
Trade payables	7,055	6,968
Tax and employee-related liabilities	1,801	1,955
Liabilities to suppliers of non-current assets		
Other current liabilities	19,147	22,086
Sub-total	**28,003**	**31,008**
III - TOTAL LIABILITIES	**36,998**	**41,603**
Pre-paid income		
Unrealised foreign exchange gains		
IV - TOTAL EQUITY AND LIABILITIES	**111,051**	**117,691**

Income statement at December 31, 2010

(in thousands of euros)	Dec. 31, 2010	Dec. 31, 2009
Sales of goods and services	74,298	48,308
Provision reversals	1,505	2,025
Other revenue and change in inventories	4,111	5,339
Total revenue	**79,915**	**55,673**
Purchases and change in inventories	(61,949)	(38,861)
Other purchases and external charges	(11,894)	(11,662)
Taxes other than on income	(586)	(90)
Staff costs	(3,275)	(2,804)
Amortisation, depreciation and provisions	(2,584)	(2,491)
Operating expenses	**(80,287)**	**(55,908)**
OPERATING INCOME/(LOSS)	**(373)**	**(235)**
Interest and similar income	1,362	1,387
Provision reversals & expense transfers	68	100
Foreign exchange gains		
Financial income	**1,431**	**1,487**
Interest and similar expenses		
Provisions charge	(733)	(118)
Foreign exchange losses		
Financial expense	**(733)**	**(118)**
NET FINANCIAL INCOME/(EXPENSE)	**697**	**1,369**
INCOME BEFORE EXCEPTIONAL ITEMS	**325**	**1,134**
Net exceptional gains/(losses) on operating activities	(2 604)	(12,157)
Capital gains/(losses)	(225)	(69)
Net provision reversal/(charge)	(8 220)	13,507
NET EXCEPTIONAL INCOME/(EXPENSE)	**(11,048)**	**1,282**
Income before tax	**(10,724)**	**2,416**
Income tax expense	139	
NET INCOME/(LOSS)	**(10,585)**	**2,416**

Cash flow statement

(in thousands of euros)	Dec. 31, 2010	Dec. 31, 2009
Net income excluding dividends	(11,694)	1,666
Amortisation and depreciation	1,036	967
Change in provisions	8,927	(13,991)
Gains and losses on disposals of non-current assets	14	69
OPERATING CASH FLOW	**(1,717)**	**(11,289)**
Change in inventories	(4,704)	(5,594)
Change in trade receivables and payables	246	14,321
NET CASH FROM OPERATING ACTIVITIES (A)	**(6,176)**	**(2,562)**
Purchases of fixed assets and increase in related receivables		
• Property, plant and equipment and intangible assets	(1,000)	(1,242)
• Financial assets	(761)	(120)
Disposals of non-cuurent assets and decrease in related receivables		
• Property, plant and equipment and intangible assets		1
• Financial assets	377	10
Investment grants		
NET CASH FROM INVESTING ACTIVITIES (B)	**(1,383)**	**(1,350)**
FREE OPERATING CASH FLOW (C=A+B)	**(7,559)**	**(3,913)**
Capital contributions	113	4
Dividends paid		
Dividends received	1,110	750
Change in financial liabilities	(1,600)	(1,115)
Change in non-operating assets and liabilities		
NET CASH FROM FINANCING ACTIVITIES (D)	**(377)**	**(361)**
CHANGE IN CASH AND CASH EQUIVALENTS (C+D)	**(7,937)**	**(4,274)**

Intermediate income statement balances

(in thousands of euros)	Dec. 31, 2010	Dec. 31, 2009
Sales of goods		
Cost of goods sold		
Gross margin on sales		
Production sold	74,298	48,308
Production held in inventory	3,975	5,188
Fixed assets produced for own use		
Total production	**78,274**	**53,496**
Expense transfers	93	98
Purchases of raw materials, consumables and sub-contracting	(63,655)	(40,003)
Change in inventories of raw materials and consumables	729	406
Other expenses	(10,553)	(10,795)
External charges	**(73,386)**	**(50,392)**
ADDED VALUE	**4,888**	**3,203**
Operating subsidies		
Taxes other than on income	(586)	(90)
Staff costs	(3,275)	(2,804)
EBITDA	**1,027**	**309**
Provision reversals	1,505	2,025
Other income	43	53
Amortisation, depreciation and provisions	(2,584)	(2,491)
Other expenses	(364)	(132)
OPERATING INCOME	(373)	(235)
Financial income	1,431	1,487
Financial expense	(733)	(118)
NET FINANCIAL INCOME/(EXPENSE)	**697**	**1,369**
INCOME/(EXPENSE) BEFORE EXCEPTIONAL ITEMS	**325**	**1,134**
Exceptional income	6,740	16,503
Exceptional expense	(17,789)	(15,221)
NET EXCEPTIONAL INCOME (EXPENSE)	**(11,048)**	**1,282**
Employee profit-sharing		
Income tax	139	
NET INCOME/(LOSS)	(10,585)	2,416

Gains or losses on asset disposals included in exceptional items:		
Proceeds from asset disposals	0	1
Net book value of assets sold	(14)	(70)
Capital gains or losses	(14)	(69)

Significant events in 2010 and subsequent events

Significant events

In 2010, lead prices rose from €1,662 per ton at December 31, 2009 to €1,936 per ton at December 31, 2010. In early February 2010 and early June 2010, lead prices sank to their lowest annual level, down to €1,406 per ton and €1,303 per ton, respectively. However, as lead prices averaged €1,615 per ton in 2010, they were higher than in 2009 during which they averaged €1,225 per ton.
In the lead business, the growth in volumes of secondary materials for processing (batteries) witnessed in the first half of 2010 persisted in the second half of 2010. In 2010, 103,232 tons of batteries were processed, up from 92,732 tons in 2009.
This increase in volumes processed occurred at the same time as a significant rise in battery prices and this weighed on margins.

Ongoing litigations relating to Metaleurop Nord SAS

The legal claims lodged against Recylex SA in 2006 by former employees of Metaleurop Nord SAS on the one hand and by the liquidators of Metaleurop Nord SAS on the other hand are still ongoing, with new claims laid by other former employees of Metaleurop Nord SAS in 2010:

- **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 *Tribunal de Commerce* on 24 November 2005. The Company appealed against these decisions.

On December 18, 2009, the Douai Appeal Court partially upheld the labour tribunal's decisions, ruling as follows:

- damages were awarded to 460 unprotected former employees and Recylex SA was ordered to recognize these sums as liabilities totalling approximately €12.4 million and these sums were included in the liabilities of Recylex SA's continuation plan payable in instalments. On February 9, 2010, the Company decided to appeal against these 460 decisions at the *Cour de Cassation*, which has not suspended their inforcement. In accordance with the continuation plan, 24% of these sums, or approximately €3 million, corresponding to the first four instalments of the plan (payable from 2006 to 2009) were paid in February 2010, and the balance will be paid, pending the decisions of the *Cour de Cassation*, in instalments in accordance with the terms and conditions of the continuation plan. On November 24, 2010, the fifth instalment of the Company's continuation plan, equivalent to 10% of the liabilities recognised under the plan, was paid by the Company.

- 22 cases involving protected former employees (staff representatives, works council members, trade union delegates) were rejected.

- 11 cases involving unprotected former employees were adjourned for various reasons (death of claimant, lack of documentation, employee made redundant before Metaleurop Nord SAS's liquidation). On December 17, 2010, the Douai Appeal Court granted 8 former employees €30,000 in compensation and €100 in costs, totalling approximately €240,000 and ruled that these damages should be included to the liabilities of Recylex SA to be paid in instalments under its continuation plan. On December 23, 2010, the Company decided to appeal against these eight decisions to the *Cour de Cassation* and paid 34% of the compensation awarded by the Douai Appeal Court, or a total of €82,000, corresponding to the first five instalments under the Company's continuation plan (November 2006 to November 2010), pending the rulings from the *Cour de Cassation*. The balance of these sums, pending the decisions by the *Cour de Cassation*, will be paid in instalments according to the details of the Company's continuation plan. The Douai Appeal Court further decided to adjourn the claims of the 3 former employees to hearings set for March 23, 2011.

(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 €15,000 and €50,000 and €500 in costs, for a total of approximately €3.6 million, and ruled that these sums should be included to the liabilities of Recylex SA to be paid in instalments under its continuation plan. On December 23, 2010, the Company decided to appeal against these decisions at the *Cour de Cassation*, which does not suspend their inforcement.

In accordance with Recylex SA's continuation plan, 34% of the damages awarded by the Douai Appeal Court to 84 unprotected former managerial employees, or totalling approximately €1.2 million, corresponding to the first five instalments under the Company's continuation plan (November 2006 to November 2010) was paid on December 23, 2010. The balance of these sums, totalling approximately €2.4 million, will be paid in instalments, pending the decisions by the *Cour de Cassation*, according to the details of the Company's continuation plan.

In addition, the Douai Appeal Court rejected the claims for damages of six former protected managerial employees and adjourned the case of a former unprotected managerial employee to its hearing on March 23, 2011.

(iii) New claims from former managerial and non-managerial employees

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 new claims 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 2006. Each former employee is claiming damages between €30,000 and €50,000 plus €300 in costs, for a total amount of approximately €9.96 million. The Company has 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 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.

Recylex SA had argued that the claim brought by the liquidators of Metaleurop Nord SAS was inadmissible on the grounds that the liquidators had failed to state their claim in accordance with the law in the context of the Company supervised recovery procedure begun on November 13, 2003. The liquidators claimed that there is a regulatory dispensation that exempted them from this requirement. Recylex SA submitted an appeal to the Conseil d'Etat for a judgement on this point of law on February 12, 2009. The Conseil d'État must make its decision before the Douai Appeal Court can rule on either the admissibility or the merits of the case.

Recylex SA has not set aside any provisions in its parent-company or consolidated financial statements for the proceedings initiated by Metaleurop Nord SAS'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.

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, if the final decisions in these proceedings go against Recylex SA, the inforcement of the continuation plan could be jeopardized.

- **Liability action against the creditors' representative**

Under the administration of Recylex SA, which resulted in the continuation plan adopted on November 24, 2005, the creditors' representative erroneously included amongst uncontested debts a debt which was subject to an on-going case before the Paris Commercial Court. This debt having been definitively included, Recylex SA was obliged to pay it under its continuation plan, without any ruling on the dispute having been made. The Company therefore decided to take a liability action against the creditors' representative.

In a ruling on January 20, 2010, the Paris Regional Court ordered the creditors' representative to pay the Recylex SA the sum of €3 million in damages, with interim enforcement of €1 million. On February 22, 2010, the decision was appealed by the creditors' representative.

On June 15, 2010, given the uncertainty relating to the outcome of the appeal procedure, Recylex SA reached an agreement with the creditors' representative under which the latter would drop the appeal procedure and make immediate payment to Recylex SA of the sum of €1.5 million in settlement.

Continuation plan of Recylex SA

Recylex SA is continuing to implement the continuation plan approved by the Paris Commercial Court on November 24, 2005. At December 31, 2010, in accordance with the decisions of the Douai Appeal Court dated December 17, 2010, the damages and costs awarded to 8 former non-managerial employees and 84 former managerial employees of Metaleurop Nord SAS, totaling €3,803,000, were incorporated in the liabilities of the continuation plan. The remaining liabilities payable in installments under this plan total around €30 million under a five-year repayment schedule. The fifth installment of the plan, amounting to around €4.1 million, was paid in November 2010.
The total amount of payments made in 2010 as part of the implementation of the Company's continuation plan stood at €8.4 million, of which more than half, or €5.5 million, in damages paid to former employees of Metaleurop Nord SAS, following the afore-mentioned rulings handed down by the Douai Appeal Court on December 18, 2009 and December 17, 2010, subject to the decisions of the Cour de Cassation.
Payment of the sixth installment of the continuation plan, i.e. about €4.5 million, is scheduled for November 2011.

Post-balance sheet events

No significant post-balance sheet event occurred.

Notes to the financial statements of Recylex SA

These Notes refer to the balance sheet before appropriation of net income for the period ending on December 31, 2010 and total assets amount to €111,050,558.69. These Notes also refer to the income statement that shows a €10,584 516.96 loss.
The Notes and Tables hereafter form an integral part of the financial statements for the period ranging from January 1, 2010 to December 31, 2010.
Amounts shown in the tables of these Notes are expressed in thousands of euros.

Accounting rules and methods

The Company's annual financial statements have been prepared in accordance with French generally accepted accounting principles (1999 *Plan Comptable Général*), and with the provisions of French law. These principles require that the financial statements are prepared prudently on 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 of assessing economic prospects, the financial estimates used in the preparation of the financial statements for the year ending on December 31, 2010 are based on the best current estimates by the Company's management regarding the foreseeable future.

Intangible assets

Software is amortized over its estimated useful life (one to five years).

Property, plant and equipment

Property, plant and equipment is measured at cost (purchase price and 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 estimated useful life of the item concerned, as follows:

- 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 equipment and IT equipment: 3 to 5 years.

Non-current financial assets

Non-current financial assets are measured at cost. A provision for impairment is recognized if their fair value falls below cost. The fair value of equity investments is estimated on the basis of several criteria including the Company's share of the underlying net assets, operating risks and the strategic interest of the investment to the Group.
Impairment provisions are recognized against receivables due from investee companies and loans based on the probability of non-recovery.

Inventories & work-in-progress

Inventories and work-in-progress are measured at average weighted cost (excluding interest on borrowings).
Provisions for impairment are recognized if the net realizable value of inventories at year-end, which is based mainly on metal prices, is lower than their average weighted cost.

Receivables

Receivables are measured at their face value. An impairment provision is recognized if their book value is lower than their carrying amount.

Marketable securities

Marketable securities comprise treasury shares measured at cost and short-term investments of excess cash.
A provision for impairment is recognized against treasury shares not allocated to a share allotment plan if their market price falls below their acquisition cost.
A provision for impairment is recognized against treasury shares allocated to a share allotment plan if their market price preceding the conclusion of the plan is lower than acquisition cost.

Bonus shares

The company applies the CRC (French Accounting Regulation Committee) regulation 2008-15 of December 4, 2008 relating to the accounting treatment of employee stock option and bonus share allocation plans. This regulation states that, as soon as the Company decides to allot bonus shares or stock options, it has an obligation to allocate shares to its employees. Depending on the allotment arrangements, this obligation may or may not generate a liability or contingent liability. A liability must be recognized if the obligation to allot shares to employees is likely or certain to generate an outflow of resources that is not at least matched by an equivalent consideration. If the outflow of resources is not likely, the obligation meets the definition of a contingent liability. A provision is recognized based on the probable cost of buying the shares, the number of shares to be allotted given staff turnover, and changes in the value of shares and of services provided as consideration. Additions to and reversals of provisions and related charges are included in personnel costs. The application of this regulation has no effect on prior periods.

Provisions for contingencies and charges

Provisions for contingencies and charges are measured in accordance with the CRC 2000-06 standard of December 7, 2000 covering liabilities. They mainly concern site remediation work, severance pay and benefits payable to employees under the early retirement plan for the mining industry, pensions, end-of-career allowances, long-service awards and other miscellaneous risks.
When the assumptions of an outflow of resources are in the long term (more than 5 years in general), the commitment is accordingly discounted. This principle is applied to provisions for severance pay as well as the provision corresponding to the clawback clause (Note 21).
Provisions for end-of-career allowances and long-service awards are determined on the basis of length of service and the probability of the employee being employed by the Company at retirement date. They are calculated using the projected unit credit method, based on projected future wages and benefits.
A 4.5% discounting rate was used, on the basis of the 10-year Bloomberg Corporate AA index at December 31, 2010.
Provisions are recognized for identified risks at sites in operation, whenever there is a legal or regulatory obligation.

Provisions for site remediation are recognized in respect of discontinued sites, in accordance with legal requirements. The provisions set aside to cover these risks are assessed on the basis of the Company's mining and metalworking experience and on external cost estimates when they are available.

Translation adjustments

Expenses and income denominated in foreign currency are translated at the rate prevailing on the transaction date. Liabilities, assets and cash are translated at the year-end rate. Any resulting exchange differences are recognized in the balance sheet under the "Translation adjustments" item. Unrealized foreign exchange losses are fully provisioned against risks.

Notes to the balance sheet

Note 1. Property, plant and equipment and intangible assets

The carrying amount of property, plant and equipment and intangible assets contracted by €50,000.
Capital expenditure for the year, at the Villefranche and Escaudoeuvres plants, amounted to €979,000.
Asset disposals and retirements amounted to €13,000 net, comprising a gross value of €127,000 less €114,000 in accumulated depreciation.

Gross values

(in thousands of euros)	Gross at January 1, 2010	Increases Acquisitions Production	Decreases Disposals Retirements	Inter-item transfers	Gross at Dec. 31, 2010
Intangible assets	3,453	2			**3,455**
Land	3,223				**3,223**
Buildings	9,278	221	30	23	**9,492**
Plant, equipment & tools	7,501	376	70		**7,808**
Other	2,897	374	27	111	**3,355**
Property, plant and equipment in-progress	138	26		(134)	**29**
Advance payments					
TOTAL ,	**26,489**	**1,000**	**127**	**0**	**27,361**

Amortization, depreciation and provisions statement

(in thousands of euros)	Cumulative amortization, depreciation and impairment provisions at January 1, 2010	Amortization and depreciation Increases Straight-line charge for the period	Amortization and depreciation Decreases Disposals Retirements	Amortization and depreciation Inter-item transfers	Impairment provisions Increases Charges	Impairment provisions Decreases Reversals	Cumulative amortization, depreciation and impairment provisions at Dec. 31, 2010
Intangible assets	3,452	1					**3,452,**
Land	809	25					**834**
Buildings	6,500	347	26				**6,821**
Plant, equipment & tools	5,143	366	70				**5,438**
Other	1,393	297	18				**1,673**
TOTAL	**17,296**	**1,036**	**114**				**18,218**

Note 2. Non-current financial assets

The net value of financial assets increased by €122,000.

Gross values

(in thousands of euros)	Gross at Jan. 1, 2010	Increases: Acquisitions	Decreases: Disposals	Inter-item transfers	Gross at Dec. 31, 2010	Maturity: Under one year	Maturity: Over one year
Equity investments	204,165	125		4,304	208,594		208,594
Receivables from investee companies	156,111	633	356	(4,304)	152,083		152,083
Other long-term securities	126				126		126
Loans							
Other	363	3	21		345		345
TOTAL	**360,765**	**761**	**377**		**361,149**		**361,149**

Impairment provisions

(in thousands of euros)	Provisions at Jan. 1, 2010	Increases: Charge to financial provisions in the period	Increases: Charge to exceptional provisions in the period	Decreases: Reversal of financial provisions in the period	Decreases: Reversal of exceptional provisions in the period	Inter-item transfers	Provisions at Dec. 31, 2010
Equity investments	138,392	239		4		4,304	142,931
Receivables from investee companies	156,111	27				(4,304)	151,833
Other long-term securities	114						114
TOTAL	**294,616**	**266**		**4**			**294,878**

Value of property, plant and equipment and financial assets revalued in 1976

(in thousands of euros)	Revalued depreciation at Dec. 31, 2010						
	Revalued fixed assets			Depreciation margin used		Special provision or revaluation reserve at Dec. 31, 2010	Depreciation margin used for assets sold during the the period
	Gross value	Including increase in value	Amount	During the period	Cumulative		
I- Property, plant and equipment							
1) Depreciable							
Revalued							
Land	121	29	121		29		
Buildings	3,515	1,221	3,515		1,221		
Plant, equipment & tools	386	65	386		65		
Other	14	3	14		3,		
Sub-total	**4,037**	**1,318**	**4,037**		**1,318**		
Not revalued	17,623		10,729				
Impairment provisions							
2) Non-depreciable							
Revalued land	1,793	1,480				1,480	
Not revalued	453,						
Revalued							
TOTAL	**23,906**	**2,798**	**14,766**		**1,318**	**1,480**	
II-Non-current financial assets							
Equity investments							
Revalued	33,872	9,940			9,940		
Not revalued	174,722						
Sub-total	**208,594**	**9,940**			**9,940**		
Other long-term securities							
Not revalued							
TOTAL	**208,721**	**9,940**			**9,940**		

Note 3. Inventories & work-in-progress

(in thousands of euros)	Dec. 31, 2010	Dec. 31, 2009
Raw materials and other supplies	1,617	888
Finished and semi-finished goods	9,899	5,924
TOTAL	**11,516**	**6,812**
Impairment provisions		
NET TOTAL	**11,516**	**6,812**

The increase in inventories of raw materials is accounted for, on the one hand, by the increase in volumes in inventories and, on the other hand, by the increase in battery prices directly linked to the rise in lead prices from €1,593 per ton in December 2009 to €1,825 per ton in December 2010. The increase in semi-finished and finished goods is explained by the increase in lead prices as well as the increase in inventories at December 31, 2010 because of the closing of the smelter operated by Weser Metall GmbH, the main client of Recylex SA.

Note 4. Current assets and prepaid expenses

(in thousands of euros)	Dec. 31, 2009	Dec. 31, 2010	Degree of liquidity of assets	
	Gross amount	Gross amount	Maturities of less than one year	Maturities of more than a year
Current asset claims				
Trade receivables	11,055	8,057	8,057	
Other receivables (*)	3,227	2,961	2,961	
Prepaid expenses	23	35	35	
TOTAL	**14,304**	**11,053**	**11,053**	

(*)Including advance payments on orders: €206,000.

Note 5. Loans and advances to company officers and directors

None.

Note 6. Share capital

Share capital and share premiums

At December 31, 2010, the share capital comprised 23,974,982 fully paid-up shares, with a par value of €2. At December 31, 2010, there was no employee share ownership plan, as part of a company savings scheme or a company employee investment fund.

	Shares outstanding	Par value in euros
Ordinary shares at December 31, 2009	23,959,982	2.00
Ordinary shares at December 31, 2010	23,974,982	2.00

Ordinary shares in issue and fully paid-up	Shares outstanding	Par value (in euros)	Share capital (in thousands of euros)	Share premiums (in thousands of euros)
At January 1, 2010	23,959,982	2.00	47,920	783
Issuance of shares following exercise of stock options between January 1, 2010 and December 31, 2010	15,000	2.00	30	83
AT DECEMBER 31, 2010	**23,974,982**	**2.00**	**47,950**	**866**

The share capital was increased from €47,920,000 to €47,950,000 through the issuance of 15,000 new shares issued between January 1, 2010 and December 31, 2010 following the exercising of stock options.

Treasury shares

	Dec. 31, 2010	Dec. 31, 2009
Number of Treasury shares	42,939	73,939
Treasury shares (in thousands of euros)	228	387

The Company holds 42,939 treasury shares, acquired between September 2000 and June 2001, as part of a share buy-back program authorized by the Annual General Meeting of March 30, 2000. Their purchase price averaged €6.81.

The change in the number of treasury shares held in comparison with the previous period is due to the definitive acquisition of 31,000 bonus shares by beneficiaries who are French residents, under the Company's bonus share plan of September 26, 2008. These 31,000 bonus shares were withdrawn from assets on September 27, 2010, resulting in an exceptional €211,189 charge.

The provision for depreciation corresponding to the remaining 19,000 shares allotted as part of the Company's bonus share plan of September 26, 2008 amounted to €52,489.
The 23,939 treasury shares that were not allocated under a bonus share plan gave rise to a €11,791 charge to impairment provisions, on the basis of the average price of the Recylex stock in December 2010, i.e. €6.32.

The Annual General Meetings of July 16, 2007 and May 6, 2008 authorized the Board of Directors to allocate existing shares and treasury shares, free of charge, on one or several occasions, up to a total of no more than 73,939 shares to the benefit of all or some employees and/or executive officers of the Company and related companies as defined by Article L. 225-197-2 of the French Commercial Code.

Bonus shares

In accordance with the authorization given by the afore-mentioned Annual General Meetings, on September 26, 2008, the Board of Directors of Recylex SA introduced a plan to allocate 50,000 bonus shares to employees and company officers of the Group. 31,000 bonus shares allocated to beneficiaries who are French residents were definitively vested at the end of a two-year vesting period, in other words on September 27, 2010, as the stock market will be closed on September 26, 2010, and 19,000 bonus shares allocated to beneficiaries who are German residents will be definitively vested at the end of a four-year vesting period (i.e. on September 26, 2012), subject to their being employed by a Group company on vesting date unless otherwise provided for by the plan. The shares acquired by beneficiaries who are French residents may not be sold before the expiry of a two-year vesting period, in other words on September 26, 2012.

		Contractual residual life	
	Shares outstanding	France	Germany
Balance at Dec. 31, 2009	50,000	0.75	2.77
- definitively vested	(31,000)		
- cancelled			
- exercised			
Balance at Dec. 31, 2010	**19,000**		1.77

Stock options

Existing plans

The Annual General Meetings held on June 26, 1995 and March 30, 2000 authorized the introduction of stock option plans, relating to 5% and 6% of the share capital respectively. Between 1998 and 2002, the Management Board granted stock options under these authorizations.

On September 26, 2008, the Board of Directors allotted stock options to certain Group members, in accordance with the authorization given by the Annual Shareholder Meeting of July 28, 2006, relating to 3% of the share capital.

Date on which the Management Board or the Board of Directors granted options	May 3,2000	September 20, 2002	September 26, 2008	Total
Number of options initially granted	253,900	275,650	540 000	1,069,550
Number of options outstanding at Dec. 31, 2009	64,900	65,900	-	130,800
Rights to options re-included in 2010	3,000			
Rights to options exercised between January 1, 2010 and Dec. 31, 2010	15,000			
Rights to options lapsed at Dec. 31, 2010	52,900		5,000	57,900
Number of options maintained at Dec. 31, 2010 (totaling 2.51% of the share capital)		65,900	535,000	600,900
Number of exercisable options at Dec. 31, 2010		65,900	-	65,900
Number of beneficiaries at Dec. 31, 2010		27	46	
Share subscription price in euros	7.50	2.21	5.70	
Exercise date of options				
no earlier than	May 3, 2004	September 20, 2006	September 26, 2012 (50%) 26/09/2013 (50%)	
no later than	May 2, 2010	September 20, 2012	September 26, 2018	

At December 31, 2010, the maximum number of shares to be issued is 65,900, after deducting stock options not yet definitively vested at that date and options granted to employees who have left the Group and whose options have therefore lapsed.

Changes in equity

Equity has changed in the following manner:

(in thousands of euros)	Dec. 31, 2010	Dec. 31, 2009
1. Equity at the previous year's close before appropriation of earnings	45,886	68,819
2. Transfer of the earnings of previous periods to retained earnings by a resolution of the Annual General Meeting	2,416	(22,888)
Opening equity	**48,302**	**45,931**
Changes during the period:		
Change in share capital	30	4
Change in share premiums, reserves and retained earnings		
- Reduction		
- Increase	83	
Charge to/reversal of provision for excess tax depreciation	(40)	(49)
Investment grants		
Reversal of revaluation reserve		
Reversal of special revaluation provision		
Closing equity before net income/(loss)	**48,375**	**45,886**
NET INCOME/(LOSS) FOR THE PERIOD	**(10,585)**	**2,416**
Closing equity including net income, before appropriation	**37,790**	**48,302**

Diluted earnings per share

	Dec. 31, 2010	Dec. 31, 2009
Net income attributable to holders of ordinary shares	(10,584,517)	2,416,217
Weighted average number of ordinary shares used to calculate basic earnings per share	23,974,982	23,959,982
Impact of dilution:		
Stock options	600,900	665,800
Weighted average number of ordinary shares adjusted to calculate diluted earnings per share	24,575,882	24,625,782
NET DILUTED EARNINGS PER SHARE IN EUROS	**(0.44)**	**0.10**

In 2010, all the stock option and bonus share plans were excluded from the calculation of net diluted earnings per share because of the net loss recorded over the full year.

Shareholding structure

Pursuant to Article L 233-13 of the French Commercial Code, the following Table shows shareholders who hold more than 5% of the Company's share capital and the number of voting rights attached to these shares as of December 31, 2010:

	At Dec. 31, 2010	
	Shares	Exercisable voting rights
Glencore Finance Bermuda Ltd	32.13%	32.09%
Free float	67.69%	67.91%
Treasury shares	0.18%	

Share performance

	2010	2009
High	9.80	10.10
Low	6.00	2.34
Share price on the closing date	6.52	8.90
MARKET CAPITALISATION ON CLOSING DATE (in millions of euros)	**156.3**	**213.2**

During 2010, the share price fell to a €6 low on November 30, 2010 and climbed to a €9.80 high on January 5, 2010.

Note 7. Provisions (other than against non-current assets)

Provisions for contingencies and charges increased by €8,477,000 and impairment provisions increased by €228,000 in 2010.

Statement of provisions

(in thousands of euros)	Provisions at Dec. 31, 2009	Increases: Charges for the period	Decreases: Reversals during the period: Provisions used	Decreases: Reversals during the period: Unused provisions	Reclassifications during the period	Provisions at Dec. 31, 2010
Provisions for contingencies and charges						
Environmental costs	22,265	1,770	1,520			22,515
Restructuring of industrial sites	267	4	30	156		86
Pension liabilities	271	90	49			312
Other	4,981	12,785	3,108	1,310		13,349
Sub-total	**27,785**	**14,649**	**4,708**	**1,466**		**36,262**
Impairment provisions						
Trade receivables	3,591	9	189			3,412
Other	1,723	552	144			2,131
Sub-total	**5,315**	**561**	**332**			**5,543**
TOTAL	**33,100**	**15,210**	**5,039**	**1,466**		**41,805**
Provision charges and reversals						
- Operating provisions		1,548	1,499	6		
- Financial provisions		468	64			
- Exceptional provisions		13,194	3,475	1,460		

The increase in provisions for contingencies and charges was primarily due to:

- A €9,958,000 charge to provisions following the filing of claims for compensation in late 2010 by 137 former non-managerial employees and 55 former managerial employees of Metaleurop Nord SAS who were not parties in the procedures initiated in 2005;
- A €2,400,000 charge to provisions corresponding to the provision related to the clawback clause (see Note 21);
- The €2,969,000 provision reversal following the ruling of the Douai Court of Appeal on December 17, 2010 that awarded €3,803,000 to 8 former non-managerial employees and 84 former managerial employees of Metaleurop Nord SAS;
- The reversal of provisions for the negative net equity position of the Norzinco SA subsidiary, totaling €1,310,000.

At December 31, 2010, to the best of our knowledge, Recylex SA was not involved in any other legal proceedings, the impact of which has not been assessed.

Note 8. Liabilities

Financial liabilities declined by €1 600,000 because of the payment of the fifth dividend under the business continuation plan.
Operating liabilities decreased primarily because of the payment, under the continuation plan, of the first five installments of damages awarded to former employees of Metaleurop Nord SAS.

Statement of liabilities

	Maturity of liabilities							
	Due date							
(in thousands of euros)	Dec. 31, 2009 Amount	Dec. 31, 2010 Amount	Less than a year	One to five years	More than five years	Including collaterized liabilities (1)	Including accrued expenses	Including liabilities rescheduled under the continuation plan
Financial liabilities								
Bank borrowings								
- Under two years at inception								
- More than two years at inception	118	103	15	87				103
Other borrowings and financial liabilities	10,478	8,893	1,347	7,546		1,543		8,893
TOTAL	**10,596**	**8,996**	**1,363**	**7,633**		**1,543**		**8,996**
Operating liabilities								
Trade payables	6,968	7,055	6,289	766			3,560	902
Tax and employee-related liabilities	1,955	1,801	1,273	528			906	622
Amounts due to suppliers of fixed assets								
Other liabilities	22,086	19,147	3,109	16,037				18,901
TOTAL	**31,008**	**28,002**	**10,671**	**17,331**			**4,466**	**20,425**

(1) For collaterized liabilities, see Note 16

At December 31, 2010, the "Other liabilities" item did not include any pre-paid income.

Note 9. Information relating to several balance sheet items

(in thousands of euros)	Total	Concerning related companies	Liabilities or assets represented by trade bills
Assets (net of any recognized provisions)			
Equity investments	65,663	60,799	
Loans and advances to investee companies (1)	250	250	
Loans			
Other long-term securities	12		
Other non-current financial assets	345		
Advance payments on orders	206		
Trade receivables (2)	4,645	4,594	
Other receivables	689	139	
Marketable securities	228		
Cash	18 318		
Liabilities			
Bond issue			
Bank borrowings	103		
Other financial liabilities	8,893		
Trade payables	7,055	647	
Tax and employee-related liabilities	1,801		
Liabilities to suppliers of fixed assets			
Other liabilities (3)	19,147	4,208	

(1) Including accrued income: 0

(2) Including accrued income: 0

(3) Including pre-paid income: 0

Notes to the income statement

Note 10. Revenue

Revenue breaks down as follows:

(in thousands of euros)	2010	2009
By business segment		
Production plants	73,100	47,067
Wholesaling		
Other	1,198	1,241
TOTAL	**74,298**	**48,308**

(in thousands of euros)	2010	2009
By geographical market		
France	2,814	2,120
International	71,485	46,188
TOTAL	**74,298**	**48,308**

Note 11. Directors' fees

Directors' fees allocated by the Company to members of the Board of Directors in 2010: €638 028.

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 would be supported b the Board of Directors, provided Mr. Yves Roche helps carry out this change and the transition with the new reference shareholder. This allowance would be twice as high as the total gross remuneration received under his position as a corporate officer during the last period prior to his dismissal and may not be paid before the Board of Directors has ensured performance-based conditions have been complied with.

Note 12. Exceptional income and expenses

The exceptional €11,048,000 loss is primarily due to:
- A €9,958,000 charge to provisions following the filing of claims for compensation in late 2010 by 137 former non-managerial employees and 55 former managerial employees of Metaleurop Nord SAS who were not parties in the procedures initiated in 2005;
- A €2,400,000 charge to provisions corresponding to the provision related to the clawback clause (cf. Note 21);
- An exceptional charge related to the withdrawal of bonus shares awarded to employees from assets amounting to €211,000;
- A €2,969,000 provision reversal following the Douai Court of Appeal's ruling of December 17, 2010 that awarded €3 803,000 (recognized as exceptional charges) to 8 former non-managerial employees and 84 former managerial employees of Metaleurop Nord SAS;
- A reversal of provisions for the negative net equity position of the Norzinco SA subsidiary, totaling €1,310,000;
- Exceptional €1,500,000 income resulting from the signature of a memorandum of understanding with the representative of creditors under which he accepted to discontinue the appeal procedure initiated on February 22, 2010 following the cause of action in tort filed by Recylex SA against him.

(in thousands of euros)	2010	2009
Net exceptional gains on operating activities	(2,604)	(12,157)
TOTAL	**(2,604)**	**(12,157)**
Capital gains/losses		
- Disposal of equity investments and other long-term securities	(0)	
- Disposal of property, plant and equipment and intangible assets	(13)	(69)
- Miscellaneous	(211)	
TOTAL	**(225)**	**(69)**
Net charges to/reversals of provisions		
- Excess tax depreciation, special provision and revaluation reserve	40	49
- Provisions for securities and other risks	(8,259)	13,458
- Impairment provisions on advances and trade receivables		
TOTAL	**(8,220)**	**13,507**
NET EXCEPTIONAL INCOME/(EXPENSE)	**(11,048)**	**1,282**

Note 13. Transaction costs included in purchases

Purchases of raw materials include transportation, transportation insurance and freight commission expenses in the sum of €2,921,000.

Note 14. Financial income and expenses concerning related companies

(in thousands of euros)	Total	Concerning related companies
Financial income		
From equity investments	1,110	585
From other marketable securities and receivables on fixed assets	74	74
Other interest and similar income	178	6
Foreign exchange gains		
Provision reversal	68	
TOTAL	**1,431**	**669**
Financial expenses		
Charges to provisions	733	517
Interest and similar expenses		
Foreign exchange losses		
TOTAL	**733**	**517**

Other information

Note 15. Average headcount

	Workers	Clerical, technical and supervisory	Managers	Total 2010	Total 2009
Company employees					
- Full presence throughout the year	10	17	9	36	31
- Presence for less than the full year	0	1	1	2	3
TOTAL	**10**	**18**	**10**	**38**	**34**

At January 1, 2011, Company employees had accumulated 2,801 hours of so-called “individual vocational training rights”. A 30-hour training course was requested under these rights in 2010.

Note 16. Other off-balance sheet commitments

Commitments given

(in thousands of euros)	Dec. 31, 2010	Dec. 31, 2009
Guarantees and similar	1,543	1,776
Forward currency purchases and sales		
TOTAL	**1,543**	**1,776**

Commitments received

(in thousands of euros)	Dec. 31, 2010	Dec. 31, 2009
Guarantees and similar		
Forward currency purchases and sales		
TOTAL	-	-

The mortgage on the L'Estaque land granted to the French Water Agency was maintained under the business continuation plan.

Note 17. Finance leases

There were no finance leasing contracts outstanding at the end of the period.

Note 18. Deferred tax assets and liabilities

The nature of temporary differences between tax treatment and accounting treatment is shown in the table below.

(in thousands of euros)	Amount
- Deferred tax liabilities	
Excess tax depreciation on property, plant and equipment and intangible assets	(391)
- Deferred tax assets	
Provisions not deductible in the year of recognition:	
- Provision for long-service awards	65
- Provision for severance pay and retirement allowances	292
- Provision for various charges	19,768
- Provision for bonus share allocations	40
- Provision for various risks	12,757
- Provision for impairment of non-current financial assets	
- Provision for receivables from investee companies and other non-current financial assets	294,878
- Provision for Group account receivables	2,139
Accrued expenses not deductible in the year of recognition	128
TOTAL	**329,675**

Recylex SA tax loss carryforwards		
At 33.33%	- Deferred depreciation allowances	
At 19%	- Net long-term capital losses	

Liabilities of the entire tax consolidation group		
	- Evergreen tax loss carryforwards	124,477
At 8%	- Net long-term capital losses	

Note 19. Group tax relief

On October 1, 1994, the Company chose the tax consolidation group tax regime. The Group tax consolidation scope, in 2010, included the following subsidiaries: Recylex Commercial SAS, C2P SAS, and Delot Métal SAS. The tax expense attributable to each subsidiary is calculated at standard tax rates to ensure that the group tax relief rules are neutral for the subsidiary.
Following the transfer of all its assets and liabilities to Delot Métal SAS during 2010, Norzinco SA withdrew from the tax consolidation scope of the Recylex Group as of January 1, 2010. Its tax profit was included in that of Delot Métal SAS for 2010.

Note 20. List of subsidiaries and equity investments at December 31, 2010

(in thousands of euros)	Share capital	Other equity	% interest	Book value of securities held – Gross	Book value of securities held – Net	Loans and advances granted by the Company – Gross	Loans and advances granted by the Company – Net	Guarantees given by the Company	Revenue in the last period closed	Income or loss in the last period closed	Dividends received by the Company
1 – Subsidiaries (equity holding in excess of 50%)											
Metaleurop Nord SAS, France (company in liquidation)	16,769	N/A	100	59,511		130,254			N/A	N/A	
Recylex Commercial SAS, France	152	129	100	152	152				233	113	85
C2P SAS, France	900	2,569	100	1,708	1,708				7,644	305	
Delot Métal SAS, France	100	(3,402)	100	49,185	95	1,225			0	(3,427)	
Recylex GmbH, Germany	25,565	21,305	100	56,976	56,976				4,584	344	
Fonderie et Manufacture de Métaux SA, Belgium	475	2,703	100	1,867	1,867	250	250		29,842	(593)	500
2 – Participations (equity holding of less than 50%)											
Recytech SA, France	6,240	18,559	50	4,865	4,865				31,353	8,769	525
Eco Recyclage SPA, Algeria	597	(616)	33.33	205					891	(256)	
3 – Aggregate data for other subsidiaries and equity investments											
. Subsidiaries				34,125		20,354					
. Equity investments											

Note 21. Liabilities rescheduled under the continuation plan

Following Recylex SA's filing for insolvency on October 21, 2003 and the beginning of receivership proceedings on November 13, 2003, the Company's outstanding liabilities were frozen at that date.

In 2005, following the continuation plan accepted 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 remainder of the liability is waived subject to a clawback provision. This clause provides that from and including December 31, 2015, the Company 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.
- **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.

On December 17, 2010, the Douai Appeal Court partly upheld the Labor Court rulings awarding damages to unprotected former employees and ordering Recylex SA to include the compensation totaling €3,803,000 in the liabilities of its continuation plan.

34% of these damages, corresponding to the first five installments of the plan (2006 to 2010) was paid on December 23, 2010 and the balance will be paid as follows: a 10% installment (in November 24, 2011), a 12% installment at the following two maturities (November 24, 2012 and 2013) and a 16% installment at the plan's last maturities (November 24, 2014 and 2015). The damages paid in 2010 amounted to €1,293,000 (34% of the total).

Balance sheet analysis of liabilities rescheduled under the continuation plan

Analysis of rescheduled liabilities (in thousands of euros)	Dec. 31, 2010	Dec. 31, 2009
Provisions for contingencies and charges	587	587
Bank borrowings	103	118
Miscellaneous financial liabilities (including accrued interest)	8,893	10,478
Trade payables	902	1,042
Tax and employee-related liabilities	622	716
Miscellaneous liabilities	18,901	21,859
Liabilities rescheduled under the continuation plan	30,007	34,799

Breakdown by maturity of rescheduled liabilities under the continuation plan

Rescheduled liabilities (by maturity) (in thousands of euros)	Dec. 31, 2010			
	Under one year	One to five years	Over five years	*Total*
Rescheduled liabilities	4,457	25,550		30,007

CLAWBACK CLAUSE (option 1 of the continuation plan)

The Company's continuation plan drafted by the Paris Commercial Court on November 24, 2005 provides that the creditors having chosen option 1 of the continuation plan waive 50% of their liability (cf. Section18.1 of this Note), will benefit from a clawback clause subject to (i) informing the Company by a registered letter in the six months following the Court's approval of the plan and (ii) the continuation plan not being called into question before its maturity (i.e. November 25, 2015).

This clawback clause provides that, subject to the aforesaid provisons, that from December 31, 2015 included, Recylex SA will allocate 20% of its existing cash and cash equivalents at December 31, of each period to repaying the balance of liabilities that have been waived, on a *pari passu* basis between the creditors without any time restriction. As three creditors voiced, on time, their desire to benefit from the clawback clause, the amount of liabilities concerned by aforesaid clause totals €19,210,000.

The volatility of metal prices and the undeniable difficulty encountered in seeking to project their moves as well as changes in the economic outlook mean that any medium- and long-term forecast is extremely difficult. Nevertheless, as the Company's continuation plan has reached half way and it has drafted a medium-term financial plan (2010-2015 business plan), the Company decided to include the valuation of its debt related to the aforesaid clawback clause its financial statements closed at December 31, 2010.

The provision related to the clawback clause corresponds to the discounted sum of the repayment flows made likely under the clause. Considering that the risk stemming from these flows is similar to that faced by shareholders and not by creditors, the discounting rate was set by drawing on the cost of the Company's equity.

The repayment flows made likely under the clawback clause as of December 31, 2015 have been determined from the 2010-2015 business plan drawn up by the Company and subsequent standard flows.

Cash flow from operations depends primarily on moves in lead prices expressed in euros. Insofar as the long-term moves in these market data are not foreseeable and cannot be hedged in an economically justified manner via derivatives, using a DCF model based on a single scenario of future cash flow seems inappropriate in terms of modeling cash flow from operations.

By consequence, the Company has drawn on a multi-scenario model to determine the value of the provision related to the clawback clause. Starting off from the assumption that the profitability rate of lead prices in euros follows a normal law, a high number of scenarios covering moves in lead prices were modeled.

Each scenario corresponds to a profile of repayment flows and to a value of the provision related to the clawback clause and is supposed equiprobable.

The provision relative to the clawback clause amounting to €19,210,000 corresponds to the average value of the values resulting from the numerous scenarios drawn upon. At December 31, 2010, the provision stood at €2,400,000. The standard deviation amounts to €2,100,000 and shows a very wide statistical distribution of the values obtained.

The provision related to the clawback clause is recorded in the balance sheet under “Other provisions for contingencies and charges” (Note 7) offsetting "exceptional charges" (Note 12). This provision will be reviewed at each closing to take into account possible changes in business plans and to take the time effect into consideration.

Note 22. Environmental information

Background

In France, Recylex SA manages, under its direct responsibility, two operational sites in Villefranche-sur-Saône (Rhône department) and Escaudoeuvres (Nord department) as well as the discontinued site in L’Estaque-Marseille (Bouches-du-Rhône department). Three other sites are managed by subsidiaries: C2P SAS in Villefranche-sur-Saône, the discontinued site of Norzinco SA in Anzin (Nord department, a site classified under the Seveso directive) and Recytech SA in which the Company holds a 50% equity stake in Fouquières-les-Lens (Pas-de-Calais department).

Set up in 1988 from the merger between Société Minière and Métallurgique de Penarroya (SMMP) and the non-ferrous metals division of German group Preussag, Recylex SA assumed responsibility for thirty or so mining concessions in France, two of which were still being operated at the time. Recylex SA defined a program to upgrade safety in its mining concessions, which was validated and kept updated with the French industry ministry and local authorities.

At December 31, 2010, Recylex SA was still responsible for the security of fifteen mining concessions.

Environment-related provisions and possible liabilities

Recylex SA’s operations are subject to a vast range of stringent local, national and international regulations related to the environment and industrial safety. These regulations are constantly changing and impose numerous requirements. As a result, these operations entail a risk that Recylex SA may be held liable, in particular with respect to site rehabilitation and industrial safety.

Provisions are recognized for identified risks at sites in operation, whenever there is a legal or regulatory obligation. Provisions for site remediation are recognized in respect of abandoned sites, in accordance with the legal requirements. The provisions set aside to cover these risks are assessed on the basis of the Company's mining and metalworking experience and on external cost estimates, when such estimates are available.

At December 31, 2010, environmental provisions recognized by Recylex SA totaled €22,515,000, covering the present value of all foreseeable expenditure based on the required remediation timeframe, which may last until 2013. The amounts recognized represent the best estimates based on reports and technical studies by independent experts.

Expenditure recognized in 2010 amounted to €1,714,000, covering the cost of surveys and of work to minimize 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.

Environmental provisions and contingent liabilities identified by Recylex SA are discussed in the following paragraphs.

Mining concessions

Provisions recognized under the procedure aimed at waiving rights to operate mining concessions

Recylex SA still holds mining concessions in which operations have been discontinued. 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 organizations. In 2010, assessment of additional work required at several mines led to **€**627,000 in additional provisions. The total amount of provisions covering the entire rehabilitation program for all former mining sites amounted to **€**5,171,000 at December 31, 2010.

Monitoring of contingent liabilities related to former mining sites

With respect to the former mining site in Saint-Sébastien-d'Aigrefeuille in the Gard department, on December 3, 2009, the Marseille Court of Appeal by partly canceling the prefect's decree dated September 23, 2003 exempted Recylex SA from having to bear the cost of work required to secure the former waste storage facility. The government has not lodged an appeal against this decision. With respect to the former mining site in Saint-Laurent-le-Minier in the Gard department, a draft prefect's order imposing mandatory work is being prepared to carry out an assessment of health risks in a sector neighboring the mining concession. The results of this study will determine what work will be required on the site.

Discontinued sites

L'Estaque

After operations at the L'Estaque facility were discontinued in February 2001, the prefect's order dated December 23, 2002 defined the program to be implemented to restore the site. In 2010, the taking into account of the six additional months required to carry out the work led to a complementary charge of €483,000. Another prefect's order is being drafted to define the timetable. The aggregate amount of provisions covering the L'Estaque site rehabilitation program came to €16,683,000 at December 31, 2010. These amounts correspond to the best estimates available drawn up on the basis of technical reports by independent experts.

Rieux

Recylex SA owns an industrial site in Rieux (Oise department) that was leased to Penox SA. This company discontinued its operation in 2006 and therefore the site has been unoccupied since then. Recylex SA has been holding talks with several potential buyers. In 2010, Recylex SA decided to dismantle all buildings on the site in order to propose a site free of any building. The forecast cost of this work has been provisioned for €660,000.

Sites in operation

In the absence of regulatory obligations, no provisions are set aside for the cost of site remediation work that Recylex SA would bear if operations in these sites were to be discontinued.

Other information

During 2010, Recylex SA was not involved in any legal proceedings leading to fines for non-compliance with its regulatory obligations. Recylex SA was not granted any public environmental funds or subsidies in 2010.

INVENTORY OF MARKETABLE SECURITIES AT DECEMBER 31, 2010

Long-term investments and investment securities

(in thousands of euros)

Issuing companies	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	
	58,843
B) French	
Metaleurop Nord SAS	
Recylex Commercial SAS	152
Recytech SA	4,865
C2P SAS	1,708
Delot Métal SA	95
Other securities	6,820
TOTAL SUBSIDIARIES & EQUITY INVESTMENTS	**65,663**
II – Long-term investment securities	
Long-term investments	12
Treasury shares	228
Other marketable securities	
TOTAL LONG-TERM INVESTMENTS & INVESTMENT SECURITIES	**240**
TOTAL MARKETABLE SECURITIES	**65,904**

Table of appropriation of net income

*(*in thousands of euros)

Appropriation of net income

1. Loss in the period	(10,585)
including after-tax income from operations	466
2. Appropriation to retained earnings	(10,585)
3. Charge to the statutory reserve	

STATUTORY AUDITORS' REPORT
ON THE PARENT COMPANY FINANCIAL STATEMENTS

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.

Year ended 31 December 2010

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 2010, 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 2010 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 uncertainties set out in note "Significant events in 2010 and subsequent events - § Ongoing litigations relating to Metaleurop Nord SAS" to the financial statements:

- The lawsuit, brought in 2006 against the company by the liquidators of Metaleurop Nord SAS claiming the repayment by Recylex SA of €50 million of Metaleurop Nord SAS' 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 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". Pursuant to the judgment of Douai Appeal Court, on February 12, 2009 Recylex S.A. applied to the "Conseil d'Etat" for a preliminary ruling on legality. The preliminary ruling from the "Conseil d'Etat" is awaited before the Douai Appeal Court can rule on either the admissibility or the merits of the case.

  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 provisions in the financial statements as at 31 December 2010.

  Should the outcome of both lawsuits 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 financial crisis that was accompanied by an economic crisis leads to various consequences for companies and in particular regarding their activity and financing. These elements have been considered by your company to assess the going concern assumption adopted for the preparation of the financial statements for year ended 31 December

2010. The very high volatility in lead and zinc prices, in the euro-dollar exchange rate as well as uncertain market conditions on these values create specific conditions this year for financial statements' preparation, in particular regarding accounting estimates that are required in accordance with accounting standards. These conditions are described in note "Accounting rules and methods" to the financial statements. We have made our own assessments in this context 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 2010 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 other 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.

The Statutory Auditors

Paris La Défense and Neuilly-sur-Seine, 21 March 2011

KPMG Audit	Deloitte & Associés
A division of KPMG S.A.	
Catherine Porta *Partner*	Frédéric Neige *Partner*

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS FOR 2010

(pursuant to Article L. 225-37 of the French Commercial Code)

Ladies and Gentlemen,

Pursuant to the provisions of Article L. 225-37, paragraph 6 of the French Commercial Code, I hereby report to you on:

- application of the recommendations relating to the MiddleNext corporate governance code for small and midcaps published in December 2009 (the "MiddleNext Code"),
- 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 its work was prepared and organised in the year ended 31 December 2010,
- the principles and rules decided by the Board of Directors to determine the remuneration and benefits in kind awarded to corporate officers,
- the restrictions placed by the Board of Directors on the powers of the Company's Chief Executive Officer,
- specific conditions relating to shareholders' participation in the Shareholders' Meeting,
- the internal control and risk management procedures implemented by the Company, especially procedures relating to the preparation and processing of accounting and financial information.

The information stipulated at Article L. 225-100-3 of the French Commercial Code (information liable to have an influence during a tender offer) is contained in Section 2.10 of the Management Report (the report may be consulted on the Company's website[1]) to which this report is attached.

This report was reviewed and approved by the Board of Directors at its meeting on 21 March 2011 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 report, in particular concerning internal control procedures relating to the preparation and processing of accounting and financial information contained in this report.

In the context of this report, except where otherwise specified, the term "Group" means the Company and its subsidiaries within the meaning of Article L. 223-1 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. At its meeting on 30 November 2010, 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, the Board of Directors decided, from the current year, to refer, within the meaning of Article L. 225-37 of the French Commercial Code, to the MiddleNext Code in place of the AFEP/MEDEF Corporate Governance Code to which it had referred hitherto. The MiddleNext Code may be consulted on the Company's website.[3]

The Board analysed the recommendations of the MiddleNext Code at its meeting on 21 March 2011 and decided, on the basis of proposals from the Remuneration and Nomination Committee, to amend the Internal Rules and Regulations of the Board of Directors (the "Internal Rules and Regulations") in order to incorporate the recommendations of the MiddleNext Code. The Internal Rules and Regulations may be consulted on the Company's website.[3]

At the meeting, the Board identified the recommendations of the MiddleNext Code from which the Company departs on account of its specific characteristics and those with which it complies.

The Board also took note of the points to be watched set out in the MiddleNext Code. It decided to keep its attention on these points and on the Company's governance as a whole, and to regularly review the Company's situation in relation to the points to watch, in particular when the Board conducts self-assessments.

[1] www.recylex.fr *(English version) – Shareholders / Investors – Regulated Information – Financial Annual Reports*
[2] www.recylex.fr *(English version) – Shareholders / Investors – Regulated Information – Financial Annual Reports*
[3] www.recylex.fr *(English version) – Shareholders / Investors – Corporate Governance*

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 five directors at 31 December 2010. 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 20 September 2000. His directorship was last renewed on 6 May 2008 for a three-year term.

Aristotelis Mistakidis is a senior executive of Glencore International AG, a leading natural resources company, since 1993. He is also Chairman of Mopani Copper Mines PLC and Portovesme Srl and a director of Katanga Mining Limited.

Aristotelis Mistakidis was born in Greece in 1961 and has British nationality. He is a graduate of the London School of Economics and has a BSc (Bachelor of Science) degree.

- **Mr. Mathias Pfeiffer** has been a director of the Company since 28 July 2006. His directorship was last renewed on 12 May 2009 for a three-year term.

Mathias Pfeiffer was born in Germany in 1945 and spent his entire career with the Deutsche Bank 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 8 April 2003. His directorship was last renewed on 12 May 2009 for a three-year term. He is chairman of the Company's Remuneration and Nomination Committee.

Richard Robinson has over 30 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, metal, coal and platinum industries.

Richard Robinson was an executive director of Gold Fields of South Africa Ltd before becoming Chairman and CEO of Gold Fields Limited and LaSource 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 on 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 1963 and has British and South African nationality. He has an MSc in Mineral Economics from Queens University (Canada).

- **Mr. Yves Roche** has been the Company's Chairman and CEO since 2005. His directorship was last renewed on 6 May 2008 for a three-year term.

Yves Roche was born in Bergerac (France) in 1969. He began his career in the Group, then under the Metaleurop name, in 1995, in the commodity risk management department, becoming the Company's Treasurer in 2003 and Chief Financial Officer until 2005.

He took over the reins of Metaleurop SA, then in court-supervised recovery procedure, at the start of 2005 and devised the continuation plan that brought the company back from the brink of bankruptcy. He was appointed Managing Director in April 2005 and Chairman and Chief Executive Officer in July 2005. He installed a new management team and shifted the group's strategic focus, turning it into a recycling specialist.

Yves 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, thus complying with Recommendation 1 of the MiddleNext Code concerning the Board's assessment of whether it is appropriate to combine a corporate officer’s mandate with an employment contract.

- **Mr. Jean-Pierre Thomas** has been a director of the Company since 12 May 2009 and is also chairman of the Company's Audit Committee.

Jean-Pierre 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, Jean-Pierre 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, 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 and National Treasurer of the Parti Républicain. During his political career, Jean-Pierre Thomas sponsored Act 97-277 of 25 March 1997 creating retirement savings plans (the "Thomas Act").

Jean-Pierre Thomas holds a directorship in the Generali group and is Chairman of the Scientific Committee of the Cercle des Epargnants, a savings think-tank.

Born at Gérardmer in the Vosges in 1957, Jean-Pierre Thomas has a degree in finance and management from SupDeCo and a doctorate in economics from Paris II University.

✓ <u>Independence of directors</u>

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 Board considered the situation of each of its members case by case in relation to 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;
- the director has not been an auditor of the Company during the last three years.

The Board deemed that Mr. Yves Roche, an executive director of the Company, and Mr. Aristotelis Mistakidis, a senior executive of the Company's core shareholder, were not independent directors. Following its review, 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 directorship.

The Board deemed that Mr. Jean-Pierre Thomas met the independence criteria as defined in the MiddleNext Code and the Internal Rules and Regulations and thus complied with Recommendation 8 of the MiddleNext Code, insofar as the Board comprises five directors, at December 31, 2010, one of them being independent.

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 interests of the Company.

✓ Application of the principle of balanced representation of women and men on the Board of Directors

In accordance with Act 2011-103 of 27 January 2011 on the balanced representation of women and men on boards of directors and supervisory boards and on professional equality, the Company's Board of Directors, at its meeting on 21 March 2011, considered the application of the principle of balanced representation of women and men on the Company's Board and decided, on a proposal from the Remuneration and Nomination Committee, to ask the next Shareholders' Meeting on 6 May 2011 to vote on the appointment of a female director.

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 by-laws and defined in the Company's Internal Rules and Regulations, in compliance with Recommendation 6 of the MiddleNext Code, which advocates the introduction of such rules.

Since the Internal Rules and Regulations state explicitly that they complement the prevailing by-laws, they do not recapitulate the rules for determining directors' remuneration defined in the Company's by-laws. With that exception, the Internal Rules and Regulations include all the headings listed in Recommendation 6 of the MiddleNext Code.

The Internal Rules and Regulations were amended on 30 August 2010 to comply with Article L. 823-19 of the French Commercial Code concerning the missions of the Audit Committee, and on 21 March 2011 in order to incorporate certain recommendations of the MiddleNext Code relating to the following matters:

- ethical rules for directors (Recommendation 7),
- 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) *(see the section "Information provided to directors" below)*.

✓ Missions of the Board of Directors

The Internal Rules and Regulations of the Board of Directors state that:

- the Board of Directors shall determine the Company's business policies and ensure that they are implemented. Subject to the powers expressly allocated by law to Shareholders' Meetings, and within the limits of the Company's corporate purpose, the Board shall consider any question concerning the proper running of the Company and shall settle any affairs concerning it in its deliberations;

- the Board of Directors shall refer to the Shareholders' Meeting if an operation concerns a significant part of the Group's assets or activities;

- the Board of Directors shall perform any controls and verifications that it deems appropriate;

- the Board of Directors shall decide beforehand on the transactions referred to in Section 4 of this report in the framework of the restrictions on the powers of the Chief Executive Officer.

✓ Board of Directors meetings

The Board met six times in 2010, with an average attendance rate of 99%. Meetings lasted two hours on average.

The dates of Board meetings are set in advance and recalled from one meeting to the next. The Board meets as often as the Company's interest requires and at least every four months.

In accordance with the by-laws, directors are given at least five working days' notice of meetings except when the Chairman considers that the urgency of holding a meeting requires a shorter notice period.

The staff representative is called to all Board meetings. The auditors are called to Board meetings that examine and close the accounts.

Directors may attend Board meetings either in person or by videoconference or telecommunications means, except for meetings relating to the preparation of Company and consolidated financial statements and the Company and Group management report, for which persons attending by such means are not included in the quorum. Directors may be represented by another Board member.

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 closes the meeting and reminds the directors of the date of the next meeting.

✓ <u>Main matters considered</u>

During 2010, matters considered at Board meetings included:

- the Group's performance,
- budgets and planned investments by the Company and its subsidiaries,
- the Company and consolidated financial statements for the year ended 31 December 2009,
- the condensed interim financial statements at 30 June 2010,
- preparation of the Shareholders' Meeting,
- amendment of the Internal Rules and Regulations of the Board of Directors and of the Terms of Reference of the Audit Committee,
- adoption of the MiddleNext corporate governance code for small and midcaps published in December 2009,
- self-assessment of the Board and the Committees.

✓ <u>Information provided to directors</u>

The Chairman ensures that documents, technical files and 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, including:

- the draft minutes of the previous Board meeting,
- draft resolutions to be put to the forthcoming Board meeting,
- documents that will enable the directors to make informed decisions,
- internal management documents that enable the directors to monitor the Company's and the Group’s financial situation and technical operations.

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 have sight of all documents they deem useful. The directors can themselves assess whether the information provided was sufficient and where appropriate can ask for all additional information they deem relevant in accordance with Recommendation 11 of the MiddleNext Code.

The Board may if necessary call on external advisors (lawyers, consultants, etc.) at meetings.

The directors may ask for the organisation of additional training relating to the Group’s specific characteristics, lines of business and sectors of activity.

2.2 Specialised Committees

The purpose of the specialised committees constituted 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 2010**

Richard Robinson	Chair
Mathias Pfeiffer	Member
Aristotelis Mistakidis	Member

- **Assignment and operation**

The Remuneration and Nomination Committee was established by a decision of the Board on 2 July 2003. At its meeting on 22 October 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: (i) the policy for deciding the remuneration of the Company's corporate officers and the Chief Financial Officer, (ii) the introduction of plans to award shares or stock options, (iii) the procedure for appointing directors, (iv) the procedure for evaluating the Board, (v) plans for the succession of the Group's corporate officers and key employees.

- **Work in 2010**

The Remuneration and Nomination Committee met four times in 2010, with an attendance rate of 100%.

The main matters considered at the Committee's meetings were as follows:
- remuneration of the Group's executives,
- evaluation of the targets and the performance-related portion of the Chairman and CEO's remuneration,
- conduct of a comparative study of the salaries of the Group's executives.

2.2.2. The Audit Committee

- **Membership at 31 December 2010**

Jean-Pierre Thomas	Chair (independent director)
Mathias Pfeiffer	Member
Richard Robinson	Member

- **Assignment and operation**

The Audit Committee was created in 2007. In order to comply with Article L. 823-19 of the French Commercial Code relating to the assignments given to the Audit Committee as amended by Act 2010-1249 of 22 October 2010, the Company's Board of Directors amended the Audit Committee's Terms of Reference, renamed the "Audit Committee's Remit", on 30 August 2010. The Committee's operating rules relating to its responsibilities, membership and powers and the holding of meetings were adapted so that it can fully perform its assignments.

In that regard, the main amendments to the Internal Rules and Regulations concern the scope of the assignments given to the Audit Committee, which is responsible in particular for monitoring (i) the process for preparing financial information, (ii) the effectiveness of internal control and risk management systems, (iii) the statutory audit of the company and consolidated financial statements by the auditors, and (iv) the auditors' independence.

- **Work in 2010**

The Audit Committee met three times in 2009 with an attendance rate of 100%.

The main matters considered at the Committee's meetings were as follows:
- review of the financial statements for 2009, the interim financial statements for 2010 and the Company's financial communication 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.

At the end of the meeting to review the financial statements for the year, the Audit Committee has a discussion with the statutory auditors without the financial management being present.

2.3. Evaluation 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".
At its meeting on 30 November 2010, the Board, on the basis of answers to the questionnaires sent to the directors and compiled anonymously before the meeting, assessed its capacity to meet shareholders' expectations, reviewing its membership, organisation and operation.

Suggestions for improving the operation of the Board and the Committees and the effectiveness of their work concerned in particular communication to the directors about the group's current operations and projects and the development of contacts between directors and members of the Group's management team.

3. 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 Board of Directors' management report.

3.1. 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.

In view of the small number of directors and the high attendance rate at meetings (99% in 2010), the Board considered, on the basis of recommendations from the Remuneration and Nomination Committee, that it would be more appropriate to allocate directors' fees taking account of the additional work and specific responsibilities assumed by the directors who chair the Board and the Committees, rather than on the basis of attendance records.

3.2. 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 elements 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.

3.3. Award of stock options and free shares

The conditions for awarding stock options and free shares in the plans introduced by the Company's Board comply with Recommendation 5 of the MiddleNext Code, which recommends 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, in relation to the performance criteria recommended by the MiddleNext Code for the exercise of stock options or the definitive award of free shares, the Board deems it particularly difficult and 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 Company did not introduce any plan to award stock options or free shares in 2010.

3.4. 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 will.

3.5. 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.

4. RESTRICTIONS PLACED BY THE BOARD OF DIRECTORS ON THE POWERS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the Company's by-laws, 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.

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.

5. SPECIFIC CONDITIONS RELATING TO SHAREHOLDERS' PARTICIPATION IN THE SHAREHOLDERS' MEETING

At the Shareholders' Meeting on 6 May 2011, the shareholders will be asked to amend Articles 25 and 28 of the by-laws relating to the conditions for shareholders' participation in the shareholders' meeting in order to comply with the provisions of Ordinance 2010-1511 of 9 December 2010 transposing Directive 2007/36/EC of 11 July 2007 on the exercise of certain rights of shareholders in listed companies.

The amendments concern the following matters:

- representation of shareholders by proxy at the shareholders' meeting,
- possibility for shareholders and shareholder groups to put items on the agenda and table draft resolutions.

The conditions relating to shareholders' participation in the Shareholders' Meeting are set out in the Company by-laws, in particular at Article 25, and are summarised below (taking account of the amendment put to the Shareholders' Meeting).

- Shareholders' meetings comprise all shareholders whose shares are duly paid-up and whose right to take part in shareholders' meetings has been evidenced by registration of the shares in the shareholder's name or, if the shareholder is not domiciled in France, in the name of the intermediary registered on his behalf at midnight (Paris time) on the third working day before the day of the meeting.

- The shares must be registered within the time limit stipulated in the preceding paragraph either in the registered securities accounts kept by the Company or in bearer securities accounts kept by the authorised intermediary.

- Access to the shareholders' meeting is open to its members and to registered proxies and intermediaries providing proof of their status and identity. The Board of Directors may if it wishes issue shareholders with personal admission cards in their name and ask for such cards to be produced.

- Shareholders may empower a proxy to represent them at a shareholders' meeting under the conditions laid down by law.

- Shareholders may vote by correspondence after proving their shareholder status. The Company must receive the voting form at the latest three days before the date of the shareholders' meeting.

- Shareholders not domiciled in France may be represented by a registered intermediary under the conditions laid down by law.

As the Company is concerned to answer shareholders' requests for information, the following documents are made available to them on its website in a section especially devoted to shareholders' meetings:[4]

- notices of meeting published in BALO (*Bulletin of Compulsory Legal Notices*),
- notice of meeting sent to registered shareholders,
- the total number of existing voting rights and the number of shares comprising the Company's share capital at the date on which the notice of meeting was published in BALO,
- the documents that the shareholders are entitled to consult before the Shareholders' Meeting,
- the text of draft resolutions put by the Board to the Shareholders' Meeting,
- the forms for voting by correspondence and by proxy,

[4] *www.recylex.fr - (English version) – Shareholders / Investors – General Meetings*

- where relevant, the text of draft resolutions tabled by shareholders,
- the presentation made to shareholders at the Shareholders' Meeting,
- voting results and quorum following shareholder votes at the Shareholders' Meeting.

Before any Shareholders' Meeting, shareholders may, under the conditions and within the time-limits prescribed by law, ask the Company for documents, a list of which is given in the Commercial Code, so that they can cast their vote in an informed manner

Shareholders can consult the Company's annual report on its website.[5] The annual report contains the management report, this report, the Company and consolidated financial statements and notes to them and the Statutory Auditors' reports.

From the same concern to ensure that its shareholders are well-informed, the Company gives careful consideration to all written questions submitted by shareholders and answers them at the Shareholders' Meeting. Likewise, time is set aside at the Shareholders' Meeting for a question-and-answer session between the Company and the shareholders present.

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 25 February 2008, updated and reissued on 22 July 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, manners of 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 itself.

More specifically, these procedures are designed to ensure, 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.

[5] *www.recylex.fr - (English version) – Shareholders / Investors – Annual Report*

6.2.2 Components of the internal control system

- Organisation of internal control

Since the recent Group's structure reorganisation, 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.

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

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 groupwide 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,
    2. preparation of a 12-month revolving forecast, updated monthly,
    3. performance tracking of the Group's activities by means of monthly reporting to the Board, enabling the Board to monitor the performance of each Group's activity and ensure that it is consistent with objectives.

- Monitoring and control of the activity and performance of the Group's operating units, involving the following players:

    1. the management control unit at head office, which tracks subsidiaries' activity in detail on a monthly basis using the budget, actual figures and regularly updated projections. The monthly reporting schedules prepared by each operating unit or subsidiary using specific software (the Magnitude package) are reviewed by management control at head office and specific investigations of the subsidiary are carried out if necessary;
    2. the Chairman and CEO, the Chief Financial Officer and heads of 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. A specific module was incorporated into the SAP package in 2010 to manage derivative hedging of metal price fluctuation risk and the underlying flows (IT-Metal module).

- Permanent oversight of the internal control system

The Audit Committee oversees the overall internal control system.

6.2.3 Players in the internal control system

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.

Company representation on the boards of certain subsidiaries enables the Company to ensure their internal control. As a result, a certain number of risks associated with the Group's business are known and clearly identified.

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 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 2010 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, submitted to the Company's senior management. The mangers 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.

Monthly meetings are held between the Company's senior executives and the managers of subsidiaries to review operational, commercial, financial, environmental and health and safety developments in each branch of activity. The meetings provide an opportunity for framing action plans and monitoring their implementation.

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 2006. However, subsidiaries' compliance with IFRS, asset impairment tests, the accounting treatment of derivative hedging of metal price fluctuation risk and sectoral analysis continue to be performed in-house at the Company's headquarters.

Once the company and consolidated financial statements have been prepared, they are reviewed by the Audit Committee before the Board meeting that approves them.

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 also audited by the Company's auditors as part of their statutory obligations.

6.4 Risk assessment and management

The workforce restructuring that the Company faced in 2002 and 2003 meant that it had to reorganise internal control and risk management systems within the Group.

On the basis of the risk map drawn up by an outside consultancy in 2008 and updated in 2010, the Company continued the rollout, begun in 2009, of a centralised monthly financial reporting system, a cash flow projection tool and a 5-year financial plan for all Group companies.

In 2010, the Company continued the implementation, begun in 2009, of the recommendations issued following the health, safety and environment (HSE) audit of all the Group's industrial facilities carried out by an outside consultancy with the aim of analysing the environmental and health risks specific to the Group's business activities.

A risk management procedure was also implemented in the Group in 2010.

The purpose of the new procedure, common to all Group entities, is to define the mechanisms whereby risks are identified, assessed and reported to the Company's senior management and to the Audit Committee. It aims to regularly review the quality and effectiveness of internal control systems and to take the necessary steps to improve them. The system is based on a tight governance structure implying a high level of commitment from every line and staff manager, ensuring transparent decision-taking while preserving the principles of subsidiarity and decentralisation regarded as essential to the optimum management of the Group's industrial and commercial activities.

Certain priority risks were identified following the 2010 update of the 2008 risk map. Action plans were prepared, then implemented and followed up by a specific manager for each identified risk.

A survey of existing procedures within the Group's subsidiaries was begun in 2010.

6.4.1 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 framed a policy and introduced a handbook of procedures designed to measure, manage and control exposure to market risks. The policy prohibits taking speculative positions on the market and involves using derivatives to cover some of the Group's exposure to currency and commodity risk. The procedures are put in place in Group companies when risks are identified.

Financial instruments are taken out on the over-the-counter market with a highly rated counterparty. The Group primarily uses futures and options. Derivatives cover existing or expected financial and commercial exposure. Positions in financial instruments are tracked on a fair-value basis.

Currency and commodity risk is managed locally by the Group companies concerned under the oversight of the Group's Finance Department.

- **Commodity risk**

The Group is exposed to the risk of fluctuations in metal prices, especially for lead and zinc. The two metals are quoted in US dollars on the London Metal Exchange. The Group has no influence over the price of these metals and is therefore affected by fluctuations.

Exposure results from sales of metals for which production is based on reused raw materials (batteries), the price of which is not directly linked to metal prices, and on surplus metals recovered from materials to be processed. For that reason hedges are taken out for any lag between purchase and sale and for commercial stocks.

The Group sometimes uses hedging instruments to secure part of its margins.

Hedges for lead were taken out in 2010.

- **Currency risk**

The Group is exposed to currency risk arising from transactions between its subsidiaries in currencies other than their operating currency. Some procurement contracts in particular are denominated in dollars. The Group's policy is not to hedge this currency risk.

At 31 December 2010, the Group did not have any dollar-denominated commodity derivatives to hedge euro-denominated sales. All commodity derivatives are taken out in euros.

- **Interest-rate risk**

Most of the Group's long-term debt is housed with Recylex SA, the holding company, and its subsidiaries Recylex GmbH, Weser-Metall GmbH and RMO GmbH. Given the Group's situation, its debt chiefly comprises rescheduled liabilities under Recylex SA's continuation plan and four loans contracted by Recylex GmbH, Weser Metall GmbH, C2P GmbH and RMO. The loans contracted by Recylex GmbH and C2P GmbH are at fixed rates, those contracted by Weser Metall GmbH and RMO are at floating rates. The Group uses interest-rate derivatives to cover the interest-rate risk on the two floating-rate loans.

The debt resulting from Recylex SA's continuation plan does not bear interest.

- **Counterparty risk**

The Group would be exposed to credit risk if a counterparty failed. The Group's credit risk policy varies from one sector to another.

- *Credit risk linked to trade receivables*

On the basis of available information at the date of this report, the Group does not expect any third-party failure liable to have a material impact on its financial statements. However, in view of the current economic and financial environment, which remains particularly difficult and uncertain, the failure of Group customers cannot be entirely 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 given above relating to the current exceptional economic and financial situation, the Group cannot entirely rule out the risk arising from the potential failure of its customers.

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 31 December 2010, the Group had sold €13.7 million of receivables to a factoring company.

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

Currency and commodity hedges and cash investments are made with prime financial institutions. 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 drawn up a cash flow forecast for 2011 on the basis of available information, in particular payments relating to outstanding instalments under the continuation plan due to creditors in 2011 and expenditure relating to its commitments in connection with the rehabilitation of former mining sites and the former L'Estaque site. The Group's subsidiaries have also prepared cash flow projections (by cash pool) for 2011. The forecasts have been prepared on the basis of lower metal prices than at 31 December 2010.

These forecasts show a reduction in the Group's cash flow in 2011 compared with 2010, though no short-term financing requirement. This is due in particular to the high level of the Group's cash position at 31 December 2010. However, in view of the volatility of metal prices, the difficulty of making any reliable projection and the uncertain economic outlook, it is extremely difficult to give any medium-term forecast.

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

The Company has made the first five repayments to its creditors under the continuation plan, amounting to €11.4 million in 2006, €11 million in 2007, €2.3 million in 2008, €2.3 million in 2009 and €4.1 million in 2010, giving a total of €31.1 million at 31 December 2010. The amount of the sixth repayment, scheduled for November 2011, will be approximately €4.5 million.

Payments made in 2010 under the continuation plan amounted to €7.7 million (€8.4 million including intragroup payments). More than half that amount, €5.5 million, consisted of damages paid to former employees of Metaleurop Nord SAS, subject to the decisions of the Court of Cassation.

At 31 December 2010, total debt under the continuation plan including the damages awarded by Douai Appeal Court to the former employees of Metaleurop Nord SAS amounted to €30.0 million (€25.7 million excluding intragroup receivables), compared with €19.3 million if the damages are stripped out (€15.0 million excluding intragroup receivables).

It is important to note that the Company has again been called to hearings before the conciliation panel of the Industry section and of the Management section of the Lens labour tribunal on 8 March 2011, following further applications for damages submitted in December 2010 by 192 former managerial and non-managerial employees of Metaleurop Nord SAS who were not party to the proceedings brought in 2005. The claimed damages amount to approximately €9.96 million and have been fully provisioned in the Company accounts at 31 December 2010 (*for further information, see Notes 1 and 14 of the Notes to the consolidated financial statements*). 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.

Including the damages already awarded to the former employees of Metaleurop Nord SAS and the damages claimed in the new proceedings brought by former employees, if the outcome of the new proceedings is unfavourable, and subject to the decisions of the Court of Cassation, Recylex SA could find itself with an estimated liability of approximately €20.8 million over the next five years. These damages plus existing liabilities under the continuation plan of €19.3 million would increase the amount Recylex SA would have to pay under the continuation plan, due to end in 2015, to over €40 million. Such an increase in scheduled payments under the continuation plan could generate a 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 *(for further information about ongoing litigation, see Section 2.2.1 of this report and 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 (2011-2015). Should this claim come to a final outcome against Recylex SA, the available cash would no longer be compatible with the instalments to repay creditors under the continuation plan and 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).*

6.4.2. Environmental and health and safety 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 Group is also responsible for cleaning up a number of industrial and mining sites with their origins in the history of the two companies which founded the Group in 1988 (the Germany 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 Chairman and CEO has been directly responsible for overseeing the clean-up of former mining and industrial sites in France since December 2003, monitored by an environmental expert specialising in the field.

Detailed information about the environmental risks to which the Company and the Group are exposed and about the measures taken to address them is provided in Sections 1.9 and 2.15 of the Management Report to which this report is attached.

6.4.3. Legal risks

The main legal proceedings brought against the Company are described in Section 1.3.1 of the Management Report.

6.4.4. Operating risks

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.

In 2010, the subsidiary Weser-Metall GmbH, which operates the Group's main lead smelter at Nordenham, encountered a technical incident that damaged part of the oven and caused production to be suspended for about ten days. Thanks to close relations of trust with customers and suppliers, Weser-Metall GmbH was able to find practical solutions to meet its commitments to the best of its abilities. An expert assessment is in progress to determine what action should be taken by Weser-Metall GmbH's insurers.

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.

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.

CONCLUSION

While taking account of changes in the Group's operating environment, senior management wishes to continue to develop the Group's internal control and risk management systems. The process for assessing and improving internal control and risk management procedures initiated by the Company's senior management will be continued in the context of ongoing changes in the legal and regulatory framework.

Internal control and risk management activities in 2010 focused on implementing a risk management policy at Group level, including regular reporting to the Audit Committee, and updating the risk map.

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 2010

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 2010.

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, 2011

The Statutory Auditors

KPMG Audit	Deloitte & Associés
Division of KPMG S.A.	
Catherine PORTA	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

(French version available on www.recylex.fr)

Date	Document	Section
3/03/2011	Total number of shares and voting rights	Regulated information[1]
11/02/2011	Quaterly financial information (4th quarter 2010)	Regulated information
10/02/2011	Total number of shares and voting rights	Regulated information
31/12/2010	Total number of shares and voting rights	Regulated information
23/12/2010	Recylex SA decides to appeal to the Supreme Court *(Cour de cassation)* following decisions from the Douai Appeal Court	Press release
17/12/2010	Recylex SA takes note of the decision of the Douai Appeal Court regarding former employees of Metaleurop Nord	Press release
10/12/2010	Resumption of lead production at the Weser-Metall GmbH plant in Nordenham	Press release
6/12/2010	Total number of shares and voting rights	Regulated information
29/11/2010	Temporary halt of lead production at the Weser-Metall GmbH plant in Nordenham	Press release
10/11/2010	Quaterly financial information (3rd quarter 2010)	Regulated information
8/11/2010	Total number of shares and voting rights	Regulated information
8/10/2010	Total number of shares and voting rights	Regulated information
3/09/2010	Internal rules and regulations of the Board of directors	Internal rules and regulations
31/08/2010	Recylex : 2010 interim results	Press release
31/08/2010	2010 Interim Financial Report	Regulated information
30/07/2010	Quaterly financial information (2nd quarter 2010)	Regulated information
7/07/2010	Total number of shares and voting rights	Regulated information
4/06/2010	Total number of shares and voting rights	Regulated information
12/05/2010	Total number of shares and voting rights	Regulated information
11/05/2010	Shareholders' meeting of May 7, 2010 – Votes and quorum results	Shareholders' meeting
7/05/2010	Shareholders' meeting of May 7, 2010 – Presentation	Shareholders' meeting
3/05/2010	Quaterly financial information (1st quarter 2010)	Regulated information
21/04/2010	Shareholders' meeting of May 7, 2010 – Avis de convocation (actionnaires nominatifs)	Shareholders' meeting
8/04/2010	Total number of shares and voting rights	Regulated information
29/03/2010	Shareholders' meeting of May 7, 2010 – Publication BALO – Avis de réunion valant convocation	Shareholders' meeting
22/03/2010	2010 Annual Results	Press release

[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

2. Information published in *Les Echos* and in *Journal Spécial des Sociétés françaises par Actions*

(available in French)

Date	Document	Support
1/09/2010	2010 Interim Results	Les Echos
21/04/2010	Convening notice to the Shareholders' meeting of May 7, 2010	Journal Spécial des Sociétés
30/03/2010	Convening notice to the Shareholders' meeting of May 7, 2010	Les Echos
23/03/2010	2010 Annual Results	Les Echos

3. **Information published in the *Bulletin des Annonces Légales Obligatoires* (BALO)**

(available in French on www.journal-officiel.gouv.fr/balo/)

Date	N°	Category
4/06/2010 (n°67)	1003030	Periodical publication (annual financial statements)
29/03/2010 (n°38)	1000853	Notice of meeting to the Shareholders' meeting of May 7, 2010

4. **Information filed with the *Greffe du Tribunal de Commerce de Paris***

(available in French on www.infogreffe.com)

Date	Document	Object
-	-	-

5. **Statement of thresholds crossings**

(available in French on www.amf-France.org)

Date	Decision and information	
-	-	-