2011 INTERIM FINANCIAL REPORT

(Article L. 451-1-2 III of the French Monetary and Financial Code and Articles 222-4 et seq of the AMF (Autorité des Marchés Financiers) General Regulation)

Contents

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

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

Suresnes, 30 August 2011

Yves Roche

Chairman and Chief Executive Officer

BUSINESS REVIEW FOR THE FIRST HALF OF 2011

- **2011 interim results (consolidated financial statements):**

In its August 30, 2011 meeting, Recylex SA's Board of Directors reviewed and approved the condensed consolidated financial statements of the Recylex Group (hereinafter the "Group") for the six months ended June 30, 2011.

Consolidated sales for the first half of 2011 amounted to €248.8 million versus €193.6 million in the year-earlier period.

The Group generated operating income before non-recurring items of €12.7 million in the first half of 2011, as opposed to €4.0 million in the first half of 2010.

Consolidated net income attributable to equity holders of the parent came to €6.3 million, versus €5.6 million in the first half of 2010. In the first half of 2011, consolidated net income was affected by the decision to set aside reserves (of €2.6 million) for impairment losses on financial instruments used to hedge the Group's lead inventories, which are not recognized as hedging instruments under IFRS, the latter excluding the booking of any profit linked to the physical counterparts of the aforementioned derivatives (see note 6.12 to the interim consolidated financial statements).

- **Key figures**

In millions of euros	**First half 2011** ***(to June 30, 2011)***	**First half 2010** ***(to June 30, 2010)***
Consolidated sales	248.8	193.6
EBITDA[1] (IFRS)	18.7	11.6
EBITDA (LIFO[2])	10.5	13.1
Operating income (loss) before non-recurring items (IFRS)	12.7	4.0
Operating income (loss) before non-recurring items (LIFO[2])	5.3	7.9
Consolidated net income (IFRS)	6.3	5.6

In millions of euros	***At June 30, 2011***	***At December 31, 2010***
Equity	106.4	99.5
Net cash and cash equivalents[3]	40.5	60.7

[1] *Operating income before non-recurring items, depreciation, amortization, provisions and impairment losses*

[2] *To assess the performance of its Lead operating segment, in its internal reporting the Group uses the LIFO (last in first out) method, which is not used under IFRS, to measure inventories for its main smelter in Germany (Nordenham). Note 4 to the condensed consolidated financial statements shows the effects of adjusting the inventories of the main German smelter using the LIFO method.*

[3] *Cash net of bank overdraft facilities*

- **Financial position**

Cash and cash equivalents decreased during the first half of 2011 relative to December 31, 2010. This was caused by a sharp rise in the working capital requirement, relating primarily to the increase in inventories in the Lead segment, which arose from a sharp rise in prices and volumes of materials like lead and silver.

Nevertheless, Group cash flow before net interest and tax expense amounted to more than €17 million in the first half of 2011.

- **Operations and significant events in the first half of 2011:**

  - Market conditions in the first half of 2011

There were major swings in metals prices, and particularly in lead prices. The average lead price, in euro terms, between January and April 2011 was over €1,900 per tonne, while the lowest average of the first half 2011, in May 2011, was less than €1,700 per tonne (€1,690). However, the average lead price during the first half of 2011 as a whole (€1,841 per tonne) was substantially higher than that seen in the year-earlier period (€1,565).

The price of silver (one of the metals contained in lead concentrates) rose sharply, and was highly volatile, during the first half of 2011.

Zinc prices also saw large-scale variations during the period. In February 2011, the average zinc price was just over €1,800 per tonne, while in May 2011 it had fallen to €1,508 per tonne. In the first half of 2011 as a whole, the average zinc price was roughly the same as in the year-earlier period.

Average (euros per tonne)	First half 2011	2010	First half 2010
Lead price	1,841	1,615	1,565
Zinc price	1,660	1,624	1,619

  - Operations of Group companies in the first half of 2011

The Lead segment accounted for 73% of total sales compared with 18% for Zinc, 6% for Special Metals and 3% for Plastics.

	June 30, 2011			
In millions of euros	**Sales**	**Operating income before non-recurring items (LIFO[2])**	**Difference relating to use of the average weighted cost (AWC) method compared with the LIFO method[2]**	**Operating income before non-recurring items (IFRS)**
Lead	182.2	2.5	7.4	9.9
Zinc	43.9	2.9		2.9
Special Metals	15.6	1.4		1.4
Plastics	7.1	0.7		0.7
Other		(2.2)		(2.2)
TOTAL	248.8	5.3		12.7

In millions of euros	June 30, 2010			
	Sales	**Operating income before non-recurring items (LIFO[2])**	**Difference relating to use of the average weighted cost (AWC) method compared with the LIFO method[2]**	**Operating income before non-recurring items (IFRS)**
Lead	132.3	4.4	(3.9)	0.5
Zinc	43.7	4.1		4.1
Special Metals	12.6	0.9		0.9
Plastics	5.0	0.5		0.5
Other		(2.1)		(2.1)
TOTAL	193.6	7.9		4.0

- *Lead*

The Group's plants processed roughly the same volume of used batteries in the first half of 2011 as in the first half of 2010.

Algerian company Eco-Recyclage, which is 33.33%-owned by Recylex SA and is accounted for under the equity method in the Group's consolidated financial statements, processed more than 4,600 tonnes of used batteries in the first half of 2011, up from 2,000 tonnes in 2010 as a whole.

Higher lead prices caused an increase in used battery prices in the first half of 2011. However, this price increase was smaller than in the first half of 2010, and this enabled battery processing plants to generate wider margins than in the year-earlier period.

The Nordenham smelter processed a higher volume of material than in the first half of 2010, when its annual maintenance shutdown took place. The annual maintenance shutdown for 2011 will take place in the second half.

Relative to the first half of 2010, commercial conditions improved sharply for sales of sulphuric acid, which is a by-product made by the Nordenham plant from the sulphur contained in used batteries and lead concentrates.

The 38% increase in lead sales in the first half of 2011 relative to the first half of 2010 was partly driven by the 18% increase in lead prices in euro terms. It was also supported by higher sales volumes, particularly of silver (another by-product of the Nordenham plant), combined with a rise in silver prices.

However, high volatility in lead and silver prices in the first half of 2011 affected inventories of lead and silver, measured using the LIFO method. The effect was particularly severe for silver. This dragged down operating income before non-recurring items (LIFO) relative to the first half of 2010.

- *Zinc*

Sales in the Zinc segment were comparable with those seen in the first half of 2010.

Recytech SA (50%-owned by Recylex) carried out a scheduled three-week maintenance shutdown in June 2011, and the Harz-Metall GmbH subsidiary shut its plant for scheduled maintenance in May 2011. Harz-Metall GmbH's maintenance shutdown directly affected the Zinc segment's operating income in the first half of 2011 relative to the year-earlier period, since the company did not shut down its plant in the first half of 2010.

The zinc recycling business (Norzinco GmbH) had a good first half in 2011, due to the solid level of orders from the chemicals industry.

- *Special Metals*

Sales rose by 24% year-on-year in the first half of 2011, due to a sharp rise in germanium prices and an increase in germanium selling volumes. Sales of high-purity arsenic were boosted by a sharp rise in prices relative to the first half of 2010, driven by increased demand from producers of integrated circuits. Sales from other metals, excluding cadmium telluride sales, rose by 17% year-on-year in the first half of 2011.

Profitability also rose sharply year-on-year, with operating income increasing by more than 42%.

- *Plastics*

Sales rose by 41% year-on-year. This was driven mainly by higher polypropylene prices and the ongoing upturn in business levels.

These positive factors boosted operating income for the first half of 2011.

- **Litigation relating to Metaleurop Nord SAS**

The legal claims brought 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.

- Former employees of Metaleurop Nord SAS

- Following an appeal against the judgments made on June 27, 2008 by the Lens labour tribunal (industry section), the Douai Appeal Court on December 18, 2009:
  (i) rejected the claims of 22 protected former employees, who decided to appeal to the Cour de Cassation. The judgment of the Cour de Cassation is due on September 28, 2011.
  (ii) awarded damages to 460 former non-managerial employees totalling approximately €12.4 million, which were included in the liabilities of Recylex SA's continuation plan payable in instalments. On February 9, 2010, Recylex SA decided to appeal against these decisions to the Cour de Cassation. The judgment of the Cour de Cassation is due on September 28, 2011.
  (iii) adjourned 11 cases. On December 17, 2010, the Douai Appeal Court awarded damages of €240,800 to eight former non-managerial employees. This sum was included in the liabilities of Recylex SA's continuation plan, and Recylex SA decided to appeal against these judgments to the Cour de Cassation. The cases relating to three former employees will be heard by the Douai Appeal Court on September 28, 2011.

- Following an appeal against the judgments made on September 15, 2009, September 30, 2009 and February 26, 2010 by the Lens labour tribunal (management section), the Douai Appeal Court on December 17, 2010:
  (i) rejected the claims of six protected former employees, who decided to appeal to the Cour de Cassation.
  (ii) awarded damages of around €3.6 million to 84 former managerial employees. This sum was included in the liabilities of Recylex SA's continuation plan, and Recylex SA decided to appeal against these judgments to the Cour de Cassation.
  (iii) adjourned one case, which will be heard on September 28, 2011.

- New claims for compensation were made in December 2010 by 137 non-managerial and 55 managerial former employees of Metaleurop Nord SAS who were not party to the litigation that began in 2006. Each claimant is claiming compensation of between €30,000 and €50,000 plus €300 costs, representing a total of around €9.96 million. The next hearings before the Lens labour tribunal (industry and management sections) will take place on September 20, 2011.

  - The liquidators of Metaleurop Nord SAS

The claim brought by the liquidators of Metaleurop Nord SAS, claiming the repayment by Recylex SA of Metaleurop Nord SAS's liabilities in an amount of €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 judgment. The Douai Appeal Court ordered a stay of proceedings on November 18, 2008 and invited the parties to bring the matter before the Conseil d'État for a judgment 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 Recylex's court-supervised recovery procedure begun on November 13, 2003. The liquidators relied on a regulatory provision that they claim discharged them from having to declare their claim in that manner. Recylex SA applied to the Conseil d'Etat for a judgment on this point of law on February 12, 2009.

On May 20, 2011, the Conseil d'Etat rejected Recylex SA's application considering that the concerned regulatory provision was not illegal.

The matter has been listed for a procedural hearing in the Douai Appeal Court on September 23, 2011. On that date, the liquidators of Metaleurop Nord SAS will be able to make new submissions, to which Recylex SA will be able to respond until the closing date for the procedure, which will be set in due course by the Court of Appeal.

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 enforcement of the continuation plan could be jeopardized.

- **Description of the main risks and uncertainties for the second half of 2011**

The main risks likely to impact the Group's results in the second half of 2011 consist of trends in lead and zinc prices relative to the purchase cost of secondary materials, and the outcome of the litigation concerning Metaleurop Nord SAS described above.

- **Outlook - business trends**

Metal prices remained extremely volatile at the start of the second half of 2011, partly because of uncertainty relating to the European debt crisis.

Battery purchasing prices peaked at the end of the first half of 2011, and as a result margins in the Lead segment could contract in the second half relative to the first. In addition, scheduled maintenance shutdowns for all production plants in the Lead, Special Metals and Plastics segments will take place in the second half of 2011.

By contrast, the Zinc segment should see production at close to full capacity in the second half of 2011, barring exceptional events.

- **Main related-party transactions**

Details of the main related-party transactions are provided in Note 9 to the condensed consolidated financial statements for the six months ended June 30, 2011.

- **Statement of changes in equity**

The statement of changes in equity is provided in the condensed consolidated financial statements for the six months ended June 30, 2011.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2011

CONSOLIDATED BALANCE SHEET
At June 30, 2011
(in thousands of euros)

	Notes	*June 30, 2011* *(in thousands of euros)*	*December 31, 2010* *(in thousands of euros)*
Assets			
Non-current assets			
Property, plant and equipment	6.1	71,391	72,697
Intangible assets	6.1	1,819	1,958
Financial assets		524	455
Financial instruments	6.12	-	-
Other non-current financial assets	6.3	4,982	5,004
Investments in associates		119	-
Deferred tax assets	5.6	7,681	7,559
		86,516	**87,673**
Current assets			
Inventories	6.4	91,228	71,847
Trade receivables	6.5	42,854	34,389
Current income tax assets		1,214	419
Other current assets	6.6	8,884	5,030
Other financial instruments	6.12	178	91
Cash and cash equivalents	6.7	43,893	63,666
		188,251	**175,442**
Non-current assets held for sale		-	-
		188,251	**175,442**
TOTAL ASSETS		**274,767**	**263,115**
Equity	6.8		
Issued capital		47,950	47,950
Share premiums		866	866
Reserves attributable to equity holders of the parent		49,771	53,912
Hedging reserves		93	(434)
Net income attributable to equity holders of the parent		6,285	(4,250)
Translation adjustments		1,452	1,452
Share premiums and reserves attributable to equity holders of the parent		**106,417**	**99,496**
Minority interests		-	-
Total equity		**106,417**	**99,496**
Non-current liabilities			
Interest-bearing borrowings	6.9	1,985	7,175
Provisions	6.10	36,432	32,395
Pension liabilities		24,074	24,170
Other non-current liabilities	6.11	22,222	22,170
Deferred tax liabilities	5.6	4,388	2,748
		89,100	**88,658**
Current liabilities			
Interest-bearing borrowings	6.9	9,340	6,036
Provisions	6.10	6,625	11,024
Pension liabilities		1,996	2,044
Trade payables		34,046	35,968
Income tax payable		2,285	3,092
Other financial instruments	6.12	2,634	865
Other current liabilities	6.11	22,324	15,932
		79,250	**74,961**
Liabilities associated with non-current assets held for sale		-	-
TOTAL LIABILITIES		**168,350**	**163,619**
TOTAL EQUITY AND LIABILITIES		**274,767**	**263,115**

INTERIM CONSOLIDATED INCOME STATEMENT
First half 2011

(in thousands of euros)	*Notes*	*June 30, 2011*	*June 30, 2010*
		(in thousands of euros)	*(in thousands of euros)*
Sales of goods and services		248,775	193,601
Total sales		**248,775**	**193,601**
Purchases used		(192,261)	(126,542)
Staff costs		(22,060)	(21,190)
External costs	5.1	(27,491)	(27,088)
Taxes other than on income		(1,247)	(1,067)
Depreciation, amortization and impairment losses	5.2	(6,004)	(7,606)
Goodwill impairment losses		-	-
Changes in work-in-progress and finished goods		12,683	(6,265)
Other operating income and expense		258	189
Operating income before non-recurring items		**12,653**	**4,032**
Other non-recurring operating income and expense	5.3	(660)	2,124
Operating income		**11,993**	**6,156**
Interest income from cash and cash equivalents	5.4	223	127
Gross interest expense	5.4	(560)	(422)
Net interest expense	5.4	**(337)**	**(295)**
Other financial income and expense	5.5	**(2,745)**	**317**
Income tax expense	5.6	(2,753)	(471)
Share in income from associates		127	(129)
Net income before minority interests		**6,285**	**5,579**
Minority interests			
Net income attributable to equity holders of the parent		6,285	5,579
Earnings per share:		*In euros*	*In euros*
- basic	**5.7**	0.26	0.23
- diluted	**5.7**	0.26	0.23

STATEMENT OF COMPREHENSIVE INCOME
First half 2011

(in thousands of euros)	**June 30, 2011**	**June 30, 2010**
Net income……………………………………………………………………	**6,285**	**5,579**
Translation adjustments…………………………………………………………	-	-
Cash flow hedges …………… …………………………..	745	1,442
Deferred tax on cash flow hedges……………………….	(218)	(420)
Available-for-sale securities ……………………………………………….	-	-
Translation adjustments on associates	(2)	9
Income and expenses recognized directly in equity …………………………………………………………………………	-	-
Total other comprehensive income……………………….	**525**	**1,031**
Comprehensive income……………………………………………………………	**6,810**	**6,610**
Of which:		
Attributable to equity holders of the parent…………………………………………………………………	6,810	6,610
Minority interests…………………………………………………		-

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT JUNE 30, 2011

(in thousands of euros, except per share data)	*Number of shares*	*Share capital*	*Share premiums*	*Hedging reserves*	*Consolidated reserves*	*Total equity, attributable to equity holders of parent*	*Total equity*
Equity at January 1, 2010	**23,959,982**	**47,920**	**783**	**(630)**	**55,122**	**103,195**	**103,195**
Net income for the year	-	-	-	-	5,579	5,579	5,579
Other comprehensive income							
Change in hedging reserves net of tax (1)	-	-	-	1,022	-	1,022	1,022
Change in translation adjustments					9	9	9
Total other comprehensive income	-	-	-	1,022	9	1,031	1,031
Comprehensive income for the period	-	-	-	**1,022**	**5,588**	**6,610**	**6,610**
Share-based payment					124	124	124
Issue of shares/reduction in capital (2)	15,000	30	83	-	-	113	113
Equity at June 30, 2010	**23,974,982**	**47,950**	**866**	**392**	**60,834**	**110,042**	**110,042**
Equity at January 1, 2011	**23,974,982**	**47,950**	**866**	**(434)**	**51,115**	**99,496**	**99,496**
Net income for the year	-	-	-	-	6,285	6,285	6,285
Other comprehensive income							
Change in hedging reserves net of tax (1)	-	-	-	527	-	527	527
Change in translation adjustments					(2)	(2)	(2)
Total other comprehensive income	-	-	-	*527*	*(2)*	525	525
Comprehensive income for the period	-	-	-	**527**	**6,283**	**6,810**	**6,810**
Share-based payment					111	111	111
Issue of shares/reduction in capital (2)							
Equity at June 30, 2011	**23,974,982**	**47,950**	**866**	**93**	**57,509**	**106,417**	**106,417**

(1) These are hedging reserves (Note 6.12) net of deferred tax liabilities.

(2) Changes in the share capital are detailed in Note 6.8.

CONSOLIDATED CASH FLOW STATEMENT
First half 2011

(in thousands of euros)	*June 30, 2011*	*June 30, 2010*
	(in thousands of euros)	(in thousands of euros)
Net income from consolidated companies……………………..	6,285	5,579
Net income from associates………………………………………………………..	(127)	129
Non-cash income and expenses………………………..................	7,795	2,306
- Depreciation - property, plant and equipment………………………..……………....	*5,106*	*4,783*
- Amortization - intangible assets……………………………………………………	*186*	*152*
- Impairment losses/reversals on intangible assets and property, plant and equipment……………………………	*-*	*(94)*
- Changes in provisions……………………………………………………………….	*(334)*	*(2,389)*
- Elimination of stock-option impacts……………………………………………	*111*	*124*
- Non-cash eliminations ……………………………………………….	*2,209*	*(280)*
- Gains and losses on disposals of non-current assets…………..……………………	*218*	*8*
Cash flow after net interest and tax expense	**13,954**	**8,014**
- Elimination of interest expense……………………………..……………………...	*337*	*295*
- Income tax expense………………………………………………….……………........	*2,753*	*470*
Cash flow before net interest and tax expense	**17,043**	**8,779**
Change in current working capital requirement…..………….………..................	(27,714)	(16,754)
- Inventories…………………………………………………………….……………………	*(20,023)*	*(11,833)*
- Trade receivables………………………………………………….................	*(8,413)*	*(4,140)*
- Trade payables……………………………………………………....	*(1,924)*	*(3,972)*
- Other current assets and liabilities……………………. …………………………………..	*2,645*	*3,191*
Change in non-current working capital requirement………………………………….	(146)	(1,226)
Impact of changes in provisions on the working capital requirement ………...	601	1,740
Income tax expense……………………………………………………………………………...	(3,149)	759
Cash flow from operating activities	**(13,365)**	**(6,703)**
Changes in the scope of consolidation…………………………………………………………………	-	-
Purchases of property, plant and equipment, and intangible assets………………………..	(4,129)	(4,044)
Disposals of property, plant and equipment, and intangible assets…………………………..	1	19
Changes in financial assets …………………………………………………………………	(69)	1
Cash flow from investment activities	**(4,196)**	**(4,023)**
Increases in borrowings…………………………….………………………………………	12	-
Repayment of borrowings…………………………………………………….………………...	(2,289)	(1,673)
Other cash flows relating to financing operations…………………………………………..	-	(121)
Interest income/(expense) on financial assets………………………………………………………………	(337)	(295)
Other movements in the share capital………………………………………………………………	(1)	112
Cash flow from financing activities	**(2,614)**	**(1,976)**
Changes in cash and cash equivalents	**(20,175)**	**(12,702)**
Opening cash and cash equivalents (note 6.7)………………………….	60,666	53,498
Closing cash and cash equivalents (note 6.7)……................................	40,491	40,796
Changes in cash and cash equivalents	**(20,175)**	**(12,702)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended June 30, 2011

NOTE 1: PRESENTATION OF THE BUSINESS AND SIGNIFICANT EVENTS IN THE FIRST HALF OF 2011

Details of the company

The Recylex group has around ten production sites and operates mainly in France, Germany and Belgium.

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

Recylex SA is a société anonyme (joint-stock corporation) listed on NYSE Euronext Paris (compartment B) and registered in France.

On August 30, 2011, the Board of Directors approved and authorized publication of Recylex SA's condensed consolidated financial statements for the six months ended June 30, 2011.

Significant events in the first half of 2011

There were major swings in metals prices, and particularly in lead prices. The average lead price between January and April 2011 was over €1,900 per tonne, while the lowest average of the first half of 2011, in May 2011, was less than €1,700 per tonne (€1,690). However, the average lead price during the first half of 2011 (€1,841 per tonne) was substantially higher than that seen in the year-earlier period (€1,565).

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Zinc prices also saw large-scale variations during the period. In February 2011, the average zinc price was just over €1,800 per tonne, while in May 2011 it had fallen to €1,508 per tonne. In the first half of 2011, the average zinc price was roughly the same as in the year-earlier period.

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Higher lead prices caused an increase in used battery prices in the first half of 2011. However, this price increase was smaller than in the first half of 2010, and this enabled battery processing plants to generate wider margins than in the year-earlier period.

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Relative to the first half of 2010, commercial conditions improved sharply for sales of sulphuric acid, which is a by-product made by the Nordenham plant from the sulphur contained in used batteries and lead concentrates.

The 38% increase in lead sales in the first half of 2011 relative to the first half of 2010 was partly driven by the 18% increase in lead prices in euro terms. It was also supported by higher sales volumes, particularly of silver (another by-product of the Nordenham plant), combined with a rise in silver prices.

However, high volatility in lead and silver prices in the first half of 2011 affected inventories of lead and silver, measured using the LIFO method. The impact was particularly severe on silver. This dragged down operating income before non-recurring items (LIFO) relative to the first half of 2010.

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The legal claims brought 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.

- Former employees of Metaleurop Nord SAS

- Following an appeal against the judgments made on June 27, 2008 by the Lens labour tribunal (industry section), the Douai Appeal Court on December 18, 2009:
  - (iv) rejected the claims of 22 protected former employees, who decided to appeal to the Cour de Cassation. The judgment of the Cour de Cassation is due on September 28, 2011.
  - (v) awarded damages to 460 former non-managerial employees totalling approximately €12.4 million, which were included in the liabilities of Recylex SA's continuation plan payable in instalments. On February 9, 2010, Recylex SA decided to appeal against these decisions to the Cour de Cassation. The judgment of the Cour de Cassation is due on September 28, 2011.
  - (vi) adjourned 11 cases. On December 17, 2010, the Douai Appeal Court awarded damages of €240,800 to eight former non-managerial employees. This sum was included in the liabilities of Recylex SA's continuation plan, and Recylex SA decided to appeal against these judgments to the Cour de Cassation. The cases relating to three former employees will be heard by the Douai Appeal Court on September 28, 2011.

- Following an appeal against the judgments made on September 15, 2009, September 30, 2009 and February 26, 2010 by the Lens labour tribunal (management section), the Douai Appeal Court on December 17, 2010:
  - (iv) rejected the claims of six protected former employees, who decided to appeal to the Cour de Cassation.
  - (v) awarded damages of around €3.6 million to 84 former managerial employees. This sum was included in the liabilities of Recylex SA's continuation plan, and Recylex SA decided to appeal against these judgments to the Cour de Cassation.

(vi) adjourned one case, which will be heard on September 28, 2011.

- New claims for compensation were made in December 2010 by 137 non-managerial and 55 managerial former employees of Metaleurop Nord SAS who were not party to the litigation that began in 2006. Each claimant is claiming compensation of between €30,000 and €50,000 plus €300 costs, representing a total of around €9.96 million. The next hearings before the Lens labour tribunal (industry and management sections) will take place on September 20, 2011.

- The liquidators of Metaleurop Nord SAS

The claim brought by the liquidators of Metaleurop Nord SAS, claiming the repayment by Recylex SA of Metaleurop Nord SAS's liabilities in an amount of €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 judgment. The Douai Appeal Court ordered a stay of proceedings on November 18, 2008 and invited the parties to bring the matter before the Conseil d'État for a judgment 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 Recylex's court-supervised recovery procedure begun on November 13, 2003. The liquidators relied on a regulatory provision that they claim discharged them from having to declare their claim in that manner. Recylex SA applied to the Conseil d'Etat for a judgment on this point of law on February 12, 2009.

On May 20, 2011, the Conseil d'Etat rejected Recylex SA's application considering that the regulatory provision concerned was not illegal.

The matter has been listed for a procedural hearing in the Douai Appeal Court on September 23, 2011. On that date, the liquidators of Metaleurop Nord SAS will be able to make new submissions, to which Recylex SA will be able to respond until the closing date for the procedure, which will be set in due course by the Court of Appeal.

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 enforcement of the continuation plan could be jeopardized.

NOTE 2: SIGNIFICANT ACCOUNTING METHODS

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

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.

The interim consolidated financial statements at June 30, 2011 were prepared in accordance with IAS 34 "Interim financial reporting". They are presented in condensed format and do not therefore include all the information and notes contained in a complete set of annual financial statements. Consequently, they should be read in conjunction with the Recylex Group's consolidated financial statements for the year ended December 31, 2010.

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

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

With the exception of the points mentioned below, the accounting methods applied by the Group in the condensed interim financial statements are the same as those used in the consolidated financial statements for the financial year ended December 31, 2010.

2.1. New standards

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

- Revised version of IAS 24 "Related Party Disclosures";
- Amendments to IAS 32 relating to the classification of rights issues;
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", applicable to accounting periods starting on or after July 1, 2010;
- Amendment to IFRS 8 subsequent to revisions to IAS 24, applicable to accounting periods starting on or after January 1, 2011. This amendment was adopted by the European Union on July 19, 2010;
- Amendment to IFRS 1 subsequent to IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", applicable to accounting periods starting on or after July 1, 2010. This amendment was adopted by the European Union on July 23, 2010;
- Amendment to IFRIC 14 relating to prepayments of a minimum funding requirement, applicable to accounting periods starting on or after January 1, 2011. This amendment was adopted by the European Union on July 19, 2010;
- Amendment to IFRS 1 relating to the limited exemption to the requirement to provide comparative information in accordance with IFRS 7 for first-time adopters, applicable to accounting periods starting on or after July 1, 2010. This amendment was adopted by the European Union on June 30, 2010.

The new standards, amendments to existing standards and interpretations set out below had been published but were not applicable at June 30, 2011, and have not been adopted early by the Group:

- IFRS 9 "Financial instruments", applicable as of January 1, 2013;
- Amendments to IFRS 7 relating to disclosures about transfers of financial assets, applicable from July 1, 2011;
- Amendments to IAS 12* "Deferred Tax: Recovery of Underlying Assets". The new version of IAS 12 introduces a presumption that recovery of the asset's carrying amount will be through sale, unless the entity can prove that the recovery will take place in another way. These amendments are applicable to accounting periods starting on or after January 1, 2012;
- IAS 27* "Consolidated and Separate Financial Statements";
- IAS 28* "Investments in Associates". IAS 28 was amended to comply with amendments made following the publication of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities";
- IFRS 10* "Consolidated Financial Statements". The mandatory date from which IFRS 10 must come into force has been set by the IASB as January 1, 2013.
- IFRS 11* "Joint Arrangements" supersedes IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", and comes into force on January 1, 2013;
- IFRS 12* "Disclosure of Interests in Other Entities". The aim of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the basis of control, any restriction on consolidated assets and liabilities, exposure to risks resulting from interests in structured, non-consolidated entities and minorities' stakes in the activities of consolidated entities. IFRS 12 is applicable from January 1, 2013;
- IFRS 13* "Fair Value Measurement". The application date set by IASB concerns annual periods starting on or after January 1, 2013. IFRS 13 has not yet been adopted by the EU.
- Amendments to IFRS 1* relating to severe hyperinflation and the removal of fixed transition dates for first-time adopters, applicable from July 1, 2011;
- Amendments to IAS 1* relating to the presentation of other items of comprehensive income, applicable from January 1, 2013;
- Amendments to IAS 19* relating to defined benefit plans, applicable from January 1, 2013.

* Standards not yet adopted by the European Union.

2.2. Estimates

In order to prepare the condensed interim consolidated financial statements, management is required to use its judgment and to make estimates and assumptions that affect the application of accounting methods and amounts of assets and liabilities, income and expenses. Actual values may differ from estimated values.

As part of the preparation of the condensed interim consolidated financial statements, and apart from the points mentioned below, the significant judgments made by management to apply the Group's accounting methods and the main sources of uncertainty relating to estimates are the same as those for the consolidated financial statements for the year ended December 31, 2010. These estimates were made against the backdrop of high volatility in lead and zinc prices and in the euro/dollar exchange rate. Uncertain market conditions for lead, zinc and the euro/dollar exchange rate create specific conditions in 2011 for the preparation of the financial statements, in particular regarding accounting estimates that are required in accordance with accounting standards. These conditions, which already existed at the end of the 2010 financial year, are described in Note 1.

In the first six months of 2011, management reviewed its estimates concerning:

- Provisions (see note 6.10).

NOTE 3: SCOPE OF CONSOLIDATION

The scope of consolidation did not change in the first half of 2011 relative to December 31, 2010.

On June 30, 2011, Delot SAS was merged with Recylex SA through a complete transfer of its assets and liabilities, without Delot SAS being dissolved.

NOTE 4: OPERATING SEGMENTS

In accordance with IFRS 8, the information presented below 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
- The "**Zinc**" segment
- The "**Special Metals**" segment
- The "**Plastics**" segment
- The "Other activities" segment

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). It then reconciles these data with accounts prepared in accordance with IFRS, in which the average weighted cost (AWC) method is used.

The “Other activities” segment includes rehabilitation of old sites and non-allocated costs.

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 the periods ended June 30, 2011 and 2010.

Each column of the table below contains figures specific to each segment, which is analyzed 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.

Period ended June 30, 2011:

(in thousands of euros)	*Lead*	*Zinc*	*Special Metals*	*Plastics*	*Other businesses*	*Eliminations*	*Total*
Sales to external customers…………	182,165	43,890	15,641	7,079	-	-	248,775
Inter-segment sales…………………..…	3,089	-	10	771	-	(3,870)	-
Total sales…	**185,254**	**43,890**	**15,651**	**7,850**	**-**	**(3,870)**	**248,775**
Operating income (loss) before non-recurring items (LIFO)	**2,483**	**2,918**	**1,353**	**669**	**(2,172)**	**-**	**5,251**
LIFO > AWC adjustment	7,402	-	**-**	**-**	**-**	**-**	**7,402**
Reported operating income before non-recurring items (IFRS)	**9,885**	**2,918**	**1,353**	**669**	**(2,172)**	**-**	**12,653**
Other non-recurring operating income/(expense)..	-	3	(6)	-	(657)	-	**(660)**
Net financial items………………………..	(3,068)	(108)	(139)	(8)	241	-	**(3,082)**
Income tax benefit / (expense)…………………………………....	(1,447)	(1,033)	(143)	(229)	99	-	**(2,753)**
Share in income from associates………….	127	-	-	-	-	**-**	**127**
Reported net income (IFRS)	**5,497**	**1,780**	**1,065**	**432**	**(2,489)**	**-**	**6,285**

(in thousands of euros)	**Lead**	**Zinc**	**Special Metals**	**Plastics**	**Other businesses**	**Total**
Intangible assets	362	542	909	-	6	1,819
Property, plant and equipment	42,192	15,496	7,925	2,385	3,393	71,391
Inventories[3]	72,473	5,604	11,981	1,170	-	91,228
Trade receivables...................................	30,077	7,426	3,603	1,748	-	42,854
Total segment assets	**145,104**	**29,068**	**24,418**	**5,303**	**3,399**	**207,292**
Provisions and pension liabilities............	16,690	2,518	1,727	69	48,123	69,127
Trade payables	26,834	5,053	704	755	700	34,046
Other current liabilities	11,469	5,053	946	606	4,250	22,324
Segment liabilities	**54,998**	**12,624**	**3,376**	**1,430**	**53,073**	**125,500**
Property, plant and equipment	1,374	2,381	212	42	22	4,031
Intangible assets	31	4	-	-	-	35
Investments	**1,405**	**2,385**	**212**	**42**	**22**	**4,065**
Additions to property, plant and equipment…………….	(2,997)	(1,502)	(384)	(154)	(69)	(5,106)
Additions to intangible assets………….	(125)	(38)	(22)	-	(2)	(186)
Other non-cash income and expenses.[4]……………..	(1,000)	(47)	36	(4)	(80)	(1,095)
Depreciation, amortization and additions to provisions	**(4,122)**	**(1,587)**	**(370)**	**(158)**	**(151)**	**(6,387)**

[3] Inventories in the Lead segment, measured using the LIFO method, totalled €48,516 thousand at June 30, 2011

[4] Excluding releases of used provisions

Period ended June 30, 2010:

(in thousands of euros)	*Lead*	*Zinc*	*Special Metals*	*Plastics*	*Other businesses*	*Eliminations*	*Total*
Sales to external customers…………	132,311	43,643	12,620	5,027	-	-	193,601
Inter-segment sales…………………..…	3,695	-	-	976	-	(4,671)	-
Total sales…	**136,006**	**43,643**	**12,620**	**6,003**	**-**	**(4,671)**	**193,601**
Operating income (loss) before non-recurring items (LIFO)	**4,395**	**4,085**	**948**	**542**	**(2,070)**	**-**	**7,900**
LIFO > AWC adjustment	(3,868)	**-**	**-**	**-**	**-**	**-**	**(3,868)**
Reported operating income before non-recurring items (IFRS) [5]	**527**	**4,085**	**948**	**542**	**(2,070)**	**-**	**4,032**
Other non-recurring operating income/(expense)..	37	791	-	(72)	1,368	-	**2124**
Net financial items………………………..	759	(52)	179	(35)	(828)	-	**22**
Income tax benefit / (expense)………………………………… ...	780	(939)	(65)	(199)	(48)	-	**(471)**
Share in income from associates………….	(129)	-	-	-	-	**-**	**(129)**
Reported net income (IFRS)	**1,974**	**3,885**	**1,062**	**236**	**(1,580)**	**-**	**5,579**

(in thousands of euros)	**Lead**	**Zinc**	**Special Metals**	**Plastics**	**Other businesses**	**Total**
Intangible assets	260	600	953	-	1	1,815
Property, plant and equipment	44,730	13,447	8,306	2,496	3,244	72,222
Inventories[6]	50,810	4,674	10,227	1,452	-	67,162
Trade receivables...................................	23,983	7,207	3,760	1,737	1,196	37,884
Total segment assets	**119,783**	**25,928**	**23,246**	**5,685**	**4,441**	**179,082**
Provisions and pension liabilities.............	17,357	1,802	2,006	67	41,155	62,388
Trade payables	7,226	4,665	610	659	2,578	15,737
Other current liabilities	4,222	3,597	1,260	558	6,495	16,131
Segment liabilities	**28,805**	**10,064**	**3,875**	**1,283**	**50,228**	**94,255**
Property, plant and equipment	2,221	1,694	105	32	20	4,072
Intangible assets	111	-	-	-	-	111
Investments	**2,332**	**1,694**	**105**	**32**	**20**	**4,183**
Additions to property, plant and equipment…………….	(2,948)	(1,252)	(407)	(137)	(39)	(4,783)
Additions to intangible assets………….	(94)	(37)	(22)	-	-	(153)
Other non-cash income and expenses.[7]……………..	(3,663)	803	80	158	827	(1,795)
Depreciation, amortization and additions to provisions	**(6,705)**	**(486)**	**(349)**	**21**	**788**	**(6,731)**

5 IFRS operating income before non-recurring items in the Lead segment includes €3.0 million of inventory impairment losses caused by the fall in lead prices in June 2010.

6 Inventories in the Lead segment, measured using the LIFO method, totalled €42,027 thousand at June 30, 2010.

7 Excluding releases of used provisions.

Geographic regions

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 region are non-current assets other than financial instruments, deferred tax assets and pension plan assets.

Period ended June 30, 2011

(in thousands of euros)	***Western Europe***	***Other Europe***	***Americas***	***Rest of the world***	***Total***
Total sales …….	199,512	38,643	2,066	8,554	248,775

(in thousands of euros)	***France***	***Germany***	***Belgium***	***Total***
Investment in property, plant and equipment………………………….	1,288	2,677	66	4,031
Investment in intangible assets	11	24	-	35

Period ended June 30, 2010

(in thousands of euros)	***Western Europe***	***Other Europe***	***Americas***	***Rest of the world***	***Total***
Total sales …….	146,464	34,510	2,129	10,497	193,601

(in thousands of euros)	***France***	***Germany***	***Belgium***	***Total***
Investment in property, plant and equipment………………………….	1,065	2,933	75	4,073
Investment in intangible assets	2	109	0	111

Structure of sales

Sales in the Lead segment come from a limited number of customers. In the first half of 2011, 61% of the Group's consolidated sales came from 10 customers. By contrast, in the first half of 2010, 51% of the Group's consolidated sales came from 10 customers. Three of these 10 customers each accounted for more than 10% of the Group's total sales in the first half of 2011.Sales in the other operating segments, particularly Zinc, where the customer base is highly fragmented, come from a large number of customers.

NOTE 5: NOTES TO THE INCOME STATEMENT

Note 5.1. External costs

External costs break down as follows:

(in thousands of euros)	*June 30, 2011*	*June 30, 2010*
General sub-contracting	(6,563)	(6,601)
Maintenance and repairs	(5,817)	(4,934)
Insurance premiums	(793)	(810)
Goods and public transportation	(9,719)	(10,360)
Leasing, rent and service charges	(1,085)	(1,020)
Fees and external labour costs	(1,961)	(1,805)
Travel and entertainment expenses	(391)	(319)
Other external expenses	(1,162)	(1,239)
Total external costs	**(27,491)**	**(27,088)**

Note 5.2. Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses recognized in the periods ended June 30, 2011 and 2010 break down as follows:

(in thousands of euros)	*June 30, 2011*	*June 30, 2010*
Depreciation of property, plant and equipment	(5,106)	(4,689)
Amortization of intangible assets	(186)	(152)
Additions to provisions and impairment losses	(712)	(2,765)
Total depreciation, amortization and impairment losses	**(6,004)**	**(7,606)**

The impairment loss provision mainly concerns the impairment of silver inventories at the group's main smelter following the fall in silver prices in late June 2011.

The decline in lead prices in June 2010 led to an impairment loss provision for lead inventories at the Nordenham plant.

Note 5.3. Other non-recurring operating income and expense

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

(in thousands of euros)	*June 30, 2011*	*June 30, 2010*
Proceeds from asset disposals	27	209
Environmental provision (1)	(483)	-
Sums received for the rehabilitation of old sites		-
Other income and expenses	(143)	25
Additional provision for labour tribunal litigation	(61)	(333)
Settlement of legal dispute with creditors' representative (2)		1,500
Reversal of provision relating to the disposal of Norzinco SA's activities (3)		961
Non-recurring expenses - Disposal of Norzinco SA's activities		(238)
Total other non-recurring operating income and expense	**(660)**	**2,124**

(1) Additional environmental provision relating mainly to the Estaque site.
(2) On June 15, 2010, Recylex SA reached an agreement with the creditors' representative under which the latter would drop the appeal procedure and pay €1.5 million to Recylex SA in settlement.
(3) 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 5.4. Net interest expense

Interest expense on net debt breaks down as follows:

(in thousands of euros)	*June 30, 2011*	*June 30, 2010*
Interest income from cash and cash equivalents ………	223	127
Interest expense on bank and non-bank borrowings and bank overdrafts…….	(560)	(422)
Net interest expense..	**(337)**	**(295)**

Note 5.5. Other financial income and expense

(in thousands of euros)	*June 30, 2011*	*June 30, 2010*
Revenue from other receivables and marketable securities	3	
Net foreign exchange gains and losses................................	100	388
Impact of discounting provisions and liabilities.....................	80	(831)
Factoring costs...	(462)	(342)
Other financial income and expense	(2,466)	1,103
Other financial income and expense	**(2,745)**	**317**

Other financial income and expense corresponds mainly to the addition to provisions for impairment losses on financial instruments (hedging of trading risks) not qualifying as hedging instruments under IAS 39 at June 30, 2011 (Note 6.12).

Note 5.6. Tax expense

Income tax expense for the six-month periods ended June 30, 2011 and 2010 principally comprises the following items:

(in thousands of euros)	*June 30, 2011*	*June 30, 2010*
Current income tax	(1,446)	(1,398)
Current income tax benefit/(expense)...	**(1,446)**	**(1,398)**
Arising from the creation and reversal of temporary differences	(1,307)	927
Related to tax loss carryforwards	-	-
Deferred income tax benefit/(expense)..	**(1,307)**	**927**
Consolidated income tax benefit/(expense)..	**(2,753)**	**(471)**

The deferred tax charge of €1.3 million relates mainly to changes in temporary differences, including the following:

- The difference in measurement of the Nordenham plant inventory (i.e. LIFO under German GAAP and weighted average unit cost under IFRSs) leads for Weser Metall GmbH to a result increased by €7.4 million under IFRS, giving rise to a deferred tax charge of €2 million.

- The measurement of non-hedging derivatives at fair value (Notes 5.5 and 6.12) within Weser Metall GmbH leads to the recognition of a €2.6 million charge and a deferred tax benefit of €0.7 million.

Reconciliation between actual and theoretical tax charges:

(in thousands of euros)	*June 30, 2011*	*June 30, 2010*
Net income before tax	8,911	6,178
Group tax rate	33.33%	33.33%
Theoretical income tax expense	**(2,970)**	**(2,059)**
Increase or decrease in income tax expense resulting from:		
- Use and decapitalization of previous tax losses carried forward	287	1,855
- Taxes at reduced rates	170	144
- Other permanent differences	(240)	(411)
Actual tax expense	**(2,753)**	**(471)**

Deferred tax assets and liabilities

(in thousands of euros)	*June 30, 2011*	*Dec 31, 2010 (Adjusted) (1)*	*Dec 31, 2010 (Published)*
Deferred tax assets			
Provisions added back for tax purposes	7,595	8,024	9,672
Additional provision for employee benefits	2,010	1,846	445
Additional provision for impairment of non-current assets	1,272	1,325	1,325
Change in inventory valuation method at German units	-	-	-
Deferred tax on hedge accounting	752	26	26
Other temporary differences	347	480	480
Tax losses carried forward	4,333	4,333	4,333
Offset of deferred tax assets and liabilities at the same taxable entity	(8,628)	(8,476)	(8,723)
Total	**7,681**	**7,559**	**7,559**
Deferred tax liabilities			
Restatement of expected useful life of non-current assets	(5,114)	(5,388)	(5,388)
Change in inventory valuation method at German units	(7,053)	(4,967)	(4,967)
Discounting of provisions and liabilities	(617)	(609)	(856)
Deferred tax on hedge accounting	-	-	-
Other temporary differences	(232)	(260)	(260)
Offset of deferred tax assets and liabilities at the same taxable entity	8,628	8,476	8,723
Total	**(4,388)**	**(2,748)**	**(2,748)**
Net deferred taxes	**3,293**	**4,811**	**4,811**

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

As the Group could not reasonably plan to make further use of deferred tax assets over the following three years, it decided to write down deferred tax assets beyond that timeframe.

For the period ended June 30, 2011, 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 June 30, 2011.

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

At June 30, 2011, the estimated amount of these tax losses was €166 million:

- €123 million at French units;
- €43 million at German units.

The reduction in the net deferred tax position is mainly due to the tax liability relating to the difference in measurement of the Nordenham plant inventory.

Note 5.7. Earnings per share

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

Earnings per share for all operations

(in thousands of euros)	*June 30, 2011*	*June 30, 2010*
Net income attributable to equity holders of the parent	6,285	5,579
Weighted average number of ordinary shares used to calculate basic earnings per share..	23,932,043	23,889,783
Earnings per share in euros	**0.263**	**0.234**

(in thousands of euros)	*June 30, 2011*	*June 30, 2010*
Net income attributable to equity holders of the parent	6,285	5,579
Weighted average number of ordinary shares used to calculate basic earnings per share..	23,932,043	23,889,783
Impact of dilution:		
Stock options (with dilutive impact)...	600,900	703,994
Weighted average number of ordinary shares adjusted to calculate diluted earnings per share..	24,532,943	24,593,777
Diluted earnings per share in euros	**0.256**	**0.227**

NOTE 6: NOTES TO THE BALANCE SHEET

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

a) Intangible assets, property, plant & equipment and goodwill at June 30, 2011 and December 31, 2010

(in thousands of euros)	*Gross*	*Depreciation and amortization*	*Impairment losses*	*Net June 30, 2011*	*Net Dec 31, 2010*
Intangible assets					
Goodwill...	792		(792)		-
Concessions, patents, licenses, etc...........	9,337	(7,518)		1,819	1,958
Other intangible assets…….					-
Total intangible assets….	**10,129**	**(7,518)**	**(792)**	**1,819**	**1,958**
Property, plant and equipment					
Land	5,394	(473)		4,921	4,923
Buildings..	115,532	(91,943)		23,589	21,898
Plant and tools...	215,521	(177,046)	(5,193)	33,282	36,797
Assets in progress.....................................	5,778	(162)		5,616	4,906
Other…………………………………….....	21,821	(17,838)		3,983	4,172
Total property, plant and equipment……..	**364,046**	**(287,462)**	**(5,193)**	**71,391**	**72,697**
Total intangible assets and property, plant and equipment………………………………	**374,176**	**(294,981)**	**(5,985)**	**73,210**	**74,654**

b) Change in intangible assets, property, plant & equipment and goodwill between January 1, 2011 and June 30, 2011

(in thousands of euros)	***Net***
Net carrying amount after depreciation and impairment losses at December 31, 2010	**74,654**
Additions	4,066
Depreciation expense for the period..........	(5,292)
Impairment losses for the period	-
Disposals	(219)
Reversals of depreciation during the period	-
Other..........	**-**
Net carrying amount after depreciation and impairment losses at 30 June, 2011	**73,210**

Note 6.2. Impairment testing

At June 30, 2011, the Group did not deem it necessary to perform impairment tests. Impairment is tested annually as at December 31 of each year. At June 30, 2011, the Group did not detect any indication of additional impairment losses.

At June 30, 2011, the amount of impairment loss provisions relating to the Group's production assets amounted to €5.2 million (unchanged relative to December 31, 2010). These provisions concern the C2P Germany GmbH CGU (€2.6 million) and the Harz-Metall GmbH (Zinc) CGU (€2.6 million).

Note 6.3. Other non-current financial assets

Other non-current financial assets (€4,982 thousand) mainly comprise funds received by Harz-Metall GmbH in the amount of €4.5 million following the settlement reached with TUI AG in 2009. These funds have been allocated to the future rehabilitation of certain sites in Germany, the cost of which has been provisioned.

Note 6.4. Inventories

Inventories held by the Group break down as follows:

(in thousands of euros)	***June 30, 2011***	***December 31, 2010***
Raw materials	34,927	27,587
Work in progress..........	44,191	35,126
Finished and semi-finished goods..........	13,299	9,682
Sub-total..........	92,417	72,395
Less: Impairment losses	(1,189)	(548)
Net value of inventories and work in progress..........	**91,228**	**71,847**

Inventories have risen sharply in value since December 31, 2010 due to the substantial rise in commodity prices (lead and silver). The volume of inventories held at the Group's main smelter also rose sharply in the first half of 2011.

Note 6.5. Trade receivables

Trade receivables break down as follows:

(in thousands of euros)	***June 30, 2011***	***December 31, 2010***
Trade receivables..........	47,831	39,422
Less: Impairment losses	(4,977)	(5,033)
Net value of trade receivables..........	**42,854**	**34,389**

The increase in trade receivables is mainly due to higher sales volumes in the lead segment and the increase in lead prices.

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

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

At June 30, 2011, only receivables not yet due on the balance sheet date under recourse factoring agreements were recognized as trade receivables in accordance with IAS 39. The amount derecognized in relation to non-recourse factoring agreements was €12,468 thousand (€13,739 thousand at December 31, 2010).

Note 6.6. Other current assets

Other current assets break down as follows:

(in thousands of euros)	*June 30, 2011*	*December 31, 2010*
Advances and downpayments on orders in progress	4,555	1,285
Social security receivables	486	184
Tax receivables	2,026	2,586
Other receivables	1,287	762
Prepaid expenses	529	213
Total other current assets	**8,884**	**5,030**

The increase in advances and downpayments on orders in progress was mainly due to downpayments on orders for lead concentrates at Weser Metall GmbH.

Note 6.7. Cash and cash equivalents

The Group's cash and cash equivalents include:

(in thousands of euros)	*June 30, 2011*	*December 31, 2010*
Cash at bank and in hand	39,602	56,750
Other short-term investments	4,291	6,916
Gross cash assets	**43,893**	**63,666**
Bank overdraft facilities …………………………………………………….	(3,402)	(3,000)
Total net cash and cash equivalents on cash flow statement ……………..	**40,491**	**60,666**

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

The reduction in net cash was due in particular to the sharp rise in working capital requirement, which arose mainly from the increase in commodity inventories (Note 6.4) and investments (Note 6.1).

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

At June 30, 2011, the Group had €5,148 thousand of available undrawn credit facilities for which drawdown conditions were satisfied.

Note 6.8. Equity

Share capital and share premiums

The share capital comprised 23,974,982 fully paid-up shares with par value of €2.00 each at June 30, 2011.

At June 30, 2011, the Company owned 42,939 treasury shares, unchanged relative to December 31, 2010. Their average purchase price was €6.81. Treasury shares are deducted from equity.

Ordinary shares in issue and fully paid-up	*Number of shares*	*Share capital (in thousands of euros)*	*Share premiums (in thousands of euros)*
At January 1, 2011..	23,974,982	47,950	866
Issuance of shares following exercise of stock options in the first half of 2011……………………………	-	-	-
At June 30, 2011...	**23,974,982**	**47,950**	**866**

There was no change in the share capital between January 1, 2011 and June 30, 2011.

Stock options and free share allocations

Stock options

At the Annual General Meeting of March 30, 2000, shareholders authorized the introduction of stock option plans. In accordance with this authorization, the Board of Directors granted stock options on September 20, 2002.
On September 26, 2008, the Board of Directors of Recylex SA also granted stock options in accordance with the authorization given by shareholders in the July 28, 2006 AGM.

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 in the first half of 2011 and likely to give rise to the creation of shares through the exercise of options, are as follows:

Date granted by the Board of Directors	*Sep. 20, 2002*	*Sep. 26, 2008*
Number of options granted..........	275,650	540,000
Subscription price.......................	€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, directly or indirectly, 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 the first half of 2011 break down as follows:

Date of grant	Number of options outstanding at Dec. 31, 2010	Number of options reintegrated during the period	Number of options exercised during the period	Number of options lapsed during the period	Number of options outstanding at June 30, 2011	Strike price in euros	Plan expiry
Sep. 20, 2002	65,900	-	-	-	65,900	2.21	Sep. 20, 2012
Sep. 26, 2008	535,000	-	-	-	535,000 [1)]	5.7	Sep. 26, 2018
Total	**600,900**	**-**	**-**	**-**	**600,900**	**5.3**	

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

The General Meeting of May 7, 2010 granted the Board of Directors authorization to allot stock options to employees and corporate officers of the Company and of related companies. At June 30, 2011, the Company had not set up any stock option plans under this authorization.

Free shares

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

In accordance with authorization given by shareholders in the aforementioned AGMs, 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 the beneficiaries 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).

In the General Meeting of May 7, 2010, shareholders renewed the authorization previously granted to the Board of Directors to allot free shares to employees and corporate officers of the Company and of related companies. At June 30, 2011, the Company had not set up any free share plans under this authorization.

Change in the number of instruments in circulation and/or being acquired

Transactions in the first half of 2011 involving share-based payment instruments can be summarized as follows:

	Stock options		**Free shares**		
	Number of options	Contractual residual life	Number of shares	Contractual residual life	
		Total		France	Germany
Balance at Dec 31, 2010	**600,900**	**7.08**	**19,000**	**0**	**1.77**
- reintegrated	-	-	-	-	-
- cancelled	-	-	-	-	-
- exercised / vested	-	-	-	-	-
Balance at June 30, 2011	**600,900**	**6.59**	**19,000**	**0**	**1.27**

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 accounting charge for the first half of 2011 was €93 thousand for stock options and €18 thousand for free shares.

Note 6.9. Interest-bearing borrowings

Analysis of borrowings

Current portion of borrowings and debt	***June 30, 2011 (in thousands of euros)***	***December 31, 2010 (in thousands of euros)***
Portion due in less than one year	9,340	6,036
Discounted receivables.....................	-	-
Total	**9,340**	**6,036**

Non-current borrowings and debt	***June 30, 2011 (in thousands of euros)***	***December 31, 2010 (in thousands of euros)***
Portion due in more than one year	1,985	7,175
Total	**1,985**	**7,175**

Repayment schedule of non-current borrowings

(in thousands of euros)	*June 30, 2011*			*December 31, 2010*
	One to five years	*More than five years*	*Total*	
Bank borrowings	1,985		1,985	7,175
Interest-bearing borrowings	**1,985**		**1,985**	**7,175**

Note 6.10. Provisions

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

(in thousands of euros)	*Environmental provisions*	*Litigation*	*Restructuring*	*Other*	*Total*
Balance at December 31, 2010	**32,226**	**10,537**	**308**	**348**	**43,419**
Additions for the period	588	60		6	654
Discounting	(207)	42			(165)
Reversals - used	(827)		(5)	(14)	(846)
Reversals - not used					
Reclassifications				(5)	(5)
Balance at June 30, 2011	**31,780**	**10,639**	**303**	**335**	**43,057**
Of which current	6,399	160	-	66	6,625
Of which non-current	25,381	10,479	303	269	36,432

In accordance with IAS 37, these provisions have been discounted.

The use of environmental provisions concerns primarily the rehabilitation of old mines in France and the rehabilitation of the L'Estaque site.

The discounting impact of (€207) thousand concerning environmental provisions relates to the lower discount rate and the accretion effect resulting from the shorter maturity schedule.

The discounting impact of €42 thousand concerns the lawsuit against Recylex SA initiated by former employees of Metaleurop Nord SAS. The maturity schedule used is that of the rescheduled liabilities.

Note 6.11. Other current and non-current liabilities

Other current liabilities

(in thousands of euros)	*June 30, 2011*	*December 31, 2010*
Liabilities rescheduled under the continuation plan	3,755	3,721
Tax and social security liabilities	13,954	8,627
Liabilities related to non-current assets	331	402
Other liabilities	3,138	2,505
Prepaid income	1,100	586
Fair value of underlying hedged risk	46	91
Total	**22,324**	**15,932**

The increase in tax and social security liabilities concerns primarily the increase in value added tax (VAT) to be paid by Weser Metal GmbH as a result of the increase in its sales.

The increase in other liabilities relates mainly to downpayments made by customers of HMG GmbH.

Current liabilities rescheduled under the continuation plan:

Nature of current rescheduled liabilities (in thousands of euros)	*June 30, 2011*	*December 31, 2010*
Bank borrowings	15	15
Miscellaneous financial liabilities (including accrued interest)	1,348	1,348
Trade payables	107	107
Tax and social security liabilities	94	94
Miscellaneous liabilities	2,226	2,226
Current rescheduled liabilities under the continuation plan prior to discounting	3,790	3,790
Impact of discounting cash flows	(35)	(69)
Current rescheduled liabilities under the continuation plan after discounting	**3,755**	**3,721**

Other non-current liabilities

(in thousands of euros)	*June 30, 2011*	*December 31, 2010*
Liabilities rescheduled under the continuation plan	19,822	19,770
Other financial liabilities (under clawback provision)	2,400	2,400
Total	**22,222**	**22,170**

Other non-current liabilities mainly comprise liabilities rescheduled under the continuation plan.

Non-current rescheduled liabilities under the continuation plan after discounting:

Nature of non-current rescheduled liabilities (in thousands of euros)	*June 30, 2011*	*December 31, 2010*
Subsidized loans	-	-
Bank borrowings	87	87
Miscellaneous financial liabilities (including accrued interest)	7,546	7,546
Trade payables	606	606
Miscellaneous financial liabilities	528	527
Miscellaneous liabilities	12,464	12,464
Non-current rescheduled liabilities under the continuation plan prior to discounting	21,231	21,230
Impact of discounting cash flows	(1,409)	(1,460)
Non-current rescheduled liabilities under the continuation plan after discounting	**19,822**	**19,770**

The debt waived for Recylex SA under the continuation plan of November 24, 2005, which amounted to €19.2 million, is subject to a clawback provision. The fair value of this clause was measured at €2.4 million at December 31, 2010, based on a multi-scenario model. This value was maintained at June 30, 2011. The fair value of this clause will be re-measured at each annual accounts closing date.

Note 6.12. Other financial instruments

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 metals prices relative to the Group's firm commitments (not recognized on the balance sheet) under sale contracts.

2) Risk of fluctuations in prices of metals contained in commercial inventories[8].

Most transactions related to metals use London Metal Exchange (LME) prices. If metals 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 raw materials into products, fluctuations in metals 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, arising from 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	***June 30, 2011***			***Dec. 31, 2010***
(in thousands of euros)	*Current*	*Non-current*	*Total*	*Total*
Assets				
Derivatives (cash flow hedges)	132		132	-
Derivatives (fair value hedges)... Fair value of underlying hedged risk ………	46		46	91
Derivatives (other)				-
Liabilities..				
Derivatives (cash flow hedges)	-		-	613
Derivatives (fair value hedges)				-
Fair value of underlying hedged risk………	46		46	91
Derivatives (other)	2,634		2,634	252

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

On the liabilities side, "other" derivatives correspond to trading-risk hedging transactions not documented in accordance with IAS 39 (unrealized loss of €2,634 thousand).

<u>Fair value hedges</u>

At June 30, 2011, the fair value of derivatives treated as fair value hedges amounted to €46 thousand (unrealized gain), 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 €46 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.

The maturities of metal derivatives used for fair value hedging purposes are as follows:

(in thousands of euros)	**Market value of derivatives by maturity date**	**Nominal**
2011	40	839
2012	6	87
Total	**46**	**926**

[8] Lead inventories at the Group's main smelter break down into: a) permanent inventory and b) commercial inventory. 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.

Cash flow hedges

The maturities of metal derivatives used for cash flow hedging purposes are as follows:

(in thousands of euros)	Market value of derivatives by maturity date	Nominal
2011	110	1,500
2012	22	300
Total	**132**	**1,800**

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 attributable to 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 recognized in equity are recycled in income during the same periods in which the hedged item affects income.

At June 30, 2011, an unrealized gain of €132 thousand was recognized in equity over the period (unrealized loss of €613 thousand at December 31, 2010).

The table below sets out changes in the hedging reserve:

(in thousands of euros)	June 30, 2011	December 31, 2010	December 31, 2009
Amount at January 1……………………………………	(613)	(888)	2,291
Amount recycled from equity to income…	613	888	(2,291)
Amount recognized directly in equity………………..	132	(613)	(888)
Total before deferred taxes……………………………………	**132**	**(613)**	**(888)**
Deferred taxes………………………………………………...	(39)	179	258
Amount net of taxes at the period end………………	**93**	**(434)**	**(630)**

Derivatives measured at fair value

The Group uses derivative financial instruments to hedge the trading risk arising from the change in metals 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 maturities are as follows:

(in thousands of euros)	Market value of derivatives by maturity date	Nominal
2011 (trading risk hedges)	(2,634)	41,935
2012 (trading risk hedges)	-	-
Total	**(2,634)**	**41,935**

NOTE 7: CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET COMMITMENTS

	June 30, 2011 *(in thousands of euros)*	*Less than one year* *(in thousands of euros)*	*One to five years* *(in thousands of euros)*	*More than five years* *(in thousands of euros)*
Certain future payments				
On-balance sheet commitments:				
Payments under finance leases	688	167	521	
Total on-balance sheet commitments……………………..	**688**	**167**	**521**	
Off-balance sheet commitments:				
Payments under operating leases……	2,494	992	1,497	4
Investment commitments………………………				
Commitments arising from the purchase and sale of futures………………………………………………………..				
Other commitments (1)……………………………………..	10,989	2,135	8,854	
Total off-balance sheet commitments……………………..........	**13,483**	**3,127**	**10,351**	4

(1) Other 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 was pledged as collateral for a loan arranged by C2P GmbH in a maximum amount of €3.6 million, €0.1 million of which is still outstanding.
- Weser Metall GmbH has granted a mortgage over its land as security for a loan currently amounting to €1 million.
- RMO Reinstmetalle Osterwieck GmbH has pledged its inventories, trade receivables and land as collateral for a loan currently amounting to €2.4 million.
- C2P GmbH has pledged its facilities and inventories as collateral for a loan currently amounting to €0.1 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 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 to the French water agency amounting to €2.3 million covering the land at the L'Estaque site.

NOTE 8: LITIGATION AND CONTINGENT LIABILITIES

No material changes have occurred since the end of 2010.

NOTE 9: RELATED-PARTY TRANSACTIONS

(in thousands of euros)	*First-half expenses*		*First-half income*		*Receivables*		*Liabilities*	
	2011	*2010*	*2011*	*2010*	*June 30, 2011*	*Dec. 31, 2010*	*June 30, 2011*	*Dec. 31, 2010*
Glencore..............................	57,208	12,623	31,529	31,488	2,237	5,790	13,701	18,664
Recytech	6	5	-	-	-	3	-	-
Maturity								
Less than one year		-		-	2,237	5,793	13,701	12,237
One to five years...................		-		-	-	-	-	6,427
More than five years		-		-	-	-	-	-

Substantial change in expenses to Glencore for the first half 2011 compared to the first half 2010 is not due to change in volumes but to higher silver content in purchased lead concentrates, combined with high silver prices.

NOTE 10: SUBSEQUENT EVENTS

There are no material events to note.

STATUTORY AUDITORS' REVIEW REPORT
ON THE HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2011

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Following our appointment as statutory auditors by the sharehorlders'meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Law ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Recylex S.A. for the six-month period ended June 30, 2011,
- the verification of information contained in the half-yearly management report.

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

I. Conclusion on the financial statements

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

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

Without qualifying the conclusion expressed above, we draw attention to the uncertainty set out in note 1 to the condensed half-year consolidated financial statements concerning the lawsuit, brought by the liquidators of Metaleurop Nord SAS claiming the repayment by Recylex SA of €50 million of Metaleurop Nord SAS' liabilities. This lawsuit is pending before the commercial division of the Douai Appeal Court, following the liquidators' appeal against the decision delivered on 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. On May 20, 2011, the "Conseil d'Etat" gave its ruling and held that the request on illegality raised by Recylex before the Douai Appeal Court was unfounded and therefore rejected its request. The next hearing before the Douai Appeal Court is planned on September 23, 2011.

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 June 30, 2011.

Should the outcome of this lawsuit be unfavourable to Recylex S.A., execution of the continuation and going concern plan could be called into question.

II. Specific verification

We have also verified information given in the half-yearly management report the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the half-yearly consolidated financial statements.

Paris la Défense and Neuilly-sur-Seine, August 30, 2011

Laurent Génin
Partner

Frédéric Neige
Partner