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WRC World Resources Company GmbH, Wurzen

Statement of Income and Changes in Retained Earnings

(All amounts in US-Dollars)

	Year ended December 31,	
	2004	2003
Net sales		
- Sales of metals	\$ 13,301,035	\$ 7,380,861
- Recycling fees	2,328,442	1,595,723
- Other	231,163	108,218
	<u>15,860,640</u>	<u>9,084,802</u>
Cost of sales	(11,957,917)	(7,036,512)
Selling, general and administrative expenses	<u>(2,733,638)</u>	<u>(2,190,027)</u>
	<u>(14,691,555)</u>	<u>(9,226,539)</u>
Income/(Loss) from operations	1,169,685	(141,737)
Interest expense, net	<u>(414,136)</u>	<u>(438,043)</u>
Income/(Loss) before income taxes	754,949	(579,780)
Income taxes (Note 5)	<u>(338,972)</u>	<u>341,248</u>
Income/(Loss) for the year	415,977	(238,532)
Accumulated losses at the beginning of year	<u>(2,918,746)</u>	<u>(2,680,214)</u>
Accumulated losses at the end of year	\$ <u>(2,502,769)</u>	\$ <u>(2,918,746)</u>

The accompanying notes are an integral part of these financial statements.

Initialed for identification purposes by
PricewaterhouseCoopers AG
Wirtschaftsprüfungsgesellschaft
Leipzig



WRC World Resources Company GmbH, Wurzen

Balance Sheet

(All amounts in US-Dollars)

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ <u>202,492</u>	\$ <u>25,818</u>
Accounts receivable		
- Customers, net of allowance for doubtful accounts of \$ 69,052 and \$ 74,318	<u>3,263,277</u>	<u>2,664,899</u>
- Other	<u>95,385</u>	<u>59,420</u>
	<u>3,358,662</u>	<u>2,724,319</u>
Inventories	<u>2,810,605</u>	<u>2,867,473</u>
Prepaid expenses	<u>59,121</u>	<u>104,932</u>
Total current assets	<u>6,430,880</u>	<u>5,722,542</u>
Property, plant and equipment, at cost, net (Note 2)	<u>10,259,298</u>	<u>10,345,498</u>
Deferred taxes (Note 5)	<u>2,877,297</u>	<u>3,003,438</u>
	\$ <u>19,567,475</u>	\$ <u>19,071,478</u>

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	<u>December 31, 2004</u>	<u>December 31, 2003</u>
<u>Liabilities and shareholders' equity</u>		
Current liabilities		
Accounts payable		
- Third parties	\$ 984,901	\$ 667,026
- Related parties		
(Note 6)	<u>1,004,894</u>	<u>412,994</u>
	<u>1,989,795</u>	<u>1,080,020</u>
Current portion of long-term shareholder loan (Note 6)	1,101,860	807,743
Accrued liabilities (Note 3)	880,215	737,731
Unearned recycling fees	533,503	604,845
Current portion of bank loans (Note 4)	<u>708,707</u>	<u>1,680,369</u>
Total current liabilities	<u>5,214,080</u>	<u>4,910,708</u>
Long-term debt		
Bank loans, less current portion (Note 4)	1,673,861	2,202,524
Shareholder loan, less current portion (Note 6)	<u>4,329,428</u>	<u>4,518,475</u>
	<u>6,003,289</u>	<u>6,720,999</u>
Deferred income		
Government grants, net of amortization (Note 1)	2,145,910	2,277,223
Equity		
Subscribed capital (Note 7)	1,736,231	1,736,231
Additional paid-in capital	5,550,109	5,449,361
Accumulated losses	(2,502,769)	(2,918,746)
Accumulated other comprehensive income	<u>1,420,625</u>	<u>895,702</u>
	<u>6,204,196</u>	<u>5,162,548</u>
	\$ <u>19,567,475</u>	\$ <u>19,071,478</u>

The accompanying notes are an integral part of these financial statements.

Report of Independent Auditors

To the Management and Shareholders of WRC World Resources Company GmbH

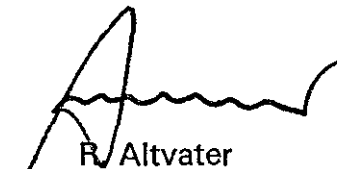
We have audited the accompanying balance sheets of WRC World Resources Company GmbH, Wurzen, as of December 31, 2004 and 2003, and the related statements of income and retained earnings and of cash flows for the years then ended expressed in US-Dollar. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit of the financial statements in accordance with German generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the accompanying balance sheets and the related statements of income and retained earnings and of cash flows expressed in US-Dollar present fairly, in all material respects, the financial position of WRC World Resources Company GmbH as of December 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Leipzig, Germany
February 12, 2005

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft



R. Altvater
Wirtschaftsprüfer
- Partner -



W. Horn
Wirtschaftsprüfer

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PricewaterhouseCoopers AG
Wirtschaftsprüfungsgesellschaft
Leipzig