interseroh

2009 Business Report

ALBA Group

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Mission Statement

As an environmental services provider and raw materials trader, the Interseroh Group collects and transports empty packaging, used products and scrap metal domestically and abroad, treats them and markets them worldwide. We guarantee the procurement of valuable secondary resources to industry for production. In 2009 this included around 5 million tonnes of scrap, recovered paper, plastics and recovered wood.

Our philosophy for almost the past 20 years has been to complete the cycle.

Key Group Indicators

Group

<table>
<tr><th></th><th>2009</th><th>2008*</th><th>2007</th><th>2006</th><th>2005</th><th>2004</th></tr>
<tr><td>Consolidated sales revenues in EUR million</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>• Steel and Metals Recycling</td><td>832.5</td><td>1,560.2</td><td>1,219.1</td><td>898.7</td><td>698.2</td><td>810.5</td></tr>
<tr><td>• Services</td><td>287.8</td><td>285.7</td><td>330.5</td><td>191.6</td><td rowspan="2">248.7</td><td rowspan="2">229.7</td></tr>
<tr><td>• Raw Materials Trading</td><td>146.3</td><td>220</td><td>198.9</td><td>148.5</td></tr>
<tr><td></td><td>1,266.6</td><td>2,065.9</td><td>1,748.5</td><td>1,238.8</td><td>946.9</td><td>1,040.2</td></tr>
<tr><td>Earnings before taxes in EUR million</td><td>3.81</td><td>5.89</td><td>55.4</td><td>41.1</td><td>29.9</td><td>44.7</td></tr>
<tr><td>Consolidated earnings in EUR million</td><td>0.90</td><td>-6.25</td><td>35.4</td><td>25.9</td><td>19.0</td><td>29.6</td></tr>
<tr><td>Total assets in EUR million</td><td>659.5</td><td>729.4</td><td>658.0</td><td>446.0</td><td>317.7</td><td>311.5</td></tr>
<tr><td>Equity ratio[1] in %</td><td>24.1</td><td>22.2</td><td>26.7</td><td>30.3</td><td>37.3</td><td>34.4</td></tr>
<tr><td>Return on equity[2] in%</td><td>0.6</td><td>-3.9</td><td>20.2</td><td>19.1</td><td>16.0</td><td>27.6</td></tr>
<tr><td>Return on capital employed[3] in%</td><td>2.6</td><td>2.4</td><td>10.3</td><td>10.4</td><td>10.7</td><td>16.0</td></tr>
<tr><td>Number of employees (average)</td><td>1,836</td><td>1,864</td><td>1,606</td><td>1,380</td><td>1,301</td><td>1,254</td></tr>
<tr><td>Number of shares</td><td>9,840,000</td><td>9,840,000</td><td>9,840,000</td><td>9,840,000</td><td>9,840,000</td><td>9,840,000</td></tr>
<tr><td>Dividend per share in euro</td><td>0.11**</td><td>0.14</td><td>0.86
+0.14 bonus</td><td>0.11</td><td>0.86</td><td>0.86</td></tr>
</table>

[1] Shareholders' equity according to balance sheet x 100/total assets
[2] Earnings after taxes according to income statement x100/Shareholders' equity on balance sheet
[3] Earnings before interest and taxes according to income statement x100/total assets
* Refer to Note 6 in the Notes for adjustment of the previous year's comparator information.
** provided approval is received from the General Shareholders' Meeting on June 29, 2010

THE MANAGEMENT BOARD

Dr. Axel Schweitzer
has been the Chairman of the INTERSEROH SE Management Board since August of 2008. He has been responsible for the steel and metals recycling segment, as well as the division of finance, since August 1, 2009. After studying industrial engineering, Schweitzer worked in Switzerland during his doctorate before becoming a member of the ALBA AG Management Board. Schweitzer has been Chairman of the Interseroh Supervisory Board since 2005.

Roland Stroese
has been responsible for the services and raw materials trading segments since October of 2005. Previously the graduate in business economics worked at REWE Großverbraucher Service in Cologne and was director of a variety of interests of Coca Cola, prior to moving to the Cologne snack manufacturer INTERSNACK as sales director and member of upper management.

CONTENT

A GREETING FROM THE MANAGEMENT BOARD

Dear Shareholders,

As dramatic as the consequences of the global economic crisis have been for the German raw materials economy, 2009 brought Interseroh not only challenges, but numerous opportunities as well: Under the umbrella of the ALBA Group we have been able to expand our position as the leading corporate group for recycling services and have been able to further optimise our structures.

The Interseroh share is numbered among the ten German securities with the best performance over the last ten years, according to a study by SRH Alster Research AG in Hamburg. This fact not only fills me with pride, but provides confirmation that the course we have taken continues to be the right one. Despite sharp price fluctuations, the long-term trend towards secondary resources is uninterrupted.

Even from the short-term perspective of 2009, Interseroh has been more successful than a number of competitors in direct industry comparisons. We have raised the number of customers, penetrated new markets, continued to improve the quality of our performance and considerably expanded our portfolio.

There are two key reasons for this in my opinion, in addition to our outstanding team: Our alliance with the ALBA group of companies and our immediate response to one of the most severe recessions in the history of the Federal Republic of Germany.

The Management Board reacted with immediacy to the overall downward economic trend in the fourth quarter of 2008: We implemented a comprehensive earnings assurance programme in response to declining demand in the face of the economic crisis. The Group succeeded in a short period of time in lowering ongoing costs, enhancing synergy and obtaining price advantages through increased volume consolidation by means of hundreds of individual measures. These decisions included restructuring measures in the steel and metals recycling and raw materials trading segments, as well as new corporate financing measures, which, taken together, have resulted in one-time special expenses in the amount of EUR 6.2 million in fiscal 2009. I am convinced that the expenses associated with the implementation of these measures will prove to be a beneficial investment in strengthening the earnings situation and competitive position over the long term.

From the strategic point of view we are consistently geared towards the growth markets of the future. We are countering dropping demand domestically by focusing on export, dwindling interest in steel scrap by expanding our activities in the area of non-ferrous metals.

In the services domain we accelerated our efforts in business areas that are not subject to legislative regulation without, however, neglecting our core areas.

The very gratifying result: In a very short period of time, as early as the third quarter of 2009, Interseroh had leapt back into the profit zone despite the in part dramatic situation in our customer markets.

Interseroh finished 2009 with EBIT of EUR 17.40 million; so, on the whole, we completed the fiscal year above expectations. Group sales revenues were EUR 1,266.59 million and earnings before taxes amounted to EUR 3.81 million.

Internal company reports regarding difficulties with sales or deliveries were offset by an abundance of positive messages for 2009 as a whole. I wish to highlight five of these especially at this point in time:

In the business segment of packaging return Interseroh Dienstleistungs GmbH significantly decreased the gap with the former monopoly operator DSD in 2009 and is today the second largest provider of systems solutions. In the area of household collection of packaging waste we were able to almost triple the number of contracts and attract major renowned customers.

In August of 2009 TÜV Rheinland confirmed that the quality of our consulting and performance and the competence of our staff earned the grade of 'very good' in all five of our service areas.

Our newly developed innovative circulation system for returnable cartons for the transport of fruit and vegetables - directly from the producer into retail - developed so well that at the end of 2009 INTERSEROH Pool GmbH succeeded in attracting one of the largest German grocery discounters as a long-term contracting partner.

In the steel and metals recycling segment we opened our first overseas for steel scrap in Dordrecht, part of the Port of Rotterdam, in 2009 and thereby created the conditions for exploiting arbitrage opportunities between national and international markets to our even greater advantage. Furthermore, we entered into an altogether new business area in the field of alloyed metals. At the Dortmund site we consolidated know-how and volumes in 2009 in order to be able to respond today to the strong growth in demand of tomorrow.

As the result of our 100 percent takeover of RDB Aukrug, Interseroh has also been successful in enhancing our professionalism in the plastics trade under new management and finding new customer markets in Vietnam and India. In the recovered plastics market Interseroh now belongs to one of the leading suppliers to the European plastics industry and one of the largest European exporters to Southeast Asia.

Sales of companies and acquisitions in 2009 were always in line with our strategy of concentrating on profitable business fields with growth potential.

Dear Shareholders,

“What courageous steps do you plan to taken in 2010?" I was recently asked by a financial editor of a trade paper. My answer was: To continue on the road to Asia, despite all of the cultural challenges.

Emerging and developing countries are expected to grow four times as fast as the industrialised nations over the next seven years. In 2009 alone, China’s gross domestic product grew by eight percent – four times the rate of the US. At the same time China systematically covered its raw materials requirements. The People’s Republic stockpiled more than 200,000 tonnes of copper in the first half of 2009 alone.

It is my conviction that: We must follow this hunger for raw materials on an international level.

On the national level we can score even more with our unique position: Interseroh is the only publicly quoted German company that, due to our cooperation with the ALBA group of companies, can offer its customers the whole spectrum of environmental and recycling services – from consulting on disposal issues through licensing in the markets of dual systems, innovative logistics and product development to raw materials supply throughout the world. This allows us to create added value for our customers, while at the same time greatly reducing CO_2 emissions.

It was due to your trust, ladies and gentlemen, that Interseroh was able to continue to develop so positively last year. I wish to thank you on behalf of the Management Board and hope that you will continue to have confidence in our courageous, but also rewarding, steps throughout 2010.

Yours sincerely,

Dr. Axel Schweitzer
Chairman of the Management Board

REPORT OF THE SUPERVISORY BOARD FOR 2009

Dear Shareholders,

This past financial year, 2009, we have, on a regular basis and with due care, monitored the activities of the Management Board in accordance with the law and the Company's statutes and have supervised the Company's strategic development, as well as key individual measures in an advisory capacity.

In the 2009 fiscal year the Supervisory Board met in a total of four ordinary and two extraordinary sessions to discuss the economic situation of the Company and its individual divisions, as well as its ongoing strategic and personnel alignment, relevant plans and the risk situation. Various individual subjects were discussed with the Management Board. The advice of the Supervisory Board was based on regular written and oral reports from the Management Board which the latter provided in good time and in adequate depth, especially with regard to business policy and corporate planning, the Group's situation, including its ongoing strategic development and its locations, as well as the profitability and progress of the business. Furthermore, the Chairman of the Supervisory Board was in constant contact with the Management Board and was informed of all key developments and pending decisions. Important decisions were presented to the Supervisory Board for consent, which was then also given once review and assessments had been conducted. Based on the reports provided by the Management Board the Supervisory Board monitored, and provided advice on, the Management Board's management activities in line with the tasks assigned to the latter by law and by the statutes. This monitoring function on the part of the Supervisory Board focused in particular on issues of legality, propriety, expedience and profitability. On the one hand, the Supervisory Board reviewed activities already undertaken by the Management Board. On the other, the Supervisory Board intensively discussed future-oriented business decisions and forecast scenarios with the Management Board based on its reports and review and consideration of the relevant specific business documents and submissions.

The Supervisory Board did not consider it necessary to establish special approval steps for taking management action in the year under review, due to the close contact it maintained with the Management Board. In addition, there is a nuanced list of report and approval reservations in the rules of procedure passed by the Supervisory Board for the Management Board.

Main focus points

The Management Board's reports were discussed in detail in the ordinary sessions. Important individual measures and strategic issues were discussed with the Management Board.

In addition to the function of monitoring the Company's management, consultation on, and discussion of, the strategic orientation of the Interseroh Group were in the forefront. The main additional areas of focus were various

M&A projects, the termination of a joint venture in the steel and metals recycling segment, long-term Group financing, as well as the situation in customer markets and volatile price developments in secondary resources, particularly as regards the steel and metals recycling segment. An additional topic was the conclusion of a service agreement between INTERSEROH Pool-Systeme GmbH and a major grocery discount chain. A special topic in the extraordinary sessions of the Supervisory Board consisted of personnel changes in the Management Board, as well as the establishment of a Management Committee.

The Supervisory Board also conducted a self-assessment of its activities as part of these sessions.

Committees

In compliance with the recommendations of the Corporate Governance Code the Supervisory Board established four committees, which chiefly perform advisory or preparatory functions for the resolutions in the Supervisory Board's plenary sessions.

Until June 24, 2009, the Presiding Committee consisted of two members, the Chairman of the Supervisory Board and the Deputy Chair, Mr. Friedrich Carl Janssen. Since June 24, 2009, the Presiding Committee has again had three members, the Chairman of the Supervisory Board and both deputies, Mr. Janssen and Mr. Peter Zühlsdorff. In seven ordinary sessions the committee dealt especially with the earnings situation of the Interseroh Group, personnel issues, planned acquisitions, the contract situation with respect to dual systems, the service agreement with a major grocery discount chain, as well as the BaFin (Federal Financial Supervisory Authority) proceedings regarding the objections to the 2006 annual financial statements by the Deutsche Prüfungsstelle für Rechnungslegung (Financial Reporting Enforcement Panel) and the filing of legal actions against the BaFin ruling. Furthermore, the mid-year review by KPMG on the at-arm's-length guideline was reported on. Pursuant to this guideline all cooperation with companies in the ALBA group of companies should meet the arm's length principle. The Presiding Committee also prepared the Supervisory Board meetings with the relevant agenda items.

The Nominating Committee's purpose is to recommend candidates to the Supervisory Board to be put forward for election at the General Shareholders' Meeting in 2009 for the required election of new Supervisory Board members. Topics of the Nominating Committee were handled during sessions of the Presiding Committee, since the same members sit on both committees.

The Audit Committee is comprised of three members. It met three times during fiscal 2009. Its activities revolved around issues in connection with the annual financial statements, the determination of areas of focus for the audit, internal audit planning, testing the arm's length principle in reorganising accounting processes, further risk management development, investor protection and insider rules. In addition, the members of the Audit Committee were regularly informed by the Management Board of ongoing business developments.

The Personnel Committee, also consisting of three members, discussed remuneration and other personnel matters relating to the Management Board and submitted relevant proposals to the Supervisory Board in its plenary session. Topics of the Personnel Committee were handled during sessions of the Presiding Committee, since the same members sit on both committees.

Corporate Governance and Declaration of Compliance

The Supervisory Board dealt with corporate governance during the year under review. Reference is made to the Corporate Governance Report included in the Management Report concerning details of corporate governance at INTERSEROH SE.

The Supervisory Board used the circulation procedure to adopt the joint Management and Supervisory Boards' declaration of compliance with the German Corporate Governance Code for 2009 on 3rd December 2008. This declaration has been posted and published on the Company's website.

In line with the principles of good corporate governance and to avoid any conflicts of interest, Dr. Axel Schweitzer and Dr. Eric Schweitzer did not take part in any of the Supervisory Board's consultations and resolutions affecting the relationships between Interseroh Group companies on the one hand and companies in which Dr. Axel Schweitzer and Dr. Eric Schweitzer hold a direct or indirect interest on the other hand.

Individual and Consolidated Financial Statements, External Audit

The external audit firm appointed by the General Shareholders' Meeting, KPMG AG Wirtschaftsprüfungsgesellschaft, Cologne, audited the 2009 financial statements of INTERSEROH SE and the consolidated financial statements, including the management reports and taking into consideration the accounting system, and in each case provided an unqualified audit opinion.

According to the findings of KPMG the annual financial statements convey a true and fair view of INTERSEROH SE's net assets, financial position and results of operations. The consolidated financial statements accurately reflect the Group's net assets, financial position and results of operations, in accordance with International Financial Reporting Standards.

In addition, the auditors have audited a voluntary report by the Management Board for the 2009 financial year on relationships with companies pursuant to Section 312 of the German Corporation Act (hereafter referred to as "report on dependency"). The report covers all legal transactions and measures undertaken by INTERSEROH SE and companies in the Interseroh Group pursuant to Section 312 of the German Corporation Act on the one hand and on the other

(i) Dr. Axel Schweitzer and Dr. Eric Schweitzer personally,
(ii) Companies associated with Dr. Axel Schweitzer and/or Dr. Eric Schweitzer, as well as
(iii) Companies in which Dr. Axel Schweitzer und Dr. Eric Schweitzer jointly hold the majority of voting rights and companies associated with them (in particular also ALBA AG and companies of the ALBA group of companies)

are subject to reporting in the period from January 1, 2009, to December 31, 2009.

The audit was carried out after notification of and in accordance with the provisions of the German Corporation Act on auditing a report on dependency and Statement 3/1991 off the Main Committee of the Institute of Chartered Accountants in Germany (Hauptfachausschuss des Instituts der Wirtschaftsprüfer in Deutschland e.V.) “On preparing and auditing the report on relationships with associated companies (report on dependency pursuant to Section 312 of the German Corporation Act)”.
As a result of the audit of the report on dependency, the annual financial statements and the management report as at December 31, 2009, and the knowledge gained from this, the auditors are of the opinion that the report on dependency contains the information stipulated in Section 312, paragraph 1, of the German Corporation Act and that the report reflects conscientious and true reporting. The auditors did not raise any objections and an unqualified audit opinion, as stipulated in Section 313, paragraph 3, of the German Corporation Act was issued as shown below:
“Having duly examined and assessed this report in accordance with professional standards, we confirm that:

1. the report is free of factual misrepresentations and
2. the company did not pay any excessive consideration with regard to the transactions identified in the report.”

Risk Management

KPMG also reviewed the structure and function of the risk management system as part of its audit and found no reason to raise objections. It is also the opinion of the Supervisory Board that the risk management system meets the statutory requirements.

Membership in the Supervisory Board and Committees

Friedrich Merz, Arnsberg, has retired from the Supervisory Board of INTERSEROH SE effective February 28, 2009. The Supervisory Board wishes to thank Mr. Merz for his valuable commitment and constructive support of the Company and of the Management Board.

At the Company’s request Mr. Peter Zühlsdorff was judicially appointed to be a member of the Supervisory Board with effect from February 28, 2009.

On June 24, 2009, the General Shareholders' Meeting voted to continue the engagement of those previous members of the Supervisory Board, whose term of office ended effective the end of the General Shareholders' Meeting, for a new full term of office in the Supervisory Board in accordance with the statutes. The Supervisory Board once again appointed Dr. Eric Schweitzer as Chairman of the Supervisory Board and Mr. Friedrich Carl Janssen and Mr. Peter Zühlsdorff as his two deputies.

Members of the Presiding Committee, Personnel Committee and Nominating Committee are Dr. Eric Schweitzer in addition to his two deputies. The Audit Committee comprises Dr. Werner Holzmayer, the Chairman, and Mr. Roland Junck and Mr. Peter Zühlsdorff.

Membership of the Management Board

Management Board members Mr. Manuel Althoff, responsible for finance and business administration, and Mr. Volker Hars, responsible for the steel and metals recycling segment, resigned as members by mutual agreement with the Supervisory Board effective July 31, 2009. The Supervisory Board transferred responsibility for the departments of finance and steel and metals recycling to the Chairman of the Board, Dr. Axel Schweitzer. Mr. Roland Stroese continues to be responsible for the services and raw materials trading segments. The Supervisory Board thanks Messrs. Althoff and Hars for their valuable commitment to the Interseroh Group.

As at August 1, 2009, INTERSEROH SE’s management was reinforced by the institution of a Management Committee. The new committee, closely linked to the operating units, consists of the Management Board and four fully authorised representatives.

The Supervisory Board wishes to thank the Management Board, as well as the employees of the Interseroh Group, for their work during the fiscal year, 2009.

Cologne, March 2010

Supervisory Board
Dr. Eric Schweitzer
Chairman

CONSOLIDATED MANAGEMENT REPORT OF THE INTERSEROH GROUP FOR FISCAL 2009

The Interseroh Group is one of the leading environmental services and raw materials providers in Europe. It organises recycling processes and has supplied the processing industry with several million tons of secondary resources during 2009. The Interseroh Group's business activities are divided into three segments.

The Share

The INTERSEROH SE share has on the whole developed most satisfactorily in 2009. After a positive start in January and February the closing price did in fact dip from EUR 35 in February to EUR 28 in March. During the rest of the year, however, the closing price rose steadily to EUR 50 on the last trading day of the year. The price developments of the INTERSEROH share correlated positively with the DAX, but were significantly more positive with the exception of the months March to May. Communication with the financial markets by means of road shows and individual discussions on the part of the Management Board and Investor Relations staff was ongoing throughout the year under review.

The ordinary General Shareholders' Meeting on June 24, 2009, voted to accept all agenda items with a large majority. In 2010 the ordinary General Shareholders' Meeting of INTERSEROH SE shall take place on June 29th in Cologne.

Share information

Security type: Domestic share, bearer share
Quoted: Regulated markets in Frankfurt, Düsseldorf and in XETRA trading; regulated unofficial markets in Stuttgart, Munich, Hamburg and Berlin-Bremen
Fiscal year: 31.12.
Shareholders subject to reporting requirements: Isabell Finance Vermögensverwaltungs GmbH & Co. KG (75.003 percent)
According to the content of voting rights announcements pursuant to Section 21, paragraph 1, of the German Securities Trading Act, voting rights of Isabell Finance Vermögensverwaltungs GmbH & Co. KG Dr. Axel Schweitzer and Dr. Eric Schweitzer to be attributed via Isabell Finance Beteiligungs GmbH, Berlin in accordance with Section 22, paragraph 1, clause 1, no. 1 of the German Securities Trading Act.
Float: (24.997 percent)
Arithmetic par value: EUR 2.60
Shares: 9.84 million
Ticker symbol: ITS
Bloomberg code: ITS.ETR
Reuters code: INSG.de
ISIN: DE0006209901
German securities identification number: 620990

Proposal for appropriation of net income for INTERSEROH SE

The Management Board and Supervisory Board propose the appropriation of a partial amount of EUR 1,082,400.00 from the INTERSEROH SE net income reflected in the annual financial statements of fiscal 2009 of EUR 8,980,899.15 for payment of a dividend of EUR 0.11 per common share and the transfer of the remaining net income of EUR 7,898,499.15 to retained earnings in order to strengthen the equity base.

Corporate Governance Report

Interseroh identifies with the German Corporate Governance Code (DCGK).

Instances in which the Group has deviated from the recommendations of the DCGK in isolated cases are stated in the declarations of compliance by the Management Board and Supervisory Board of INTERSEROH SE. These declarations can be found on the Internet under: http://www.interseroh.de, Investor Relations, Corporate Governance, Declarations of Compliance.

Good corporate governance comprises all the principles for a responsible and best possible management practice and corporate control in accordance with generally accepted values. The objective of good corporate governance is to send a message of reliability, to secure the confidence of shareholders, business partners, staff and the general public and to influence the intrinsic value of the company positively over the long term by way of exemplary conduct.

Consistent consideration of shareholder rights, the quality of Supervisory Board activities and the guarantee of reasonable transparency are all important components of a value-oriented corporate philosophy. The Company's internal organisational structure, including risk management of the Interseroh Group, contributes significantly to this philosophy. Interseroh has observed the German Corporate Governance Code since February 26, 2002; Management Board and Supervisory Board generally identify with its recommendations and ideas.

The aims of maintaining good corporate governance, to which the Supervisory Board and Management Board of INTERSEROH SE are committed, have been consistently followed by the boards in the past. They are codified to a large part in applicable laws, the Company's statutes and in the rules of procedure of the Interseroh Group.

A corporate governance report is prepared only by INTERSEROH SE within the Interseroh Group. There is no such obligation for other companies in the Group. INTERSEROH SE follows its corporate guidelines and its internal ethical directives in addition to the DCGK.

Shareholders and the General Shareholders' Meeting

On the occasion of the ordinary General Shareholders' Meeting on June 24, 2009, a total of 7,561,494 votes and EUR 19,659,884.40 of the Company's capital stock was represented at the time the agenda items were presented. This corresponds to 76.84 percent of capital stock. Due to the high level of represented capital stock present, transmission of the General Shareholders' Meeting via Internet is not contemplated at the present time.

Management Board and Supervisory Board

The Management Board and Supervisory Board work together closely on an ongoing basis for the well-being of the Interseroh Group. The full Supervisory Board, the Chairman's Committee, the Personnel Committee, the Nominating Committee and the Audit Committee meet in regular sessions and on an ad hoc basis when required. The Audit Committee is chaired by neither the Chairman of the Supervisory Board nor a former member of the Management Board of the Company.

Compensation Report

Compensation of the Management Board

The annual compensation of the members of the Management Board is made up of a non- performance-related component and a performance-related bonus. Additional components, such as long-term performance-related compensation (stock option programmes, etc.), do not exist.

The non-performance-related components consist of fixed remuneration and fringe benefits, such as the use of a company car. The bonus is determined by the Supervisory Board on the basis of existing contracts.

Compensation paid to members of the Management Board in fiscal 2009 amounted to EUR 3,532,339.92 (previous year: EUR 5,715,823.56). This amount includes a variable component of EUR 800,000.00 (previous year: EUR 1,900,000.00). During fiscal 2009 obligations for variable remuneration components of the Management Board of EUR 1,900,000 were liquidated and taken to income; this includes EUR 828,000 related to the release declaration of the Management Board in office at the time on March 25, 2009. Transfers to the company pension scheme on behalf of members of the Management Board totalled EUR 340,837.77 (previous year: EUR 160,000.00). Payments to former members of the Management Board upon termination of contract amounted to EUR 1,822,500.00 (previous year: EUR 2,775,000.00). This includes amounts that were expensed in previous years. EUR 574,896.00 has been set aside in provisions for pension obligations related to former members of the Management Board and their surviving dependents (previous year: EUR 470,000.00).

In addition EUR 132,500.00 (previous year: EUR 130,000.00) has been paid to former members of the Management Board and related persons as remuneration for consulting services after their departure during the fiscal year.

On June 21, 2007, the General Shareholders' Meeting resolved to apply the exemption from the obligation to disclose remuneration of the Management Board on an individual basis in accordance with section 286, paragraph 5, of the German Commercial Code.

Total remuneration for individual Management Board members is determined by the Supervisory Board in a plenary session, including any Group payments, based on a performance assessment. The individual Management Board member's tasks, his personal performance, the financial situation, the success and future prospects of the Company constitute the criteria for the appropriateness of remuneration, as do the customary nature of remuneration in the comparator environment and the remuneration structure that applies elsewhere in the Interseroh Group.

Remuneration of the Supervisory Board

In accordance with section 16, paragraph 1, of INTERSEROH SE's statutes dated June 24, 2009, the Chairman and Deputy Chairman of the Supervisory Board each receive remuneration of EUR 45,000 net per annum. Every other member of the Supervisory Board receives compensation of EUR 30,000 net per annum. If members of the Supervisory Board work on one or more committees without at the same time functioning as Chairman or Deputy Chairman of the Supervisory Board, they receive additional compensation of a single payment of EUR 10,000 net per annum to compensate them for their committee work. Compensation is payable at the end of the fiscal year.

Provisions for the remuneration of the Supervisory Board were set up for the period under review in the amount of EUR 239,041.67.

Compensation of the Supervisory Board from January 1, 2009, to December 31, 2009, thus amounts to EUR 239,041.67 and can be broken down for individual members as shown in the table below:

NAME	Function	Compensation in Euros (net)
Dr. Eric Schweitzer	Chairman of the Supervisory Board Member of the Presiding Committee Member of the Personnel Committee	45,000.00
Friedrich Carl Janssen	Deputy Chairman of the Supervisory Board Member of the Presiding Committee Member of the Personnel Committee	45,000.00
Peter Zühlsdorff	Deputy Chairman of the Supervisory Board (member since March 2, 2009, Deputy Chairman since June 24, 2009) Member of the Presiding Committee Member of the Personnel Committee Member of the Audit Committee	32,375.00 (45,000.00)
Dr. Werner Holzmayer	Chairman of the Audit Committee	40,000.00
Joachim Hunold		30,000.00
Roland Junck	Member of the Audit Committee	40,000.00
Friedrich Merz	Member of the Audit Committee (until February 28, 2009)	6,666.67 (40,000.00)
Total		**239,041.67**

The figures in parentheses indicate total compensation of the Supervisory Board members for 2009 in accordance with Section 16, paragraph 1, of the INTERSEROH SE statutes, based on which the proportional remuneration was calculated.

Membership of the Presiding Committee is identical to the membership of the Personnel Committee. INTERSEROH SE's Supervisory Board has decided to form a Nominating Committee for the appointment of members to the Supervisory Board. The Nominating Committee members are identical to those of the Presiding Committee.

Reference is made to the Notes for individually rendered services outside the scope of the Supervisory Committee, in particular consulting work.

Transparency, Submission of Accounts and Auditing

Interseroh provides information concerning important developments in the Interseroh Group on its website at www.interseroh.de. A representation of the Company, as well as its annual and semi-annual reports and interim communications, is available in English on the Internet at www.interseroh.com.

The annual financial statements of the companies in the Interseroh Group are prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). Audits are conducted by KPMG AG Wirtschaftsprüfungsgesellschaft, Cologne.

Shares in the Company and related financial instruments owned by members of the Management and Supervisory Boards are listed in the Notes. On January 22, 2009, Dr. Axel Schweitzer and Dr. Eric Schweitzer notified that they are to be allocated 75.003 percent of the shares and thereby voting rights for 7,380,329 shares under Section 22, paragraph 1, clause 1, no. 1 of the Securities Trading Act via the Isabell Finance Beteiligungs GmbH, Berlin, which are held directly by Isabell Finance Vermögensverwaltungs GmbH & Co. KG.

Deviations

In the event that the Group has been, or is currently, deviating from the recommendations of the DCGK in individual cases, this is stated in the declarations of compliance by the Management Board and Supervisory Board of INTERSEROH SE. These declarations can be found on the Internet under: http://www.interseroh.de, Investor Relations, Corporate Governance, Declarations of Compliance.

Declaration on Corporate Governance in accordance with section 289 a of the HGB (German Commercial Code)

Declarations of compliance on the part of INTERSEROH SE's Management Board and Supervisory Board on the recommendations of the Government Commission on the German Corporate Governance Code in accordance with Section 161 of the Securities Trading Act (version dated June 18, 2009)

The Management Board and Supervisory Board declare that, with the exceptions listed below, the recommendations of the Government Commission on the German Corporate Governance Code have been complied with since September 29, 2004.

INTERSEROH SE shall comply with all recommendations of the Government Commission on the German Corporate Governance Code in the version dated June 18, 2009, with the exception of the following:

Re 2.3.2 Electronic Transmission

Explanation: The General Shareholders' Meeting will not be convened with accompanying documentation electronically.

Re 3.8 D & O – Insurance

Explanation: A deductible does not exist under the insurance policies taken out; it will, however, be introduced in the current contracts of the Management Board by June 30, 2010.

Re 4.2.3 Management Board remuneration system

Explanation: The remuneration of the members of the Management Board includes fixed and variable components. There are no stock option plans in existence for Management Board members at Interseroh.

Re 5.1.2 Appointment of the Management Board

Explanation: Members of INTERSEROH SE's Management Board can be appointed for a term of five years in order to assure a long-term succession plan.
No age limit has been specified for members of the Management Board.

Re 5.4.2 Composition of the Supervisory Board

Explanation: Dr. Eric Schweitzer, Chairman of the Supervisory Board, also acts as a member of the Management Board of ALBA AG, Berlin.

Re 5.4.6 Remuneration of Supervisory Board members

Explanation: Members of the Supervisory Board are paid for their monitoring activities. Members of the Supervisory Board receive no performance-oriented remuneration in addition to the fixed remuneration based on their duties.

Re 7.1.2. Publication of interim report

Explanation: The recommendation to publish the mid-year financial report for the period from January 1, 2009, to June 30, 2009, within 45 days was not complied with, since the new regulations pertaining to the Accounting Law Modernisation Act for the annual financial statements had to be integrated first.

Cologne, December 2009

The Management Board Supervisory Board

www.corporate-governance-code.de

Corporate Governance Practices

The long-term success of the Interseroh Group is founded on consistent strategies for all three business segments. The quality and performance capabilities of the strategic planning processes determine the Group's development for the long term. Strategic processes are detailed in medium-term planning, as well as annual planning. Agreements on objectives with employees are also derived from the Interseroh Group's annual plans.

Total Return on Capital Employed as Management Instrument

The Management Board of INTERSEROH SE lays out the strategy for the business segments, as well as for subsidiaries of the Interseroh Group, and manages their business within the context of existing legal options. The management system aims at a reasonable return on capital employed. To meet this goal, the main management parameter for subsidiary companies is the total return on capital employed. This is defined in the Group as the ratio of EBIT to total capital.

Furthermore, the discounted cash flow method is used to value investments, both in financial and fixed assets. Future payment surpluses are discounted using weighted capital costs on the valuation date. Together with a required minimum return and a minimum amortisation period, the cash values achieved by every single investment should secure and increase the Group's total return on capital employed.

Due to the volatility of raw material prices, the return on sales figure often used by other groups is not a meaningful parameter for the Interseroh Group as a total entity.

Corporate Guidelines

INTERSEROH SE's Management Board and management of the Interseroh subsidiaries have been required to comply with their own corporate guidelines in addition to those stipulated under the law since 2002.

Interseroh has become extremely competitive in its markets by building a complex value creation chain. This performance level must be assured for the long term. Top management is process-oriented and thus develops concepts that transcend the borders of the individual organisational units. Efficient processes, transparency and quality assurance are all goals that Interseroh consistently works toward.

The products and services of the Interseroh Group must reflect the views of the clients in terms of price, quality, legal certainty and ecological impact. Quality assurance and error management coupled with a high degree of innovation are indispensable for long-term customer retention and thus for continued development of the corporate group. Interseroh satisfied customer requirements by dint of its competence, reliability and flexibility. Customer satisfaction represents a measure of success.

The Interseroh companies guide their projects towards success via team work. Managers are members of the team and promote collaboration across departmental lines and professional areas. Interseroh's communications are objective, open and comprehensible both internally and externally. Interseroh promotes entrepreneurial thought and action as a basis for its financial success. Decisions are implemented with consistency and flawed decisions corrected at once.

Interseroh expects entrepreneurial thought and action, commitment, dedication, competency in their field and team spirit from its employees. The Group strives to offer employees good and secure employment conditions, to create a stable working environment and to deploy and foster employees in a way best suited to their talents. The principle of equality of opportunity is maintained in this endeavour. Interseroh is interested in long-term employment relationships in order to meet these demands.

Interseroh promotes autonomy on the part of employees and delegates duties and responsibilities according to competencies. Fulfilment of tasks is checked and performance recognised. Employee development is encouraged with a view to future requirements, thus ensuring jobs.

Interseroh maintains integrity, openness and transparency in all business commitments. Interseroh expects the same from business partners in turn. Corporate guidelines forbid Interseroh companies from giving financial donations to political parties, organisations or their representatives. Interseroh does, however, reserve the right on a case-by-case basis to clarify its positions in matters that affect Interseroh itself, employees, customers or shareholders vis-à-vis governments, parties and other political institutions. The Group's concern is to compete in the market in a fair and responsible manner within the context of the current law on competition.

Relations to business partners, suppliers and cooperation partners are characterised by mutual trust, a long-term nature and shared work with clear allocation of competencies. Sustainability is an integral component of INTERSEROH's service and product philosophy.

Environmental protection is an essential component of the business activities of all subsidiaries. Environmental protection by means of protecting resources is the goal of all of the Group's recycling activities. All services that Interseroh renders for business, skilled trades, commerce and industry serve to close a gap in cycles in an efficient manner. Raw materials flows, for instance, are generated to supply industry. In so doing, the Interseroh Group provides an important contribution for the protection of natural resources. Interseroh always takes into account health, safety and environmental aspects in compliance with the laws of the countries in which the Group is active.

Description of the composition and working methods of the Management Board and Supervisory Board and their committees

The Company's bodies include the General Shareholders' Meeting, the Supervisory Board consisting of six members and the Management Board with a minimum of two members. Management Board resolutions are in principle passed with a simply voting majority. Certain Management Board transactions require the consent of the Supervisory Board according to the INTERSEROH SE statutes.

The members of the Management Board cooperate as colleagues and inform one another on an ongoing basis on important measures and events in their business segments. In the case of serious reservations regarding a matter in another business segment they are required to request a resolution of the Management Board. Sessions take place at regular intervals or when required for the good of the Company or upon request of a Management Board member. Members of the Management Board coordinate informally between sessions. No resolution may pass if the Chairman has voted against it. Each member of the Management Board manages his business segment independently.

The Management Board is required to inform the Supervisory Board on the course of business and the Company's situation in writing at regular intervals, but at least on a quarterly basis. All important occasions and business matters should be reported by the Management Board to the Chairman of the Supervisory Board without delay. The Management Board is required to provide members of the Supervisory Board with information on important questions and events related to management upon request. Furthermore, the Management Board is required to inform the Chairman of the Supervisory Board regularly and in timely fashion on issues of planning, business development, the risk situation, risk management and compliance, including as they relate to associated companies, both orally and in writing. Proposals are to be forwarded by the Chairman of the Management Board to the Supervisory Board once they have been agreed upon by members of the Management Board.

The Supervisory Board forms a Presiding Committee. Up to three people are members of this committee - generally, in addition to the Chairman of the Supervisory Board who chairs the Presiding Committee, his two deputies. The Presiding Committee's task is to deal with issues that may require immediate measures on the part of the Management Board, with approval of the total Supervisory Board to take place at a later stage. The Presiding Committee prepares for the Supervisory Board's efficiency test, as well as for the committee sessions.

The Supervisory Board also sets up a Personnel Committee. The Chairman of the Supervisory Board chairs this committee and at least one Deputy and another member of the Supervisory Board belong. The Personnel Committee prepares personnel decisions in accordance with the rules of procedure of the Supervisory Board, as well as the proposals for the annual adjustment of Management Board remuneration and bonus.

Furthermore, the Supervisory Board composes an Audit Committee consisting of members of the Supervisory Board, in accordance with the recommendations of the Corporate Governance Code. The committee's special task is to prepare negotiations and resolutions for the Supervisory Board regarding questions on accounting, risk management, the requisite independence of the auditor, the award of the audit assignment to the auditor, the determination of the audit focus and the fee agreement with the auditor. It deals with and monitors the regulations on compliance that have been implemented in the Company.

The Nominating Committee consists of three members, chaired by the Chairman of the Supervisory Board. The Nominating Committee proposes suitable candidates to the Supervisory Board so that they can in turn propose candidates to the General Shareholders' Meeting when a new member of the Supervisory Board is to be elected. The Presiding Committee, Personnel Committee and Nominating Committee consist of the same members.

The Chairmen of the committees report to the Supervisory Board on consultations and resolutions of the respective committees. When they do not occur during meetings, resolutions are passed in writing, by fax or via electronic media, provided no member of the Supervisory Board objects to this procedure. The Supervisory Board may pass resolutions if at least four of its members, including the Chairman or his Deputy, participate. Resolutions are passed by majority vote.

The Supervisory Board must be convened twice a year or when requested by a member of the Supervisory Board or by the Management Board, who are required to indicate the purpose and reason for the meeting. Members of the Management Board take part in the Supervisory Board sessions as long as the Supervisory Board has not formulated instructions to the contrary in isolated cases.

The Management Board of INTERSEROH SE instituted a Management Committee as of August 1, 2009, which includes the managers directly subordinate to the Management Committee members, with a view to improving operational management of business and assure intensive cooperation geared to strategic objectives at the different management levels of the Company. Institution of this committee does not affect the joint responsibility of the members of the Management Board for overall management or divisional responsibilities of the individual members of the Management Board or any other regulations under the rules of procedure.

A. FRAMEWORK CONDITIONS

1. General Economic Development

After the massive economic slide brought about by the financial crisis in the fourth quarter of 2008, the global economy continued to shrink significantly in the first quarter of 2009. During the summer the situation in global financial markets became less tense, mood indicators pointed upwards and industrial production surged. Overall economic production rose significantly in many emerging countries, in particular in Asia, starting with the second quarter. Several European countries, too, showed a more rapid economic recovery than anticipated. Germany and France, for instance, grew slightly as of the second quarter. The reasons for this upwards trend included stabilisation of the financial markets as a result of intervention from central banks and governments, as well as government economic stimulus programmes and private consumption.

Lower energy prices, high wages, tax reductions and the car scrap bonus scheme induced a noticeable increase in expenditures on the part of private households in the first and second quarter. This was supported by the situation in the job market, which remained relatively stable due to reduced working hour arrangements.

During the crisis many companies ceased production in their uncertainty, preferring to exhaust their inventories. Production and investment started up again due to rising demand. This upwards trend was slowed in the third quarter by a slump in private consumption.

The most severe recession in the history of the Federal Republic of Germany has, according to leading economists, been overcome. Economic output, however, has only reached 2006 levels and is likely to grow only gradually. The risk of a relapse, however, possibly as the result of a premature change in government economic policy or previous monetary policy support measures, cannot be ruled out.

INTERSEROH SE’s Management Board responded directly to the economic events of the fourth quarter of 2008, as well as developments in the industry. The Group reacted to the economic crisis with a comprehensive earnings insurance programme. Key components of the programme included measures to increase gross profit and to enhance synergy effects, restructuring measures to reduce costs in all three segments, expansion of distribution channels for secondary resources in the international sphere, in particular with respect to Asia, and reduced working hours in the steel and metals recycling segment.

2. Changes in Legal Framework Conditions

To ensure disposal of household packaging via dual systems, the Packaging Ordinance was amended effective January 1, 2009. Since this point in time, used sales packaging in the possession of the end user may only be collected and disposed of via an authorised dual system. Legislators have created the option of industry solutions in cases of sales packaging returned to small handicraft enterprises, hotels, educational institutions, cinemas and similar 'sources of waste generation comparable to households'. Furthermore, so-called initial circulators, manufacturers and importers are required to submit a declaration every year as at May 1, which contains information on materials and volumes of packaging that reaches private end consumers. This letter of representation must be reviewed by auditors, certified and deposited with the local chamber of industry and commerce.

Industry and commerce may delegate these tasks as is customary to a systems provider. The legal requirements that a systems provider must comply with are more stringent under the new Packaging Ordinance. Service specialists, for instance, offering industry solutions must obtain certification from an independent expert indicating that an appropriate, industry-specific collection structure has been instituted and that the recycling of sales packaging, not including sales packaging of others besides those in the relevant industry and not including transport packaging and repackaging, is guaranteed.

B. COURSE OF BUSINESS

1. Sales Revenues and Earnings

Consolidated group sales revenues amounted to EUR 1,266.59 million (previous year: EUR 2,065.85 million). EBT totalled EUR 3.81 million (previous year: EUR 5.89 million), while EBIT was EUR 17.40 million (previous year: EUR 17.75 million).

The greatest share of consolidated sales, amounting to EUR 833.21 million (previous year: EUR 1,561.93 million), was contributed by the steel and metals recycling segment. EBT in this segment amounted to EUR -14.79 million (previous year: EUR -8.76 million) and EBIT was EUR -0.80 million (previous year: EUR 7.84 million).

The services segment generated sales revenues of EUR 311.68 million (previous year: EUR 314.84 million). EBT equalled EUR 13.16 million (previous year: EUR 20.85 million) and EBIT was EUR 11.44 million (previous year: EUR 14.13 million). Expenses from loss transfers from companies in the raw materials segment of EUR 1.79 million and from the steel and metals recycling segment of EUR 3.14 million (previous year: only income and expenses from the raw materials handling segment netted to EUR 1.05 million) are included in earnings from the services segment.

Sales in the raw materials trading segment amounted to EUR 148.50 million (previous year: EUR 222.60 million). EBT totalled EUR 0.91 million (previous year: EUR -7.58 million), while EBIT was EUR 2.26 million (previous year: EUR -5.59 million).

Sales between segments of EUR 26.80 million (previous year: EUR 33.52 million) were consolidated. Inter-segment consolidations in EBT amounted to EUR 4.53 million (previous year: EUR 1.38 million) and the EBIT to EUR 4.50 million (previous year: EUR 1.37 million).

Group earnings improved from EUR -6.25 million to EUR +0.90 million.*[1]

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* Refer to Note 6 in the Notes for adjustment of the previous year's comparator information.

2. Steel and Metals Recycling

Developments in price and demand

Fiscal year 2009 started out with continuously dropping steel scrap prices in the second half of 2008, bottoming out in June for leading scrap type 2 at EUR 157.20 per ton. In the third quarter the market stabilised at a low level. Prices declined in October and November, but rose again in December. On the whole the average price level for leading scrap type 2 was, at EUR 192.50, significantly below the previous year's value (EUR 321.80).

Crude steel and pig-iron production was substantially below the previous year's level at circa 30 percent. Due to the global decrease in demand for steel, steel works produced considerably below full capacity levels and blast furnaces were temporarily shut down. Purchases of steel scrap decreased vis-à-vis the previous year by 35 percent. Coverage of outstanding customer receivables via trade credit insurance became more difficult, which also adversely affected sales. Given the drop in production less new scrap (type 2) was generated by industry in particular. Prices for new steel scrap and old steel scrap (type 1) have, unlike earlier years, ceased to correlate with one another over recent months.

Due to the significant decline in domestic demand Interseroh has increasingly focused its business on export without, however, neglecting the European market. The new overseas warehouse for steel scrap in Dordrecht, the Netherlands, has allowed Interseroh for the first time to load large overseas ships directly. Accessing and servicing new markets allows Interseroh to react with even greater flexibility to economic conditions. Different demand and price structures in the various regions can be actively exploited in this process.

Prices for non-ferrous metals increased significantly during the year. Copper more than doubled from a listed price of EUR 2,000 per ton in January to circa EUR 4,800 per ton at the end of the year. Aluminium prices remained low during the first half of the year, before they rose sharply in the third and fourth quarter, closing at circa EUR 1,500 per ton at the end of the year.

Developments in the steel and metal scrap markets in recent months have shown that it is precisely trade in non-ferrous metals that is gaining in importance. In order to accelerate sales opportunities for non-ferrous metals, Interseroh has started a new business field in alloyed scrap. Moreover, volume consolidation in non-ferrous and alloyed metals enables the Company to engage more actively in plant deliveries.

Interseroh is among the top 3 in the German ranks of scrap treatment companies. Interseroh is number one at the European level in the treatment and trade of non-ferrous metals. Interseroh has a network of circa 110 steel and metals recycling sites (including locations belonging to at-equity companies) in Germany, Poland, the US and the Netherlands, as well as trading offices in Sweden and China.

Holdings and cooperation

INTERSEROH Hansa Recycling GmbH, Dortmund, responsible for the management and coordination of group-wide activities in steel and metals recycling, acquired or sold the following holdings and renamed the following companies during the period under review:

Interseroh increased its 85 percent share in Wagner Rohstoffe GmbH to 100 percent effective January 1, 2009.

SRH Rohstoffhandel GmbH was merged with INTERSEROH ERC GmbH effective January 1, 2009. Subsequently, INTERSEROH ERC GmbH was renamed to INTERSEROH NRW GmbH at the time of registration in the commercial register on September 9, 2009. The Company's registered headquarters are in Dortmund. The expansion and modernisation of the Dortmund site is part of this reorganisation.

All shares of the fully paid-up capital of Blumhardt Entsorgungs-GmbH, Schwaikheim, were acquired effective March 1, 2009.

The merger of OKSTAR Sp. z o.o., Stettin, Poland, into TOM Sp. z o.o., Stettin, Poland, was completed upon announcement on February 15, 2009.

After the acquisition of ALBAMETALL GmbH in fiscal 2008 and its subsequent merger with HR Hüttenwerksentsorgung GmbH, Dortmund, the former company has now been renamed INTERSEROH Berlin GmbH upon registration in the commercial register on January 15, 2009, and is headquartered in Berlin.

Future synergies were optimally enhanced by transferring the entirety of the assets of INTERSEROH Erwin Meyer Metallrecycling GmbH, Bremen, to INTERSEROH Jade-Stahl GmbH, Wilhelmshaven, as part of a merger on January 1, 2009.

51 percent of the shares in INTERSEROH Neckar Schrott GmbH was sold to the co-partners effective January 1, 2009.

Effective December 31, 2009, HRR Stahlschrott- und Metallrecycling GmbH & Co. KG (HRR) sold all its shares in Mitteldeutsche Rohstoff Recycling GmbH, as well as 25 percent of its shares in Ziems Recycling GmbH to Scholz Recycling AG & Co. KG. Furthermore, two HRR locations, Hennigsdorf and Lüneburg, were also sold to Scholz Recycling AG & Co. KG in an asset deal. INTERSEROH Berlin GmbH acquired the remaining 50 percent of HRR shares as at January 1, 2010.

In its individual financial statements HRR Stahlschrott- und Metallrecycling GmbH & Co. KG reports a loss of EUR 17.8 million not covered by equity. Nevertheless, the forecast on HRR as a going concern is positive due to the following matters. On the one hand the company has been included in the cash pooling arrangement of INTERSEROH Hansa Recycling GmbH, the direct shareholder of INTERSEROH Berlin GmbH. The company's ability to pay is thus assured at any time.

On the other hand INTERSEROH Berlin GmbH has declared its outstanding loan receivables of EUR 11 million vis-à-vis HRR to be a subordinated claim. Subordinated claims in the remaining amount of EUR 7.5 million already existed; they had been declared in previous years.

In the ordinary General Shareholders' Meeting of INTERSEROH SE on June 24, 2009, consent was given for a control and profit transfer agreement between INTERSEROH SE and INTERSEROH Hansa Recycling GmbH. The agreement was entered into on November 2, 2009.

3. Services

At the end of August, 2009, TÜV Rheinland has assigned INTERSEROH Dienstleistungs GmbH a rating of "very good" as a service provider of environmental services. The quality of consulting services, performance and consulting competencies of employees was reviewed, as was the business concept. TÜV Rheinland granted its overall seal of approval to the individual certificates for the five areas reviewed - for all three certification aspects of 'service', 'service provision' and 'price-benefit support'. This seal encompasses the various individual certifications, thereby offering the Company's clients qualified evidence of high standards in the system services Interseroh provides.

Transport Packaging

INTERSEROH organises and coordinates the take-back of transport packaging for its contracting partners in trade and commerce. Collection, transport, sorting and recovery of packaging are among the core processes.

The fall-off in orders in the industry led to lower volumes in transport packaging and in turn to a decrease in the licence volume. Despite a net gain of roughly 500 contracts, the previous year's contract volume level could not be maintained. New competitors operating in the market brought about drastic price competition. Especially in the plumbing, heating and air conditioning sector, existing clients could not be retained due to competitive offers far below entry-level terms. The Interseroh Management Board values both quality in consulting and customer-oriented service and thus refused to issue contracts at terms that fail to cover costs.

Marketing revenues were impacted by raw materials markets that were in part extremely troubled.

The transport packaging business unit succeeded in extending and/or initiating roughly 1, 200 contracts including services for the disposal of sales packaging.

Sales Packaging

Contracts, tonnage and revenues were increased in the sales packaging segment.

Since the beginning of the period under review Interseroh has occupied second place in the ranking of dual systems operators and entered into numerous new contracts in the area of household sales packaging (Interseroh Dual System) during 2009. This development was the result of the abolition of self-managed waste management systems once the Packaging Ordinance went into effect on

January 1, 2009, as well as the acquisition of new clients. Quantities from the former self-managed waste disposal systems were defined as household sales packaging upon implementation of the amendment. Previous clients of the Interseroh self-managed waste management community transferred their volumes to the Interseroh Dual System. Margins in this services sector are, however, lower. The new service of industry solutions that was launched at the time of the Packaging Ordinance amendment in January of 2009 also grew gratifyingly. This is also true for Interseroh vario, the combined product of Dual System Interseroh and Interseroh industry solutions.

Interseroh has succeeded in enlarging its market share in this extremely competitive market with high margin pressures. On average for the year the Interseroh market share represents circa 12 percent in light packaging, in excess of 16 percent in paper and almost 21 percent in glass (according to fourth quarter reporting). The rise in volume in the total market of licensed light packaging anticipated due to the fifth amendment of the Packaging Ordinance was less than expected by operators of dual systems.

Deficiencies in the enforcement of the fifth amendment of the Packaging Ordinance continue to present a challenge. Interseroh, therefore, welcomes the intentions of the enforcement authority to check compliance with the amendment more closely. Interseroh is engaged in an education campaign, in unison with other dual system operators, regarding the legal implementation of the amendment and advises its clients in this respect. This includes support to the distributors of packaging in industry and trade in implementing the Packaging Ordinance specifically and in accordance with the law in their daily operations by participating in an industry-wide quality initiative (www.verpackv-konkret.de).

Interseroh Recycling Solutions

The business unit, Interseroh recycling solutions, formerly full service, encompasses the full range of physical store, warehouse and production facility waste disposal, as well as the recovery and/or marketing of materials extracted. Individual concepts are developed in line with customer wishes.

This service segment, extremely consulting-intensive, was restructured during the period under review. As part of this repositioning the new services products, equally consulting-intensive (business solutions), which had been launched in 2008, were integrated into this unit. While competition and consolidation in this market were also very high in 2009, revenues were nevertheless increased. In addition to continuing to expand branch store disposals, Interseroh was successful in concluding a contract for production facility disposal with a renowned German auto manufacturer.

Waste Electrical and Electronic Equipment

Interseroh organises the take-back and recovery of waste electrical and electronic commitment in accordance with the Electrical and Electronic Equipment Act for approximately 700 manufacturers. Due to lower revenues for steel and metal scrap there were in part drastic cost increases on the recovery side; due to contracts already underway, this could not be completely compensated by price rises passed on to industrial clients. Interseroh responded by implementing restructuring measures that reduced costs in the Company. Revenues remained more or less constant. Interseroh did not participate in the price competition that proved ruinous in parts of the market. Rather, contractual partnerships were solidified and/or expanded by additional products (e.g. Interseroh Dual System, Interseroh industry solutions) in the form of complete solutions tailored to individual clients.

Deposit System

As part of the take-back of one-way packaging subject to deposit Interseroh renders tallying services for bottles and cans now required for customers in twelve counting centres and markets the secondary resources obtained as a result (PET, glass, aluminium and tin foil). In addition, quantities that have been collected in adjacent retail grocers via automats have been disposed of and marketed by Interseroh. Volumes in the tallying centres were increased by 17 percent in the fiscal year just elapsed, quantities via take-back machines by 50 percent. The resulting sales almost fully compensated the decline in sales revenues due to the price deterioration in marketing the secondary resources extracted. The takeover of tallying capacities of a former competitor allowed the Company's market position to be further strengthened.

Pool-System

INTERSEROH Pool-System GmbH has succeeded in being awarded three contracts at the beginning of the current fiscal year, including one with a major discount grocery chain. As a result Interseroh will expand its business in the non-regulatory area with an innovative circulation system for returnable fruit and vegetable cartons. The boxes are used in the transport of fruit and vegetables throughout the supply chain from the producer to the store and are also utilised for presentation of the produce at the retail level. In order to maintain hygiene standards after sale of the produce all boxes are cleaned in washing centres operated by Interseroh and boxes that do not reflect the supply chain standard are either discarded or repaired. Interseroh optimises the pool stocks by synchronising collections from the retail market on a national basis, by means of international deliveries to the fruit and vegetable trade network and by means of central washing capacities.

Central and Eastern Europe

The Austrian Interseroh subsidiary EVA Erfassen und Verwerten von Altstoffen GmbH, Vienna, has been successful, in the year under review, in compensating sales losses from the marketing of secondary resources with higher revenues from licensing of packaging. Dwindling licensing quantities in the case of existing clients were counteracted by successful new acquisitions and resulted in correspondingly higher sales revenues. In the past fiscal year EVA countered planned changes in legislation that would have restricted competition in the packaging disposal market with extensive activities in the political arena.

Effective January 1, 2009, INTERSEROH Dienstleistungs GmbH's regional subsidiaries in Slovenia, Croatia and Poland became part of EVA as contributions in kind. Interseroh views this optimised organisation as advantageous due to the geographical proximity, shorter decision lines and strengthening of market position in Eastern European countries.

Interseroh activities have been further expanded in Eastern Europe. In addition to operating collection systems for packaging, waste electrical and electronic equipment and batteries, Interseroh has been offering recycling solutions services (complete waste disposal solutions) in Slovenia since 2009. Interseroh is engaged exclusively in individualised customer recycling solution services in the market in Croatia since 2009. Development of collection systems will only become possible if the Croatian market is liberalised. Core activities were further expanded in Poland - packaging licensing and the provision of recycling solutions services.

Niche Businesses and Low-Volume Logistics

The tonnage of paper bags reported to REPASACK Gesellschaft zur Verwertung gebrauchter Papiersäcke GmbH and marketed by the Company is at a lower level than that of the previous year, due to the economic situation.

INTERSEROH Product Cycle GmbH collects and sorts empty ink and toner cartridges from printers, copiers and fax machines and markets them to so-called re-fillers for refilling. Collected quantities were lowered intentionally in the past year; the focus was placed on suppliers with high-quality empty modules. The result was a decline in sales and a simultaneous rise in margins. The collection of empties was expanded by the sale of high-quality refill products and original cartridges. The product cycle is thus following the Interseroh principle of completing the cycle.

New Business

Interseroh is accelerating its expansion into further activities not regulated by legislators. In addition to collecting printer and toner cartridges and the new pool system Interseroh has developed, together with companies in the plastics industry, a new generation of plastic products, constituted 100 percent from recycling materials from the yellow collection system. Interseroh anticipates launching these products in the market by the end of 2010.

4. Raw Materials Trading

Recovered Paper

As expected, 2009 was an extremely difficult year for the paper industry worldwide. The market was characterised by diminishing orders and new paper prices that either fell or stagnated at a low level during the first half of the year and by moderately rising recovered paper prices in the second half. Recovered paper volumes collected were scarce due to the receding paper production in 2009. Interseroh encountered no problems in marketing its tonnages via its internationally developed sales structures. The low price levels, after the recent very strong years, were the only unsatisfactory aspect.

Business in Italy grew most satisfactorily. In France a contract with a major supermarket chain was extended through the period under review; this resulted in volume stability for INTERSEROH France S.A.S., despite a shrinking overall market. Disposals from printing companies, however, suffered both in terms of quantities and margins due to the sharp decline in orders for print media. For the first time Interseroh succeeded in marketing recovered paper in Greece, as well.

Interseroh marketed approximately 1,121,000 tons of recovered paper group-wide in 2009, stabilising its position among the major European recovered paper marketers.

IT architecture development for the leading raw materials trading company, ISR INTERSEROH Rohstoffe GmbH, was concluded in 2009.

Plastics

The plastics market was extremely volatile in 2009. The complete absence of Asian demand in the fourth quarter of 2008 continued into the first quarter of the year under review. Demand grew slowly as of March, leading to moderate price recovery and stable volumes.

The majority share in RDB GmbH Recycling Dienstleistung Beratung (RDB), Aukrug, acquired in 2008 was topped up to 100 percent effective January 1, 2009, and integration continued during the year under review. Operational improvements in raw materials warehousing and receivables management were implemented through various measures, as well as by virtue of knowledge gained from the crisis in the last quarter of 2008.

Interseroh traded roughly 273,000 tons of plastics in 2009 and thus is numbered among the leading providers to the European plastics industry, as well as among the largest European exporters to Southeast Asia. In addition to China, Vietnam and India have been among Interseroh's chief customer markets since the year under review. This has expanded the goods flow to Asia. For the first time in 2009 RDB marketed additional types of plastic more intensively on top of the commodities LDPE foil and PET. These include both a variety of hard plastics and plastics generated from sorting post-consumer materials.

The economic crisis that occurred in the final quarter of 2008 also resulted in a sharp drop in demand in the EPS unit (expanded polystyrene), accompanied by lower market prices for PS regranulates. The overall brightening of the economic situation brought about increasing demand for PS regranulate at a low price level in the final quarter of 2009.

Recovered wood

Volumes of wood for treatment fell by 35 to 50 percent, depending on quality, in the period under review due to the economic situation. Demand for wood for thermal recycling remained stable at a high level, while demand for wood for material recycling, feeble during the first half of the year, rose significantly in the second half. Due to scarce volumes, the acceptance prices – fees paid to those treating the wood at the time it is handed over – were under severe pressure.

Selling prices of wood for material recycling rose moderately; selling prices of wood for thermal recycling rose slightly towards the end of the year.

Activities in Munich were suspended, since there was no expectation that business would develop successfully in the short or medium term. INTERSEROH Holzhandel GmbH has to a great extent withdrawn from the inter-regional operating business and currently exercises only holding company functions. The operating business is being conducted by four wood sites in Berlin, Bückeburg, Worms and Wuppertal; they have been active in the market for many years and are well-positioned. Cost structures in the timber field were adjusted to the change in market situation.

Secondary resources 2009/2008	2009 Total volume in thousands of tons	2008 Total volume in thousands of tons
Steel scrap	2,315	3,274
Nonferrous metals	381	352
Rec. Paper (inc. Kraft paper bags)	1,121	1,402
Recovered wood	369	493
Plastics	273	182
Other secondary resources	488	69

5. Cooperation

At the beginning of January 2009 the Interseroh Group and the ALBA group of companies entered into a cooperation agreement in response to internationalisation and concentration in the segments of services and raw materials trading and corresponding margin pressures, as well as in response to the entry of waste disposal companies into the services business. By consolidating the strengths of both corporate groups – keeping in mind the arm's length principle -, their position vis-à-vis competitors will be significantly enhanced. This is apparent to the external world by using the common umbrella brand ALBA Group. This cooperation enables full coverage of the entire value creation chain of collection, extraction, refining and marketing of raw materials, defined as urban mining. The goal is to develop the Interseroh Group into one of the leading raw materials and environmental services providers in Europe.

In order to ensure that provisions under securities laws are complied with, including the arm's length principle for legal transactions between the Interseroh Group and the ALBA group of companies, INTERSEROH SE's Management Board has instituted a Clearance Committee. The Clearance Committee is composed of a member of the Management Committee, the Chief Compliance

Officer and the Group's Head of Legal Affairs.

6. Investment

Current investments for the financial year totalled EUR 23.21 million (previous year: EUR 31.55 million) and involved additions to property, plant and equipment of EUR 11.82 million (previous year: EUR 27.94 million), in particular land and buildings at EUR 1.47 million, technical equipment and machinery of EUR 4.60 million, other facilities, fittings and equipment of EUR 4.26 million, as well as investment in plant under construction of EUR 1.49 million.

Additions in the area of intangible assets amounting to EUR 11.38 million related to goodwill of EUR 8.87 million, above all from the purchase of minority interests in companies already included in the consolidated financial statements, and other rights (software) of EUR 2.51 million.

The steel and metals recycling segment accounted for EUR 16.14 million of the current investments in intangible assets and property, plant and equipment. Additions of intangible assets of EUR 8.22 million chiefly reflected additional goodwill of EUR 8.13 million. A total of EUR 7.92 million was invested in property, plant and equipment, EUR 1.15 million of which was in land and buildings, EUR 2.39 million in technical equipment and machinery, as well as EUR 3.03 million in other facilities, fittings and equipment. Furthermore, EUR 1.35 million was invested in plant under construction.

The services segment accounted for EUR 3.34 million in intangible assets and property, plant and equipment. Investment in intangible assets of EUR 2.32 million related primarily to new software implementation (EUR 2.21 million). A total of EUR 1.02 million was invested in property, plant and equipment. Additions in the area of fixed assets were comprised chiefly of technical equipment and machinery of EUR 0.36 million, and other facilities, fittings and equipment of EUR 0.65 million.

The raw materials trading segment accounted for EUR 3.74 million of current investments in intangible assets and property, plant and equipment. EUR 0.63 million of investment in intangible assets of EUR 0.73 million is connected with goodwill from the purchase of minority interests. A total of EUR 3.01 million was invested in property, plant and equipment. Additions in the area of fixed assets included land and buildings, at EUR 0.32 million, technical equipment and machinery at EUR 1.86 million, other facilities, fittings and equipment at EUR 0.57 million and plant under construction at EUR 0.26 million.

7. Financing Measures

In the second half of 2009 the consolidation of Interseroh Group companies financing requirements under the new INTERSEROH SE-Konzernfinanzierung was initiated; this was successfully concluded in January of 2010.

New interest-only financing with a term ending December 31, 2011, totalling EUR 220 million was syndicated under the management of Commerzbank

Aktiengesellschaft and the Westdeutsche Landesbank (WestLB). The structure consists of a loan of fixed amount (tranche A) that replaces longer-term existing liabilities and a variable facility (tranche B) that can be drawn upon to finance general business activities and to assure working capital requirements are met. Both tranches carry variable interest rates based on EURIBOR plus a margin. The customary covenants and guarantees are to be provided under the new loan agreement and information is to be provided on the financial and earnings position, as well as compliance with financial covenants, on a regular basis.

Interseroh has thus succeeded in assuring its Group liquidity requirements for the longer term under difficult economic conditions in the midst of the financial crisis.

8. Management Board and Supervisory Board

Management Board

INTERSEROH SE has reduced its Management Board from four members to two. Management Board members Manuel Althoff, responsible for finance and business administration, and Volker Hars, responsible for the steel and metals recycling segment, resigned as members by mutual agreement with the Supervisory Board effective July 31, 2009. The Supervisory Board transferred responsibility for the departments of finance and steel and metals recycling to the Chairman of the Board, Dr. Axel Schweitzer.

According to a resolution of INTERSEROH SE’s Management Board a Management Committee was set up effective August 1, 2009. The new committee, closely linked to the operating units, consists of the Management Board and four fully authorised representatives: Dr. Markus Guthoff, who was engaged as an external consultant for Interseroh until that date, Joachim Wagner, director of INTERSEROH Wagner Rohstoffe GmbH and at the same time responsible for the North-West region in the steel and metals recycling segment, Eric Mendel, Chairman of the Board of INTERSEROH Dienstleistungs GmbH and fully authorised representative of INTERSEROH SE since February of 2007, and Hans-Stefan Kalinowski, responsible for the division of Corporate Controlling and Governance since January 1, 2009.

With this new management structure the Management Board is facilitating an even quicker response to market changes by closely linking the operating areas.

Supervisory Board

Friedrich Merz, Arnsberg, has retired from the Supervisory Board of INTERSEROH SE effective February 28, 2009. By resolution of the district court of Cologne and at the request of the Company, Peter Zühlsdorff, Berlin, managing partner of Deutsche Industrie Holding GmbH, joined the Supervisory Board in accordance with Section 104 of the German Corporation Act.

INTERSEROH SE elected the gentlemen recommended by the Supervisory Board to membership during the course of the General Shareholders' Meeting of June 24, 2009. The Company's Supervisory Board is thus composed of the following members:

Dr. Werner Holzmeyer, Cologne, auditor, attorney, tax adviser at Ebner Stolz Mönning Bachem Wirtschaftsprüfer, Steuerberater, Rechtsanwälte Partnerschaft, Cologne
Joachim Edmund Hunold, Dusseldorf, Chairman of the Board of AIR BERLIN PLC & Co. Luftverkehrs KG
Friedrich Carl Janssen, Cologne, businessman
Roland Junck, Betzdorf, Luxembourg, Chairman of the Board of NYRSTAR NV, Balen, Belgium
Dr. Eric Schweitzer, Berlin, Management Board member of ALBA AG, Berlin
Peter Zühlsdorff, Berlin, businessman, Deutsche Industrie Holding GmbH, Frankfurt

Dr. Eric Schweitzer was elected Chairman of the Supervisory Board in the constituent session of the Supervisory Board. The committee appointed Friedrich Carl Janssen and Peter Zühlsdorff as Deputy Chairmen of the Supervisory Board.

9. Employees and Social Responsibility

Number of employees

The average size of the Interseroh Group's workforce during the year was 1,836 (previous year: 1,864).

On average 1,169 people were employed in the steel and metals recycling segment in the fiscal year (previous year: 1,133), comprising 461 white-collar workers (previous year: 436) and 708 industrial workers (previous year: 697).

In the services segment the average number of employees was 357 (previous year: 387). The number of employees was 329 (previous year: 353) and the number of industrial workers 28 (previous year: 34).

An average of 310 people was employed in the raw materials trading segment (previous year: 344), comprising 157 white-collar workers (previous year: 180) and 153 industrial workers (previous year: 164).

Personnel development

In order to be able to respond to changing market demands in future as well, Interseroh has systematised and expanded personnel development in the fiscal year just elapsed, taking into account the results of the employee survey of 2008 by implementing selectively differentiated personnel development programmes for management and junior staff. Since January of the current fiscal year, a structured feedback procedure has been serving as a basis for all continuing education measures. This allows the relevant personnel development programme to be adapted to individual requirements.

A number of current topics have been added to the existing qualification programme. Continuing education programmes for management succession staff have been developed to train employees with potential in target-oriented fashion.

Recruitment

Interseroh was represented at key university fairs and has continued to enhance its image and degree of recognition as potential employer via selective advertising measures. Additional alliances with universities were founded and existing links strengthened.

The Interseroh Group has also provided training for a variety of professions in the fiscal year just passed.

Corporate Citizenship Activities

Corporate citizenship activities occupy a permanent position in various companies of the Interseroh Group for many years and range from corporate giving (ethically motivated donations without self-interest) to corporate volunteering (charitable employee commitment).

C. PRESENTATION OF THE NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND KEY GROUP INDICATORS

1. Results of Operations

	2009 EUR million	%	2008 EUR million	%	Change EUR million	%
Sales revenues	1,266.59	99.2	2,065.85	99.8	-799.26	-38.7
Inventory change	10.43	0.8	5.01	0.2	5.42	108.2
Work performed and capitalised	0.00	0.0	0.02	0.0	-0.02	n.s.
Total performance	**1,277.02**	**100.0**	**2,070.88**	**100.0**	**-793.86**	**-38.3**
Cost of materials	-1,020.12	-79.9	-1,784.10	-86.2	763.98	-42.8
Gross profit	**256.90**	**20.1**	**286.78**	**13.8**	**-29.88**	**-10.4**
Other operating income	21.52	1.7	32.95	1.6	-11.43	-34.7
Operating income	**278.42**	**21.8**	**319.73**	**15.4**	**-41.31**	**-12.9**
Personnel costs	-93.27	-7.3	-96.43	-4.7	3.16	-3.3
Scheduled depreciation	-23.19	-1.8	-21.58	-1.0	-1.61	7.5
Operating and administrative expenses	-67.28	-5.3	-80.04	-3.9	12.76	-15.9
Selling expenses	-79.94	-6.3	-87.96	-4.2	8.02	-9.1
Non-profit related taxes	-1.53	-0.1	-2.28	-0.1	0.75	-32.9
	-265.21	-20.8	-288.29	-13.9	23.08	-8.0
Operating earnings	**13.21**	**1.0**	**31.44**	**1.5**	**-18.23**	**-58.0**
Investment earnings	-3.95	-0.3	-12.80	-0.6	8.85	-69.1
Interest earnings	-13.59	-1.1	-11.87	-0.6	-1.72	14.5
Earnings from ordinary operations	**-4.33**	**-0.4**	**6.77**	**0.3**	**-11.10**	**-164.0**
Extraordinary depreciation	-2.23		-1.38		-0.85	61.6
Earnings from other periods	10.37		0.50		9.87	1,974.0
Earnings before taxes	**3.81**		**5.89**		**-2.08**	**-35.3**
Taxes on income/profit	-2.91		-12.14		9.23	-76.0
Consolidated earnings	**0.90**		**-6.25**		**7.15**	**-114.4**
of which:						
Shares in income to be attributed to minority interests	1.72		-4.95		6.67	-134.7
Shares in income attributable to shareholders	-0.82		-1.30		0.48	-36.9

Refer to Note 6 in the Notes for adjustment of the previous year's comparator information.

Sales revenues have decreased significantly – by 38.7 percent - in the year under review to EUR 799.26 million. This is essentially the result of the overall economic crisis, which has had a significant negative effect since the end of the previous year both on steel production and on volumes in the services segment.

The reduction in other operating income by EUR 11.43 million to EUR 21.52 million is the outcome in particular of the asset-backed securities programme introduced in 2007. This decline (EUR 4.93 million) goes hand-in-hand with the lower nominal amounts of the receivables sold during the year brought about by price decreases. Furthermore, due to a lower incidence of damages, income from insurance payments has been reduced by EUR 2.62 million as well.

Personnel expense dropped by 3.3 percent (EUR 3.16 million) in comparison to the previous year, a reflection of slightly lower employee numbers.

Lower operating and administrative expenses are largely the result of a decrease in transfers to the default reserve for asset-backed securities (by EUR 4.95 million), lower maintenance costs (by EUR 4.74 million), reduced legal and consultancy expenses (by EUR 1.80 million), as well as fewer incidental monetary transaction costs (by EUR 3.06 million). Above all exchange rate losses in selling expenses have dropped considerably.

(Negative) interest results deteriorated by EUR 1.71 million. The slump in interest income (by EUR 3.19 million) exceeded interest expenses, which were down EUR 1.48 million.

Significant positive results related to other periods of EUR 10.37 million are composed on the one hand of revenues from the liquidation of provisions, liabilities and value adjustments on receivables and on the other hand of expenditures relating to appropriations to value adjustments on receivables. Income surpassed expense considerably in fiscal 2009, the result primarily of a decline in the transfers to specific bad debt allowances.

Income taxes dropped by EUR 9.23 (76.0 percent) vis-à-vis the previous year. The expansion of single-entity relationships for tax purposes based on the profit transfer agreements negotiated have had an especially positive effect in this respect. The nonetheless relatively high tax rate (76.3 percent) is the result, given relatively low earnings, of several individual effects; it is the consequence of amounts related to financing and rental expenses that are to be added to the municipal trade tax, which accumulate for INTERSEROH SE as dominant enterprise.

2. Net Assets

A s s e t s	31.12.2009 EUR million	%	31.12.2008 EUR million	%	Change EUR million	%
Intangible assets	137.15	20.8	131.12	18.0	6.03	4.6
Property, plant and equipment	108.44	16.4	120.17	16.5	-11.73	-9.8
Holdings valued at-equity	8.57	1.3	10.20	1.4	-1.63	-16.0
Financial assets	13.13	2.0	18.07	2.5	-4.94	-27.3
Other receivables	1.52	0.2	1.15	0.2	0.37	32.2
Deferred tax claims	13.72	2.1	12.50	1.7	1.22	9.8
Non-current assets	282.53	42.8	293.21	40.3	-10.68	-3.6
Inventories	74.81	11.3	65.92	9.0	8.89	13.5
Trade receivables	153.63	23.3	156.14	21.4	-2.51	-1.6
Financial assets	6.40	1.0	6.46	0.9	-0.06	-0.9
Other receivables	46.01	7.0	37.23	5.1	8.78	23.6
Current income tax claims	7.09	1.1	5.32	0.7	1.77	33.3
Liquid assets	89.04	13.5	165.04	22.6	-76.00	-46.0
Long-term assets held for sale	0.00	0.0	0.11	0.0	-0.11	n.s.
Current assets	376.98	57.2	436.22	59.7	-59.24	-13.6
	659.51	100.0	729.43	100.0	-69.92	-9.6

L i a b i l i t i e s	31.12.2009 EUR million	%	31.12.2008 EUR million	%	Change EUR million	%
Subscribed capital	25.58	3.9	25.58	3.5	0.00	0.0
Reserves	123.46	18.7	124.61	17.1	-1.15	-0.9
Portion of equity attributable to the shareholders of INTERSEROH SE	149.04	22.6	150.19	20.6	-1.15	-0.8
Minority interests	9.77	1.5	11.37	1.6	-1.60	-14.1
Shareholders' equity	158.81	24.1	161.56	22.2	-2.75	-1.7
Provisions for pensions	19.80	3.0	19.98	2.7	-0.18	-0.9
Other long-term provisions	4.60	0.7	6.14	0.8	-1.54	-25.1
Deferred tax liabilities	13.89	2.1	15.60	2.1	-1.71	-11.0
Financial liabilities	15.66	2.4	127.18	17.5	-111.52	-87.7
Other long-term liabilities	4.97	0.7	1.50	0.2	3.47	231.3
Non-current liabilities	58.92	8.9	170.40	23.3	-111.48	-65.4
Provisions	14.79	2.2	10.84	1.5	3.95	36.4
Current income tax liabilities	3.10	0.5	19.50	2.7	-16.40	-84.1
Financial liabilities	182.58	27.7	178.32	24.4	4.26	2.4
Trade liabilities	176.99	26.8	142.22	19.5	34.77	24.4
Other current liabilities	64.32	9.8	46.59	6.4	17.73	38.1
Current liabilities	441.78	67.0	397.47	54.5	44.31	11.1
	659.51	100.0	729.43	100.0	-69.92	-9.6

Refer to Note 6 in the Notes for adjustment of the previous year’s comparator information.

Total assets of the Group fell by EUR 69.92 million (- 9.6%) to EUR 659.51 million in the year under review.

The reduction in non-current assets of EUR 10.68 million (particularly in property, plant and equipment in the amount of EUR - 11.73 million) is due primarily to the fact that less was invested than in previous years, so that depreciation, amortisation and disposals exceeded new investment in the fiscal year just elapsed.

Current assets have decreased, especially due to lower cash and cash equivalents of EUR -76.00 million, to EUR 59.24 million. Reference is made to the consolidated cash flow statement regarding the use of cash (particularly for the repayment of financial liabilities).

The Group’s equity ratio has risen by 1.9 percentage points to 24.1 percentage points despite a reduction of equity in absolute terms of EUR 2.75 million to EUR 158.81 million vis-à-vis 2008 (22.2 percent) due to the decline in total assets.

Non-current liabilities have dwindled massively (by EUR 111.48 million). This is, however, due almost exclusively to reporting techniques. Financial liabilities in the amount of circa EUR 120.00 million arising from the syndicated loan entered into in 2009, hitherto reported as non-current financial liabilities, were reclassified as current financial liabilities as at the balance sheet date, due to the fact that the loan was replaced at the beginning of 2010 by a new agreement, which is due in 2011 as was the syndicated loan.

The increase in current liabilities is due primarily to higher trade payables (by EUR 34.77 million), as well as other current liabilities (by EUR 17.73 million) with a decline in income tax liabilities of EUR -16.40 million. Other current liabilities include liabilities from the traded disposable packaging system and advances received.

Total financial liabilities (current and non-current) were lower by EUR 107.26 million, due chiefly to the scheduled partial repayment of the syndicated loan taken out in the previous year.

3. Key Consolidated Indicators

	Contents	in	2009	2008
Balance sheet ratios				
Fixed asset intensity	Property, plant and equipment according to balance sheet x 100/total assets	%	16.4	16.5
Inventory turnover	Sales revenues according to income statement/inventory		16.9	31.3
Receivables turnover	Sales revenues according to income statement/trade receivables according to balance sheet		8.2	13.2
Equity ratio	Shareholders' equity according to balance sheet x 100/total assets	%	24.1	22.1
Key success indicators				
Return on sales	Earnings before interest and taxes according to income statement x 100/sales revenues according to income statement	%	1.7	1.2
Return on equity	Earnings after taxes according to income statement x 100/equity according to balance sheet	%	0.6	-3.9
Return on capital employed	Earnings before interest and taxes according to income statement x 100/total assets	%	2.6	2.4
Return on investment (ROI)	Operating earnings according to earnings position x 100/ (assets./.financial assets)	%	2.1	4.5
Intensity of materials	Cost of materials according to income statement x 100/total operating performance according to income statement	%	79.9	86.2
Intensity of personnel	Personnel costs according to income statement x 100/total operating performance according to income statement	%	7.3	4.7

Refer to Note 6 in the Notes for adjustment of the previous year's comparator information.

D. ADDITIONAL DISCLOSURES

1. Transactions of Special Importance After the Close of the Financial Year

In the second half of 2009 the consolidation of the Interseroh Group companies' financing requirements under the new INTERSEROH SE Group Financing Arrangement was initiated; this was successfully concluded in January of 2010. Additional details in this respect are included in Chapter B.7.

INTERSEROH Berlin GmbH declared its outstanding loan receivable in the amount of EUR 11.00 million vis-à-vis HRR Stahlschrott und Metallrecycling GmbH & Co. KG to be a subordinated claim. Additional details in this respect are included in Section B.2. on "Holdings and Cooperation".

ISR INTERSEROH Rohstoffe GmbH (ISR) has declared write-offs with respect to INDO CHINA EUROPE BVBA (ICE) of EUR 1.90 million. The bad debt allowance for the receivable was created in 2008. The write-off, therefore, does not impact income in fiscal 2009. The ISR has submitted a binding letter of comfort to ICE in the amount of EUR 3.80 million.

2. Report on Risk Management and the System of Internal Control

Entrepreneurial activity is inextricably associated with both risk and opportunities. Effective risk management is, therefore, an important factor for success.

INTERSEROH SE's Management Board designs the scope and orientation of systems instituted independently based on company-specific requirements. Nevertheless, even systems that have been instituted that are appropriate and function well cannot guarantee with absolute certainty that relevant risks will be identified and managed.

The Management Board has established a management and control system in the shape of a uniform risk management system for the early identification, assessment and management of relevant risks and for compliance with statutory regulations. The Interseroh Group's risk management system is a traceable system that encompasses all of corporate activities and includes systematic and ongoing approaches covering the following elements: identification, analysis, assessment, control, documentation and communication of risks, as well as monitoring these activities. Risk management is a component of the Group's planning, control and reporting processes. It is continuously adapted to, and improves upon, the Company's organisational and operational structure, the markets and current developments. The internal control system constitutes an integrated part of the risk management system.

Interseroh's risk strategy calls for avoiding, hedging or insuring specific risks. These risks are operational, original risks resulting from day-to-day business, such as bad debts. The goal is not to avoid all potential risks, but to establish room for manoeuvre to enable conscious risk-taking based on comprehensive knowledge of the risks involved and the overall context of the risks.

Risks are assessed according to their likelihood of occurrence and the level of potential loss. New risks are analysed and, if relevant, included in risk management. Individually tailored strategies and measures designed to avoid, reduce or hedge risks are introduced. In addition to obligatory ad hoc reporting in the event that new, relevant risks arise, a review and adjustment of the risk situation is undertaken on a regular basis by the Management Board and Corporate Risk Management in cooperation with those responsible for risk in the Group. The Company's risk management system has been and continues to be subject to internal and external review.

The risk management system is an integral component of all operational units of the Interseroh Group. It contains the following distinguishing features:

- strategic planning at segment level,
- detailed short-term and medium-term planning at individual company level,
- monthly reporting of results and developments (net assets, financial position and results of operations) for all companies in the Interseroh Group,
- observation of price change risks (value-at-risk analysis) in all raw materials trading segments,
- timely hedging of exchange rate risks,
- IT coordination, management and standardisation,
- coordination of insurance,
- determination of the Interseroh Group's weekly overall liquidity status as a basis for short-term and strategic financial management,
- bank ratings (non-public),
- investment procedures and controlling,
- Internal Audit (reporting directly to the Chairman of the Management Board) with regular audit reports on routine and extraordinary audits,
- organisational manual as binding guideline for all subsidiaries,
- rules of procedure with defined approval requirements,
- contract review,
- personnel recruitment and development,
- ongoing expert opinions on tax matters,
- purchasing coordination,
- certification, quality, environmental and safety management based on certifiable criteria,
- special reviews as part of the year-end audits.

The segment representatives responsible from the Interseroh Group's operating units (management of core areas) have made estimates on a quarterly basis of risks that could jeopardise the Group's existence. The assessments, which relate to the core areas, must take into account information from day-to-day business and the overall interrelationships of the relevant markets. In this way Interseroh ensures that all risks from the environment of each operational activity can be assessed immediately.

Risks jeopardising the Company's existence

Risks that jeopardise the existence of the Company (major risks) are included in the following categories:

1. Strategic risks – inadequate vision and strategy
2. Strategic risks – inadequate integration of strategic orientation into the management of individual companies and communication
3. Strategic risks – inadequate customer orientation: trade/sales
4. Strategic risks – inadequate customer orientation: Services
5. Risks from new acquisitions (projects/corporate acquisitions)
6. Risks from customer relations – dependence on customers
7. Risks from customer relations – dependence on suppliers
8. Investment and financing risks

Individual risks submitted by those managers for assessment are allocated to these risk categories. Together with their assessment of the principal risks, managers have also been asked to name and assess any new risks they had identified. No new risks were named.

The likelihood of occurrence of standard individual risks is higher in four of the eight risk areas and lower in the other risk areas compared to probabilities established in 2008. The classification 'low' has been exceeded in three categories.

The likelihood of occurrence of standard individual risks are classified as higher in the fourth quarter of 2009 compared to the first half of 2009 only in the area of strategic risk (integration and vision). All other areas improved during the first half of 2009.

Values for risk impact were set at higher levels than in the previous year in four cases during the fourth quarter of 2009 by the reporting entities. These estimates generally relate to the risks from customer relationships and investment and financing risks in individual Group companies (see above). The overall risk assessment range moved beyond the mean deviation in both areas for the first time in 2009. In the opinion of the risk managers, departure from estimates in the range gave rise to ad hoc measures, which in turn led to a significant drop in the risk assessment in three segments in the second half of the year.

The assessment of risk categories is supplemented with their likelihood of occurrence, based on which potential effects on the earnings situation are estimated. In the course of ongoing monitoring of individual risks the segments are continuously alerted to possible countermeasures and enact them as applicable. Risks that jeopardise Interseroh's existence in a broader sense are not apparent at the moment.

Key risks

Risks that might have a significant adverse effect on Interseroh's net assets, financial position and results of operations, its share price and the Group's reputation are described below. These are not necessarily the only risks to which Interseroh is exposed. Risks that are unknown at present or risks that are deemed immaterial at this point in time may be equally detrimental to Interseroh's business activities.

Interseroh’s business model is based on functioning market mechanisms in both capital and customer markets. Long-term systematic and/or structural disruptions may lead to significant negative effects on business developments and unforeseeable business trends. If, as a consequence of the financial market crisis, these fluctuations and distortions unexpectedly continue, in particular in those customer markets of significance to Interseroh, or, for instance, devolve into deflation, significant negative effects regarding the Company’s net assets, financial position and results of operations – even to the point of jeopardising its existence - and regarding its capability to acquire capital cannot be ruled out.

Even if raw materials markets are slowly stabilising and mood indicators, such as the low business and consumption climate, are brightening, due to the present economic situation, Interseroh can be negatively impacted in the following areas in particular:

1. Sales revenues and earnings

Interseroh’s business development may be considerably affected in negative fashion in the event that demand for secondary resources remains at the present low levels due to an economy that recovers only very slowly even on a global basis. This could lead to unplanned sales losses, as happened in the first half of 2009. In addition, in the event of a tepid recovery, the possibility arises that volumes may only be marketable with price discounts and planned margins will come under pressure.

During the course of the fiscal year the negative earnings situation as a consequence of the economic crisis has been successively mitigated by means of a number of measures designed to increase gross profit, save costs and enhance efficiency, and fiscal 2009 concluded with positive consolidated net earnings for the year. Renewed pressure on the asset and earnings situation due to economic setbacks, however, cannot be ruled out for 2010.

2. Customers and suppliers

Due to the economic situation the possibility exists that business partners, either customers or suppliers, will no longer be able to fulfil their payment or delivery obligations promptly or indeed at all. This could even apply to customers and suppliers with whom Interseroh has had long-standing and trusted business relations. Even though generally speaking trade credit insurance policies are taken out, such contracts contain deductibles customary in the business. As a result Interseroh’s financial and earnings position could be adversely affected in particular by losses in sales revenues or earnings, bad debts or contractual penalties.

3. Working capital and inventory valuation

In the event that customer markets of relevance to Interseroh are subject to considerable fluctuations, the risk of unplanned stock build-ups on the one hand and the increased probability of required write-downs on inventories due to possible price deterioration on the other hand arises.

4. Financing and liquidity

After negotiating with bank partners, Interseroh has succeeded in concluding a syndicated medium-term loan to finance the Interseroh Group. This could increase the amount of the loan. Loan conditions fluctuate depending on the earnings power and degree of debt of the Interseroh Group. Given the numerous covenants that apply, in case of a serious deterioration in the economic environment, it cannot be ruled out that loan conditions are adversely impacted if covenants are violated and loans are not provided to the extent required for business operations. In view of the scant room for manoeuvre still available given the covenants, management considers such a scenario improbable.

5. Fixed assets and intangible assets

There is the possibility that intangible assets, but tangible assets such as production facilities, too, will need to be written down under statutory regulations, in the event that their fair value falls below their carrying value in future. Such a situation may arise, if, for instance, due to a continued financial and customer market crisis, lower earnings than planned are able to be achieved. Accordingly the risk, accentuated by the financial and customer market crisis, exists that write-downs of fixed and intangible assets will considerably depress the net asset and earnings position.

Additional risk areas

Industry-specific risks

The services segment is dependent to a great extent on regulatory requirements. Consequently changes in such regulatory requirements harbour significant risks. Interseroh is, therefore, accelerating the expansion into further activities not regulated by legislators.

The services segment will continue to be characterised by intense competition and, consequently, pressure on margins for all services offered. Moreover, the possibility exists that subcontractors may enter the services business and sharpen competition further.

Dual systems continue to be utilised by users without benefit of a license agreement (freeloaders). In quantity reports a slight increase of reported quantities was evidenced in the first quarter of 2010 compared to the same period in the previous year; nevertheless, a significant difference remains between market volumes and quantities actually reported. Interseroh, however, assumes that the risk of falling license quantities in the total dual system market will be reduced as the result of the enforcement of the Packaging Ordinance by regional enforcement authorities, which is now possible for the first time. Such enforcement is facilitated due to the fifth amendment of the Packaging Ordinance which went into effect on January 1, 2009.

The steel and metals recycling and raw materials trading segments depend significantly on economic developments in domestic and international markets. Risks can be found in the volatility of raw materials prices, the fluctuations of which can have considerable impact on Interseroh's financial and earnings position. In addition, consolidation effects in the market and concentration trends can have a negative impact on the financial and earnings position.

The US scrap dealer ProTrade, 25 percent of which is held by Interseroh, could not fully comply with the covenants arising under loan financing during the crisis year 2009. The lending banks have not objected prior to the conclusion of the closing of the accounts, so management is assuming that the financing situation is sound. The plan is to resume talks with financing banks towards the end of the first quarter of 2010.

Research and development

Technically speaking, Interseroh does not engage in research and development. In order to identify trends and developments in individual markets with certainty, Interseroh conducts comprehensive market, customer and competitor analyses and uses its findings in the development and sale of products and projects.

Risks abroad

To the extent that Interseroh operates beyond Germany's borders, it is exposed to factors such as foreign currency control requirements, trade restrictions, insufficiently developed and/or nuanced legal and administrative systems, military confrontations or terrorism.

Legal risks

The Group is involved in a variety of active and passive lawsuits which have been accounted for appropriately by means of provisions.

Product and production risks

Since Interseroh has reduced replacement and new investment considerably compared to plan, due to the economic and financial situation, the risk exists that required investment may not be undertaken in time or at all. Notwithstanding all efforts of quality management, quality and/or price of the products and services may suffer as a result.

The Interseroh Group actively manages insurance covering key risks. This includes insurance for property and for business interruption, for public liability and for transport, as well as centralised insurance covering losses of goods and buildings. Nevertheless, customary deductibles or force majeure may have an adverse effect on the Company's net assets, financial position and results of operations.

Personnel risks

Interseroh endeavours to provide its employees with diverse development opportunities, to acknowledge successes and to open the door to career advancement via a corporate culture geared to teamwork and performance. Nevertheless, the risk cannot be ruled out that employees in areas of importance to the planned course of business may leave the Company and that such departures may not be compensated in timely fashion or without an impact on the course of business.

IT risks

Since Interseroh's business operations in particular (e.g. distribution, logistics, accounting and control) are primarily computer-based, maintaining flawless business operation is contingent upon the efficient and uninterrupted functioning of its data processing systems. Significant impairment can result from flawed or excessively lengthy operation of obsolete systems, as well as from the implementation of new systems.

A centralised ticket system with appropriate approval work flows is being implemented in order to assure transparent and traceable protection from access. The effectiveness of access protection is being monitored by random sampling.

Effective testing of IT systems as regards protection from internal and external attacks (hackers) is performed at regular intervals. Simulated, unannounced attacks (conducted by TÜV Secure IT) serve to detect potential weak spots in protective mechanisms, which can then be eliminated by appropriate measures.

Financial risks

Interseroh is exposed to risks from original financial instruments which may have an impact on the Group's net assets, financial position or results of operations. Hedging transactions (derivative instruments) are used to counter default risks, price change risks and liquidity risks, including those due to exchange rate and interest rate fluctuations. Hedging contracts are used only to hedge cash flows and always relate to a specific underlying transaction. Hedging instruments are not permitted for trading or speculation purposes in the Interseroh Group.

All financial instruments used by subsidiaries are reported to the Management Board at the individual company level on a monthly basis.

Liquidity risks

Reference is made to the statements under “Key Risks” at the start of the risk report regarding liquidity risks in connection with the current situation in the financial and customer markets.

In the case of some non-ferrous scrap metals a specific market price level is ensured by hedging trading positions on appropriate stock exchanges (e.g. the London Metal Exchange), in the event that a significant risk for the planned margin may arise from the relevant underlying transaction. Price change risks are also kept low by means of conservative inventory and valuation policies.

Interest and exchange rate risks

Hedging of underlying transactions in foreign currencies through forward exchange contracts is required for companies in the Interseroh Group starting at transaction levels with a counter-value of EUR 25,000. Interest rate positions are treated in accordance with the assessment of anticipated interest rate developments, for instance by entering into interest rate swaps and can, therefore, result in rising interest expense ceteris paribus in the case of undesirable developments.

Default risks

In general trade credit insurance policies with customary deductibles are taken out for all debtors. In addition, alternative hedging instruments, such as letters of credit or other documents guaranteeing payment, are utilised. One can, nevertheless, not rule out that justified Interseroh receivables are not paid on time or at all and these outstanding items may ultimately result in default.

Risks associated with corporate management

Interseroh’s business is conducted via subsidiaries, the directors of which have wide-ranging decision-making authority in order to be able to act autonomously and in close association with the market. The group structure ensures that the strategic business units can be managed as if by "company entrepreneurs".

These managing employees have an obligation to manage responsibly. Nevertheless, given the high degree of entrepreneurial responsibility, and despite extensive and multi-layered review and control mechanisms, the risk of abuse cannot be fully excluded.

Opportunities

The flip side of the risks that are described above reflects the opportunities that can materialise.

As a result of the cooperation agreement entered into between the Interseroh Group and the ALBA group of companies at the beginning of January 2009, the position vis-à-vis competitors should be considerably reinforced by consolidating the strengths of both corporate groups. This cooperation enables full coverage of the entire value creation chain of collection, extraction, refining and marketing of raw materials, defined as urban mining. The goal is to develop the Interseroh Group into one of the leading raw materials and environmental services providers in Europe.

In the steel and metals recycling segment arbitrage between local and international markets can be fully exploited by the planned increase in export in markets with structural under-supply, such as Asia and Southern Europe.

In particular, Interseroh’s management sees new growth opportunities in the Interseroh dual system segment, as well in the new industry solutions service and its associated scale effects. The turbulence that has arisen in connection with quantity growth is the expected effect of market that has been insufficiently controlled by enforcement authorities as it becomes more clearly defined. After the first sustained reviews of the enforcement bodies in the middle of 2010 this market will clearly stabilise. The major customers attracted by Interseroh will then form an important basis for further consistent growth of an enduring systems operator.

Furthermore, Interseroh is accelerating its expansion into further activities not regulated by legislators. Management anticipates that INTERSEROH Pool GmbH's business activities will develop well during the current fiscal year and can be expanded to additional industries in the medium term. Moreover, a new generation of plastics products that are manufactured from 100 percent recycling material from the yellow collection system has been developed in conjunction with companies in the plastics industry. Interseroh anticipates launching these products in the market by the end of 2010.

INTERSEROH SE's Management Board and the directors in the subsidiaries continually strive to enhance internal synergy potential, as well as to optimise cost structures and IT systems. For instance, during the current fiscal year, synergies are to be identified and, if possible, enhanced in all areas of the services segment based on a newly launched ERP system.

During 2010 the operational business of INTERSEROH Rohstoffe GmbH (ISR) is to be conducted in ISR subsidiaries and - while preserving the arm's length principle – in cooperation with ALBA Wertstoffmanagement GmbH. Management anticipates that the restructuring of the raw materials segment will strengthen its competitive position and lead to cost savings.

The internal control system in relation to group accounting

INTERSEROH SE's Management Board views the internal control system, based on the accounting process, and all such structures, measures and control processes, as aimed at guaranteeing reliable financial reporting with adequate assurance and in accordance with statutory regulations and International Financial Reporting Standards (IFRS).

Key features of the Company's internal control system with respect to accounting include Group-wide conformity in
- accounting guidelines and processes,
- IT security guidelines and rules,
- organisational principles and workflows, documented in a Group manual.

Control mechanisms were subject to further improvement at the end of the period under review.

In addition, a variety of control principles, such as segregation of duties and consistent adherence to the principle of dual control, are incorporated in the accounting process with respect to certain risks.

Regardless of the scope and orientation of the control structures and processes instituted, the internal control system has limits, since it must be adapted to changing requirements and overall conditions on an ongoing basis; this can lead to control weaknesses in some business processes. In consequence one cannot guarantee with absolute certainty that misstatements can be prevented in financial reporting at all times.

In order to detect and eliminate possible weaknesses in the internal control system, the appropriateness and effectiveness of the internal control system is systematically reviewed and assessed by the Group functions of Internal Audit and Compliance. INTERSEROH SE's Management Board and Audit Committee are informed of the findings of such audits on a regular basis.

For domestic companies in the Interseroh Group the HGB (German Commercial Code) accounting guidelines as reflected in the version of November 2008 are applied, taking into consideration all legal changes and supplements enacted in the interim. For all fully consolidated companies the IFRS accounting guidelines as reflected in the version of November 2008 are applied, including all legal changes and supplements enacted in the interim. Based on these two guidelines and the relevant changes and supplements uniform application of accounting and valuation options is assured throughout the Group.

The approach for reconciling internal Group delivery and payment transactions is clearly regulated with respect to both method and cut-off dates under the accounting guidelines. A standardised reconciliation form is to be used according to the guidelines.

Preparation of the IFRS report packages for the purpose of consolidation, including the reconciliation of internal Group balances, is the responsibility of local accounting and/or the respective management. The latter confirm the accuracy and completeness of recording forms in a separate written declaration. Their accuracy and completeness is reviewed by the auditor as part of the external audit. The information transmitted by the companies and confirmed by the auditor is processed into the consolidated financial statements at a central point.

Consolidated financial statements are prepared using standard consolidation software. The information from the ledger accounts and the inter-company sub-account balances of the companies consolidated is automatically imported from SAP R/3 into consolidation software via an interface after the cut-off date. Individual financial statement data undergoes automatic and manual plausibility processes.

As part of the consolidation work, the consolidation software displays the current status of each type of consolidation (capital, income and expense, liabilities, etc.) separately for each company via a management reporting system. As a rule continuation of consolidation work is only possible, if the system has not detected any errors in the previous step.

Once the consolidation work has been completed, a variety of plausibility tests are performed with the consolidated figures generated. The final figures are compared to the figures from internal reporting in the holding control unit. Finally, the figures are analysed and commented on.

In order to prepare the Group management report, the required information is sought in writing from the individuals responsible, such as segment directors, subsidiary directors and business unit managers, summarised and presented to those individuals for review.

In preparing the notes to the consolidated financial statements the requisite information is sought from the individual companies using recording forms and analysed using consolidated financial statement software. The information required for the notes are submitted by the individual companies in notes checklists.

The entire consolidated financial statements are presented to the Management Board and released by the latter after review.

Compliance

Internally Interseroh has been utilising an ethical guideline since 2002 as part of corporate governance. The ethical guideline especially includes leadership principles and fundamentals. The content is, therefore, reflected in the declaration on corporate governance.

Interseroh in particular safeguards the protection of INTERSEROH SE's minority shareholders via its organisational guideline on compliance. Observance of the law and the rules is monitored especially by the Supervisory Board, to whom the Compliance Office reports. The Compliance Office designs processes and conducts compliance tests. The responsibility for implementation of compliance processes lies with the respective directors of the Interseroh companies. Interseroh views the adaptation of compliance rules as an ongoing process.

Manuals, guidelines and information platforms such as Intranet and quality management net are used to provide information to employees regarding the processes to be applied as part of the operating sequences. Interseroh acts according to the principle of subsidiarity and organises its transaction flows in centralised or decentralised fashion depending on optimum results.

As articulated in the declaration of compliance by the Management and Supervisory Boards, Interseroh sees the corporate governance code as an obligation and implements it to the extent possible.

Interseroh believes it has an obligation to offer comprehensive protection and a high degree of security for people and the environment. This obligation is expressed in environmental guidelines applicable to day-to-day business that are available internally.

3. Disclosures of Relevance to Acquisitions

The subscribed capital of INTERSEROH SE of EUR 25,584,000.00 is divided into 9,840,000 individual share certificates of no par value with an arithmetic nominal value of EUR 2.60 each. The Company's shares are bearer shares. Every share grants one vote in the General Shareholders' Meeting. The Management Board is not aware of any restrictions that might pertain to voting rights or the transfer of shares. On December 31, 2009, a total of 75.003 percent of shares and thereby voting rights from 7,380,329 shares were attributable to Dr. Axel Schweitzer, Berlin, and Dr. Eric Schweitzer, Berlin, according to Section 22, paragraph 1, clause 1, no. 1 of the Securities Trading Act; they are held directly by the Isabell Finance Vermögensverwaltungs GmbH & Co. KG. No shares with special rights that confer supervisory powers exist. Employees who hold shares in the company exercise their rights of verification through the voting rights embodied in their shares.

According to statutory provisions, the appointment and dismissal of members of the Management Board is incumbent upon the Supervisory Board. Amendments to the statutes are resolved by the General Shareholders' Meeting. General Shareholders' Meetings' resolutions are taken by simple majority of the votes submitted, unless the statutes or mandatory legal provisions require a larger majority of votes. Amendments to the statutes require, provided not countermanded by law, a majority of two thirds of votes submitted or, in the event that at least half of capital stock is represented, a simple majority of votes submitted. The Supervisory Board is authorised to adopt amendments to the statutes that are of an editorial nature only.

The General Shareholders' Meeting authorised the Management Board on June 24, 2009, effective June 25, 2009, to acquire treasury stock during a period of 18 months, i.e. until December 24, 2010, to a maximum amount of EUR 2,558,400.00 of capital stock attributable to these shares and to rescind the authorisations that had existed hitherto in this respect. Moreover, the Management Board was authorised, with the consent of the Supervisory Board and excluding shareholders' subscription rights, to sell the treasury stock acquired to third parties against contributions in kind, in particular in connection with corporate mergers and the acquisition of companies, parts of companies and/or holdings in companies. Furthermore, the Management Board is authorised, with the consent of the Supervisory Board and excluding shareholders' subscription rights, to sell the shares for cash by means other than via the stock exchange or an offering to shareholders. In the event of an exclusion of subscription rights, the shares must be sold at a cash price (not including incidental selling costs) that is not significantly, and in no event more than 5 percent, lower than the price quoted on the stock exchange for the Company's shares with the same terms at the time of the sale. The share price applicable in this case is the average of the closing prices of the five trading days immediately preceding the sale of treasury stock determined in trading on the floor or via Xetra (or a functionally comparable successor system to the Xetra system) at the Frankfurt stock exchange. In the event of a sale for a contribution in kind, excluding shareholders' subscription rights, the value of the contribution in kind must be assessed as commensurate in accordance with Section 255, paragraph 2, of the German Corporation Act. In the event that shares are sold for cash in a manner other than via the stock exchange or an offering to shareholders, the authorisation to exclude subscription rights applies only to the extent that the treasury shares sold with the exclusion of subscription rights may not exceed 10 percent of capital stock and in fact neither 10 percent of the capital stock existing at the time the authorisation is granted nor 10 percent of the capital stock existing at the time that the authorisation to exclude subscription rights is utilised. The maximum amount of 10 percent of capital stock is reduced by the proportional share of capital stock attributable to those shares issued during the term of this authorisation as part of a capital increase with the exclusion of subscription rights in accordance with Section 186, paragraph 3, clause 4 of the German Corporation Act. The Management Board of INTERSEROH SE made no use of these authorisations during the year under review.

There are no agreements in INTERSEROH SE subject to the proviso of a change in control due to a takeover bid. Likewise, no compensation agreements with the members of the Management Board or workforce exist in INTERSEROH SE in the event of a takeover bid.

4. Research and Development

Due to the fields of activity it is involved in, the Interseroh Group places a great deal of importance on market research and market analysis. Interseroh does not engage in research and development in the customary sense.

5. Branch Offices

The Interseroh Group includes the following subsidiaries as interpreted under the German Commercial Code:

- INTERSEROH Jade-Stahl GmbH, Hanover branch office (branch of INTERSEROH Jade-Stahl GmbH, Wilhelmshaven),
- INTERSEROH Jade-Stahl GmbH, Braunschweig branch office (branch of INTERSEROH Jade-Stahl GmbH, Wilhelmshaven),
- INTERSEROH Jade-Stahl GmbH, Bremen branch office (branch of INTERSEROH Jade-Stahl GmbH, Wilhelmshaven),
- E. Brenner Schrotthandel, Hanau (branch of Wagner Rohstoffe GmbH, Frankfurt am Main),
- INTERSEROH Holzkontor Bückeburg, (branch of INTERSEROH Holzkontor OWL GmbH, Bückeburg).

E. ANTICIPATED DEVELOPMENTS

1. General Economic Development

According to leading economists, the German economy will recover only moderately during the current fiscal year. German exports are likely to rise only a little due to the fact that expansion of the global economy continues to be feeble. Furthermore, a strong Euro against other currencies could depress Germany's export capabilities and high unemployment rates and rising energy prices could produce a braking effect by lowering private consumption. In addition, further government economic programmes could conflict with necessary fiscal contraction. The financial sector continues to present a risk. Banks could again become troubled, if loans fail to materialise as a belated consequence of the recession. In the event of only slight improvements in sales prospects and difficult financing conditions, investment on the part of companies would remain too low to stimulate growth.

In 2010 emerging markets have proven themselves to be the mainspring of the global economy due to their high currency reserves, low national debt, stable financial systems and strengthened export business.

Estimates of the short to medium-term development of Interseroh Group's business segments are based on current expectations and assumptions regarding the effects of future events and economic conditions on the operational companies.

2. Steel and Metals Recycling

Most industry exports are expecting a revival in global steel production in the current fiscal year. The world steel conference forecast growth of 9 percent. The bottom has been reached, but the crisis could last at least into the first half of 2010. The gap between the industrialised regions and China, India and Brazil continues to widen. China, which by now is producing and consuming just about half of world steel output, is shaping this development.

Against the backdrop of an uncertain longer-term future, short-term forecasts regarding developments in the steel industry and the associated demand for steel scrap vary. Based on the forecasts from the steel industry the Interseroh Management Board is assuming a moderate rise in scrap demand in the first half of the year, which will accelerate in the second half. The Management Board expects increases in tonnages traded in the steel and metals recycling segment in 2010 and 2011 of 5 to 15 percent, as well as significant improvement in earnings compared to the previous year's values.

The demand for steel scrap, which correlates positively with steel production, will continue to climb as inventory levels in steel works are reduced. The market for non-ferrous metals will continue to revive and inventories will be depleted. Rising demand will have a corresponding positive effect on scrap prices.

Interseroh has created a position for itself by establishing a new business field for alloyed scrap, as well as the option of deep-sea ship loading, that enables the

Group to optimally service domestic and international markets as demand rises.

The risk of volatile scrap prices is being counteracted by market-compliant inventory management.

Risks are also associated with the weak dollar, rising freight costs, as well as in newly established processing capacity in Germany, which requires large quantities of scrap.

It is still not clear what impact the CO2 certificate trade will have on the steel industry in Germany and Europe.

3. Services

Interseroh expects intense competition in all services offered during the current fiscal year. While on the one hand declines in sales are expected in individual business units, on the other hand the development of new services should generate increases in turnover. On the whole rising segment sales and moderate earnings growth are anticipated for 2010 and 2011. The risk of falling license quantities in the total dual system market will be reduced as the result of the enforcement of the Packaging Ordinance by regional enforcement authorities, which is now possible for the first time. Such enforcement will be possible as the result of the fifth amendment of the Packaging Ordinance which went into effect on January 1, 2009.

Transport Packaging

Interseroh is anticipating stabilisation in packaging quantities reported, but is assuming that prices will be lower. Planned sales are predicted to hover around the levels of 2009. This is due to the acquisition of new customers. Margin losses may, however, occur due to intense competition. Interseroh is betting on the quality of its services in order to protect its customers with proper and enduring services.

Sales Packaging

In 2010 Interseroh is endeavouring to expand its position as number two in the rankings of the operators of dual systems in order to continue to close the gap with the former monopolist.

Interseroh Recycling Solutions

Interseroh anticipates further price drops in the Interseroh recycling solutions segment, which, however, should be more than compensated by attracting new customers. Risks exist with regard to increasing competitive pressure due to concentration in the waste disposal industry and a consequent potential dependence on large waste disposal companies with which the business unit cooperates in disposing of secondary resources at its sites. Additional risks lie in the volatility of marketing prices of the secondary resources extracted and the market entry of potential competitors. Interseroh has identified opportunities in the placement of its Recycling Solutions range of offers in the industrial area, in its consultancy and marketing expertise, as well as in cross-selling possibilities.

Waste Electrical and Electronic Equipment

Operating services will again be placed for tender and awarded externally for the current fiscal year. Significant cost savings should be realised as a result. Cross-selling potential should be enhanced in the small and medium-sized company segment.

Deposit System

Risks exist with respect to higher costs for logistics and recycling with corresponding pressure on margins, as well as the possibility that customers implement their own solutions for the ‘tallying’ service. Interseroh expects a significant drop in sales during 2010 as the result of the announcement of a major customer that it will operate its deposit clearing system by an in-house company as of the middle of the year. The Company is assuming that this drop can be compensated in large part by cost reductions. Interseroh perceives opportunities in stronger customer retention due to optimisation of individualised customer logistics processes.

Pool-System

During the current fiscal year Interseroh will concentrate on market launches in the case of the customer from the consumer goods industry who have been attracted in 2009. For the medium term orders are also expected from other branches of industry.

Central and Eastern Europe

Interseroh perceives development potential at EVA in Austria primarily in the field of commercial packaging, while constant sales figures are anticipated for the collection system of waste electrical and electronic equipment, as well as for the battery collection system. Interseroh is pursuing sustained efforts to obtain a systems license for household sales packaging removal. There is a risk inherent in the planned implementation of amendments to the law which will have the effect of limiting commercial packaging.

Interseroh plans to expand its range in Slovenia in the current fiscal year. A collection system for expired medications is planned. Furthermore, the recycling solutions field is to be expanded. More intense competition is anticipated due to the entry of new systems operators in the packaging field. In Croatia Interseroh is preparing collection systems for packaging and waste electrical and electronic equipment in order to be able to respond promptly once markets are liberalised after EU entry, planned for 2011. Continued tough competition is expected in Poland. Interseroh intends to offer licensing and disposal together with ALBA under the umbrella of the ALBA Group in order to strengthen its market position.

These cross-selling activities take place taking into account the arm’s length principle.

Niche Businesses and Low-Volume Logistics

REPASACK anticipates a decline in reported volumes due to persistent economic weakness. Due to the situation in the raw materials markets Interseroh is assuming a demanding fiscal 2010 in terms of quantities marketed. The Interseroh subsidiary perceives opportunities in the acquisition of new customers.

INTERSEROH Product Cycle GmbH is assuming a high level of demand for re-fillers for the current fiscal year. Risks exist in connection with the appreciation of the Euro against the US dollar and a slump in exports to customer markets invoiced in dollars. Price reductions in original cartridges or the use of new technologies in the printing field would entail a decrease in demand for re-fill goods. Interseroh is planning continued improvement of the customer structure and is concentrating on attracting new customers in the European Union in order to minimise exchange rate risk.

4. Raw Materials Trading

The Interseroh Management Board is expecting traded volumes in the raw materials trading segment in the current fiscal year to be at the previous year’s levels. In 2011 an increase in the percentage rate in the single digits is anticipated. Moderate improvements in earnings are assumed for both years in comparison to the respective previous year’s figures.

Recovered paper

In cooperation with ALBA Wertstoffmanagement GmbH (AWM) consistent internationalisation in recovered paper trading is being accelerated in Turkey and in the new, Eastern European EU member states while maintaining the arm's length principle. Interseroh’s know-how in overseas marketing and AWM’s know-how in the German market are being exploited. In response to changes in the French market, management is reviewing its strategy of activities there.

The current fiscal year will be turbulent for the paper industry. New capacities for container board have been opened at the end of 2009 or have been started up in the first quarter of 2010 in Germany (Eisenhüttenstadt), Poland and the Czech Republic. The demand for recovered paper in Europe will rise as a result. This demand pull could entail higher prices for recovered paper. Stagnating demand for new paper products would, however, seem to contradict this. The additional capacity will increase pressure in particular on operators of old equipment with less working range and output. The market anticipates additional consolidation and closures of inefficient factories throughout Europe.

Recovered plastic

The recovered plastic field will be shaped by growing volatility in the next few years. More severe and more frequent price fluctuations should be anticipated. Factors such as the price of crude oil, the dollar – Euro parity and available freight capacity on container ships will influence the business over the long term. The growing processing capacity for recycling PET bottles in Europe is countered by massive expansion of capacity for the production of granulates from crude oil in the Near East.

Due to its highly structured presence Interseroh is very well prepared for the upcoming tasks in all key customer markets and will actively monitor market consolidation in this area as well.

Recovered wood

Interseroh expects more stable volume growth in the current fiscal year as compared to 2009. Quantities for extraction remain low. Consequently, the input prices – fees paid at wood sites when wood is handed over - will remain under pressure, while prices for treated wood hover at high levels.

In terms of trade in secondary resources the risk of volatile prices and the risk of non-adherence to contracts continue to apply.

5. Environmental Protection

Since legal regulations for environmental protection are subject to continuous change, are becoming increasingly strict and liable to become more stringent due to new EU directives, investments may become necessary for the Interseroh Group in the future; the amount and timing of such investment, however, are difficult to predict.

F. SUBORDINATE STATUS REPORT

The Management Board has prepared a report on relations with associated companies in accordance with Section 312 of the German Corporation Act (hereinafter termed 'subordinate status report') for fiscal 2009.
In accordance with Section 312 of the German Corporation Act all legal transactions and measures of INTERSEROH SE, as well as companies of the Interseroh Group on the one hand and, on the other hand,

(i) Dr. Axel Schweitzer and Dr. Eric Schweitzer personally,

(ii) Companies associated with Dr. Axel Schweitzer and/or Dr. Eric Schweitzer, as well as

(iii) Companies in which Dr. Axel Schweitzer und Dr. Eric Schweitzer jointly hold the majority of voting rights and companies associated with them (in particular also ALBA AG and companies of the ALBA group of companies)

are subject to reporting in the period from January 1, 2009, to December 31, 2009.

The Management Board, in accordance with Section 312, paragraph 3, of the German Corporation Act on the subordinate status report declares the following:
"Under the circumstances known to us at the time at which legal transactions between INTERSEROH SE and companies of the Interseroh Group on the one hand and, on the other hand,

(i) Dr. Axel Schweitzer and Dr. Eric Schweitzer personally,

(ii) Companies associated with Dr. Axel Schweitzer and/or Dr. Eric Schweitzer, as well as

(iii) Companies in which Dr. Axel Schweitzer und Dr. Eric Schweitzer jointly hold the majority of voting rights and companies associated with them (in particular also ALBA AG and companies of the ALBA group of companies)

were undertaken, INTERSEROH SE or the relevant companies of the Interseroh Group involved have received an appropriate consideration in the case of each legal transaction. No measures according to Section 312 of the German Corporation Act were either undertaken or omitted."

Cologne, March 16, 2010

INTERSEROH SE

The Management Board

Dr. Axel Schweitzer | Roland Stroese

CONSOLIDATED BALANCE SHEET

as at December 31, 2009

ASSETS	Note No.	31.12.2009 EUR	31.12.2008 EUR
Non-current assets			
Intangible assets	(18)	**137,151,838.14**	**131,124,192.71**
Property, plant and equipment	(19)	**108,437,046.57**	**120,169,224.79**
Financial assets accounted for under the at-equity method	(20)	**8,567,900.69**	**10,200,435.13**
Financial assets	(21)	**13,130,292.32**	**18,066,463.71**
Other receivables	(25)	**1,521,049.60**	**1,151,321.65**
Deferred tax claims according to IAS 12	(22)	**13,722,890.34**	**12,496,422.46**
		282,531,017.66	**293,208,060.45**
Current assets			
Inventories	(23)	**74,807,146.63**	**65,917,528.01**
Trade receivables	(24)	**153,626,631.77**	**156,140,235.19**
Financial assets	(21)	**6,402,448.83**	**6,461,706.31**
Other receivables	(25)	**46,006,414.87**	**37,230,524.71**
Tax refund claims according to IAS 12, Income taxes	(22)	**7,093,463.97**	**5,324,481.17**
Cash and cash equivalents	(26)	**89,041,556.89**	**165,042,720.85**
Non-current assets held for sale		**0.00**	**107,480.23**
		376,977,662.96	**436,224,676.47**
		659,508,680.62	**729,432,736.92**

LIABILITIES	Note No.	31.12.2009 EUR	31.12.2009 EUR	31.12.2008 EUR	31.12.2008 EUR
Shareholders' equity					
Subscribed capital and reserves attributable to the parent company					
Subscribed capital	(27)	25,584,000.00		25,584,000.00	
Reserves	(28)	123,454,942.55	**149,038,942.55**	124,609,697.71	**150,193,697.71**
Minority interests in equity			**9,774,208.71**		**11,370,457.62**
			158,813,151.26		**161,564,155.33**
Liabilities					
Non-current liabilities					
Payments to employees under pension commitments	(29)	19,802,174.00		19,982,565.00	
Other non-current provisions	(30)	4,593,713.28		6,138,690.68	
Deferred tax claims according to IAS 12	(22)	13,885,240.71		15,595,432.58	
Financial liabilities	(31)	15,664,332.18		127,180,281.24	
Trade liabilities	(32)	693,973.63		0.00	
Other liabilities	(33)	4,275,102.00	**58,914,535.80**	1,502,434.17	**170,399,403.67**
Current liabilities					
Provisions	(30)	14,791,125.08		10,843,173.01	
Tax liabilities according to IAS 12, Income taxes	(22)	3,098,874.11		19,503,975.94	
Financial liabilities	(31)	182,582,090.18		178,314,970.86	
Trade liabilities	(32)	176,985,950.55		142,214,307.00	
Other payments to employees					
Other liabilities	(33)	64,322,953.64	**441,780,993.56**	46,592,751.11	**397,469,177.92**
			500,695,529.36		**567,868,581.59**
			659,508,680.62		**729,432,736.92**

Consolidated Income Statement

for the period from January 1 to December 31, 2009

	Note No.	2009 EUR	2008 EUR
1. Sales revenues	(7)	1,266,589,099.56	2,065,848,121.67
2. Increase in inventory of finished and work in progress	(8)	10,430,801.54	5,009,652.76
3. Other work performed and capitalised		0.00	26,122.04
4. Other operating income	(9)	43,724,849.81	63,560,907.89
5. Cost of materials	(10)	1,020,120,602.19	1,784,101,546.83
6. Personnel costs	(11)	93,265,653.42	96,431,388.77
7. Depreciation on intangible assets and on property, plant and equipment	(12)	24,127,716.49	21,690,865.69
8. Other operating expense	(13)	160,586,475.26	200,400,106.83
9. Profit shares in associated companies, accounted for under the "at-equity" method	(14)	-2,827,407.71	-12,931,003.61
10. Financial income	(14)	3,803,280.25	7,130,594.07
11. Financial expenses	(14)	19,814,301.58	20,132,530.89
12. Earnings before taxes		**3,805,874.51**	**5,887,955.81**
13. Income tax expense	(15)	2,904,550.96	12,136,206.73
14. Consolidated earnings		**901,323.55**	**-6,248,250.92**
15. Shares in income to be attributed to minority interests	(16)	1,719,815.82	-4,953,284.93
16. Shares in income attributable to shareholders		**-818,492.27**	**-1,294,965.99**
17. Undiluted earnings per share from the net income from continuing business operations attributable to common shareholders [1)]	(17)	**-0.08**	**-0.13**

[1)] Dilution effects do not apply.

CONSOLIDATED NOTES FOR THE 2009 FINANCIAL YEAR

1. General Notes

INTERSEROH SE has its head office in Cologne. The business address is: Stollwerckstrasse 9a, 51149 Cologne. The consolidated financial statements for 2009 cover the Company, its subsidiaries (jointly referred to as the "Interseroh Group") and its holdings in associated companies.

The Interseroh Group is one of the leading environmental services and raw materials providers in Europe. It organises recycling processes and has supplied the processing industry with several million tonnes of secondary resources during 2009. The Interseroh Group's business activities are divided into three segments.

The companies included in the consolidated financial statements can be found in the list of shareholdings that is shown separately in the Annex. The list also indicates the subsidiaries that were not included due to their subordinate importance, as well as associated companies, provided that such inclusion is deemed appropriate based on their size or the interest held in them directly or indirectly.

2. Accounting Principles

(a) Underlying accounting regulations

As a company listed on the stock exchange, INTERSEROH SE, Cologne (formerly INTERSEROH Aktiengesellschaft zur Verwertung von Sekundärrohstoffen, Cologne, hereinafter called "INTERSEROH SE" or "parent company") must, pursuant to Article 4 of the Directive (EC) No. 1606/2002 of the European Parliament and of the Council convened on July 19, 2002, on the application of international accounting standards (Official Journal of the European Communities No. L 243, p. 1), prepare its consolidated financial statements starting from the 2005 financial year pursuant to the International Financial Reporting Standards (IFRS) adopted by the European Union (EU); the IFRS consolidated opening balance was prepared on January 1, 2004 (date of the changeover to IFRS pursuant to IFRS 1, First-time Adoption of International Financial Reporting Standards).

The consolidated financial statements have been prepared pursuant to Section 315a of the German Commercial Code (HGB) under the regulations of the accounting rules valid on the balance sheet date in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Accounting Standards Board (IASB) in London and are in agreement with the European Directives on consolidated accounts (Directive 83/349/EEC).

The differences from the carrying values of the assets and liabilities in the HGB consolidated balance sheet as of 31 December, 2003, resulting at the time of the changeover to IFRS were recorded in equity without impacting net income.

The Consolidated Notes also contain information required according to the German Commercial Code (HGB).

Reference is made to Note 44 regarding events after the balance sheet date that would be of importance to the assessment of the net assets, financial position and results of operations and the payment flows of the Interseroh Group occurred by March 16, 2010 (date of release of the consolidated financial statements by the Management Board for handover to the Supervisory Board, which still has the option of modifying the financial statements).

(b) Valuation of assets and liabilities

The consolidated financial statements were prepared on the basis of historical acquisition and production costs except in the case of derivatives and such financial instruments that are classified as “available for sale”. Both are these categories of instruments are measured at fair value. Non-current assets held for sale are measured at the lower of the historical acquisition and production costs and fair value (= expected revenue from sale less selling costs).

(c) Functional and presentation currency

The consolidated financial statements are prepared in Euro, the Company's functional currency. Amounts are – with the exception of the consolidated balance sheet and consolidated income statement – shown in millions of Euro rounded to two decimal places. Rounding differences occur in individual cases.

(d) Use of management assumptions and estimates

Assumptions and estimates have been made in preparing the consolidated financial statements, which impact the reporting and amount of assets, liabilities, income, expenses and contingent liabilities. Actual values can differ from the assumptions and estimates made.

All assumptions and estimates used are checked on an ongoing basis. Each balance sheet date evidences better knowledge as reflected in the valuation methods applied. At this point in time adjustments are taken to income. The effects of future changes can generally not be reliably estimated and stated.

Additional information on significant estimate uncertainties and the methods used to counteract them can be found in:

1. Note 3 (d), (e): standard determination of terms of useful life throughout the Group
2. Note 3 (f): criteria for assessing lease agreements as financial leases subject to reporting pursuant to IFRS
3. Note 3 (h): parameters for performing impairment tests, including the definition of cash generating units (CGU)
4. Note 3 (m): realisable nature of future tax relief
5. Notes 21, 22, 24, 25: estimate of recoverability of doubtful accounts or calculation of bad debt allowances required
6. Note 29: parameters for calculating payments to employees under pension commitments
7. Note 30: valuation of provisions
8. Note 32: determination of liabilities under repayment obligations under industry agreements and for subsequent waste disposal obligations

3. Accounting Methods

The annual financial statements of the fully consolidated companies have generally been prepared in accordance with standardised accounting and valuation methods. The accounting methods and valuation rules applied by the parent company are also observed by the subsidiaries. There have been no changes to date in accounting and valuation methods.

No changes to the accounting and valuation methods for the year under review or earlier periods resulting from first-time application of, or changes to, a standard or interpretation (IFRS/IAS) had to be made for fiscal 2009.

For purposes of clarity the income statement and the balance sheet, as well as individual items explained in the Notes, are summarised. In accordance with IAS 1 (Presentation of Financial Statements), the balance sheet distinguishes between non-current and current assets and between non-current and current liabilities. Current assets and liabilities are assets and liabilities that are realised or eliminated, respectively, within one year.

(a) Consolidation Principles

The consolidation period is the calendar year. All companies included in the consolidated financial statements close their fiscal year on 31 December.

Consolidation of capital is performed pursuant to IAS 27 (Consolidated and Separate Financial Statements), in conjunction with IFRS 3 (Business Combinations), according to the acquisition method, in which acquisition costs of the holdings are offset against the consolidated subsidiary's share of group equity, while taking the fair values of the assets and liabilities and contingent liabilities at the time of acquisition into consideration. Any differences that remain are reported under goodwill. Goodwill is not subject to scheduled amortisation in accordance with IFRS 3. Instead the value of goodwill is reviewed by way of an impairment test at least once a year or when deemed necessary. The other hidden reserves and hidden liabilities disclosed are updated in the course of subsequent consolidations according to the corresponding assets and liabilities. The same approach is adopted in the event that additional (minority) interests in already fully consolidated subsidiaries are acquired.

Holdings in which INTERSEROH SE exercises a significant influence – usually based on an interest of between 20 and 50 percent – are valued according to the at-equity method and reported at their proportionate equity. For this the total net investment is considered pursuant to IAS 28.

Regarding the consolidation of debt, reciprocal claims and liabilities between fully consolidated companies are netted out.

In the course of the consolidation of income and expenses, sales revenues, income and expenses from transactions between group companies are netted out.

Significant interim profits from internal group trade payables and from the sale of property, plant and equipment among consolidated companies are eliminated, provided that their influence on the net assets, financial position and results of operations of the Group is not of subordinate significance. The corresponding transactions from previous years are updated, provided they have been eliminated as material interim profits in the year of occurrence.

As part of the consolidation entries, income tax effects are taken into consideration and shown as deferred taxes where applicable.

(b) Currency translation

All receivables and liabilities in foreign currency in the individual financial statements of the Group's companies are valued at the average exchange rate on the closing date regardless of any exchange rate hedging. Forward exchange contracts entered into to hedge exchange rates are shown at their respective fair value.

The balance sheets and income statements of the subsidiaries included in the consolidated financial statements are almost without exception also prepared in Euro.

Only three fully consolidated and two associated companies prepare their financial statements in US dollars, Swedish krona and Polish zloty respectively. Amounts incorporated in the consolidated financial statements are converted pursuant to IAS 21 (The Effects of Changes in Foreign Exchange Rates) to Euro according to the functional currency concept. The conditions for simplified conversion using the average rate in accordance with IAS 21.40 apply for all companies concerned. The following exchange rates were used as a basis:

EUR 1		Closing date range		Average rate	
		2009	2008	2009	2008
Poland	PLN	4.1412	4.1823	4.3275	3.5195
Sweden	SEK	10.3530	10.9355	10.6213	9.1241
USA	USD	1.4354	1.4106	1.3949	1.4707

Currency conversion for the financial statements of the subsidiary in Hong Kong was not required, since its functional currency is the Euro and the Company's financial statements are prepared in Euro.

The currency differences resulting from the conversion of the proportionate equity are shown in the equity of the Group without impacting net income.

(c) Financial Instruments

(i) Original (non-derivative) financial instruments

The original financial instruments group together holdings and securities, trade receivables, some other receivables, cash and cash equivalents, debts, trade liabilities and some other liabilities, and classify them pursuant to IAS 39 (Financial Instruments: Recognition and Measurement) in various classes which determine further valuation.

Holdings and securities are qualified as “available for sale” and are to be accounted for regularly at fair value. If – and this applies to Interseroh without exception – no such value can be calculated because a transparent market is lacking for a fair value assessment, the amortised acquisition cost is used for the valuation.

In contrast, holdings in associated companies are initially valued at acquisition cost and updated using the at-equity method. If, in the course of the initial consolidation of these holdings, hidden reserves or liabilities have been disclosed, they are – taking into consideration any write-offs – also contained in the “financial assets accounted for by the at-equity method” balance sheet item.

All other original financial instruments are classified as “loans and receivables” and valued at the updated acquisition cost. For this purpose loans and debts with little or low interest are valued using the effective interest rate method.

Where there are doubts concerning full collectability, financial instruments are stated at the lower collectible amount. Apart from the specific bad debt charges necessitated, the identifiable risks under the overall general credit risk are accounted for by creating an allowance for doubtful accounts.

Financial liabilities from financial lease agreements are entered as liabilities at the present value of future lease instalments.

(ii) Derivative financial instruments

Derivative financial instruments are exclusively used to mitigate currency and interest rate risks and pursuant to IAS 39 are accounted for an initial valuation at acquisition cost and subsequently at fair value. They are shown under “financial assets” or “financial liabilities”.

For the valuation of derivative financial instruments, the fair value is calculated using approved financial models. The respective fair values recorded correspond to the amount at which an asset or liability could be settled between knowledgeable business partners not associated with each other and willing to enter into such a contract. The valuation reflects the estimates of market conditions by the bank partners at the balance sheet date. These estimates were determined based on the market data available at the time of calculation, which, however, is subject to continuous change. Numerous factors may influence the valuation and may have resulted in different values in the interim. Performance to date is not a predictor of future performance.

Exchange rate risks

In a forward exchange transaction at the time that the underlying transaction is entered into a particular exchange rate is set for a specific point in time in the future as set out in the Group's guidelines on foreign currencies. It must be assured, as part of this process, that the maturity date coincides with the payment date of the underlying receivable or liability and that no open foreign currency or time deposit positions arise.

No independent market risk arises from the forward exchange transactions, since in every case it creates a closed position in conjunction with the associated operational transaction. This guarantees that at the agreed date liquidity will be available in the correct amount in the hedged currency.

Interest rate risks

Furthermore, interest rate swaps have been entered into. The purpose of such agreements is to limit variable interest payments from loans taken out (in part) for the duration of the agreement or to limit specific interest rates from the ongoing Asset Backed Securities Programme (in part).

Gains and losses from derivative financial instruments that are used as qualified hedging instruments as part of a fair value hedge are taken to income and reported on the income statement. Any changes to earnings due to the ineffectiveness of these financial instruments are recorded immediately against income and shown in the income statement.

Changes to the fair value of a hedging derivative as part of a cash flow hedge are recorded against equity with no impact on income. They are only recorded directly on the income statement with an impact on income, if changes in the value of the derivative fail to constitute an effective hedging tool for future cash flow of the hedged transaction.

(d) Intangible assets

Intangible assets are valued at acquisition cost less scheduled depreciation over their terms of useful life. With the exception of goodwill with unlimited terms of useful life, intangible assets are amortised according to the straight-line method over a period of two to fifteen years. An impairment loss is recorded, if this is deemed appropriate as a result of the impairment tests performed. For goodwill these tests are performed at least on an annual basis and for intangible assets subject to scheduled amortisation any time a reason for impairment exists. When the reasons for impairment cease to apply, corresponding write-ups are – with the exception of goodwill – effected; they may not exceed the amortised carrying values.

In accordance with the option set forth in IFRS 1.15 and Appendix B, goodwill from acquisitions before January 1, 2004, is amortised according to the laws that applied prior to this date. This means the scheduled and extraordinary amortisation effected in earlier periods is maintained and goodwill netted out with equity without influence on net income is not subsequently capitalised.

(e) Property, plant and equipment

Property, plant and equipment are valued pursuant to IAS 16 (Property, Plant and Equipment) at acquisition or production cost less accumulated and scheduled depreciation and impairment losses during the fiscal year. Interest on debt capital as interpreted in IAS 23 (Borrowing Costs) is not capitalised. According to the component approach it can be considered appropriate, under certain conditions, to allocate expenditures to assets and value the individual components separately. This is particularly true in the event that the components have different terms of useful life or are subject to different impairment approaches, which justify different depreciation procedures.

Costs for the repair of property, plant and equipment are charged against income. They are only capitalised if the costs result in an addition or significant improvement to the relevant asset.

Immovable property, plant and equipment (buildings and structures) are depreciated on a straight-line basis over their expected useful life. This also applies to movable property, plant and equipment. When determining depreciation amounts, residual value remaining after the customary term of useful life is taken into account.

When selling or decommissioning property, plant and equipment, the gain or loss from the difference between the sales proceeds and residual carrying value is stated under other operating income or expenses as the case may be.

Scheduled depreciation is based on the following terms of use and depreciation rates standardised throughout the group:

	Useful life Years	**Depreciation rate** %
Land and Buildings		
Business and factory premises and other	25 - 50	2.00 – 4.00
Outdoor installations	5 - 33	3.33 – 20.00
Technical equipment and machinery	4 - 33	3.33 – 25.00
Other facilities, fittings and equipment		
Vehicles	5 - 9	11.1 – 20.00
Fittings, office machines and equipment	3 - 25	4.00 – 33.33
Low-value items (up to EUR 150)	< 1 year	100.00
Low-value items (up to EUR 1,000)	5	20.00

If necessary, i.e. if reasons for impairment are noted during the performance of impairment tests, an impairment loss is recorded. When the reasons for the impairment loss cease to apply, appropriate write-ups are undertaken.

(f) Leased assets

Rented or leased intangible assets and property, plant and equipment, which, according to the requirements of IAS 17 (Leases), must be considered economically as fixed asset acquisitions with long-term financing (finance leasing), are stated in the balance sheet at the time of commencement of the contract at the lower of the present value of the minimum lease payments taking one-off payments into consideration or fair market value. They are written off by scheduled depreciation over their normal useful life. If a subsequent transfer of ownership of the leased object is not certain, the term of the lease agreement, if shorter, is used as the basis for depreciation. Payment obligations arising from future lease instalments are recorded as financial liabilities.

Obligations to return the property to its original condition are, in accordance with IAS 16.16 (c), included in the acquisition or production costs of the asset concerned at the amount of the discounted performance sum and depreciated using the straight-line method over the normal useful life of the asset. Expected liabilities are reflected under provisions.

For assets from finance leasing the same principles apply as shown in (d) and (e).

Other leased assets (operating lease agreements) are not included in the consolidated balance sheet.

(g) Inventories

The raw materials, supplies and merchandise reported under inventories according to IAS 2 (Inventories) are valued at the lower of average acquisition or production costs or net selling price, i.e. the sales proceeds recoverable in the normal course of business less the estimated completion and selling costs (principle of loss-free valuation). Apart from the individual costs, production costs also include a reasonable share of the necessary fixed and variable material and production overheads to the extent incurred in connection with the production process. Costs of administration are taken into consideration to the extent that they are attributed to the production area.

(h) Impairment test

The recoverability of assets is reviewed in the Interseroh Group at least once a year at year end or more often if special reasons for this become apparent at the level of the cash generating unit (CGU) in the sense of IAS 36 (Impairment of Assets).

(i) Definition of CGU/segmentation

Based on economic interdependencies, Interseroh has identified the three segments (services, raw materials trading and steel and metals recycling) as independent cash generating units.

In the steel and metals recycling segment scrap is bought unsorted in small quantities at the scrap yards operated by the companies, sorted, processed if necessary and then sold in large quantities. Transparency exists in this segment regarding recoverable selling prices and general market developments. Furthermore, the segment's trading volumes overall are significant to the consumers; this also has a positive effect on the negotiating positions of the individual companies. Contributions of the segment also result from transparency of information within the segment combined with market and especially price advantages from the segment-wide consolidation of sales volumes. Due to joint management by the segment management company, the individual companies cannot be viewed as “largely independent”, but rather all companies in this segment are classified as one CGU.

The companies in the services segment render waste disposal services. The companies in this segment are centrally managed. Payments associated with the relevant business activity cannot be viewed independently of the other companies. The companies of this segment, therefore, form a CGU as a whole.

The companies in the raw materials trading segment trade in secondary resources. As a rule these secondary resources are consolidated by one unit or sister unit for export to Asia under contracts and sold on to major customers. Since the companies in this segment are also managed jointly and procurement and trading, as well as related payments, cannot be viewed independently of the other companies, the companies in this segment together form another CGU.

(ii) Performing impairment tests

In the impairment tests the residual carrying values of the individual cash generating units are compared with their respective recoverable amounts, which reflect the higher value of net selling price and value in use. The calculation of the value in use is based on the present value, calculated using the discounted cash flow method (DCF method), of future payments forecast for the next three years in the current individual plans of the Interseroh Group according to business unit and location. A risk-free interest rate of 4.75 percent, a market risk of 5.00 percent and a beta factor of 1.2 are assumed.

The starting point for the calculation of free cash flow per segment is the planned EBIT of the respective segment as reflected in the three-year plan approved by the Management Board and Supervisory Board. These figures are adjusted by non-cash income and expenses, investment payments and changes in net current assets. For the following years a constant result is assumed and also discounted on the basis of average planned EBIT.

The plans are based on the forecast of future market turbulences triggered by the financial crisis as perceived at the end of the year.

If the recoverable amount of the cash generating unit calculated in this way is lower than its carrying value, there is an impairment loss equivalent to this difference. In the event of an impairment loss, the value of any goodwill in the cash generating unit concerned is first adjusted. Any residual amount still remaining after this is allocated to the other assets of the respective cash generating unit in proportion to the residual carrying values of every single asset on the balance sheet date.

No indication of a need for write-offs has emerged during the course of the impairment tests.

Notwithstanding, write-offs were taken at the level of individual companies in the event that individual assets were no longer recoverable.

(i) Payments to employees under pension commitments

The pension provision for the company pension scheme was calculated based on actuarial values according to the projected unit credit method prescribed in IAS 19 (Employee Benefits). Under the projected unit credit method the net present value of claims takes into consideration both the pensions known and the entitlements acquired as at the balance sheet date, as well as future anticipated salary and pension increases. Differences arising at the end of the year (so-called actuarial gains or losses) between scheduled pension liabilities calculated in this way and the actual present value of claims are only reflected in the balance sheet if they lie outside a range of 10 percent of the amount of the liability. In this case the gains and losses are, if they exceed the 10-percent corridor, allocated over the average remaining service periods of the entitled employees and recorded as income or expense. The share of interest on the transfers to provisions contained in pension expenses is shown as interest expense under financial income. All other provisions for pensions and similar obligations are formed on the basis of expert actuarial opinions.

Individual companies in the Interseroh Group have in the past provided benefits to their employees for the post-retirement period in the form of contributions paid to private institutions and retirement benefit schemes. Plan assets exist exclusively in the form of reinsurance. The results of these commitments are consolidated for each company in a “funded” plan. For all other commitments for which no reinsurance exists, the results are shown in the category “unfunded” plan.

The commitment payments of the Group are as a rule based on the length of service and remuneration of the employees. Obligations comprise both commitments from ongoing pensions and from entitlements to pensions to be paid in the future. The Group’s company pension scheme consists exclusively of a defined benefit plan. New employees are not provided with company pension scheme commitments, because all the pension schemes, which are based on collective agreements between the company and its workforce, are closed.

(j) Provisions

In accordance with the criteria under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), provisions are formed for uncertain liabilities, in the event that it appears probable in each case that performance of a current obligation will result in a direct outflow of resources embodying future economic benefits and the value of this obligation or performance amount can be measured reliably, including in the form of estimates. All known uncertain liabilities and risks concerning the past fiscal year are taken into consideration in the performance amount with the highest probability of occurrence. If the expected amount of an obligation is reduced by a changed estimate, the provision is reduced proportionately and income recorded as other operating income.

In the case of long-term provisions the portion that is to flow out after more than a year, and for which a reliable estimate of the amount or timing of the payment is possible, is stated at the present value calculated by discounting at an interest rate commensurate with the market and term.

(k) Sales revenues and other income

Sales revenues are recognised at the time of the passage of risk in the case of supplies or at the time of rendering of the service in the case of services; all applicable taxes and revenue reductions are deducted.

Compensation fees are recorded in the appropriate period in line with the specifications of the underlying contract.

(l) Financial income and expenses

Financial income mainly includes interest income and dividends. Interest income is recorded using the effective interest rate method; dividends are recorded as the legal claim to payment arises. This occurs at that point in time at which it becomes probable that the economic benefit from the transaction will flow to the company and the amount of revenues can be reliably ascertained.

In addition to expenses for interest on loans, financial expenses also include compounding of long-term provisions and amortisation of financial assets. All interest expenses are recorded using the effective interest rate method.

(m) Income taxes

Current income taxes paid or owed in individual countries, as well as deferred tax liabilities, are reported under tax expense. The calculation of current income tax, including tax refund claims and tax debt, is based on applicable laws and regulations in the individual countries.

Deferred taxes are calculated based on the one hand on timing differences between the valuations of assets and liabilities in the balance sheets for commercial and for tax purposes and from consolidation processes and, on the other hand, on realisable loss carry-forwards. The calculation is based on expected company-specific tax rates in the individual countries at the time of realisation. These rates are based on the legal regulations valid or adopted on the closing date.

Deferred tax claims are only taken into account if it is reasonably certain that the temporary differences can actually be reversed for tax purposes and that the tax loss carry-forwards can actually be utilised. The losses carried forward to be used for tax purposes are determined by calculating total planned EBT for the next three years for every company. The total of planned EBT for each company is offset against the trade tax and corporate taxes carried forward of the respective company, taking into account the rules on offsetting losses. Finally, deferred taxes from loss carry-forwards are determined at the individual company level, taking single-entity relationships for tax purposes into consideration. Deferred taxes on loss carry-forwards are calculated taking into account restrictions currently in force in Germany on offsetting tax losses in subsequent periods.

When calculating both ongoing and deferred taxes for companies registered in Germany, the municipal trade tax assessment rate applicable to the individual company is used as a basis. Deferred taxes are only included in the income tax rate expected for INTERSEROH SE for consolidation transactions.

If deferred taxes relate to transactions that are recorded directly in equity the deferred taxes are recorded directly in equity; otherwise they are recorded against income.

(n) New and revised standards and interpretations applied for the first time during the fiscal year

In accordance with IAS 8.28 disclosures must be made upon first-time application of a standard or an interpretation that impacts the period under review or an earlier period. This is also the case, if such effects lie within the realm of possibility. IAS 8.28, therefore, applies in the case of any changes in accounting policies resulting from a new standard or new interpretation. Changes in accounting policies due to a new standard or new interpretation relates both to mandatory changes and to the first-time use of accounting options.

IFRS 2 – Share-based Payment, Vesting Conditions and Cancellations

Amendments to IFRS 2 relate mainly to the definition of vesting conditions and regulations regarding the cancellation of a plan by a party other than the enterprise. Vesting conditions are clearly defined only as conditions pertaining to service and to achieving targets. No share-based payments are made in the Interseroh Group.

IFRS 7 – Improved Disclosures regarding Financial Instruments

Changes in IFRS 7 relate to disclosures in determining fair value and liquidity risk. Disclosures on the determination of fair value are specified in detail, including implementation of a tabular breakdown of each category of financial instrument based on the three-step fair value hierarchy familiar from the US-GAAP standard SFAS 157 and the expansion of the scope of obligatory disclosures. Interseroh has applied the new version of IFRS 7 in the present consolidated financial statements of fiscal 2009.

IFRS 8 – Operating Segments

IFRS 8 covers the financial information that an entity is required to report under operating segments. IFRS 8 replaces IAS 14 'Segment Reporting' and is being applied by the Interseroh Group in fiscal 2009 for the first time. Since the breakdown in segment reporting was in accordance with the management approach stipulated under IFRS 8 in the past, no changes arose in this connection. The Interseroh Group has three segments subject to mandatory reporting. Assets, expenses and income not allocated to operating segments, as well as consolidation, are shown in reconciliation statements.

IAS 1 – Presentation of Financial Statements

In September of 2007, the IASB published changes to IAS 1 (Presentation of Financial Statements). They include suggestions on renaming individual components of financial statements, the requirement to disclose an opening balance for the previous year and a separate presentation of equity transactions with shareholders and non-shareholders under certain circumstances, as well as the requirement to report the income tax effects per component from the 'Statement of Recognised Income and Expense' separately. The presentation of the Interseroh Group's net assets, financial position and results of operations was affected in that the 'Statement of Recognised Income and Expense' was prepared for the first time this year.

IAS 23 – Borrowing Costs

This change calls for obligatory capitalisation of borrowing costs that can be allocated directly to the acquisition, construction or production of a qualifying asset. The option of recording borrowing costs immediately against income was thus abolished. This change has been applied in the Interseroh Group since January 1, 2009. During fiscal 2009, no borrowing costs have been capitalised, since no qualifying assets have been acquired, constructed or produced. Correspondingly, no borrowing cost rate was calculated.

IAS 32 and IAS 1 – Changes in Puttable Instruments and Obligations that arise on Liquidation

The amendments to IAS 32 and IAS 1 are to be applied for the first time to financial years that start on or after January 1, 2009. The revisions permit a small number of exceptions that permit puttable financial instruments to be classed as equity if they fulfil certain criteria. The changes to the standards do not have an effect on the company's net assets, financial position and results of operations as Interseroh has not issued such financial instruments.

IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures

These changes involve those that permit the reclassification of several financial instruments from the categories of measurement at fair value through profit and loss into available for sale. Since the Interseroh Group holds no financial instruments affected by the change, there will be no changes in the consolidated financial statements.

IFRIC 13 – Customer Loyalty Programmes

IFRIC 13 addresses the accounting for customer bonus programmes operated by the providers of goods or services themselves or by third parties. IFRIC 13 is to be applied to financial years starting on or after January 1, 2009.

IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 addresses the interaction between an obligation in existence at the balance sheet cut-off date to pay in additional contributions to a pension plan (minimum funding requirement) and the rules in IAS 19 on the limits of a positive difference between plan assets and the defined benefit liability (asset ceiling). IFRIC 14 is to be applied to financial years starting on or after January 1, 2008. In accordance with article 2 of the Directive (EC) no. 1263/2008 dated December 16, 2008, ABl. EU no. L 338/25, IFRIC 14 is to be applied from the beginning of the first fiscal year following December 31, 2008, at the latest.

Changes to IFRIC 13 and IFRIC 14 have hitherto had no effect on INTERSEROH SE's consolidated financial statements.

(o) Standards and interpretations not applied (published, but not yet obligatory and adopted by the EU)

According to IAS 8.30, an entity must report on new standards or interpretations of the IASB even if these standards and/or interpretations are not yet mandatory in the year under review and are also not applied prematurely by the respective entity. No standards or interpretations not yet mandatory have been applied in these consolidated financial statements.

IFRS 3 – Business Combinations

The revised IFRS 3 – Business Combinations provides new regulations on the application of the acquisition method for corporate mergers. Key changes involve the measurement of minority shares, recording corporate acquisitions undertaken in stages and handling of conditional purchase price shares and acquisition costs. According to the new regulation the minority shares can be measured either at fair value or at the fair value of the proportion of assets and liabilities identified in the entity or business unit purchased. In the case of corporate acquisitions undertaken in stages provision is made for a revaluation taken to profit and loss for the shares held at the time control is transferred. Changing conditional purchase price elements that are shown as liabilities at the time of the acquisition must be taken to income in future. Incidental acquisition costs are recorded as expense at the time they are incurred. The effects of the standard to be applied from the 2010 financial year on Interseroh's consolidated financial statements are not foreseeable at this point in time.

IAS 27 – Consolidated and Separate Financial Statements

IAS 27 – Consolidated and Separate Financial Statements relates to accounting for transactions in which an entity maintains control, as well as transactions in which the entity transfers control. Transactions that do not result in control being lost are to be recorded as equity transactions with no impact on income. The remaining shares are to be measured at the fair value at the time control is lost. For minority shares negative balances are permitted, i.e. losses are assigned in future without limitation in the same proportion as the holding. The new standard is to be applied for financial years starting after July 1, 2009. The effects of the standard to be applied from the 2010 financial year on Interseroh's consolidated financial statements are not foreseeable at this point in time.

IAS 32 – Financial Instruments: Classification of Rights Issues

The amendments address how the issuer accounts for subscription, options and warrants for the acquisition of a fixed number of equity instruments denominated in a currency other than the issuer's functional currency. To date such cases were accounted for as derivative liabilities. Such subscription rights as are issued at a fixed currency amount in proportion to the existing shareholders of an entity are to be classified as equity in future. The currency of the strike price is immaterial in this scenario.

The amendment is to be applied in fiscal years starting on or after February 1, 2010.

It is not expected that the changes in IAS 32 will impact future consolidated financial statements of INTERSEROH SE.

IFRIC 12 – Service Concession Arrangements

IFRIC 12 – Service Concession Arrangements addresses the question of how private service operators that provide public services such as the construction of roads, airports, prisons or energy supply infrastructure on behalf of public sector bodies are to account for the rights and duties that arise from the contractual arrangements. IFRIC 12 is to be applied to financial years starting on or after March 29, 2009.

IFRIC 12 is not expected to impact future consolidated financial statements of INTERSEROH SE.

IFRIC 15 – Agreements for the Construction of Real Estate

IFRIC 15 – Agreements for the Construction of Real Estate deals with accounting by real estate developers for the sales of units in their properties, such as flats or houses, before they are complete. IFRIC 15 defines criteria under which accounting must either follow IAS 11 Construction Contracts or IAS 18 Revenue. IFRIC 15 is to be applied to financial years starting on or after January 1, 2010. Earlier application is recommended.

IFRIC 15 is not expected to impact future consolidated financial statements of INTERSEROH SE.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation deals with hedge accounting of net investment in a foreign operation. The interpretation clarifies that accounting for hedging is only possible between the functional currency of the foreign operation and the functional currency of the parent entity. The net asset amount of the foreign operation that is recorded in the consolidated financial statements may be hedged. The hedging instrument may then be held by any entity or entities within the Group (except the foreign operation which is itself being hedged translator's note: this last has now been eliminated). If the hedged foreign operation is eliminated from the scope of consolidation, the amount previously recorded in equity from changes in the value of the hedging instrument, as well as the foreign operation's exchange rate gains or losses recorded in the currency reserve, must be reclassified to profit and loss. The amount of the cumulative exchange rate gain or loss incurred on the foreign operation that is being eliminated from the scope of consolidation can be determined by the 'step-by-step' or 'direct' consolidation method.

IFRIC 16 is to be applied to financial years starting on or after June 30, 2009. Earlier application is recommended.

IFRIC 16 is not expected to impact future consolidated financial statements of INTERSEROH SE.

IFRIC 17 – Distribution of Non-Cash Assets to Owners

IFRIC 17 – Distributions of Non-Cash Assets to Owners applies to topics relating to how a company is to measure assets other than cash that it transfers to the shareholders as dividends. A dividend liability should be recognised, if the dividend has been appropriately authorised and is no longer at the discretion of the entity. This dividend liability should be measured at the fair value of the net assets to be distributed. An entity should recognise the difference between the dividend obligation and the carrying amount of the net assets distributed in profit or loss.

IFRIC 17 is to be applied to financial years starting on or after July 1, 2009.

IFRIC 17 is not expected to impact future consolidated financial statements of INTERSEROH SE.

IFRIC 18 – Transfers of Assets from Customers

IFRIC 18 – Transfers of Assets from Customers is in the opinion of the IASB particularly relevant, but not limited, to the energy sector. It clarifies the IFRS for agreements in which an entity receives from a customer an item of property, plant or equipment that the entity must then use to connect the customer to a network or to provide the customer with ongoing access to goods or services. Such cases as when the entity receives cash from customers in order to acquire or produce one of the aforementioned items of property, plant or equipment are also dealt with.

The interpretation explains:

- The circumstances under which an asset is said to be involved,
- The recognition and first-time measurement of the asset,
- Identification of individually ascertainable services in exchange for the transferred asset,
- Recognition of revenue,
- Accounting for the transfer of cash by customers.

IFRIC 18 is to be applied to financial years starting on or after November 1, 2009.

IFRIC 18 is not expected to impact future consolidated financial statements of INTERSEROH SE.

(p) Standards and interpretations not applied (published, but not yet obligatory and adopted by the EU)

IFRS 1 – First-time Adoption of IFRS

Changes relate to the retrospective application of IFRS in special situations and are designed to ensure that entities do not incur excessive costs in converting to IFRS.

Specifically the amendments exempt companies in the oil and gas industries that have recorded exploration and development costs for objects in the development or production phase in a geographical region in cost centres in accordance with national invoicing rules from complete retrospective application of IFRS on the relevant oil and gas assets, as well as companies with existing lease agreements from the re-assessment of these agreements with regard to their classification under IFRIC 4 'Determining Whether an Arrangement Contains a Lease', if an assessment has already been undertaken at an earlier balance sheet date according to national accounting rules that are comparable to the rules under IFRIC 4. The amendment is to be applied in fiscal years starting on or after January 1, 2010.

It is not expected that the changes in IFRS 1 will impact future consolidated financial statements of INTERSEROH SE.

IFRS 2 – Changes to Group Cash-Settled Share-based Payment

The IASB has issued changes to IFRS 2 "Share-based Payment" that clarifies accounting for group cash-settled share-based payment.

The published changes define the scope of application for IFRS 2 and the interaction between IFRS 2 and other standards. The changes to IFRS 2 also entail the inclusion of guidelines in the standard that have previously been contained in IFRIC 8 'Scope of IFRS 2' and IFRIC 11 'Group and Treasury Share Transactions under IFRS 2'. As a result the IASB has withdrawn IFRIC 8 and IFRIC 11.

These amendments are to be applied in fiscal years starting on or after January 1, 2010.

The amendments to IFRS 2 are not anticipated to have an impact on the future consolidated financial statements of INTERSEROH SE, since no share-based payment is granted in the Interseroh Group.

IAS 24 – Related Party Disclosures

Hitherto companies that have been controlled or significantly influenced by the government have been required to disclose information on all business transactions controlled or significantly influenced by the same government. The amendment to IAS 24 requires that detailed disclosures are provided only for individual material transactions. In addition, quantitative or qualitative assessments of the effects of transactions that are not material either individually or taken together should be provided.

Furthermore the amendment to IAS 24 has clarified the definition of a related party.

These amendments are to be applied for the first time to fiscal years starting on or after January 1, 2011.

The amendments to IAS 24 are not anticipated to have an impact on the future consolidated financial statements of INTERSEROH SE, since the Interseroh Group is neither controlled nor significantly influenced by the government.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 – Extinguishing financial liabilities with equity instruments elucidates the requirements under International Financial Reporting Standards (IFRS) in the event that an entity extinguishes all or part of a financial liability by issuing shares or other equity instruments.

The interpretation clarifies that the equity instruments issued to extinguish a financial liability to a creditor constitute part of the 'consideration paid' in accordance with IAS 39.41 and that the equity instruments are in principle to be measured at fair value. If fair value cannot be reliably determined, the equity instruments should be measured at the fair value of the liability extinguished; the difference between the carrying value of the financial liability to be extinguished and the initial measurement of the equity instruments issued is to be recognised in profit and loss.

IFRIC 19 is to be applied to financial years starting on or after July 1, 2010.

IFRIC 19 is not expected to impact future consolidated financial statements of INTERSEROH SE.

4. Management Of Financial Risks

Interseroh's risk strategy calls for avoiding, hedging or insuring specific risks. These risks are operational risks resulting from day-to-day business. The goal is not to avoid all potential risks, but to establish room to manoeuvre to enable conscious risk-taking based on comprehensive knowledge of the risks involved and the overall context of the risks.

Further development of the system in order to provide necessary and successful support to the entrepreneurial segments of the Interseroh Group is also the goal and responsibility of the Group's management and the segment directors. As components of the risk management system, the definition, identification, evaluation and response to existing risks are routinely checked for completeness.

The system is expanded whenever the possibility of a loss is identified and the occurrence of a major loss cannot be dismissed as entirely improbable. New elements have also been added to the system in cases in which risk sensitivity and communication of risk to employees could be improved with the consequent benefits to stable business development.

The risk management system is an integral component of all operational units of the Group. It includes the following features:

- ensuring necessary liquidity at all times
- influencing price change risks in all raw materials trading areas,
- timely hedging of exchange rate risks
- organisational manual as a guideline for all units in the Group, covering aspects such as the risk areas of covering receivables including political and economic national risks, exchange rates, insurance policies,
- rules of procedure with defined approval requirements.

The liquidity needed in the Interseroh Group is assured by means of medium term variable-interest loans with dependable interest rate agreements or instruments, as well as through lines of credit. Daily inflow and outflow planning guarantees a permanent overview of the liquidity requirements in the Interseroh Group. Any requirements beyond the short-term liquidity available can be covered completely at all times by rolling cash credit lines granted by commercial banks.

The change in the exchange rate of the Euro against other currencies, especially the US dollar, results not only in overall risks in international business relations, but also in specific exchange rate risks. In principle Interseroh strives to transfer these currency risks to the business partner by invoicing in Euro. For cases in which this is not possible an internal treasury guideline must be followed, which stipulates that a volume exceeding EUR 0.03 million must be hedged. Speculative transactions are not allowed. This also applies to any contracts in foreign currency that involve speculating on exchange rate gains. Foreign currency receivables and liabilities stemming from contracts should be hedged starting at the volumes indicated above. Hedging may be effected exclusively by way of foreign exchange forward contracts (in the form of micro or macro hedging) with banks of impeccable credit standing or by means of existing currency stocks. Options and similar transactions are not permitted. Micro hedging secures the risks of each individual item separately. In macro hedging initially the net existing risk is determined. To this end, existing hedged items (receivables and liabilities in the same foreign currency – provided their amounts and maturities correspond) are eliminated. The remaining surplus is then closed by an opposing hedge transaction. Hedging is used according to standardised guidelines, subject to strict control and usually restricted to the hedging of operational business. Stockpiling of foreign currencies is not permitted.

In order to avoid price change risks in transactions in the raw materials trading segment (value-at-risk analysis), the trade is basically effected back-to-back, i.e. without risk, by means of sales and purchases that correspond in terms of volumes within a narrow time frame.

Interest rate change risks are countered by suitable instruments from the derivatives market (e.g. exchange of fixed for variable interest rates). Due to the currently low interest rates in the money markets, variable interest rates are accepted for short-term current account lines.

Credit risks related to trade receivables in the Interseroh Group are essentially transferred to third parties by means of trade credit insurance policies or instruments such as letters of credit or other documents guaranteeing payment. There is an instruction in the Group that transactions exceeding the insured limit per debtor may not be undertaken. This rule may only be deviated from in justified individual cases and only after prior approval by management or the Management Board based on reliable knowledge concerning the debtor’s creditworthiness. Compliance with the trade credit limits is monitored at regular intervals.

In the domain of other financial receivables similar conditions apply regarding the assumption of potential credit risks. In these cases, too, commitments are entered into only in isolated cases and only after prior approval by management or the Management Board based on previous checks on credit standing or earning power.

As part of capital management the Management Board endeavours to assure a strong equity base in order to strengthen the confidence of investors, potential investors and contractual partners with respect to the sustainability of Interseroh's business activities and to guarantee future business development. Moreover, it is the Management Board’s declared business policy to create a bond between INTERSEROH SE shareholders and the Company for the long term. The Management Board, therefore, strives to ensure that shareholders participate in the Company's success to the extent the current liquidity situation and earnings allow.

Participation of employees in the Company in the form of employee share programmes is not planned at the present time.

The management system implemented by the Management Board aims at a reasonable return on capital employed. This applies to both equity and debt capital. The key management indicator for the group’s companies, therefore, is the total return on capital employed (= ratio of earnings before interest and taxes – EBIT – to total capital). The target for each business unit in the Group is an ROA of 10.00 percent. ROA for the fiscal year amounts to 2.60 percent (previous year: 2.40 percent).

The General Shareholders’ Meeting authorised the Management Board, effective for 18 months starting June 25, 2009, i.e. until December 24, 2010, to acquire the Company’s own shares (treasury stock) representing a maximum proportional amount of capital stock of EUR 2,558,400.00. This constitutes 10 percent of the Company’s capital stock, which amounted to EUR 25,584,000.00 at the time of the General Shareholders’ Meeting. The acquired shares – together with other treasury shares held by the Company or attributable to the Company in accordance with Sections 71a et seq. of the German Corporation Act – may at no time exceed 10 percent of the Company’s capital stock. Moreover, the Management Board is authorised, with the consent of the Supervisory Board and excluding shareholders’ subscription rights, to sell the treasury stock acquired to third parties against contributions in kind, in particular in connection with corporate mergers and the acquisition of companies, parts of companies and/or holdings in companies.

Furthermore, the Management Board is authorised, with the consent of the Supervisory Board and excluding shareholders' subscription rights, to sell the shares for cash by means other than via the stock exchange or an offering to shareholders.

The Capital Management Directive was applied throughout the year without modification.

5. Scope of Consolidation

(a) Overview

Apart from INTERSEROH SE, the consolidated financial statements as of the balance sheet date also include a total of 30 domestic and nine foreign subsidiaries by way of full consolidation. The fully consolidated companies fulfil the requirement that INTERSEROH SE directly or indirectly holds the majority of voting rights in these companies.

During this fiscal year the original intention to sell two companies in the steel and metals recycling segment was abandoned. These holdings, classified as 'non-current assets held for sale' in the previous year, are to be treated as financial assets accounted for under the 'at-equity' method. In accordance with IAS 28.15, the previous year's figures were adjusted to reflect the change in reporting as well.

Below is a summary of the change in the group of consolidated companies in the financial year (including INTERSEROH SE).

Number of companies	fully consoli-dated	valued at equity	not included due to immateriality: Holding > 50%	Holding >= 20% <= 50%	Holding < 20%	Total
Balance 1.1.	42	5	21	23	14	105
Additions	1			1	1	3
Disposals	-3		-4	-3	-3	-13
Balance 31.12.	**40**	**5**	**17**	**21**	**12**	**95**

The following changes have taken place in the fully consolidated companies:

Company	Reason
Addition	
Blumhardt Entsorgungs-GmbH, Schwaikheim	Acquisition (100%)
Disposal	
SRH Rohstoffhandel GmbH, Siegen	Merger
INTERSEROH Erwin Meyer Metallrecycling GmbH, Bremen	Merger
INTERSEROH Neckar-Schrott GmbH, Horb	Sale

As before, five companies, three domestic and two foreign, have been included ‘at equity’ in INTERSEROH SE’s consolidated financial statement as at the balance sheet date.

(b) Companies and business units purchased

The single corporate acquisition in fiscal 2009 (initial consolidation as at April 1, 2009) was of minor importance to the Group’s net assets, financial position and results of operations in both absolute and relative terms.

The amounts reflecting the assets and liabilities of the acquired company recorded at the time of acquisition can be found in the table below:

	Blumhardt Purchase 100 % EUR million
Goodwill	0.37
Non-current assets	0.41
Current assets	0.18
Non-current liabilities	0.00
Current liabilities	0.16
Cash inflow included in the short-term assets	0.03

Synergy and income expectations for the future were taken into consideration in the purchase price negotiations, resulting in a purchase price that exceeded the carrying value, i.e. the (pro rata) equity of the company purchased; the difference was recorded in the appropriate amount as goodwill. Furthermore, goodwill of EUR 0.04 million is contained under acquired long-term assets.
Acquisition costs (including incidental acquisition costs) amounted to EUR 0.81 million. Cash inflows from the acquired company due to the acquisition totalled EUR 0.03 million. The purchase price was settled by cash transfer.

The acquired assets did not require adjustment to fair value other than the goodwill identified as part of the purchase price allocation process.

The company in question contributed to consolidated earnings in the amount of EUR -0.02 million. Had the company been included in the consolidated financial statements as early as January 1, 2009, sales would have been higher by EUR 0.13 million and earnings higher by EUR 0.02 million, respectively, according to management estimates.

6. Adjustment of the Previous Year's Comparator Information

Balance sheet and income statement items were adjusted as at December 31, 2008, for comparison to the previous year. The purchase price allocation of the acquired subsidiary ALBAMETALL GmbH (today INTERSEROH Berlin GmbH) on September 30, 2008, took place provisionally in accordance with IFRS 3.61 et seq. This provisional purchase price allocation was the result of time-consuming and complex requirements in terms of both calculations and documentation. This process can take several months depending on the complexity of the corporate acquisition. IFRS 3.61 et seq., however, provides for accounting to take place once validated provisional figures are available, not only after the ultimate finalisation of the purchase price allocation. Based on the qualitative requirements of the IFRS framework concept for information contained in financial statements, prompt information to the addressees of the annual financial statements takes priority over precise, albeit delayed, information. Due to time delays ALBAMETALL GmbH's purchase price allocation was corrected only twelve months after the time of acquisition. Adjustments, therefore, had to be undertaken in accordance with IAS 8. The measurement of non-current assets and receivables and the resulting calculation of goodwill were adjusted. Based on the acquisition date of September 30, 2008, assumptions were in part adopted that would be assessed differently at this point in time; in other words, if measurement had been undertaken at December 31, 2008, from today's perspective, this would have led to a reduction in goodwill by EUR 10.11 million. Taking into account a hidden reserve of a clientele identified separately as part of the purchase price allocation, an adjustment of EUR -9.79 million results, which is reflected in the table.

Furthermore, holdings of two companies in the steel and metals recycling segment reported under 'long-term assets held for sale' were reclassified as 'financial assets accounted for according to the at-equity method' (refer also to Note 5). This change had no effect on the results of the reporting period or the previous period.

The effects of the adjustments on individual items in the balance sheet and income statement are shown below:

EUR 000	31.12.2008	Adjustments in accordance with IAS 8 and IAS 28.15	31.12.2008 adjusted
Assets			
Long-term assets			
Intangible assets	140,911	-9,787	131,124
Property, plant and equipment	119,129	1,040	120,169
Financial assets accounted for under the at-equity method	6,642	3,559	10,201
Financial assets	16,645	1,421	18,066
Other receivables	1,151		1,151
Deferred tax claims according to IAS 12	12,557	-60	12,497
Current assets			
Inventories	65,918		65,918
Trade receivables	156,140		156,140
Financial assets	6,462		6,462
Other receivables	37,230	1	37,231
Tax refund claims in accordance with IAS 12, Income taxes	5,324		5,324
Cash and cash equivalents	165,043		165,043
Non-current assets held for sale	3,666	-3,559	107
	736,818	**-7,385**	**729,433**
Equity & Liabilities			
Shareholder's equity			
Subscribed capital	25,584		25,584
Reserves	132,297	-7,687	124,610
Minority interests in equity	11,370		11,370
Liability			
Payments to employees under pension commitments	19,983		19,983
Other non-current provisions	6,139		6,139
Deferred tax liabilities according to IAS 12	15,294	302	15,596
Financial liabilities	127,180		127,180
Other liabilities	1,502		1,502
Provisions	10,843		10,843
Tax liabilities in accordance with IAS 12 , Income taxes	19,504		19,504
Financial liabilities	178,315		178,315
Trade liabilities	142,214		142,214
Other liabilities	46,593		46,593
	736,818	**-7,385**	**729,433**
Income statement			
Sales revenues	2,065,848		2,065,848
Increase in inventories	5,010		5,010
Other work performed and capitalised	26		26
Other operating income	63,561		63,561
Cost of materials	1,784,102		1,784,102
Personnel costs	96,431		96,431
Depreciation	21,640	50	21,690
Other operating expense	200,400		200,400
Shares in losses in companies measured “at equity”	695	12,236	12,931
Financial income	7,079	51	7,130
Financial expenses	24,732	-4,599	20,133
Tax expenses	12,085	51	12,136
Consolidated earnings	1,439	-7,687	-6,248
of which attributable to minority interests	-4,953		-4,953
of which attributable to majority shares	6,392	-7,687	-1,295
Earnings per share (undiluted, in Euro)	0.65	-0.78	-0.13

Notes on the Income Statement

The consolidated income statement is organised by types of expense (nature of expense method).

7. Sales Revenues

Sales revenues for the fiscal year can be broken down into the following major categories:

	2009 EUR million	2008 EUR million
Goods – stock business	515.08	872.85
Goods – sales business	464.63	906.94
Services	286.07	285.03
Other	0.81	1.03
	1,266.59	**2.065.85**

The development in sales revenues by business fields and regions is shown in the segment reports.

8. Increase/Decrease in Inventories of Finished Goods and Work in Progress

	Inventories		Inventory change	
	2009 EUR million	2008 EUR million	2009 EUR million	2008 EUR million
Work in progress	9.13	10.47	-1.34	-2.67
Finished goods	35.66	23.95	11.71	15.01
			10.37	12.34
Changes due to changes in the scope of consolidation			0.06	-7.33
			10.43	**5.01**

9. Other Operating Income

	2009 EUR million	2008 EUR million
Refund of default reserve for asset-backed securities	8.21	13.13
Earnings from the liquidation of provisions	1.59	0.78
Income from the reversal of liabilities	12.38	24.73
Income from the disposal of assets	1.28	1.64
Exchange rate gains	3.87	9.04
Insurance compensation, damage compensation	3.07	4.29
Income from the liquidation of specific bad debt allowances	4.10	1.50
Rental income	0.89	0.68
Other	8.33	7.77
	43.72	**63.56**

Income from the liquidation of provisions and reversals of liabilities are related above all to liabilities from outstanding invoices, based on services already rendered, but not yet invoiced, as well as liabilities in connection with contracts entered into concerning repayment obligations to manufacturers and waste disposal obligations. The income mainly comes from dissolving industry liabilities.

Reference is made to the detail in Section 2 (d) (Use of Assumptions, Estimates and Exercise of Judgment by Management).

10. Cost of Materials

	2009 EUR million	2008 EUR million
Purchased raw materials and merchandise, less cash discounts	750.58	1,504.82
Expenses for waste disposal services and other disposal and recycling costs	194.85	191.13
Storage and freight costs	48.81	57.42
Energy costs	11.98	15.20
Counting services deposit packaging	5.72	5.07
Other services purchased	8.18	10.46
	1,020.12	**1,784.10**

11. Personnel Expenses

	2009 EUR million	2008 EUR million
Wages and salaries	76.74	81.57
Employee share of statutory pension insurance	5.02	4.85
Other social security contributions	9.47	9.61
Expenses for pensions and other benefits	0.82	0.37
Expenses related to payments from termination of employment contracts	1.22	0.03
	93.27	**96.43**

12. Amortisation and Depreciation on Intangible Assets and Property, Plant and Equipment

	2009 EUR million	2008 EUR million
Scheduled depreciation		
Intangible assets	4.99	3.99
Property, plant and equipment	18.20	17.59
	23.19	**21.58**
Extraordinary depreciation		
Intangible assets	0.25	0.00
Property, plant and equipment	0.69	0.11
	0.94	**0.11**
	24.13	**21.69**

Extraordinary write-offs primarily relate to software and hardware that was procured for special customer-specific purposes, but for which the corresponding contracts were cancelled prior to the expiration of the expected term of useful life of the assets. (previous year: a property that was sold shortly after the balance sheet date and written down to the expected sales proceeds).

13. Other Operating Expense

	2009 EUR million		2008 EUR million	
Operating and administrative expenses				
Maintenance costs	7.55		12.28	
Rents and other premises costs	10.55		9.03	
Legal, consulting and audit costs	14.09		15.89	
Addition to the default reserve for asset-backed securities	8.08		13.03	
Insurance policies	4.18		4.69	
External data processing costs	4.62		4.10	
Leasing expense	3.88		2.85	
Telephone, postage, Internet	1.82		1.96	
Other tax expenses	1.54		2.28	
Incidental monetary transaction costs	1.34		4.41	
Other operating and administrative expenses	10.94	68.59	11.80	82.32
Selling expenses				
Outgoing freight, transport and storage	26.50		28.83	
Sales commissions	30.50		23.32	
Exchange rate losses	4.59		14.14	
Advertising and travelling costs	11.65		12.90	
Temporary personnel leasing	6.50		8.18	
Other selling expenses	0.20	79.94	0.59	87.96
Expenses from other periods/non-cash expenses				
Allowances for doubtful accounts	9.25		26.95	
Losses from disposals of assets	0.77		0.67	
Other expenses related to other periods	2.04	12.06	2.50	30.12
		160.59		**200.40**

The allowances for doubtful accounts and specific bad debt allowances (especially on trade receivables and short-term loans) included in expenses from other periods, also include write-offs and reversals of receivables.

The increase in sales commissions reported under selling expenses refers to the services segment.

14. Financial and Investment Income

	2009 EUR million		2008 EUR million	
Profits/losses from associated companies accounted for under the „at-equity“ method				
Eisen-und Stein-Gesellschaft Horn mbH & Co.	0.18		0.21	
Mineralmahlwerk Westerwald Horn GmbH & Co.	0.09		0.32	
Jade-Entsorgung GmbH	---		0.43	
HRR KG (sub-group accounts)	-1.62		-16.02	
ProTrade LLC (sub-group accounts)	-1.61		1.75	
TOM II Sp. z o.o., Szczecin/Poland	0.13	-2.83	0.38	-12.93
Financial income				
Income from other holdings	0.01		0.13	
Income from long-term loans	0.07		0.08	
Other interest and similar income	3.72	3.80	6.92	7.13
Financial expenses				
Expense from loss transfer from unconsolidated associated companies	-1.14		0.00	
Interest expense on the promissory note bond incl. advance redemption	0.00		-2.91	
Cost of interest from syndicated loan	-6.29		-2.90	
Transaction costs for asset-backed securities	-1.93		-3.92	
Insurance costs for asset-backed securities	-0.19		-0.17	
Impairment losses on non-current financial assets	-1.29		-1.27	
Interest portion of transfers to pension provisions	-1.22		-1.15	
Interest portion on the lease payments from finance leasing arrangements	-0.15		-0.14	
Bank interest and other costs	-7.60	-19.81	-7.67	-20.13
		-18.84		**-25.93**

Further details regarding the syndicated loan can be found under Note 31.

Impairment write-downs of non-current financial assets to fair value due to earnings and liquidity prospects that do not appear sufficient relate to shares in and / or loans extended to associated companies not included in the consolidated financial statements of EUR 0.06 million (previous year: EUR 0.18 million) and EUR 1.23 million (previous year: EUR 1.09 million) respectively.

15. Income Tax Expense

When calculating current and deferred taxes for companies registered in Germany the tax assessment rate applicable to the individual company is used as a basis. The overall tax rate for the computation of deferred taxes for domestic companies will fluctuate from 27.851 to 31.575 percent depending on the municipal trade tax assessment rate applied.

For consolidation processes – if these effects relate to German companies – the corporate income tax rate expected for INTERSEROH SE as a whole of 31.575 percent is used. This tax rate is a combination of the municipal trade tax and corporate tax.

The main German companies in the Interseroh Group are subject to an average municipal trade tax rate of 15.75 percent of profit before income tax (tax rate at the registered headquarters in Cologne). The corporate tax rate is 15.00 percent plus a solidarity surcharge on corporate taxes of 5.50 percent. The total tax rate is on average 31.575 percent.

Income tax rates applied to foreign companies vary from 16.50 to 37.30 percent.

	2009 EUR million		2008 EUR million	
Taxes paid or due				
for the current year	5.17		17.74	
for previous years	0.04	5.21	-0.02	17.72
Deferred taxes				
on temporary differences	-2.42		-1.94	
on change in losses carried forward	0.11	-2.31	-3.64	-5.58
		2.90		**12.14**

During the year under review income of EUR 0.49 million can be attributed to foreign subsidiaries (previous year: expense of EUR 0.89 million).

We refer to Note 22 for further detail on the accounting changes related to income tax.

Actual income tax expense can be derived from the expected tax expense for the past consolidated fiscal year as shown below:

	2009 EUR million		2008 EUR million	
Earnings before taxes		3.81		5.89
Expected income tax expense (31.575%)		1.20		1.86
Effects of different national tax rates	-0.76		0.99	
Effects of changes in tax rates	0.07		0.06	
Tax-exempt earnings from holdings, incl. earnings from at-equity valuation	-0.01		2.09	
Value adjustments to tax losses carried forward	-1.24		1.32	
Non-entry of deferred tax assets on temporary differences	0.51		1.17	
Tax expenses and income related to other periods	0.33		2.47	
Non tax-deductible operating expenses	1.92		1.03	
Other permanent differences	0.90		1.08	
Other variances	-0.02	1.70	0.07	10.28
Actual income tax expense		**2.90**		**12.14**

16. Income/Loss to be Attributed to Minority Interests

The profit/loss for other shareholders of EUR +1.72 million (previous year: EUR -4.95 million) concerns profit shares of EUR 2.20 million (previous year: EUR 1.85 million) and loss shares of EUR 0.48 million (previous year: EUR 6.80 million).

17. Earnings per Share

Earnings per share are calculated by subtracting the profit/loss for other shareholders from the consolidated result and then dividing the result by the number of shares issued. Dilutive effects did not apply in either the year under review or the previous year.

With unappropriated net income attributable to INTERSEROH SE shareholders of EUR -0.82 million (previous year: EUR - 1.29 million) and an unchanged number of issued shares of 9,840,000, this results in earnings per share of EUR - 0.08 (previous year: EUR - 0.13).

Notes on the Balance Sheet

18. Intangible Assets

	Goodwill	Other intangible assets	Total
	EUR million	EUR million	EUR million
Acquisition/Production costs			
as at 1.1.2008	72.16	13.65	85.81
Currency conversion	0.00	-0.01	-0.01
changes in the scope of consolidation	34.60	16.80	51.40
Additions	1.75	1.86	3.61
Disposals	-0.83	-0.24	-1.07
Reclassifications	-8.33	10.58	2.25
as at 31.12.2008	**99.35**	**42.64**	**141.99**
Value adjustments			
as at 1.1.2008	0.00	6.80	6.80
changes in the scope of consolidation	0.00	0.25	0.25
Additions	0.00	4.00	4.00
Disposals	0.00	-0.19	-0.19
as at 31.12.2008	**0.00**	**10.86**	**10.86**
Carrying values			
as at 1.1.2008	72.16	6.85	79.01
as at 31.12.2008	**99.35**	**31.78**	**131.13**
Acquisition/Production costs			
as at 1.1.2009	99.35	42.64	141.99
Additions from changes in the scope of consolidation	0.41	0.00	0.41
Disposals from changes in the scope of consolidation	-0.41	-0.01	-0.42
Additions	8.87	2.51	11.38
Disposals	0.00	-0.82	-0.82
as at 31.12.2009	**108.22**	**44.32**	**152.54**
Value adjustments			
as at 1.1.2009	0.00	10.86	10.86
Disposals from changes in the scope of consolidation	0.00	-0.01	-0.01
Additions	0.00	5.25	5.25
Disposals	0.00	-0.71	-0.71
as at 31.12.2009	**0.00**	**15.39**	**15.39**
Carrying values			
as at 1.1.2009	99.35	31.78	131.13
as at 31.12.2009	**108.22**	**28.93**	**137.15**

The goodwill reported in the consolidated financial statements consists of residual carrying values of goodwill from the initial consolidation of subsidiaries in the amount of EUR 100.86 million (previous year: EUR 92.38 million), as well as the goodwill taken over from the individual financial statements in the amount of EUR 7.35 million (previous year: EUR 6.96 million).

In addition to the goodwill mentioned in Note 5 arising from changes in the scope of consolidation, additions arose from the purchase of further minority interests in companies previously fully consolidated (Wagner Rohstoffe GmbH: EUR 7.78 million, INDO CHINA EUROPE BVBA: EUR 0.63 million) and from subsequent acquisition costs (INTERSEROH Pfand-System GmbH, EUR 0.11 million).

Reference is made to Note 6 regarding the reclassification of the difference from the initial consolidation of the ALBAMETALL Group provisionally reported in the full as goodwill in the previous year.

As at the balance sheet date the carrying value of goodwill can be allocated as follows to the cash generating units (CGU) that correspond to the segments:

	2009 EUR million	2008 EUR million
Services	1.22	1.11
Raw Materials Trading	8.26	7.63
Steel and Metals Recycling	98.74	90.61
	108.22	99.35

Customer relationships and export licences that are amortised over a useful life of from ten to twenty years are shown on the balance sheet date in the amount of EUR 23.21 million (previous year: EUR 25.32 million).

Intangible assets with a residual carrying value of EUR 0.20 million (previous year: EUR 0.29 million) that are to be capitalised under finance leases are also included. As in the previous year, there were no additions in this segment in fiscal 2009. Amortisation on these assets amounted to EUR 0.09 million (previous year: EUR 0.09 million).

The other amounts relate to software and licences that are amortised over three to five years.

Extraordinary write-offs against intangible assets were recorded in the amount of EUR 0.25 million (previous year: none). All amortisation on intangible assets is included in the income statement item “Amortisation and depreciation on intangible assets and property, plant and equipment”.

There are no restrictions on the intangible assets in terms of ownership or disposal or acquisition obligations.

19. Property, Plant and Equipment

	Land and buildings EUR million	Technical equipment and machinery EUR million	Fittings and equipment EUR million	Construction in progress EUR million	Total EUR million
Acquisition/Production costs					
as at 1.1.2008	93.49	114.10	56.26	2.57	266.42
Currency conversion	-0.23	-0.68	-0.16	-0.04	-1.11
Additions from changes in the scope of consolidation	8.61	12.89	8.26	0.05	29.81
Additions	9.16	8.79	6.68	3.31	27.94
Disposals	-2.17	-5.54	-3.86	0.00	-11.57
Reclassifications	0.70	1.22	0.16	-2.08	0.00
as at 31.12.2008	**109.56**	**130.78**	**67.34**	**3.81**	**311.49**
Value adjustments					
as at 1.1.2008	38.89	83.61	43.33	0.43	166.26
Currency conversion	-0.02	-0.24	-0.05	0.00	-0.31
Additions from changes in the scope of consolidation	2.97	8.60	5.75	0.00	17.32
Additions	3.63	8.93	5.12	0.00	17.68
Disposals	-1.47	-4.85	-3.31	0.00	-9.63
Reclassifications	0.00	0.00	0.00	0.00	0.00
as at 31.12.2008	**44.00**	**96.05**	**50.84**	**0.43**	**191.32**
Carrying values					
as at 1.1.2008	54.60	30.49	12.93	2.14	100.16
as at 31.12.2008	**65.56**	**34.73**	**16.50**	**3.38**	**120.17**
Acquisition/Production costs					
as at 1.1.2009	109.56	130.78	67.34	3.81	311.49
Currency conversion	0.01	-0.01	0.00	0.00	0.00
Additions/Disposals from changes in the scope of consolidation	-1.26	-0.20	-0.17	-0.02	-1.65
Additions	1.47	4.60	4.26	1.49	11.82
Disposals	-0.92	-8.30	-4.12	0.00	-13.34
Reclassifications	0.74	2.21	0.12	-3.07	0.00
as at 31.12.2009	**109.60**	**129.08**	**67.43**	**2.21**	**308.32**
Value adjustments					
as at 1.1.2009	44.00	96.05	50.84	0.43	191.32
Additions/Disposals from changes in the scope of consolidation	-0.25	-0.11	-0.24	0.00	-0.60
Additions	3.88	9.36	5.64	0.00	18.88
Disposals	-0.24	-6.13	-3.35	0.00	-9.72
Reclassifications	0.00	0.00	0.00	0.00	0.00
as at 31.12.2009	**47.39**	**99.17**	**52.89**	**0.43**	**199.88**
Carrying values					
as at 1.1.2009	65.56	34.73	16.50	3.38	120.17
as at 31.12.2009	**62.21**	**29.91**	**14.54**	**1.78**	**108.44**

Property, plant and equipment includes assets totalling EUR 3.37 million (previous year: EUR 3.23 million) under rental or lease contracts, which should be classified as finance lease agreements according to IFRS criteria and are therefore to be entered in the balance sheet of their economic owner. Reference is made to Note 31 regarding the corresponding liabilities.

These assets basically concern technical equipment and machinery as well as other facilities, fittings and equipment with carrying values of EUR 2.64 million and EUR 0.71 million respectively (previous year: EUR 2.31 million and EUR 0.89 million respectively).

No additions have resulted from initial consolidations in the year under review to leased and capitalised asset objects of property, plant and equipment and other additions of EUR 1.43 million (previous year: EUR 0.53 million and EUR 0.92 million each), as well as depreciation in the amount of EUR 1.19 million (previous year: EUR 1.63 million), have been recorded.

No adjustments to property, plant and equipment to fair value have been undertaken as part of the initial consolidation with the exception of the previous year's adjustments noted under Note 6.

Extraordinary write-downs in the amount of EUR 0.69 million (previous year: EUR 0.11 million) were effected on property, plant and equipment in the past fiscal year. All depreciation on property, plant and equipment is shown in the income statement item "Amortisation and depreciation on intangible assets and property, plant and equipment".

Asset items in property, plant and equipment – land and buildings, as well as vehicles and machinery assigned as collateral – with a total residual carrying value of EUR 3.77 million (previous year: EUR 3.67 million) serve as security for liabilities valued at a total of EUR 3.51 million (previous year: EUR 2.88 million) on the balance sheet date.

Except in the case of leased assets, there are no restrictions on property, plant and equipment in terms of ownership or disposal. There are also no acquisition obligations.

20. Financial Assets Accounted for under the At-Equity Method

The following holdings are valued using the "at-equity method" in Interseroh's consolidated financial statements:

	Country	Shareholding 2009	Shareholding 2008	Carrying value 31.12.2009 EUR million	Carrying value 31.12.2008 EUR million
Eisen- und Stein-Gesellschaft Horn mbH & Co.	Germany	50.00%	50.00%	2.40	2.22
Mineralmahlwerk Westerwald Horn GmbH & Co. KG	Germany	50.00%	50.00%	1.12	1.34
HRR Stahlschrott- und Metallrecycling GmbH & Co. KG (sub-group)	Germany	50.00%	50.00%	0.00	0.00
TOM II Sp. z o.o.	Poland	50.00%	50.00%	1.68	0.93
The ProTrade Group LLC (sub-group)	USA	25.00%	25.00%	3.37	5.71
				8.57	**10.20**

All companies accounted for using the at-equity method can be allocated to the steel and metals recycling segment.

Carrying values mentioned contain hidden reserves in property, plant and equipment with residual carrying values totalling EUR 0.41 million (previous year: EUR 0.43 million) uncovered in the course of the initial consolidation of Eisen- und Stein Horn mbH & Co. and The ProTrade Group LLC (sub-group), as well as goodwill from The ProTrade Group LLC (sub-group) and HRR Stahlschrott- und Metallrecycling GmbH & Co. KG (sub-group) totalling EUR 2.65 million (previous year: EUR 2.82 million).

Summary of financial information on the holdings recognised at-equity on the closing date (related respectively to 100%):

	Total assets EUR million	Equity capital EUR million	Sales revenues EUR million	Net earnings for the period EUR million
2009				
Eisen- und Stein-Gesellschaft Horn mbH & Co.	12.96	4.42	12.70	0.36
Mineralmahlwerk Westerwald Horn GmbH & Co. KG	12.62	2.23	16.25	0.18
HRR Stahlschrott- und Metallrecycling GmbH & Co. KG (sub-group)	17.43	-15.53	69.41	-1.07
TOM II Sp. z o.o.	9.14	3.36	11.27	0.27
The ProTrade Group LLC (sub-group)	30.60	-0.59	113.22	-6.95
2008				
Eisen- und Stein-Gesellschaft Horn mbH & Co.	15.37	4.06	14.25	0.39
Mineralmahlwerk Westerwald Horn GmbH & Co. KG	12.71	2.68	19.03	0.63
HRR Stahlschrott- und Metallrecycling GmbH & Co. KG (sub-group)	61.95	-14.46	16.28	-7.57
TOM II Sp. z o.o.	5.20	1.86	22.93	0.75
The ProTrade Group LLC (sub-group)	31.54	8.09	306.13	4.36

All figures relate to the annual or sub-group financial statements prepared according to applicable national law. Where significant deviations from the accounting regulations according to IFRS have been determined, the proportionate earnings and the respective equity have been adjusted accordingly for the purposes of consolidated accounting.

The sales revenues and net profit of HRR Stahlschrott- und Metallrecycling GmbH & Co. KG (sub-group) only relate to the period after it joined the Group (since September 30, 2008) and include the consolidated values for the parent company and three subsidiaries. This also applies to The ProTrade Group LLC (sub-group with the parent and five subsidiaries).

The share of earnings that the companies mentioned have contributed to consolidated earnings can be found under Note 14.

21. Financial Assets

	2009 EUR million	2008 EUR million
Non-current		
Interests in affiliated companies	0.79	1.11
Other holdings	0.56	0.56
Loans to associated companies	10.79	12.37
Other loans	0.92	2.57
Securities	0.02	0.02
Other	0.05	1.44
	13.13	**18.07**
Current		
Loans to associated companies	2.45	0.03
Other loans	1.19	0.36
Receivables from asset-backed securities	2.36	4.03
Financial derivatives	0.17	1.56
Other	0.23	0.48
	6.40	**6.46**

Interests in associated companies concern companies that are not included in the consolidated financial statements in spite of the Group holding an interest of more than 50 percent, due to their subordinate significance. Other holdings relate to holdings in which the Group holds an equity and voting-rights ratio of 50 percent or less. Impairment losses totalling EUR 0.06 million (previous year: EUR 0.17 million) were recorded for these asset groups as a result of impairment tests.

The list of shareholdings of the Interseroh Group is contained in the annex to these Notes.

Long-term loans to associated companies relate to the companies HRR Stahlschrott- und Metallrecycling GmbH & Co. KG at EUR 8.48 million (previous year: EUR 10.10 million, The ProTrade Group LLC at EUR 1.74 million (previous year: EUR 1.77 million) and Mineralmahlwerk Westerwald Horn GmbH & Co. KG at EUR 0.57 million (previous year: EUR 0.50 million).

The loans reported reflect loans to unconsolidated associated companies in the amount of EUR 1.20 million (previous year: EUR 1.98 million) and to companies not associated with the Group in the amount of EUR 0.91 million (previous year: EUR 0.95 million). Reference is made to Note 14 with regard to extraordinary bad debt allowances on financial assets.

After taking into consideration the impairment losses effected, carrying values of all other financial liabilities shown correspond to their fair market values on the closing date.

Reference is made to Notes 38 and 37 regarding receivables under asset-backed securities and financial derivatives.

22. Income Tax Assets and Liabilities

The following income tax assets and liabilities are shown separately in the consolidated balance sheet:

	2009 EUR million	2008 EUR million
Deferred tax claims	13.72	12.50
Tax refund claims	7.09	5.32
Deferred tax liabilities	-13.89	-15.60
Tax liabilities	-3.10	-19.50
Balance	**3.82**	**-17.28**

Deferred taxes accounted for can be assigned to individual balance sheet items according to their origin as follows:

	Assets	Liabilities	Assets	Liabilities
	Deferred taxes 2009 EUR million		Deferred taxes 2008 EUR million	
Goodwill	0.71	0.84	0.99	0.92
Other intangible assets	0.00	5.91	0.00	6.51
Property, plant and equipment	0.76	5.53	0.59	5.71
Financial assets	1.03	0.25	1.88	0.86
Inventories	0.09	0.21	0.00	1.02
Provisions for pensions	1.40	0.00	1.22	0.00
Other provisions	3.54	0.03	2.93	0.01
Financial liabilities	3.96	2.98	3.13	2.90
Losses carried forward for tax purposes	4.09	0.00	4.09	0.00
	15.58	15.75	14.83	17.93
Netting	-1.86	-1.86	-2.33	-2.33
	13.72	**13.89**	**12.50**	**15.60**

Deferred tax liabilities are offset against corresponding assets, provided the same tax subject and same tax authority are involved.

No deferred tax liabilities have been created for timing differences of subsidiaries and holdings, since Interseroh is in a position to control the timing of the relevant reversal and it is not anticipated that such reversal is likely to occur.

Deferred taxes recorded without impacting profit and loss that arise from the measurement of financial derivatives (cash flow hedges) amount to EUR 2.17 million in total (previous year: EUR 1.43 million).

All loss carry-forwards for tax purposes can be used for an unlimited period of time.

Of tax losses carried forward amounting to EUR 32.52 million (previous year: EUR 32.69 million), deferred tax assets totalling EUR 7.20 million (previous year: EUR 8.24 million) were not capitalised. They relate to domestic and foreign companies where realisation of the deferred tax assets cannot be deemed certain from the present perspective.

Current tax refund claims and tax liabilities relate almost exclusively to domestic corporate and municipal trade tax. The consolidated balance sheet otherwise includes only EUR 0.45 million (previous year: EUR 0.53 million) in foreign income tax claims and EUR 0.62 million (previous year: EUR 0.55 million) in foreign tax liabilities.

Changes in deferred taxes in the consolidated balance sheet can be reconciled as follows to deferred taxes in the consolidated income statement:

		2009 EUR million	2009 EUR million	2008 EUR million	2008 EUR million
	Deferred tax claims 01.01.	12.50		4.28	
	Deferred tax liabilities 01.01.	-15.60	-3.10	-7.60	-3.32
	Deferred tax claims 31.12.	13.72		12.50	
	Deferred tax liabilities 31.12.	-13.88	-0.16	-15.60	-3.10
=	Change in balance		2.94		0.22
+/-	Additions/Reductions from changes in the scope of consolidation		0.11		6.90
+/-	Changes not recognised in income		-0.74		-1.54
=	Deferred tax income according to income statement		2.31		5.58

We refer to explanations regarding tax expenses under Note 15 in this respect.

23. Inventories

	2009 EUR million	2008 EUR million
Raw materials and supplies	1.77	4.87
Work in progress	9.13	10.47
Finished goods	35.66	23.95
Merchandise	28.25	26.63
	74.81	**65.92**

Of the inventories shown on the closing date, EUR 22.89 million (previous year: EUR 25.71 million) were accounted for at their net selling value.

Write-downs of inventories amounted to EUR 2.04 million (previous year: EUR 6.83 million) during the fiscal year.

24. Trade Receivables

Receivables from	2009 EUR million	2008 EUR million
Third parties	155.52	186.16
Less doubtful accounts	-15.55	-39.04
	139.97	147.12
Affiliated companies	0.22	0.08
Associated companies	13.32	8.92
Holdings	0.12	0.02
	153.63	**156.14**

All trade receivables shown are due within a year.

There are no restrictions on trade receivables in terms of ownership and disposal.

25. Other Receivables

	2009 EUR millions	2008 EUR million
Deposit receivables	19.76	15.15
Advances to suppliers	11.36	7.06
Tax refund claims	3.40	7.97
Purchase price reduction of acquired companies	4.27	2.61
Creditors on the debit side	0.73	1.20
Security deposits	2.05	0.72
Other	5.96	3.67
	47.53	**38.38**

Deposit receivables reported – corresponding to the deposit liabilities included in the other liabilities - are the result of the purchase of disposable packaging with deposits by a variety of customers. In this scenario the reporting company acquires the associated deposit claims from the entity first bringing the disposable packaging into circulation and owes the seller of the packaging the deposit monies received.

The amounts mentioned contain the following sums that can only be realised after a year has elapsed:

	2009 EUR million	2008 EUR million
Security deposits	0.48	0.40
Advances to suppliers	0.69	0.27
Other	0.35	0.48
	1.52	**1.15**

26. Cash and Cash Equivalents

	2009 EUR million	2008 EUR million
Deposits with banks Sight deposits and fixed deposits	88.51	164.41
Cash on hands	0.51	0.63
Cheques	0.02	0.00
	89.04	**165.04**

This item is not subject to restrictions on ownership or disposal with the exception of the security for liabilities under the asset-backed securities programme shown in Note 38.

27. Subscribed Capital

INTERSEROH SE's fully paid-up subscribed capital remained at EUR 25.58 million as at the balance sheet date. The capital stock is divided into 9,840,000 shares at no par value (also unchanged) with an arithmetic share in capital stock of EUR 2.60 each.

A share entitles its holder to participate in the company's annual General Shareholders' Meeting and to receive a dividend declared by the General Shareholders' Meeting.

Pursuant to the German Corporation Act, the distributable dividend is determined according to the net income reflected in the annual financial statements of INTERSEROH SE prepared in accordance with the regulations of the German Commercial Code (HGB).

A dividend of EUR 0.14 was paid per share for fiscal 2008 (EUR 1.38 million in all). The proposed dividend for fiscal 2009 is EUR 0.11 per share. The amount of the dividend for 2009 depends on shareholder approval during the course of the General Shareholders' Meeting to be held on June 29, 2010.

28. Reserves

	2009 EUR million	2008 EUR million
Capital reserve	38.61	38.61
Consolidated earnings	104.98	106.37
Other non-cash transactions	-19.21	-19.21
Adjustment items from currency conversion	-0.92	-1.16
	123.46	**124.61**

The capital reserve contains the premium received upon issuing shares. This reserve is subject to certain restrictions on disposal contained in the German Corporation Act. In accordance with IFRS 1, upon transition to IFRS/IAS accounting, the net asset differences in previous years from the initial consolidation of subsidiaries were included in the capital reserve (EUR 36.69 million).

Consolidated earnings contain (as in the previous year) amounts totalling EUR 6.99 million from the new valuations or revaluations undertaken during preparation of the IFRS opening balance sheet on January 1, 2004.

Other non-cash transactions also reflect differences on the asset side of the balance sheet from the initial consolidation of subsidiaries, which were offset against retained earnings during the time prior to the transition to IFRS/IAS.

The adjustment items from the currency conversion resulted from the annual financial statements produced in foreign currency for the fully consolidated companies INTERSEROH RSH Sweden AB, TOM Sp. z o.o. (Poland) and INTERSEROH USA Inc. as well as the holdings held at-equity TOM II Sp. z o.o. (Poland) and The ProTrade Group LLC (USA).

In addition to the adjustment item from currency conversion, an amount of EUR -1.43 million (previous year: EUR -3.51 million) was transferred to reserves without impacting income from the valuation of financial derivatives (cash flow hedges) taking into account deferred taxes. These sums relate exclusively to the steel and metals recycling segment.

29. Payments to Employees under Pension Commitments

Obligations existing in Germany alone were calculated using the following parameters:

	31.12.2009	31.12.2008
Interest rate for accounting purposes	5.15%	5.80 %
Salary trend	2.50%	2.50 %
Pension adjustment	2.00%	2.00 %
Expected return from plan assets	5.50%	5.50 %

The 'pension adjustment' parameter is set using future expected inflation. If there are pension commitments that include a fixed (agreed) pension adjustment, this agreed inflation amount (1.00% or 2.00%) is used in the assessment.

The parameters for mortality, morbidity and marriage probability are based on the 'Reference Tables 2005 G' of Dr. Klaus Heubeck. The earliest possible age for receiving retirement benefits from the statutory pension scheme according to German law is used as retirement age.

The following age and gender-dependent fluctuation probabilities were applied:

Change rate per year	31.12.2009		31.12.2008	
Age to	Men	Women	Men	Women
25	6.0%	8.0%	6.0 %	8.0 %
30	5.0%	7.0%	5.0 %	7.0 %
35	4.0%	5.0%	4.0 %	5.0 %
45	2.5%	2.5%	2.5 %	2.5 %
50	1.0%	1.0%	1.0 %	1.0 %
over 50	0.0%	0.0%	0.0 %	0.0 %

Net liabilities have developed as follows:

	Funded plan EUR million	Unfunded plan EUR million	Total EUR million
as at 01.01.2008	0.03	21.62	21.65
Periodic net costs from pension commitments (fixed benefit plan)	0.14	0.95	1.09
Employer contributions to plan assets	-0.06	0.00	-0.06
Direct benefit payments by the company	0.00	-1.26	-1.26
as at 31.12.2008	**0.11**	**21.31**	**21.42**
as at 01.01.2009	0.11	21.31	21.42
Periodic net costs from pension commitments (fixed benefit plan)	0.16	1.27	1.43
Employer contributions to plan assets	-0.26	0.00	-0.26
Direct benefit payments by the company	-0.13	-1.32	-1.45
as at 31.12.2009	**-0.12**	**21.26**	**21.14**

The present value of pension entitlements has changed as follows:

Net present value	Funded plan EUR million	Unfunded plan EUR million	Total EUR million
as at 01.01.2008	1.38	20.78	22.16
Current expenses for pension benefits	0.08	0.12	0.20
Interest expenses	0.06	1.12	1.18
Actuarial loss	0.00	0.05	0.05
Benefit payments (payments from plan assets and by the company	-0.04	-1.25	-1.29
Balancing charge	-0.13	0.00	-0.13
as at 31.12.2008	**1.35**	**20.82**	**22.17**
as at 01.01.2009	1.35	20.82	22.17
Current expenses for pension benefits	0.06	0.10	0.16
Interest expenses	0.07	1.17	1.24
Supplementary plan	0.07	0.00	0.07
Actuarial loss	0.12	1.22	1.34
Additions/reductions/transfers	0.05	0.00	0.05
Benefit payments (payments from plan assets and by the company)	-0.15	-1.34	-1.49
Decreases	-0.05	0.00	-0.05
as at 31.12.2009	**1.52**	**21.97**	**23.49**

Payments anticipated for 2010 amount to EUR 1.33 million (previous year: EUR 1.40 million) and are recorded under current provisions.

Pension costs are made up as follows:

	Funded plan EUR million	Unfunded plan EUR million	Total EUR million
2008			
Interest expenses	0.06	1.11	1.17
Expected profits from plan assets	-0.07	0.00	-0.07
Current expenses for pension claims	0.08	0.12	0.20
Adjustment of actuarial net (gain)/loss	0.00	-0.27	-0.27
Immediate adjustment due to maximum ceiling	0.08	0.00	0.08
Amortisation of actuarial gains and losses	-0.02	0.00	-0.02
Periodic net costs from pension commitments - fixed benefit plan	**0.13**	**0.96**	**1.09**
2009			
Interest expenses	0.07	1.17	1.24
Expected profits from plan assets	-0.08	0.00	-0.08
Current expenses for pension claims	0.06	0.10	0.16
Amortisation of past service cost	0.07	0.00	0.07
Adjustment of actuarial net (gain)/loss	-0.01	0.00	-0.01
Immediate adjustment due to maximum ceiling	0.05	0.00	0.05
Periodic net costs from pension commitments - fixed benefit plan	**0.16**	**1.27**	**1.43**

Interest expenses are – when offset against expected gains from plan assets – shown under financial expenses, while the other expenses are shown under personnel expenses.

The market value of plan assets has developed as follows:

	Funded plan EUR million	Unfunded plan EUR million	Total EUR million
Market value of plan assets as at 01.01.2008	1.48	0.00	1.48
Gains from plan assets			
a. Expected profits from plan assets	0.07	0.00	0.07
b. Actuarial gain/(loss)	-0.02	0.00	-0.02
Employer contributions to plan assets	0.06	0.00	0.06
Benefit payments (payments from plan assets)	-0.04	0.00	-0.04
Balancing charge	-0.11	0.00	-0.11
Market value of plan assets as at 31.12.2008	**1.44**	**0.00**	**1.44**
Market value of plan assets as at 01.01.2009	1.44	0.00	1.44
Gains from plan assets			
a. Expected profits from plan assets	0.08	0.00	0.08
b. Actuarial gain/(loss)	0.01	0.00	0.01
Employer contributions to plan assets	0.27	0.00	0.27
Benefit payments (payment from plan assets)	-0.04	0.00	-0.04
Market value of plan assets as at 31.12.2009	**1.76**	**0.00**	**1.76**

Plan assets consist of reinsurance policies with various life insurance companies, as well as real estate assets with a carrying value of EUR 0.49 million. Income from reinsurance policies is calculated from the fixed guaranteed interest rate (depending on the policy agreed between 2.75 percent and 3.75 percent), as well as from the variable profit share that is set annually by the insurance carrier, the result of risk and cost gain and income from the capital investments that underlie the insurance agreements. The 5.50 percentage represents an average long-term expectation of these total assets.

The net present value of the defined benefit liability and the fair value of the plan assets can be reconciled to the debts shown in the balance sheet as follows:

	Funded plan EUR million	Unfunded plan EUR million	Total EUR million
Cash value of performance-oriented liability to 31.12.2008	1.35	20.82	22.17
Fair market value of the plan assets as at 31.12.2008	1.44	0.00	1.44
	0.09	-20.82	-20.73
Actuarial (gain)/loss not recorded as at December 31, 2008	-0.20	-0.49	-0.69
	-0.11	-21.31	-21.42
Cash value of performance-oriented liability to 31.12.2009	1.52	21.97	23.49
Fair market value of the plan assets as at 31.12.2009	1.76	0.00	1.76
	0.24	-21.97	-21.73
Actuarial (gain)/loss not recorded as at December 31, 2009	-0.12	0.71	0.59
	0.12	**-21.26**	**-21.14**

The total sums of the net present value or the market value of plan assets have developed as follows:

	Net present value EUR million	Market value of plan assets EUR million	Shortfall/ excess EUR million
31.12.2005	25.42	1.14	24.28
31.12.2006	24.83	1.34	23.49
31.12.2007	22.16	1.48	20.68
31.12.2008	22.17	1.44	20.73
31.12.2009	23.49	1.76	21.73

The development of actuarial gains and losses is reflected in the table below:

	Funded plan EUR million	Unfunded plan EUR million	Total EUR million
Actuarial (gain)/loss not recorded as at January 1, 2008	0.10	-0.83	-0.73
Actuarial (gain)/loss in the period			
a. Net present value	0.00	0.05	0.05
b. Plan assets	0.02	0.00	0.02
Adjustment from actuarial net gain/(loss)	0.00	0.27	0.27
Actuarial (gain)/loss not recorded as at December 31, 2008	**0.12**	**-0.51**	**-0.39**
Actuarial (gain)/loss not recorded as at January 1, 2009	0.12	-0.51	-0.39
Actuarial (gain)/loss in the period			
a. Net present value	0.11	1.22	1.33
b. Plan assets	-0.01	0.00	-0.01
Adjustment from actuarial net gain/(loss)	0.01	0.00	0.01
Actuarial (gain)/loss not recorded as at December 31, 2009	**0.23**	**0.71**	**0.94**

30. Provisions

	Balance 01.01.2009 EUR million	Change in scope of consolidation EUR million	Utilis-ation EUR million	Liquidation EUR million	Transfer EUR million	Balance 31.12.2009 EUR million
Lawsuits	2.42	0.00	0.10	1.14	0.94	2.12
Obligation to return property to orig. condition	2.62	0.00	0.01	0.00	0.11	2.72
Pending transactions	6.88	0.00	3.28	0.00	4.79	8.39
Anniversary obligations	0.51	0.01	0.07	0.02	0.05	0.48
Other	3.14	0.00	0.13	0.43	1.77	4.35
	15.57	**0.01**	**3.59**	**1.59**	**7.66**	**18.06**

Of the amounts shown, the following are due within a year:

	Balance 31.12.2009 EUR million	Balance 31.12.2008 EUR million
Pending transactions	8.23	4.33
Lawsuits	2.10	2.40
Other	3.14	2.71
	13.47	**9.44**

The current share of provisions for pensions (prospective pension payments in the upcoming fiscal year) is reported in the balance sheet under current provisions at EUR 1.33 million (previous year: EUR 1.40 million); the total amount of the balance sheet item "Provisions" in current liabilities thus amounts to EUR 14.79 million (previous year: EUR 10.84 million).

Provisions for current lawsuits are created, provided their risks can be reasonably estimated. These provisions are determined on the basis of notifications and cost estimates by the lawyers appointed to represent the company and they cover all estimated fees and legal expense for these lawsuits, as well as potential settlement costs.

Obligations to return property to its original condition correspond to the discounted amount for restoration to original condition of rented or leased property at the end of the rent or lease agreements. Anticipated expenses in this respect, provided the leases do not expire in 2010 and provided further extensions to the existing agreements have not been agreed, will become due between January 1, 2011 and December 31, 2023. Due to the passage of time, the discounted amount of the provisions rose by EUR 0.01 million (previous year: EUR 0.01 million) as at the balance sheet date.

The provisions for anticipated losses from pending transactions relate to the services segment. Operating losses, calculated based on full costs, for the minimum lease not subject to termination are provided for in line with the term of the underlying contracts.

31. Financial Liabilities

Liabilities (to / from)	as at 31.12.2009				as at 31.12.2008			
		of which with a remaining term of				of which with a remaining term of		
	Total	up to 1 year	over 1 year, up to 5	over 5 years	Total	up to 1 year	over 1 year, up to 5	over 5 years
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Banks	151.62	145.80	4.35	1.47	256.72	139.32	115.95	1.45
Asset-backed securities	22.57	22.57	0.00	0.00	21.70	21.70	0.00	0.00
Derivatives	7.97	1.64	6.33	0.00	5.29	0.41	4.88	0.00
Finance leases	3.86	1.47	2.39	0.00	3.66	1.12	2.54	0.00
Other	12.23	11.10	1.13	0.00	18.13	15.77	1.72	0.64
	198.25	**182.58**	**14.20**	**1.47**	**305.50**	**178.32**	**125.09**	**2.09**

Liabilities to banks that are secured by Interseroh collateral amounted to EUR 11.87 million as at the balance sheet date (previous year: EUR 10.60 million); of this amount EUR 2.97 million (previous year: EUR 2.45 million) is secured by land charges. The interest rates for medium and long-term liabilities range between 4.14 percent and 5.15 percent. Terms end between December 1, 2011, and January 31, 2016.

Secured loan liabilities related to foreign subsidiaries amount to EUR 8.29 million. The banks have been provided with security in the form of trade receivables, inventories, non-current assets and blank drafts for the full amount.

Refinancing via a new syndicate loan concluded in the previous year for INTERSEROH Hansa Recycling GmbH amounted to EUR 120.00 million. Shares in the subsidiary of the borrower were pledged and trade receivables ceded as security (carrying values on the balance sheet date were EUR 19.36 million and EUR 1.51 million respectively).

In the second half of 2009 the consolidation of the domestic Interseroh Group companies' financing requirements under the new INTERSEROH SE Group Financing Arrangement was initiated; this was successfully concluded in January of 2010. New interest-only financing with a term ending December 31, 2011, with a total syndicated volume of EUR 220.00 million replaces the existing syndicated loan for INTERSEROH Hansa Recycling GmbH, as well as additional existing bilateral framework agreements. The structure consists of a loan of fixed amount (tranche A) that replaces longer-term existing liabilities and a variable facility (tranche B) that can be drawn upon to finance general business activities and to assure working capital requirements are met. Both tranches carry variable interest rates based on EURIBOR plus a margin. The customary covenants and guarantees are to be provided under the new loan agreement and information is to be provided on the financial and earnings position, as well as on compliance with financial covenants, on a regular basis.

Loans with variable interest rates are hedged using appropriate hedging tools (interest rate swaps).

Liabilities under asset-backed securities relate to payments from receivables debtors received between the time of the sale of the receivable and the balance sheet date as part of the service function. They are recorded at nominal value as liabilities vis-à-vis the single-purpose company registered in the Republic of Ireland under current financial liabilities (refer to Note 38).

Liabilities under finance leases are recorded if the leased assets have been accounted for under property, plant and equipment as economic property of the Group (finance leasing). They are reported at their net present values.

Lease liabilities reported can be classified by maturity as follows:

	future minimum lease payments		of which interest portion		of which repayment portion	
	2009 EUR million	2008 EUR million	2009 EUR million	2008 EUR million	2009 EUR million	2008 EUR million
within a year	1.63	1.24	0.16	0.13	1.47	1.12
between 1 and 5 years	2.53	2.68	0.14	0.14	2.39	2.54
in over five years	0.00	0.00	0.00	0.00	0.00	0.00
	4.16	**3.92**	**0.30**	**0.27**	**3.86**	**3.66**

Finance lease contracts are usually concluded for a basic term of between four and six years. The majority of the contracts provide for various short-term extensions and/or purchase options at the end of the basic term. One lease agreement, to be viewed as a finance lease due to its structure, has a term of ten years, combined with an extension option every five years starting at the end of the first term, provided that notice of termination is not given. If these options are deemed favourable, the corresponding amounts have been incorporated in the calculation of the present values.

Under other financial liabilities, none (previous year: EUR 0.20 million) were due to associated companies.

Carrying values reported for all financial liabilities reflect their fair market value.

32. Trade Liabilities

Liabilities to	2009 EUR million	2008 EUR million
Third parties	171.49	141.16
Affiliated companies	0.06	0.02
Associated companies	6.11	1.03
Holdings	0.02	0.00
	177.68	**142.21**

Except for liabilities vis-à-vis third parties in the amount of EUR 0.69 million, all trade liabilities are due within a year.

Liabilities to third parties reflect liabilities from outstanding invoices based on services already received, but not yet invoiced, at EUR 64.21 million (previous year: EUR 58.03 million) and liabilities in connection with concluded contracts that involve repayment obligations to manufacturers and waste disposal obligations of EUR 11.81 million (previous year: EUR 17.45 million).

Obligations for outstanding invoices from waste disposal and trading companies for the performance of transport, sorting and disposal services, which partners perform as sub-contractors, are recorded in the services segment in particular. Since the system is such that payment for the service can only be effected several months after the service providers have submitted proof of performance, the financial statements contain a high degree of anticipatory indicators and estimates based on historical data.

According to the Packaging Ordinance, manufacturers who put packaging material in circulation upon delivery of their goods assume an obligation for the return of this material. Interseroh assumes this obligation and during the year issues manufacturers with interim invoices based on the volumes planned or reported by the manufacturers. Volumes actually put into circulation on which the final settlement is based are to be reported and evidenced in the form of certificates issued by auditors. The majority of certificates provided by the auditors are only submitted in the year after the financial statements have been prepared.

Since differences occur on a regular basis between certified volumes or year-end reported volumes and the budgeted volumes forecast and reported by the customer during the year, a review must be conducted as at the balance sheet date to verify if obligations for repayment exist due to differences in volume. This review is based on the reports already received at the time the financial statements are prepared, experience from previous years and external industry information for the relevant markets.

During the following year, reversals can occur, if actual quantities exceed the volume anticipated at the balance sheet date.

In addition for the DSI segment an amount of EUR 35.80 million (previous year: EUR 9.70 million) was recorded under trade payables for outstanding invoices from waste disposal companies. This reflects the alterations resulting from the 5th amendment of the Packaging Ordinance, as well as the corresponding risks and obligations. The provision was calculated based on trends observable in the market.

33. Other Liabilities

Liabilities (to /from)	as at 31.12.2009 Total EUR million	of which with a remaining term of: up to 1 year EUR million	over 1 year, up to 5 years EUR million	over 5 years EUR million	as at 31.12.2008 Total EUR million	of which with a remaining term of: up to 1 year EUR million	over 1 year, up to 5 years EUR million	over 5 years EUR million
Deposit liabilities	23.00	23.00	0.00	0.00	15.01	15.01	0.00	0.00
Advance payment received	11.26	11.26	0.00	0.00	2.21	2.21	0.00	0.00
Employees	9.51	9.51	0.00	0.00	11.48	11.26	0.22	0.00
Minority shareholders	1.47	0.35	0.61	0.51	2.84	1.59	1.25	0.00
Credit receivables	4.59	4.59	0.00	0.00	2.66	2.66	0.00	0.00
Other taxes	3.00	3.00	0.00	0.00	2.62	2.62	0.00	0.00
Incidental personnel costs	1.92	1.92	0.00	0.00	2.20	2.20	0.00	0.00
Other	13.85	10.69	3.14	0.02	9.08	9.05	0.01	0.02
	68.60	**64.32**	**3.75**	**0.53**	**48.10**	**46.60**	**1.48**	**0.02**

These liabilities are accounted for at their amortised acquisition costs, unless stated otherwise.

The explanations on the relevant receivables in Note 25 should be referred to in connection with deposit liabilities.

Liabilities from other taxes contain, in addition to the amounts for which the Group companies are tax debtors, taxes that are remitted for the account of third parties.

Liabilities to employees include bonuses and accrued vacation and overtime.

Incidental personnel costs encompass amounts to be transferred for social security and employers' liability insurance.

Of the remaining liabilities, EUR 6.28 million refers to the remaining purchase price liability for the acquisition of the remaining shares in a fully consolidated subsidiary, to be paid in two annual instalments, as well as EUR 1.22 million (previous year: EUR 0.03 million) in liabilities to associated companies.

34. Notes on the Cash Flow Statement

Pursuant to IAS 7 (Cash Flow Statement), the cash flow statement prepared under the indirect method shows how the cash in the Group developed over the course of the year under review as a result of the inflow and outflow of funds.

The cash flow statement differentiates between cash flows from operating activities, investment activities and financing activities. The cash balance comprises cheques, cash on hand and cash in banks.

Apart from income tax payments, interest earnings and payments are also allocated to cash flow from operating activities, because they in the first instance serve to finance current operating activities. Dividend receipts are also included in cash flow from operating activities. They represent dividend payments by associated companies accounted for according to the at-equity method.

Consolidated earnings recovered somewhat (by EUR 7.15 million) from the previous year against the backdrop of the substantial impact of the general economic crisis experienced above all during the last quarter of the previous year. As a result of considerable funds released from net operating assets and due to a significant release of funds in the previous year, the cash flow from operating activities was EUR 65.38 million above that of the previous year.

The change in net cash flow after deduction of interest and income tax payments exceeds that of the previous year (by EUR 57.41 million) somewhat less evidently, because receipts from interest have receded and income tax payments have risen. Approximately two thirds of income tax payments (previous year: c. 40 percent) relate to previous years.

At EUR 14.53 million, the outflow of funds in the field of investing activities was significantly less than the previous year – by EUR 62.84 million (previous year: EUR 77.37 million) - with fewer payments undertaken due to the expansion of the scope of consolidation (by EUR 45.24 million), but also because investment in property, plant and equipment has dropped sharply (by EUR 16.50 million). Payments for investment in consolidated companies and other business units include, in addition to the amounts related to the expansion of the scope of consolidation indicated in Note 5, payments for additional purchases of shares and/or subsequent acquisition costs associated with fully consolidated companies from previous years, particularly the first of three instalments for the acquisition of the remaining shares in Wagner Rohstoffe GmbH, Frankfurt am Main (refer to Note 33).

Cash flow from financing activities shows an outflow of funds totalling EUR 115.15 million (previous year: EUR 107.04 million) in the year under review. Outflows stem to a great extent from the repayment of financial liabilities (in particular from the partial reduction of the syndicate loan taken out in the previous year, refer to Note 31). Net loan repayments from financial liabilities amounted to EUR 112.61 million (previous year: net loan taken out in the amount of EUR 117.98 million).

During the year under review cash and cash equivalents shrank by EUR 76.00 million (previous year: a rise of EUR 25.94 million).

35. Segment Reporting

The companies of the Interseroh Group are divided into three segments; all companies involved in steel and metals recycling are allocated to the segment of the same name. The other companies are united under either the services segment or the raw materials trading segment depending on where the majority of their activities lie. INTERSEROH SE is assigned fully to the services segment.

The segments performed as followed over the past fiscal year:

	Steel and metals recycling		Services		Raw Materials Trading		Cross-segment consolidations		Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	EUR million		EUR million		EUR million		EUR million		EUR million	
Sales revenues										
External sales	832.52	1,560.19	287.82	285.68	146.25	219.98	0.00	0.00	1,266.59	2,065.85
Sales between the segments	0.69	1.74	23.86	29.16	2.25	2.62	-26.80	-33.52	0.00	0.00
	833.21	1,561.93	311.68	314.84	148.50	222.60	-26.80	-33.52	1,266.59	2,065.85

	Steel and metals recycling		Services		Raw Materials Trading		Cross-segment consolidations		Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	EUR million		EUR million		EUR million		EUR million		EUR million	
Segment earnings	-0.81	7.76	18.73	17.15	2.32	-5.60	-0.42	-0.42	19.82	18.89
Shares in profits of associated companies accounted for under the at-equity method contained therein	-2.83	-12.93	0.00	0.00	0.00	0.00	0.00	0.00	-2.83	-12.93
included non-cash contributions:										
- Depreciations on tangible assets and property, plant and equipment										
scheduled	13.98	13.83	4.12	3.55	5.09	4.20	0.00	0.00	23.19	21.58
extraordinary	0.27	0.11	0.67	0.00	0.00	0.00	0.00	0.00	0.94	0.11
- Transfers to provisions	2.07	1.22	5.94	8.50	0.35	1.42	0.00	0.00	8.36	11.14
- Transfers to bad debt allowances	5.93	8.99	1.81	20.34	1.79	4.16	0.00	0.00	9.53	33.49
- Impairment losses	2.14	1.22	1.02	1.13	1.53	0.55	-0.42	-0.42	4.27	2.48
Reconciliation:										
Segment earnings	-0.81	7.76	18.73	17.15	2.32	-5.60	-0.42	-0.42	19.82	18.89
+ Interest income	2.92	1.74	2.89	8.09	0.12	0.16	-2.13	-2.99	3.80	7.00
- Interest expenses	-16.91	-18.34	-1.16	-1.37	-1.47	-2.15	2.16	3.00	-17.38	-18.86
Other earnings components	0.01	0.08	-7.30	-3.02	-0.06	0.01	4.92	1.79	-2.43	-1.14
Earnings before taxes	-14.79	-8.76	13.16	20.85	0.91	-7.58	4.53	1.38	3.81	5.89
- Tax expenses	2.09	-3.15	-4.24	-10.03	-0.88	0.91	0.12	0.13	-2.91	-12.14
- cross-segment transfer of profits of fully consolidated companies	3.13	0.00	0.00	0.00	1.79	-1.01	-4.92	1.01	0.00	0.00
Segment/consolidated profit acc. to income statement	-9.57	-11.91	8.92	10.82	1.82	-7.68	-0.27	2.52	0.90	-6.25
Segment assets	394.12	471.01	159.49	138.26	85.16	90.94	-19.61	-13.13	619.16	687.08
including:										
- Interests in associated companies	8.57	10.20	0.00	0.00	0.00	0.00	0.00	0.00	8.57	10.20
Reconciliation:										
Segment assets									619.16	687.08
+ Long-term financial assets									13.13	18.07
+ Deferred tax claims according to IAS 12									13.72	12.50
+ Current financial assets									6.40	6.46
+ Tax refund claims in accordance with IAS 12, Income taxes									7.10	5.32
Consolidated assets in accordance with the balance sheet									659.51	729.43
Segment liabilities	116.66	85.34	151.72	113.84	31.63	37.07	-14.54	-8.98	285.47	227.27
Reconciliation:										
+ Deferred tax liabilities according to IAS 12									13.89	15.60
+ Non-current financial liabilities									15.66	127.18
+ Tax liabilities in accordance with IAS 12, Income taxes									3.10	19.50
+ Current financial liabilities									182.58	178.32
Consolidated liabilities according to the balance sheet									500.70	567.87

The following table shows the geographic breakdown of the segments:

	Steel and metals recycling		Services		Raw Materials Trading	
	2009	2008	2009	2008	2009	2008
	EUR million		EUR million		EUR million	
Germany						
a) Sales revenues	438.52	914.17	265.85	267.42	43.49	64.74
b) Assets	332.24	420.91	155.65	134.84	45.36	48.58
Other EU countries						
a) Sales revenues	186.49	505.39	19.14	15.79	44.03	59.89
b) Assets	47.91	45.99	3.84	3.42	39.80	42.36
Non-EU countries						
a) Sales revenues	207.51	140.63	2.83	2.47	58.73	95.35
b) Assets	13.97	4.11	0.00	0.00	0.00	0.00

Sales revenues are allocated to the regions according to the customer's registered headquarters and assets according to their location.

The transfer prices for internal group sales revenues are determined based on market conditions (arm's length principle).

36. Contingent Liabilities, Operating Leases and other Financial Obligations

(a) Contingent liability under joint and several liability for guarantees and cash advances

The group has obligations totalling EUR 4.20 million (previous year: EUR 0.53 million) from surety and guarantee agreements and provision of securities for non-group liabilities.

(b) Operating leases

Apart from the financial lease obligations already described as financial liabilities (refer to Note 31), the Group has also entered into rental and leasing contracts (land, office premises and buildings, as well as fittings and equipment, e.g. vehicles and office machines) that are defined as operating leases according to their economic content. Extension and purchase options customary to the industry are contained in the underlying agreements. In the past year rental and lease payments of EUR 12.90 million (previous year: EUR 10.54 million) were made under these agreements. Instalments from operating lease agreements existing on the balance sheet date will fall due in subsequent years as follows:

	2009 EUR million	2008 EUR million
within a year	14.25	12.17
between 1 and 5 years	31.90	24.23
in over five years	10.65	18.20
	56.80	**54.60**

(c) Other financial obligations

Maturities of other financial obligations with respect to open purchase orders, maintenance contracts, etc., are shown below:

	2009 EUR million	2008 EUR million
within a year	1.84	5.02
between 1 and 5 years	0.85	0.91
in over five years	0.00	0.00
	2.69	**5.93**

(d) Letters of comfort

INTERSEROH SE has issued sixteen (previous year: sixteen) letters of comfort with no upper limits on behalf of INTERSEROH Dienstleistungs GmbH in conjunction with the application to assess a system in accordance with section 6, paragraph 3 of the Packaging Ordinance in favour of the appropriate assessment bodies for the business unit DSI. These cover the risk, improbable according to current estimates, of the execution by substitution by waste disposal companies under public law in the event that system operation is suspended according to section 6, paragraph 5, of the Packaging Ordinance.

37. Financial Instruments

The following financial instruments are reflected in the consolidated financial statements, broken down in categories as stipulated in IAS 39:

31.12.2009	Total		Amortised acquisition cost		Fair Value	
	Carrying value EUR million	Fair Value EUR million	Carrying value EUR million	Fair Value EUR million	Carrying value EUR million	Fair Value EUR million
Assets						
Loans and receivables						
Cash and cash equivalents	89.04	89.04	89.04	89.04		
Trade receivables	153.63	153.63	153.63	153.63		
Other original financial assets	29.89	29.89	29.89	29.89		
Available for sale						
Holdings	1.35	1.35	1.35	1.35		
Securities	0.02	0.02	0.02	0.02		
Held for trading						
Derivatives in hedge accounting	0.17	0.17			0.17	0.17
	274.10	**274.10**	**273.93**	**273.93**	**0.17**	**0.17**
Liabilities						
Liabilities						
Trade liabilities	177.68	177.68	177.68	177.68		
Liabilities to banks	151.62	151.62	151.62	151.62		
Other original financial liabilities	68.84	68.84	68.84	68.84		
Held for trading						
Derivatives in hedge accounting	7.97	7.97			7.97	7.97
	406.11	**406.11**	**398.14**	**398.14**	**7.97**	**7.97**

31.12.2008	Total		Amortised acquisition cost		Fair Value	
	Carrying value EUR million	Fair Value EUR million	Carrying value EUR million	Fair Value EUR million	Carrying value EUR million	Fair Value EUR million
Assets						
Loans and receivables						
Cash and cash equivalents	165.04	165.04	165.04	165.04		
Trade receivables	156.14	156.14	156.14	156.14		
Other original financial assets	26.00	26.00	26.00	26.00		
Available for sale						
Holdings	1.67	1.67	1.67	1.67		
Securities	0.02	0.02	0.02	0.02		
Held for trading						
Derivatives in hedge accounting	1.41	1.41			1.41	1.41
Other derivatives						
Forward exchange transactions	0.16	0.16			0.16	0.16
Long-term assets						
held for long-term sale	0.11	0.11	0.11	0.11		
	350.55	**350.55**	**348.98**	**348.98**	**1.57**	**1.57**
Liabilities						
Liabilities						
Trade liabilities	142.21	142.21	142.21	142.21		
Liabilities to banks	256.72	256.72	256.72	256.72		
Other original financial liabilities	65.31	65.31	65.31	65.31		
Held for trading						
Derivatives in hedge accounting	4.88	4.88			4.88	4.88
Other derivatives						
Forward exchange transactions	0.41	0.41			0.41	0.41
	469.53	**469.53**	**464.24**	**464.24**	**5.29**	**5.29**

All fair values shown are to be assigned to stage 2 in the fair value hierarchy in accordance with IFRS 7, just as in the previous year. This means that fair values are derived from information other than listed market prices that are observable directly or indirectly (according to the assessment of market conditions by the banking partners).

The maximum credit risk with the carrying value equivalent to the maximum default risk of financial assets can be seen in the first column of the previous table (assets).

One should, however, take into account that a major portion of trade receivables is covered by trade credit insurance. There are no other securities. Any remaining credit risk is reflected by the creation of sufficient bad debt provisions.

Maturities of financial assets accounted for as “loans and receivables” – not including cash and cash equivalents – are displayed in the following table:

	Carrying value total	of which: as at the balance sheet date neither impaired nor overdue	of which: as at the balance sheet date not impaired and overdue according to the following stages in time:			
			Less than 10 days	Between 11 and 30 days	Between 31 days and 1 year	More than 1 year
31.12.2009	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Trade receivables	153.63	100.32	21.03	10.86	11.56	7.43
Other original financial assets	29.89	24.25	0.93	0.17	3.32	1.21
	183.52	124.57	21.96	11.03	14.88	8.64
31.12.2008						
Trade receivables	156.14	67.56	26.12	11.57	43.72	1.18
Other original financial assets	26.00	21.88	0.65	0.24	1.69	0.74
	182.14	89.44	26.77	11.81	45.41	1.92

None of the other financial assets is overdue. Impairment losses, if applicable, are explained together with the relevant balance sheet item.

The following analysis of the agreed due dates for financial liabilities can be used to assess the liquidity risk.

31.12.2009	Carrying value total EUR million	Gross In-/ Outflows EUR million	up to 30 days EUR million	from 31 to 180 days EUR million	from 181days up to 1 year EUR million	1 to 5 years EUR million	more than 5 years EUR million
Trade receivables	177.68	177.68	97.70	61.35	17.94	0.69	0.00
Liabilities to banks	151.62	153.57	14.68	124.85	7.57	4.82	1.65
Other original financial liabilities	68.84	70.16	52.96	2.89	8.98	4.74	0.59
Derivatives in hedge accounting	7.97	7.97	0.02	1.62	0.00	6.33	0.00
	406.11	409.38	165.36	190.71	34.49	16.58	2.24
31.12.2008							
Trade receivables	142.21	142.21	78.44	51.64	12.13	0.00	0.00
Liabilities to banks	256.72	317.77	28.05	101.39	21.71	165.01	1.61
Other original financial liabilities	65.31	66.08	43.81	3.19	12.41	5.92	0.75
Derivatives in hedge accounting	4.88	4.88	0.00	0.00	0.00	4.88	0.00
Other derivatives: Forward exchange transactions	0.41	0.41	0.00	0.41	0.00	0.00	0.00
	469.53	531.35	150.30	156.63	46.25	175.81	2.36

Gross inflows and outflows include future interest payment obligations in addition to the carrying values of liabilities.

Of the liabilities to banks due within 180 days, EUR 120.00 million relates to a syndicated loan, which was replaced by long-term Group financing at the beginning of 2010 (refer to Note 31). As a result there is no short-term liquidity risk in this respect.

No instances of default or violation of payment agreements on the part of the Interseroh Group have occurred in connection with loan obligations.

As of the balance sheet date the Interseroh Group had forward exchange contracts in place to hedge exchange rate risk for deliveries and services invoiced in foreign currencies, each of which was based on a corresponding underlying transaction with the identical amount and term.

Forward exchange contracts are reported under current financial assets at their nominal value of USD 67.99 million and EUR 2.30 million (previous year: USD 21.59 million and EUR 4.00 million) – which is equivalent to EUR 49.54 million (previous year: EUR 21.05 million) - at a market value of EUR -0.66 million (net) with EUR 0.17 million (hedged) under current financial assets and EUR 0.83 million (hedged) under current financial liabilities (previous year: EUR 1.16 million net, of which EUR 1.41 million (hedged) and EUR 0.16 million (unhedged) under current financial assets and EUR 0.41 million (unhedged) under current financial liabilities).

All the forward exchange contracts entered into have a remaining term of up to one year as in the previous year.

Important foreign currency transactions pending on the balance sheet date are hedged using corresponding forward exchange transactions, so that no currency risks exist on the balance sheet date.

In 2006 and 2007 interest rate swaps were entered into with maturity dates between April 18, 2010, and August 30, 2012, in order to minimise interest rate risk.

The purpose of these agreements is to limit the entirety of the variable interest payments or, in the case of asset-backed securities financing, portions thereof, on loans assumed, and/or limit interest rates to 3.915 and 4.57 percent in the current asset-backed securities programme. As of the closing date the derivatives had a fair value of EUR -7.13 million (previous year: EUR -4.88 million) reported under long-term financial liabilities.

							Total 31.12.2009
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Secured loan amount	19.50	21.00	20.00	12.50	11.00	50.00	134.00
Fair Value	-0.39	-0.41	-0.99	-0.77	-0.68	-3.89	-7.13
Maturity date	18.4.2010	19.4.2010	27.10.2011	18.4.2012	18.4.2012	30.8.2012	
Fixed interest rate	4.370%	4.370%	3.915%	4.400%	4.400%	4.570%	

The change in fair value of these derivatives is recorded in equity without impacting profit and loss, taking into account deferred taxes (EUR -1.43 million; previous year EUR -3.51 million).

The greater part of the variable rate loan is thus hedged. For the unhedged part of the variable interest rate loan a 0.50 percentage point increase in the interest rate would result in EUR 0.32 million (previous year: EUR 0.30 million) in additional interest.

Net income from financial instruments for the fiscal year and the previous year can be seen in the table below:

Category according to IAS 39	Interest	Divi-dends	from subsequent valuation at Fair Value	currency conversion	bad debt allowance	impairment losses	Disposals	Net earnings 2009
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Loans and receivables	3.65	0.00	0.00	0.00	-10.72	4.27	-0.03	-2.83
Financial assets available for sale	0.00	0.01	0.00	0.00	-0.06	0.00	0.00	-0.05
Financial instruments held for trading	-3.26	0.00	0.00	-0.54	0.00	0.00	0.00	-3.80
Financial liabilities valued at updated acquisition cost	-15.81	0.00	0.00	0.00	0.00	0.00	0.00	-15.81
	-15.42	**0.01**	**0.00**	**-0.54**	**-10.78**	**4.27**	**-0.03**	**-22.49**

Category according to IAS 39	Interest	Divi-dends	from subsequent valuation at Fair Value	currency conversion	bad debt allowance	impairment losses	Disposals	Net earnings 2008
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Loans and receivables	6.10	0.00	0.00	0.00	-27.73	2.39	-0.36	-19.60
Financial assets available for sale	0.00	0.13	0.00	0.00	-0.17	0.15	0.00	0.11
Financial instruments held for trading	0.38	0.00	0.00	-0.10	0.00	0.00	0.00	0.28
Long-term assets available for sale	0.00	0.00	0.00	0.00	0.00	0.09	0.00	0.09
Financial liabilities valued at updated acquisition cost	-16.84	0.00	0.00	0.00	0.00	0.00	0.00	-16.84
	-10.36	**0.13**	**0.00**	**-0.10**	**-27.90**	**2.63**	**-0.36**	**-35.96**

The value adjustment account reflects additions to loans and receivables in the amount of EUR 8.11 million (previous year: EUR 26.87 million), which have not directly impaired the carrying value of the financial instruments concerned. The reversal of impairment loss account relates only to reductions in the corresponding value adjustments.

Interest income from loans and receivables shows interest income from impaired financial receivables in the amount of EUR 0.15 million (previous year: EUR 0.12 million).

Exchange gains and losses cannot be shown separately for loans and receivables on the one hand and financial liabilities on the other, since IT structures have not enabled separate data capture in this respect to date. The netted amount is EUR -0.89 million (previous year: EUR – 4.99 million).

38. Asset-Backed Securities

In 2007 companies in the steel and metals recycling segment entered into a framework receivables purchase and management agreement with WestLB AG, Dusseldorf, in order to participate in the ABS proM-Programme; it administers for the securitisation of receivables – so-called ‘Asset Backed Securities – ABS’, with a term of five years.

Under this programme, the companies (so-called originators) initially bundle the trade receivables they generate that meet certain criteria into a consolidated group company as a portfolio, which is then transferred to a “Special Purpose Vehicle” (SPV) in the Republic of Ireland in the form of a receivables sale without recourse. In compensation, the originators receive a purchase price corresponding to the nominal value of the receivables sold, less certain amounts retained for security. These deductions are allocated to the default, dilution, and transaction cost reserve.

The default reserve is created to cover the risk that receivables purchased by the SPV may become non-performing or the debtor may become insolvent.

Amounts retained in the receivables dilution reserve are designed to counter the anticipated probability of future reductions in the level of receivables sold, for instance, as a result of credit balances granted.

The deduction from the transaction cost reserve is used for the settlement of refinancing costs and other fees that may arise in connection with the administration of the ABS programme.

Under the framework receivables purchase and administration agreement, the companies selling the receivables simultaneously act in the capacity of so-called servicers. This means that receivables management remains with the originators, who are also authorised to collect the payments made by receivables’ debtors (so-called deposits).

The sale of receivables in the consolidated financial statements is presented according to the “Risk-and-Reward-Approach” pursuant to IAS 39. Under this approach receivables are written off the balance sheet at their nominal value at the time they are transferred to the SPV. The default reserve created to take credit risks into account is recalculated at every purchase date for the newly sold receivables. It is fully recognised in profit and loss under other operating expenses.

Receivables dilution and transaction cost reserves are capitalised as current financial assets in the consolidated balance sheet.

The remittances from trade debtors received as part of this service function between the time the receivables are sold and the balance sheet date are recognised as a liability vis-à-vis the SPV at their nominal value. They are reported under current financial liabilities in the consolidated financial statements.

The amount of the default reserve no longer required as a result of deposits received is recognised in the consolidated income statement under other operating income.

As of December 31, 2009, a total volume of EUR 45.56 million (previous year: EUR 56.15 million) in trade receivables has been sold to the SPV. EUR 8.08 million (previous year: EUR 13.03 million) was allocated to the default reserve and taken to income from the receivables sold to the SPV up to the balance sheet date. Revenues realised from default reserves released as a result of deposits to receivables amounted to EUR 8.21 million (previous year: EUR 13.13 million). Liabilities in the amount of EUR 22.57 million (previous year: EUR 21.70 million) have arisen from the collections that have taken place between the sales date preceding the balance sheet date and December 31. These liabilities are secured by the pledging of a total of seven collection accounts maintained at two banks in this connection.

As at the balance sheet date receivables from the Irish SPV from the retained receivables dilution reserve and transaction cost reserve totalling EUR 2.36 million (previous year: EUR 4.03 million) have been recorded.

39. Subordinate Status Report

Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin, (IF-KG) is the Company's shareholder.

In line with a voting rights announcement published in January 2009 the IG-KG share of voting rights in INTERSEROH SE has been over 75 percent since January 21, 2009. As at the balance sheet date, the voting rights share amounts to 75.003 percent and thus represent voting rights from 7,380,329 shares.

Isabell Finance Beteiligungs GmbH, Berlin, holds the majority of the shares in IF-KG, which are in turn held equally by Dr. Axel and Dr. Eric Schweitzer. Pursuant to Section 21 of the German Securities Trading Act (WpHG) Dr. Axel and Dr. Eric Schweitzer notified the Company that the voting rights held by IF-KG pursuant to Section 22 Paragraph 1 Clause 1 No. 1 of the German Securities Trading Act via Isabell Finance Beteiligungs GmbH are to be attributed to them.

INTERSEROH SE's consolidated financial statements are included in the consolidated financial statements of Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin.

The Management Board and Supervisory Board continue to be of the opinion that no equity relationship of dependency can be said to exist with either a legal or natural person on the part of INTERSEROH SE in the year under review. The current circumstances, according to the views of the Management Board and external legal experts, cannot be deemed sufficient to constitute a relationship of dependency in accordance with section 312 in conjunction with sections 16 and 17 of the German Corporation Act.

The Management and Supervisory Board are, however, aware that, based on a random test started in 2007 by the Deutsche Prüfstelle für Rechnungslegung e. V. (DPR – Financial Reporting Enforcement Panel) of the financial reporting for fiscal 2006 and a shareholder lawsuit in 2008, shareholders, supervisory authorities and other market participants hold a different opinion.

The DPR, for instance, has reached the conclusion, albeit not yet legally enforceable, that INTERSEROH SE is a company dependent upon Dr. Axel Schweitzer and Dr. Eric Schweitzer, in which Dr. Axel Schweitzer and Dr. Eric Schweitzer are viewed by DPR as "owners of the waste disposal group ALBA AG" as a company pursuant to Section 312 of the German Corporation Act.

This was the assumption made by the DPR, despite the fact that a majority interest on the part of either Dr. Axel Schweitzer or Dr. Eric Schweitzer exists in either Isabell Finance Beteiligungs GmbH or ALBA AG, according to the DPR's findings.

The DPR has handed over the testing process to BaFin (the Federal Financial Supervisory Authority). Once the hearing took place, BaFin confirmed the opinion of DPR with respect to dependency status on November 10, 2009, with the finding that INTERSEROH AG had had an obligation to prepare a report of dependence as at December 31, 2006, in accordance with section 312 of the German Corporation Act due to the existence of a dependent relationship. An appeal has been lodged with BaFin against this decision on a timely basis and an application to order a suspensive effect of the appeal submitted to the Higher Regional Court of Frankfurt am Main. The decisions of BaFin and the Frankfurt Higher Regional Court are still pending.

BaFin has provided assurance that enforcement will not take place until the Frankfurt Higher Regional Court has decided on ordering the suspensive effect.

In order to avoid additional lawsuits or reviews by DPR or BaFin and thus ward off any potential damage to the Company, the Management Board has decided to prepare a report voluntarily regarding the business relationships between the Interseroh Group's companies and Dr. Axel Schweitzer and Dr. Eric Schweitzer for 2009 as well (refer to Section 312 of the German Corporation Act).

The report covers all legal transactions and measures undertaken by INTERSEROH SE and companies in the Interseroh Group pursuant to Section 312 of the German Corporation Act on the one hand and on the other

(i) Dr. Axel Schweitzer and Dr. Eric Schweitzer personally,

(ii) Companies associated with Dr. Axel Schweitzer and/or Dr. Eric Schweitzer, as well as

(iii) Companies in which Dr. Axel Schweitzer and/or Dr. Eric Schweitzer jointly hold the majority of voting rights and companies associated with them (in particular also ALBA AG and companies of the ALBA group of companies)

in the period from January 1 to December 31, 2009.

40. Related Party Disclosures

The main shareholder of INTERSEROH SE is Isabell Vermögensverwaltungs GmbH & Co. KG, Berlin, in which the chairman of the Management Board and the chairman of the Supervisory Board of INTERSEROH SE each hold 50 percent indirectly. No business transactions with the exception of the payment of dividends took place between Isabell Vermögensverwaltungs GmbH & Co. KG, Berlin, and the Group during the fiscal year.

Via Isabell Vermögensverwaltungs GmbH & Co. KG the chairmen of the Management and Supervisory Boards are attributed an indirect holding of the shares issued in INTERSEROH SE of 75.003 percent as of December 31, 2009.

In the course of operational business the companies in the Interseroh Group obtain materials, supplies and services from numerous business partners throughout Europe. Among them are companies in which Interseroh holds an interest, as well as companies that have connections with the chairmen of the Management and Supervisory Boards of INTERSEROH SE. Business with these companies is transacted on the same terms as with external third parties. Trading transactions are undertaken according to market conditions and under the same reservation of title.

(a) Information on associated companies of the Interseroh Group

Associated companies of the Interseroh Group as of December 31, 2009, are: Eisen-und-Stein-Gesellschaft mbH Horn & Co., Siegen, Mineralmahlwerk Westerwald Horn GmbH & Co. KG, Weitefeld, TOM II Sp. z o.o., Szczecin, Poland, The ProTrade Group LLC, Hudson, Ohio, USA and HRR Stahlschrott- und Metallrecycling GmbH & Co. KG, Hennigsdorf.

Business transactions and outstanding balances relate primarily to transactions with HRR Stahlschrott- und Metallrecycling GmbH & Co. KG.

In the past fiscal year legal transactions have taken place with associated companies that have been incorporated into the Interseroh income statement as follows:

Type of business event	2009 EUR million	2008 EUR million
Purchase of goods	17.16	18.13
Sale of goods	10.85	20.58
Other operating income	1.32	0.23
Other operating expense	0.01	0.29

On the balance sheet date the balance sheet includes the following receivables and liabilities with associated companies:

Outstanding balances	**31.12.2009 EUR million**	**31.12.2008 EUR million**
Receivables (in words from trade)	13.32	8.96
Liabilities (in words from trade)	6.11	1.03
Other receivables (in words from Cash-Pool)	3.03	0.51
Other liabilities	0.02	0.43
Loans to associated companies	13.24	12.40

INTERSEROH Hansa Recycling GmbH, Dortmund, has assumed sureties in the amount of EUR 2.45 million for TOM II Sp. z o.o., Szczecin, Poland. Furthermore, INTERSEROH Hansa Recycling GmbH has submitted a rental surety in the amount of EUR 0.12 million for HRR Stahlschrott- und Metallrecycling GmbH & Co. KG, Hennigsdorf.

No additional sureties and/or guarantees have been granted.

In accordance with IAS 28.29, a loan receivable from HRR Stahlschrott- und Metallrecycling GmbH & Co. KG was to be included in the at-equity measurement. As a result the carrying value of the receivable was reduced in value by EUR 8.40 million as at December 31, 2008, and by another EUR 1.62 million as at December 31, 2009.

(b) Disclosures on related parties associated with members of the Supervisory and Management Boards

In the past fiscal year legal transactions were undertaken with companies with connections to chairmen of the Management and/or Supervisory Boards; they were integrated in the income statement of the Interseroh Group as follows:

Type of business event	**2009 EUR million**	**2008 EUR million**
Purchase of goods	13.05	13.09
Sale of goods	16.16	14.80
Purchased services	25.01	20.06
Services rendered	2.75	5.03
Other operating income	0.40	0.80
Other operating expense	3.33	0.70
Interest income	0.40	0.21
Interest expenses	0.24	0.08

As at the balance sheet date the following receivables and liabilities with related companies that have connections to the chairmen of the Management and/or Supervisory Board or a member of the Management Committee are included in the balance sheet:

Outstanding Balances	**31.12.2009 EUR million**	**31.12.2008 EUR million**
Receivables (in words from trade)	4.68	17.65
Liabilities (in words from trade)	6.59	3.76
Other receivables	4.27	2.79
Other liabilities	8.12	5.71

Sureties under a guarantee bond for receivables in the amount of EUR 1.23 million from independent third parties exist on behalf of a related company associated with the chairman of the Management Board and the chairman of the Supervisory Board. No additional sureties and/or guarantees have been granted.

Bad debt allowances for doubtful accounts were not created in view of outstanding balances.

During the 2009 fiscal year no expense for uncollectible or doubtful accounts was recorded for companies that are connected to the chairmen of the Management and/or Supervisory Boards.

In addition to their activity as members of the Supervisory Board the other Supervisory Board members received payments either in person or via associated companies for services totalling EUR 0.18 million in 2009 (previous year: EUR 0.14 million) .

Former Management Board members and related persons received remuneration for services totalling EUR 0.13 million (previous year: EUR 0.13 million) in the fiscal year.

Companies of the Interseroh Group did not participate in any transactions in favour of the other members of the Management Board of INTERSEROH SE or any related party.

According to internal rules of procedure the companies of the Group are required to submit one-time, specific transactions or contracts with related parties above and beyond operational business activities to the Management Board of INTERSEROH SE with the appropriate “fairness opinion” of an independent auditor. The Management Board is required to submit such transactions to the Audit Committee for approval.

In February of 2009 INTERSEROH Hansa Recycling GmbH, Dortmund, acquired the remaining 15 percent of shares in Wagner Rohstoffe GmbH, Frankfurt a.M., for a purchase price of EUR 9.41 million, payable in three annual instalments.

Furthermore, the internal rules of procedure of the Supervisory Board provide that in the case of resolutions concerning such business transactions, as well as other Supervisory Board decisions that affect the companies of members of the Supervisory Board, the members in question may not be involved in consultations and decisions.

The shareholdings of all other members of the Supervisory Board and Management Board as of December 31, 2009 did not exceed one percent of the shares issued by the Company either directly or indirectly. Total shareholdings of all other members of the Supervisory Board and Management Board also did not constitute one percent on the closing date.

41. Management Board and Supervisory Board

(a) Management Board

The Management Board comprised the following members in the year under review:

- Dr. Axel Schweitzer, Berlin (chairman)
- Roland Stroese, Cologne
- Manuel Althoff, Bergisch Gladbach – until July 31, 2009
- Volker Hars, Reinbek – until July 31, 2009

Compensation paid to the active members of the Management Board in the 2009 fiscal year amounted to EUR 3.53 million (previous year: EUR 5.72 million). This amount contains a variable component of EUR 0.80 million (previous year: EUR 1.90 million). During fiscal 2009 obligations for variable remuneration components of the Management Board of EUR 1.9 million were liquidated and taken to income; this includes EUR 0.83 million related to the release declaration of the Management Board in office at the time on March 25, 2009. Transfers to the company pension scheme on behalf of members of the Management Board totalled EUR 0.34 million (previous year: EUR 0.16 million). Payments to former members of the Management Board upon termination of contract amounted to EUR 1.82 million (previous year: EUR 2.78 million). This includes amounts that were expensed in previous years. A total of EUR 0.57 million (previous year: EUR 0.47 million) has been provided for pension obligations for former Management Board members and their next-of-kin.

Moreover, EUR 0.13 million (previous year: EUR 0.13 million) has been paid to former members of the Management Board and related persons as remuneration for consulting services after their departure during the fiscal year.

The profession practiced by the members of the Management Board consists of management and representation of the Company. In addition, Dr. Axel Schweitzer operates as a member of the Management Board of ALBA AG, Berlin.

A share in the total equity capital of INTERSEROH SE in the amount of 75.003 percent and, therefore, voting rights from 7,380,329 shares were attributable to Dr. Axel Schweitzer as at the balance sheet cut-off date of December 31, 2009.

(b) Supervisory Board

The following individuals were members of the Company's Supervisory Board during the past financial year:

Supervisory Board Member (Profession)	Membership in Committees of the Supervisory Board of INTERSEROH SE	Membership in other statutory Supervisory Boards	Membership in other supervisory committees as interpreted in section 125 paragraph 1, clause 3 of the German Corporation Act
Dr. Eric Schweitzer, Berlin Chairman (Member of the Management Board of ALBA AG, Berlin)	(Presiding Committee Nominating Committee Personnel Committee		
Mr. Friedrich Carl Janssen, Cologne Deputy Chairman (Banker, in 2009 Co-owner Bankhaus Sal. Oppenheim jr. & Cie. KGaA, Cologne; Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg)	Presiding Committee Nominating Committee Personnel Committee	AXA Service AG, Cologne Content Management AG, Cologne (until Jun. 16, 2009) ARCANDOR AG, Essen (chairman) (until Oct. 26, 2009)	Bank Sal. Oppenheim jr. & Cie. (Österreich) AG, Vienna * Bank Sal. Oppenheim jr. & Cie. (Schweiz) AG, Zurich* (Board of Directors) Sal. Oppenheim (France) S.A., Paris1* (chairman) Moderne Stadt Gesellschaft zur Förderung des Städtebaus und der Gemeindeentwicklung mbH, Cologne* Oppenheim Research GmbH, Cologne* (Advisory Committee) SALOMON OPPENHEIM GmbH, Cologne* (Advisory Committee) Sal. Oppenheim Alternative Investments GmbH, Cologne* (Advisory Committee) Sal. Oppenheim Investments GmbH, Cologne* (Advisory Committee) Sal. Oppenheim jr. & Cie. Corporate Finance (Schweiz) AG, Zurich* (Vice President of the Board of Directors) Sal. Oppenheim Private Equity Partners S.A., Luxemburg2* (Board of Directors) SGG S.A., Luxembourg3* (Board of Directors) 4IP Management AG, Zurich* (Board of Directors) Sal. Oppenheim Alternative Asset Management S.A., Luxembourg* (Board of Directors) VCM Capital Management GmbH, Munich* (until Jul. 24, 2009)

[1] Renamed until March 23, 2009 Financière Atlas, Paris
[2] Not a control committee
[3] Renamed Services Généraux de Gestion S.A., Luxembourg, until January 1, 2009

Mr. Peter Zühlsdorff, Berlin Deputy Chairman (Businessman, Deutsche Industrie Holding GmbH, Frankfurt am Main)	Presiding Committee Nominating Committee Personnel Committee Audit Committee	Sinn Leffers GmbH, Hagen* (Chairman) OBI Group Holding GmbH, Wermelskirchen Kaiser's Tengelmann AG, Viersen YOC AG, Berlin	Tengelmann Verwaltungs- und Betriebs GmbH, Mühlheim a.d. Ruhr (Advisory Committee) Dodenhof Gruppe, Posthausen (Advisory Committee) UMS Group Management GmbH, Viersen (Advisory Committee) Wettbewerbszentrale, Bad Homburg (President of Presiding Committee) GfK Nürnberg e.V., Nuremberg (President of Presiding Committee)
Dr. Werner Holzmayer, Cologne Auditor, lawyer, tax adviser at Ebner Stolz Mönning Bachem Wirtschaftsprüfer, Steuerberater, Rechtsanwälte Partnerschaft, Cologne	Chairman of Audit Committee	Intersport Deutschland e.G., Heilbronn	Dr. Jürgen Meyer Holding GmbH, Mühlheim (Advisory Committee Spokesperson) Dr. Jürgen Meyer GmbH, Mühlheim (Advisory Committee Spokesperson)
Mr. Joachim Edmund Hunold, Dusseldorf (Chairman of the Management Board of AIR BERLIN PLC & Co. Luftverkehrs KG)		LTU Lufttransport-Unternehmen GmbH, Dusseldorf* (Chairman) Belair Airlines AG, Optikon, Switzerland* (Member of Board of Directors until Oct. 15, 2009)	
Mr. Roland Junck, Betzdorf, Luxembourg (CEO Managing Director at Nyrstar NV, Balen, Belgium; Consulting Engineer)	Audit Committee		AGFA GEVAERT N.V., Mortsel, Belgium SAMHWA Steel S.A., Krakelshaff-Bettembourg, Luxembourg VEL S.A., Luxembourg
Mr. Friedrich Merz, Arnsberg (Attorney, Law Firm of Mayer Brown Rowe & Maw LLP, Berlin/Frankfurt) (until February 28, 2009)	Audit Committee (until February 28, 2009)	AXA Versicherung AG, Cologne (Chairman) DBV-Winterthur Holding AG, Wiesbaden Deutsche Börse AG, Frankfurt a. M. IVG Immobilien AG, Bonn	BASF NV, Antwerp, Belgium (Board of Directors, non-executive) Stadler Rail AG, Bussnang, Switzerland (Board of Directors, non-executive)
		* Group mandate	* Group mandate

Mr. Janssen resigned from all memberships in connection with the Sal. Oppenheim Group as of January 15, 2010, in accordance with Section 125, paragraph 1, clause 3 of the German Corporation Act.

Liabilities totalling EUR 0.24 million (previous year EUR 0.24 million) were formed for remuneration of members of the Supervisory Board for the period from January 1 to December 31, 2009. No loans had been extended to members of the Supervisory Board as at December 31, 2009. No loans were repaid during the year under review.

A share in the total equity capital of INTERSEROH SE in the amount of 75.003 percent and, therefore, voting rights from 7,380,329 shares were attributable to Dr. Eric Schweitzer as at the balance sheet cut-off date of December 31, 2009.

42. Employees

The average number of employees is reflected below:

	2009	2008
Salaried employees	947	969
Industrial workers	889	895
	1,836	1,864

Part-time workers were converted according to a full-time scale.

43. Auditors' Fee

The audit fee recorded as expense in the fiscal year in accordance with section 319, paragraph 1, clause 1, 2 of the German Commercial Code amounts to EUR 1.30 million (previous year: EUR 1.40 million). EUR 1.11 million (previous year: EUR 1.03 million) is attributable to the year-end audit, EUR 0.05 million (previous year: EUR 0.07 million) to tax consulting services and EUR 0.14 million (previous year: EUR 0.30 million) to other services. In the fiscal year the auditors' fee amounted to EUR 0.28 million (previous year: EUR 0.13 million) for the audit of INTERSEROH SE's financial statements, and to EUR 0.09 million (previous year: EUR 0.22 million) for other services.

44. Events after the Balance Sheet Date

In the second half of 2009 the consolidation of the Interseroh Group companies' financing requirements under the new INTERSEROH SE Group Financing Arrangement was initiated; this was successfully concluded in January of 2010.

New interest-only financing with a term ending December 31, 2011, totalling EUR 220.00 million was syndicated under the management of Commerzbank Aktiengesellschaft and the Westdeutsche Landesbank (WestLB). The structure consists of a loan of fixed amount (tranche A) that replaces longer-term existing liabilities and a variable facility (tranche B) that can be drawn upon to finance general business activities and to assure working capital requirements are met. Both tranches carry variable interest rates based on EURIBOR plus a margin. The customary covenants and guarantees are to be provided under the new loan agreement and information is to be provided on the financial and earnings position, as well as compliance with financial covenants, on a regular basis.

Interseroh has thus succeeded in assuring its Group liquidity requirements for the longer term under difficult economic conditions in the midst of the financial crisis.

Effective December 31, 2009, HRR Stahlschrott- und Metallrecycling GmbH & Co. KG (HRR) sold all its shares in Mitteldeutsche Rohstoff Recycling GmbH, as well as 25 percent of its shares in Ziems Recycling GmbH to Scholz Recycling AG & Co. KG. Furthermore, two HRR locations, Hennigsdorf and Lüneburg, were also sold to Scholz Recycling AG & Co. KG in an asset deal. INTERSEROH Berlin GmbH acquired the remaining 50 percent of HRR shares as at January 1, 2010.

In its individual financial statements HRR is reporting a loss in the amount of EUR 17.75 million, which is not covered by equity. Nevertheless, the forecast on HRR as a going concern is positive due to the following matters. On the one hand the company has been included in the cash pooling arrangement of INTERSEROH Hansa Recycling GmbH, the direct shareholder of INTERSEROH Berlin GmbH. The company’s ability to pay is thus assured at any time.

On the other hand INTERSEROH Berlin GmbH has declared its outstanding loan receivables of EUR 11.00 million vis-à-vis HRR to be a subordinated claim. Subordinated claims in the remaining amount of EUR 7.50 million already existed; they had been declared in previous years.

ISR INTERSEROH Rohstoffe GmbH (ISR) has declared write-offs with respect to INDO CHINA EUROPE BVBA (ICE) of EUR 1.90 million. The amount has already been written off as a receivable and there is, therefore, no impact on income. The ISR has submitted a binding letter of comfort to ICE in the amount of EUR 3.80 million.

Separate Notes and Information according to Section 315 a of the German Commercial Code

45. Corporate Governance pursuant to Section 161 of the German Corporation Act

The Management Board and Supervisory Board of INTERSEROH SE issued their annual declaration on the recommendations of the “Government Commission on the German Corporate Governance Code” in December of 2009 and posted it on the Company’s website (www.interseroh.de, Investor Relations, Corporate Governance), thereby affording permanent access to the public.

46. Existing Holdings that have been reported pursuant to Section 21 Paragraph 1 or Paragraph 1a of the German Securities Trading Act (WpHG)

The following communications took place regarding existing holdings in fiscal 2009:

a. Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin, Germany, issued us with the following notice pursuant to Section 21, Paragraph 1, of the Securities Trading Act on January 22, 2009:

"We, Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin, wish to inform you in accordance with Section 21, paragraph 1, of the German Securities Trading Act, that our share in the voting rights of INTERSEROH SE, Cologne, exceeded the 75 % threshold on January 21, 2009, and on this day totalled 75.003 % (7,380,329 voting rights)."

b. Isabell Finance Beteiligungs GmbH, Berlin, issued us with the following notice pursuant to Section 21, paragraph 1, of the Securities Trading Act on January 22, 2009:

"We, Isabell Finance Beteiligungs GmbH, Berlin, wish to inform you in accordance with Section 21, paragraph 1, of the German Securities Trading Act that our share in the voting rights of INTERSEROH SE, Cologne, exceeded the 75 % threshold on January 21, 2009, and on this day totalled 75.003 % (7,380,329 voting rights). These voting rights are attributed to us in their entirety in accordance with Section 22, paragraph 1, clause 1, no. 1, of the Securities Trading Act.

The voting rights attributed to us are held by the following companies that we control; the share of voting rights in INTERSEROH SE is 3% or more in each case: Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin."

c. Dr. Eric Schweitzer, Berlin, Germany, issued us with the following notice pursuant to section 21, paragraph 1, of the Securities Trading Act on January 22, 2009:
"I hereby inform you in accordance with Section 21, paragraph 1, of the German Securities Trading Act, that my share in the voting rights of INTERSEROH SE, Cologne, exceeded the 75 % threshold on January 21, 2009, and on this day totalled 75.003 % (7,380,329 voting rights). These voting rights are attributed to me in their entirety in accordance with Section 22, paragraph 1, clause 1, no. 1, of the Securities Trading Act.

The voting rights attributed to me are held by the following companies that I control; the share of voting rights in INTERSEROH SE is 3% or more in each case (starting with the lowest company): Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin; Isabell Finance Beteiligungs GmbH, Berlin."

d. Dr. Axel Schweitzer, Berlin, Germany, issued us with the following notice pursuant to Section 21, Paragraph 1 of the Securities Trading Act on January 22, 2009:

"I hereby inform you in accordance with Section 21, paragraph 1, of the German Securities Trading Act, that my share in the voting rights of INTERSEROH SE, Cologne, exceeded the 75% threshold on January 21, 2009, and on this day totalled 75.003 % (7,380,329 voting rights). These voting rights are attributed to me in their entirety in accordance with Section 22, paragraph 1, clause 1, no. 1, of the Securities Trading Act.

The voting rights attributed to me are held by the following companies that I control; the share of voting rights in INTERSEROH SE is 3% or more in each case (starting with the lowest company): Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin; Isabell Finance Beteiligungs GmbH, Berlin.“

47. Exemption options pursuant to Section 264, Paragraph 3, of the German Commercial Code

The following companies, which are fully consolidated in the Interseroh Group, have exercised their option for exemption from the duty to disclose annual financial statements and a management report in accordance with the provisions applicable to corporations pursuant to section 264, paragraph 3, of the German Commercial Code:

- INTERSEROH Dienstleistungs GmbH, Cologne
- ISR INTERSEROH Rohstoffe GmbH, Cologne
- INTERSEROH Holzhandel GmbH, Cologne
- Repasack Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH, Wiesbaden
- INTERSEROH Product Cycle GmbH, Cologne
- INTERSEROH Pfand-System GmbH, Cologne
- INTERSEROH Hansa Recycling GmbH, Dortmund
- INTERSEROH BW Rohstoff und Recycling GmbH, Stuttgart
- INTERSEROH NRW GmbH, Dortmund
- INTERSEROH Evert Heeren GmbH, Leer
- INTERSEROH Franken Rohstoff GmbH, Sennfeld
- INTERSEROH Hansa Finance GmbH, Dortmund
- INTERSEROH Hansa Rohstoffe GmbH, Dortmund
- INTERSEROH Jade Stahl GmbH, Wilhelmshaven
- Jade-Entsorgung GmbH, Rostock
- INTERSEROH Berlin GmbH, Berlin
- INTERSEROH Rhein-Neckar Rohstoff GmbH, Mannheim
- INTERSEROH Scrap und Metals Trading GmbH, Cologne
- INTERSEROH SEROG GmbH, Bous
- RuP Rohstoffhandelsgesellschaft mit beschränkter Haftung, Dusseldorf
- Wagner Rohstoffe GmbH, Frankfurt

The shareholder resolution required for this purpose has been submitted to the relevant commercial register in each case.

48. Inclusion in the Consolidated Financial Statements under Commercial Law

INTERSEROH SE and its subsidiaries and holdings are included in the consolidated financial statements under commercial law prepared for Isabell Finance Vermögensverwaltungs GmbH & Co. KG, Berlin. These consolidated financial statements are published in the Federal Electronic Gazette (district court of Charlottenburg, commercial registry number 36525 B).

49. Affirmation by the Legal Representatives pursuant to Section 297, paragraph 2, clause 4, and Section 315, paragraph 1, clause 6, of the German Commercial Code (HGB)

We make assurances to the best of our knowledge that in line with the applicable accounting principles the consolidated financial statements present a true and fair view of the Group's net assets, financial position and results of operations and that the Group's consolidated management report accurately reflects the Group's net assets, financial position and results of operations, as well as the key opportunities and risks of the Group's future development.

Cologne, March 16, 2010

INTERSEROH SE

The Management Board

Dr. Axel Schweitzer

Roland Stroese

Consolidated Statement of Changes in Equity in the period from January 1, 2008, until December 31, 2009

		Parent company				
					Cumulative other consolidated earnings	
	Note no.	Subscribed capital	Capital reserve	Earned consolidated equity	Adjustment item from foreign currency conversion	Other non-cash transactions
		EUR million	EUR million	EUR million	EUR million	EUR million
Balances as at January 1, 2008		25.58	38.61	121,04	0.65	-19.21
Issuing shares						
Dividends paid	(27)			-9.84		
Changes in the scope of consolidation						
Consolidated earnings	(16), (17)			6.39		
Adjustments according to IAS 8	(6)			-7.69		
				-1.30		
Sums recorded directly in equity	(28)			-3.53	-1.81	
Total consolidated earnings						
Balance as at December 31, 2008		**25.58**	**38.61**	**106.37**	**-1.16**	**-19.21**
Balance as at January 1, 2009		25.58	38.61	106.37	-1.16	-19.21
Dividends paid	(27)			-1.38		
Changes in the scope of consolidation				2.24		
Consolidated earnings	(16), (17)			-0.82		
Sums recorded directly in equity	(28)			-1.43	0.24	
Total consolidated earnings						
Balance as at December 31, 2009		**25.58**	**38.61**	**104.98**	**-0.92**	**-19.21**

	Parent company	Minority shareholders	Consolidated equity
	Equity	Minority capital	
	EUR million	EUR million	EUR million
Balance as at January 1, 2008	166.67	8.84	175.51
Issuing shares	0.00	0.07	0,07
Dividends paid	-9.84	-1.17	-11.01
Changes in the scope of consolidation	0.00	9.07	9.07
Consolidated earnings	6.39	-4.95	1.44
Adjustments according to IAS 8	-7.69	0.00	-7.69
	-1.30	-4.95	-6.25
Sums recorded directly in equity	-5.34	0.49	-5.83
Total consolidated earnings	-6.64	-5.44	-12.08
Balance as at December 31, 2008	**150.19**	**11.37**	**161.56**
Balance as at January 1, 2009	150.19	11.37	161.56
Dividends paid	-1.38	-1.16	-2.54
Changes in the scope of consolidation	2.24	-2.20	0.04
Consolidated earnings	-0.82	1.72	0.90
Sums recorded directly in equity	-1.19	0.04	-1.15
Total consolidated earnings	-2.01	1.76	-0.25
Balance as at December 31, 2009	**149.04**	**9.77**	**158.81**

INTERSEROH SE, COLOGNE

Exhibit of Income and Expense Recorded in Group Equity (Overall Group Result)

	Note No.	2009 EUR Million	2008 EUR Million
Changes of fair value of derivatives used for hedging purposes recorded in equity	(28, 37)	-1.43	-3.51
Changes in adjustment items from currency conversion recorded in equity	(3b, 28)	0.28	-2.30
Changes due to changes in the scope of consolidation		0.00	-0.02
After-tax income and expense recorded in equity		**-1.15**	**-5.83**
of which shares of other shareholders		0.04	-0.49
Result after tax		**0.90**	**-6.25**
of which shares of other shareholders	(16)	1.72	-4.95
Overall Group result		**-0.25**	**-12.08**
of which due to other shareholders		1.76	-5.44
of which due to INTERSEROH SE shareholders		-2.01	-6.64

Consolidated Cash Flow Statement

		2009 EUR million	2008 EUR million
Consolidated earnings		0.90	-6.25
+	Scheduled depreciation on property, plant and equipment	18.20	17.59
+	Scheduled depreciation on intangible assets	5.00	3.99
+/-	Unscheduled depreciation/write-ups on property, plant and equipment	0.69	0.11
+/-	Unscheduled depreciation/write-ups on intangible assets	0.25	0.00
+/-	Net financial income	16.01	13.00
-/+	Shares in profit/loss in associated companies accounted for under the "at-equity" method	2.83	12.93
-/+	Profit/loss from the disposal of fixed assets	-0.51	-0.97
+	Income tax expense	2.90	12.14
		46.27	52.54
-/+	Increase/decrease in inventories	-8.89	-0.29
-/+	Increase/fall in trade receivables and other assets	-1.85	18.22
+/-	Increase/decrease in provisions	2.22	5.88
+/-	Increase/fall in trade liabilities and other liabilities	51.51	-52.47
Cash flow from operating activity		89.26	23.88
+	Receipts from interest	1.90	5.24
-	Payments for interest	-13.35	-13.03
+	Receipts from dividends	0.01	0.22
-	Payments for income taxes	-24.14	-20.04
Net cash flow from operating activity		53.68	-3.73
+	Receipts from disposals of property, plant and equipment and intangible assets	4.58	3.77
+	Receipts from the disposal of financial assets	1.07	0.62
-	Payments for investments in consolidated companies and other business units (minus cash acquired)	0.11	0.00
-	Payments for purchasing minority shares		
-	Payments for investments in associated companies	-4.08	-49.32
-	Payments for investment in property, plant and equipment (excluding finance leases)	-10.52	-27.02
-	Payments for other investments	-5.69	-5.42
Cash flow from investment activity		-14.53	-77.37
+	Receipts from taking on financial liabilities	3.33	227.60
-	Payments for the repayment of financial liabilities	-114.71	-107.91
-	Payments for financial leasing liabilities	-1.23	-1.71
-	Dividends paid to the shareholders of the parent	-1.38	-9.84
-	Payments to minority shareholders	-1.16	-1.17
+	Receipts from minority shareholders	0.00	0.07
Cash flow from financing activity		-115.15	107.04
	Cash changes in cash and cash equivalents	-76.00	25.94
+	Cash and cash equivalents at the start of the period	165.04	139.10
=	**Cash and cash equivalents at the end of the period**	89.04	165.04

Notes on the cash flow statement are given in Annex section 34.

List of Key Shareholdings

INTERSEROH SE owns the following significant direct and indirect holdings as at the balance sheet date:

	Holding	Group share
		%
a.	**Fully consolidated companies (in addition to INTERSEROH SE)**	
1.	INTERSEROH Dienstleistungs GmbH, Cologne	100
2.	EVA Erfassen und Verwerten von Altstoffen GmbH, Vienna/Austria	100
3.	INTERSEROH Holzhandel GmbH, Cologne	100
4.	INTERSEROH Holzkontor Worms GmbH, Worms	51
5.	INTERSEROH Holzkontor Berlin GmbH, Berlin	51
6.	INTERSEROH Holzkontor Wuppertal GmbH, Wuppertal	51
7.	INTERSEROH Holzkontor OWL GmbH, Porta Westfalica	51
8.	Repasack Gesellschaft zur Verwertung gebrauchter Papiersäcke mbH, Wiesbaden	100
9.	INTERSEROH Pfand-System GmbH, Cologne	100
10.	INTERSEROH Product Cycle GmbH, Cologne	100
11.	ISR INTERSEROH Rohstoffe GmbH, Cologne	100
12.	INDO CHINA EUROPE BVBA, Vorselaar/Belgium	100
13.	RDB GmbH Recycling Dienstleistung Beratung, Aukrug	100
14.	INTERSEROH France S.A.S., Pantin/France	100
15.	INTERSEROH Hansa Recycling GmbH, Dortmund	100
16.	INTERSEROH NRW GmbH, Dortmund	100
17.	INTERSEROH Evert Heeren GmbH, Leer	100
18.	Groninger VOP Recycling B.V., Groningen/Netherlands	100
19.	INTERSEROH Franken Rohstoff GmbH, Sennfeld	100
20.	INTERSEROH Hansa Rohstoffe GmbH, Essen	100
21.	INTERSEROH Rhein-Neckar Rohstoff GmbH, Mannheim	100
22.	INTERSEROH Jade-Stahl GmbH, Wilhelmshaven	100
23.	Jade-Entsorgung GmbH, Rostock	100
24.	INTERSEROH BW Rohstoff und Recycling GmbH, Stuttgart	100
25.	Blumhardt Entsorgungs-GmbH, Schwaikheim	100
26.	INTERSEROH SEROG GmbH, Bous	100
27.	RHS Rohstoffhandel GmbH, Stuttgart	66.5
28.	INTERSEROH-Metallaufbereitung Rostock GmbH, Rostock	100
29.	INTERSEROH Scrap and Metals Trading GmbH, Cologne	100
30.	INTERSEROH RSH Sweden AB, Göteborg/Sweden	100
31.	INTERSEROH Hansa Finance GmbH, Dortmund	100
32.	INTERSEROH Berlin GmbH, Berlin	100
33.	Lausitzer Schrottverwertung GmbH, Lübbenau	100
34.	RuP Rohstoffhandelsgesellschaft mit beschränkter Haftung, Dusseldorf	100
35.	Wagner Rohstoffe GmbH, Frankfurt a. M.	100
36.	TOM Sp. z o.o., Szczecin/Poland	70
37.	Europe Metals B.V., Heeze/Netherlands	60
38.	Europe Metals Asia Ltd., Kowloon, Hong Kong/China	60
39.	INTERSEROH USA Inc., Atlanta/USA	100

b. Associated companies (valued under the at-equity method)

1.	Eisen-und-Stein-Gesellschaft mbH Horn & Co., Siegen	50
2.	Mineralmahlwerk Westerwald Horn GmbH & Co. KG, Weitefeld	50
3.	HRR Stahlschrott- und Metallrecycling GmbH & Co. KG, Hennigsdorf	50
4.	TOM II Sp. z o.o., Szczecin/Poland	50
5.	The ProTrade Group LLC, Hudson, Ohio/USA	25

c. Selection of companies not consolidated for reasons of materiality

1.	INTERSEROH zbiranje in predelava odpadnih surovin d.o.o., Ljubljana/Slowenia	100
2.	INTERSEROH Kunststoffaufbereitungs GmbH, Aschersleben	100
3.	INTERSEROH Pool-System GmbH, Cologne	100
4.	ISR INTERSEROH ITALIA S.R.L., Venedig/Italy	50

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1) Profit and loss transfer agreement

2) Equity and annual profit as of 31.12.2008

3) Equity and net income for the period according to IFRS

Imprint

INTERSEROH SE

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